

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, 2014 and 2013**

EKS&H
AUDIT | TAX | CONSULTING

**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, 2014 and 2013, 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 13 - 22 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 23 - 24 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
EKS&H LLLP

August 1, 2014
Denver, Colorado

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

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

| | May 31, 2014 | | | Total |
|--|---------------------|---------------------|---------------------|---------------------|
| | Homeowners | Rental | Total | May 31, 2013 |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 1,120,386 | \$ 352,062 | \$ 1,472,448 | \$ 1,254,252 |
| Cash and cash equivalents - restricted | 589,994 | 440,067 | 1,030,061 | 856,565 |
| Accounts receivable, net allowance for doubtful accounts of \$23,929 (2014 and 2013) | 177,250 | 49,053 | 226,303 | 235,535 |
| Inventories | 41,837 | 7,785 | 49,622 | 59,272 |
| Prepaid expenses and other | <u>6,004</u> | <u>976</u> | <u>6,980</u> | <u>4,502</u> |
| Total current assets | <u>1,935,471</u> | <u>849,943</u> | <u>2,785,414</u> | <u>2,410,126</u> |
| Property and equipment | | | | |
| Land | 55,000 | - | 55,000 | 55,000 |
| Buildings | 4,687,393 | 450,000 | 5,137,393 | 5,125,393 |
| Equipment | 661,732 | 154,564 | 816,296 | 719,803 |
| Furniture | 15,917 | 3,489 | 19,406 | 19,406 |
| Building improvements | <u>137,193</u> | <u>-</u> | <u>137,193</u> | <u>132,693</u> |
| | 5,557,235 | 608,053 | 6,165,288 | 6,052,295 |
| Less accumulated depreciation | <u>(2,474,543)</u> | <u>(214,136)</u> | <u>(2,688,679)</u> | <u>(2,473,802)</u> |
| Net property and equipment | <u>3,082,692</u> | <u>393,917</u> | <u>3,476,609</u> | <u>3,578,493</u> |
| Total assets | <u>\$ 5,018,163</u> | <u>\$ 1,243,860</u> | <u>\$ 6,262,023</u> | <u>\$ 5,988,619</u> |
| Liabilities and Fund Balances | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 70,724 | \$ 3,921 | \$ 74,645 | \$ 3,663 |
| Accrued expenses | | | | |
| Payroll and related | 157,287 | 38,993 | 196,280 | 179,654 |
| Other | 152,736 | 170,594 | 323,330 | 218,966 |
| Short-term rental deposits | - | 122,570 | 122,570 | 124,920 |
| Assessments and dues collected in advance | <u>460,484</u> | <u>34,834</u> | <u>495,318</u> | <u>484,884</u> |
| Total current liabilities | 841,231 | 370,912 | 1,212,143 | 1,012,087 |
| Long-term rental deposits | <u>30,641</u> | <u>38,921</u> | <u>69,562</u> | <u>70,226</u> |
| Total liabilities | <u>871,872</u> | <u>409,833</u> | <u>1,281,705</u> | <u>1,082,313</u> |
| Commitments | | | | |
| Fund balances | | | | |
| Operating | 3,556,297 | 393,960 | 3,950,257 | 4,049,741 |
| Reserve | <u>589,994</u> | <u>440,067</u> | <u>1,030,061</u> | <u>856,565</u> |
| Total fund balances | <u>4,146,291</u> | <u>834,027</u> | <u>4,980,318</u> | <u>4,906,306</u> |
| Total liabilities and fund balances | <u>\$ 5,018,163</u> | <u>\$ 1,243,860</u> | <u>\$ 6,262,023</u> | <u>\$ 5,988,619</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, 2014</u> | | | Total Year Ended May 31, 2013 |
|--|--------------------------------|--------------------|--------------------|-------------------------------------|
| | <u>Homeowners</u> | <u>Rental</u> | <u>Total</u> | |
| Assessments and revenue | | | | |
| Club revenue | \$ 913,058 | \$ - | \$ 913,058 | \$ 859,648 |
| Short-term room revenue | - | 2,662,672 | 2,662,672 | 2,149,017 |
| Long-term rental commissions | - | 55,087 | 55,087 | 52,380 |
| Common assessments | 1,159,836 | - | 1,159,836 | 1,132,920 |
| Garden level rental income | 263,835 | - | 263,835 | 246,408 |
| Maid income | - | 125,946 | 125,946 | 106,224 |
| Firewood income | - | 9,114 | 9,114 | 9,870 |
| Interest income | 3,526 | 1,542 | 5,068 | 4,303 |
| Rent deposit forfeitures | - | 60,366 | 60,366 | 41,505 |
| Other revenues | <u>71,435</u> | <u>116,039</u> | <u>187,474</u> | <u>163,181</u> |
| Total assessments and revenue | <u>2,411,690</u> | <u>3,030,766</u> | <u>5,442,456</u> | <u>4,765,456</u> |
| Direct expenses | | | | |
| Cost of sales | 32,463 | - | 32,463 | 25,194 |
| Rooms | - | 898,471 | 898,471 | 741,373 |
| Operating | 941,639 | 150,850 | 1,092,489 | 1,083,839 |
| Marketing | - | 111,379 | 111,379 | 104,218 |
| Repairs and maintenance | 711,684 | 68,049 | 779,733 | 762,913 |
| Utilities | 385,824 | 16,455 | 402,279 | 373,347 |
| Racquet Club fees | - | 135,180 | 135,180 | 109,359 |
| Total direct expenses | <u>2,071,610</u> | <u>1,380,384</u> | <u>3,451,994</u> | <u>3,200,243</u> |
| Excess of revenue over expenses before fixed charges | <u>340,080</u> | <u>1,650,382</u> | <u>1,990,462</u> | <u>1,565,213</u> |
| Fixed charges | | | | |
| Property taxes | 23,150 | 3,120 | 26,270 | 26,266 |
| Insurance expense | 27,400 | 4,200 | 31,600 | 32,402 |
| Depreciation | <u>186,965</u> | <u>27,912</u> | <u>214,877</u> | <u>202,720</u> |
| Total fixed charges | <u>237,515</u> | <u>35,232</u> | <u>272,747</u> | <u>261,388</u> |
| Excess of revenue over expenses before distributions to rental participants | 102,565 | 1,615,150 | 1,717,715 | 1,303,825 |
| Distributions to rental participants | <u>-</u> | <u>(1,484,192)</u> | <u>(1,484,192)</u> | <u>(1,196,975)</u> |
| Excess of revenue over expenses | <u>\$ 102,565</u> | <u>\$ 130,958</u> | <u>\$ 233,523</u> | <u>\$ 106,850</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, 2014 and 2013
(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, 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 | 3,652,732 | 491,035 | 397,009 | 365,530 | 4,906,306 |
| Excess of operating revenue over expenses | 102,565 | - | 130,958 | - | 233,523 |
| Transfer to reserve fund | (288,000) | 288,000 | (158,000) | 158,000 | - |
| Reserve fund assessment | - | 486,600 | - | - | 486,600 |
| Reserve fund expenditures | - | (586,641) | - | (59,470) | (646,111) |
| Transfer of assets | <u>89,000</u> | <u>(89,000)</u> | <u>23,993</u> | <u>(23,993)</u> | <u>-</u> |
| Balance - May 31, 2014 | <u>\$ 3,556,297</u> | <u>\$ 589,994</u> | <u>\$ 393,960</u> | <u>\$ 440,067</u> | <u>\$ 4,980,318</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, 2014 | | | Total Year Ended May 31, 2013 |
|---|-------------------------|-------------------|---------------------|-------------------------------------|
| | Homeowners | Rental | Total | |
| Cash flows from operating activities | | | | |
| Excess of operating revenue over expenses | \$ 102,565 | \$ 130,958 | \$ 233,523 | \$ 106,850 |
| Adjustments to reconcile excess of operating revenue over expenses to net cash provided by operating activities | | | | |
| Reserve assessments | 486,600 | - | 486,600 | 455,388 |
| Reserve expenditures | (586,641) | (59,470) | (646,111) | (857,406) |
| Depreciation | 186,965 | 27,912 | 214,877 | 202,720 |
| Provision for bad debts | - | - | - | 788 |
| Changes in certain assets and liabilities | | | | |
| Accounts receivable | 23,170 | (13,938) | 9,232 | (6,198) |
| Inventories | 9,650 | - | 9,650 | 2,157 |
| Prepaid expenses and other | (2,478) | - | (2,478) | 7,598 |
| Accounts payable | 67,734 | 3,248 | 70,982 | (76,398) |
| Accrued expenses | 57,582 | 63,408 | 120,990 | 75,433 |
| Rental deposits | (2,041) | (973) | (3,014) | 80,928 |
| Assessments and dues collected in advance | <u>2,390</u> | <u>8,044</u> | <u>10,434</u> | <u>51,273</u> |
| Net cash provided by operating activities | <u>345,496</u> | <u>159,189</u> | <u>504,685</u> | <u>43,133</u> |
| Cash flows from investing activities | | | | |
| Additions to buildings, units, and equipment | <u>(89,000)</u> | <u>(23,993)</u> | <u>(112,993)</u> | <u>(74,616)</u> |
| Net cash used in investing activities | <u>(89,000)</u> | <u>(23,993)</u> | <u>(112,993)</u> | <u>(74,616)</u> |
| Net increase (decrease) in cash and cash equivalents | 256,496 | 135,196 | 391,692 | (31,483) |
| Cash and cash equivalents - beginning of year | <u>1,453,884</u> | <u>656,933</u> | <u>2,110,817</u> | <u>2,142,300</u> |
| Cash and cash equivalents - end of year | <u>\$ 1,710,380</u> | <u>\$ 792,129</u> | <u>\$ 2,502,509</u> | <u>\$ 2,110,817</u> |

Supplemental disclosure of cash flow information:

| Fiscal Year Ended | Cash Paid for Income Taxes |
|-------------------|-------------------------------|
| 2014 | \$ 500 |
| 2013 | \$ - |

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 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 32% 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 homeowners' operating fund balance represents the net cumulative difference of such transactions.

The Association maintains working capital, which is reported together with the homeowners' 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 homeowners' operating fund balance was \$73,961 at May 31, 2014 and 2013.

Homeowners' Reserve Fund

Included in the homeowners' reserve 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. The rental operating fund includes typical rental revenues and expenses. The rental operating fund balance represents the cumulative difference of such transactions.

Rental Reserve Fund

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

Club Operating Fund

Included in this classification of transactions are assets, liabilities, revenues, and expenses for the operations of the Club. The Club operating 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

Accounts receivable represent amounts due from owners and members. 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 at May 31, 2014 and 2013.

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 for inventory obsolescence of \$16,170 and \$11,870 at May 31, 2014 and 2013, respectively.

**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 that 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, 2014 or 2013.

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, 2014 and 2013. Tax years that remain subject to examination include 2011 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 30% and 29% of total assessments to the repair and replacement reserve fund in 2014 and 2013, 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.

Rental Revenue

Rental room revenue is recognized as lodging is provided.

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 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.

Marketing Costs

The Association expenses marketing costs as incurred.

Subsequent Events

The Association has evaluated all subsequent events through the independent accountants' review 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 \$1,030,061 and \$856,565 in separate designated cash accounts at May 31, 2014 and 2013, 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 4.5% at May 31, 2014. The line-of-credit matures in April 2017 and is collateralized by Association-owned rental units. There was no outstanding balance due on the line-of-credit at May 31, 2014 or 2013.

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 2014 and 2013, matching contributions of \$20,469 and \$20,553 were made by the homeowners' operation, \$13,807 and \$8,473 by the rental operation, and \$6,256 and \$5,503 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.

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 \$133,000 and \$107,000 in 2014 and 2013, respectively.

ACCOMPANYING AND SUPPLEMENTARY INFORMATION

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

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

| | May 31, 2014 | | | Total |
|---|---------------------|---------------------|---------------------|---------------------|
| | Homeowners | Club | Total | May 31, 2013 |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 769,641 | \$ 350,745 | \$ 1,120,386 | \$ 962,849 |
| Cash and cash equivalents - restricted | 589,994 | - | 589,994 | 491,035 |
| Accounts receivable, net | 162,707 | 14,543 | 177,250 | 200,420 |
| Inventories | 17,647 | 24,190 | 41,837 | 51,487 |
| Prepaid expenses and other | 5,028 | 976 | 6,004 | 3,526 |
| Total current assets | <u>1,545,017</u> | <u>390,454</u> | <u>1,935,471</u> | <u>1,709,317</u> |
| Property and equipment | | | | |
| Land | - | 55,000 | 55,000 | 55,000 |
| Buildings | 1,590,316 | 3,097,077 | 4,687,393 | 4,675,393 |
| Equipment | 346,164 | 315,568 | 661,732 | 589,232 |
| Furniture | 15,917 | - | 15,917 | 15,917 |
| Building improvements | 137,193 | - | 137,193 | 132,693 |
| | <u>2,089,590</u> | <u>3,467,645</u> | <u>5,557,235</u> | <u>5,468,235</u> |
| Less accumulated depreciation | <u>(958,624)</u> | <u>(1,515,919)</u> | <u>(2,474,543)</u> | <u>(2,287,578)</u> |
| Net property and equipment | 1,130,966 | 1,951,726 | 3,082,692 | 3,180,657 |
| Interfund due to (due from) | <u>3,026,060</u> | <u>(3,026,060)</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 5,702,043</u> | <u>\$ (683,880)</u> | <u>\$ 5,018,163</u> | <u>\$ 4,889,974</u> |
| Liabilities and Fund Balances | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 70,724 | \$ - | \$ 70,724 | \$ 2,990 |
| Accrued expenses | | | | |
| Payroll and related | 108,998 | 48,289 | 157,287 | 145,230 |
| Other | 119,741 | 32,995 | 152,736 | 107,211 |
| Assessments and dues collected in advance | <u>390,113</u> | <u>70,371</u> | <u>460,484</u> | <u>458,094</u> |
| Total current liabilities | 689,576 | 151,655 | 841,231 | 713,525 |
| Long-term rental deposits | <u>30,641</u> | <u>-</u> | <u>30,641</u> | <u>32,682</u> |
| Total liabilities | <u>720,217</u> | <u>151,655</u> | <u>871,872</u> | <u>746,207</u> |
| Commitments | | | | |
| Fund balances | | | | |
| Operating | 4,391,832 | (835,535) | 3,556,297 | 3,652,732 |
| Reserve | <u>589,994</u> | <u>-</u> | <u>589,994</u> | <u>491,035</u> |
| Total fund balances | <u>4,981,826</u> | <u>(835,535)</u> | <u>4,146,291</u> | <u>4,143,767</u> |
| Total liabilities and fund balances | <u>\$ 5,702,043</u> | <u>\$ (683,880)</u> | <u>\$ 5,018,163</u> | <u>\$ 4,889,974</u> |

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

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

| | <u>Year Ended May 31, 2014</u> | | | Total Year Ended |
|---|--------------------------------|--------------------|-------------------|---------------------|
| | <u>Homeowners</u> | <u>Club</u> | <u>Total</u> | <u>May 31, 2013</u> |
| Assessments and revenue | | | | |
| Club revenue | \$ - | \$ 913,058 | \$ 913,058 | \$ 859,648 |
| Common assessments | 1,159,836 | - | 1,159,836 | 1,132,920 |
| Garden level rental income | 263,835 | - | 263,835 | 246,408 |
| Interest income | 2,652 | 874 | 3,526 | 3,149 |
| Other revenues | <u>71,435</u> | <u>-</u> | <u>71,435</u> | <u>65,806</u> |
| Total assessments and revenue | <u>1,497,758</u> | <u>913,932</u> | <u>2,411,690</u> | <u>2,307,931</u> |
| Direct expenses | | | | |
| Cost of sales | - | 32,463 | 32,463 | 25,194 |
| Operating | 404,975 | 536,664 | 941,639 | 935,681 |
| Repairs and maintenance | 609,258 | 102,426 | 711,684 | 705,486 |
| Utilities | <u>272,712</u> | <u>113,112</u> | <u>385,824</u> | <u>356,674</u> |
| Total direct expenses | <u>1,286,945</u> | <u>784,665</u> | <u>2,071,610</u> | <u>2,023,035</u> |
| Excess of revenue over expenses before fixed charges | <u>210,813</u> | <u>129,267</u> | <u>340,080</u> | <u>284,896</u> |
| Fixed charges | | | | |
| Property taxes | 4,560 | 18,590 | 23,150 | 23,148 |
| Insurance expense | 15,400 | 12,000 | 27,400 | 28,202 |
| Depreciation | <u>68,823</u> | <u>118,142</u> | <u>186,965</u> | <u>174,807</u> |
| Total fixed charges | <u>88,783</u> | <u>148,732</u> | <u>237,515</u> | <u>226,157</u> |
| Excess (deficit) of revenue over expenses | <u>\$ 122,030</u> | <u>\$ (19,465)</u> | <u>\$ 102,565</u> | <u>\$ 58,739</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, 2014 | | |
|-----------------------------------|-------------------------|----------------|----------|
| | Actual | Budget | Variance |
| | | (Not Reviewed) | |
| Administrative Department | | | |
| Salaries | \$ 116,729 | \$ 115,349 | \$ 1,380 |
| Payroll taxes and benefits | 21,233 | 21,077 | 156 |
| Office supplies and miscellaneous | 968 | 816 | 152 |
| Dues and publications | 593 | 1,034 | (441) |
| Training | 555 | 600 | (45) |
| Transportation | 302 | 120 | 182 |
| Postage | 289 | 384 | (95) |
| Guest and entertainment | 157 | 960 | (803) |
| Telephone | - | 444 | (444) |
| Total administrative department | 140,826 | 140,784 | 42 |
| Accounting Department | | | |
| Salaries | 44,643 | 45,243 | (600) |
| Payroll taxes and benefits | 11,139 | 9,918 | 1,221 |
| Office supplies | 1,472 | 1,950 | (478) |
| Postage | 860 | 384 | 476 |
| Training | 485 | 1,066 | (581) |
| Guest and entertainment | 63 | 160 | (97) |
| Dues and publications | 46 | 400 | (354) |
| Transportation | - | 316 | (316) |
| Advertising - employees | - | 120 | (120) |
| Total accounting department | 58,708 | 59,557 | (849) |
| Maintenance Department | | | |
| Salaries, net of Club allocation | 298,221 | 307,355 | (9,134) |
| Water and sewer | 218,499 | 224,432 | (5,933) |
| Repairs and maintenance | 136,619 | 140,000 | (3,381) |
| Payroll taxes and benefits | 84,839 | 76,594 | 8,245 |
| Gas and electric | 54,213 | 50,540 | 3,673 |
| Lawn care | 20,201 | 20,000 | 201 |
| Equipment repairs | 15,076 | 15,120 | (44) |
| Trash removal | 13,848 | 16,968 | (3,120) |
| Landscaping | 13,274 | 14,800 | (1,526) |
| Snow removal | 11,642 | 8,500 | 3,142 |
| Fire alarm | 10,907 | 12,500 | (1,593) |
| Telephone | 4,850 | 5,004 | (154) |
| Uniforms | 3,438 | 4,000 | (562) |
| Miscellaneous | 1,193 | 1,800 | (607) |
| Total maintenance department | 886,820 | 897,613 | (10,793) |

(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, 2014 | | |
|--------------------------------------|-------------------------|----------------|------------|
| | Actual | Budget | Variance |
| | | (Not Reviewed) | |
| Other Operating Expenses | | | |
| Depreciation | 20,845 | 18,983 | 1,862 |
| Computer expenses | 16,469 | 16,000 | 469 |
| Insurance expense | 15,400 | 11,400 | 4,000 |
| Director fees | 12,801 | 15,865 | (3,064) |
| Legal fees | 9,909 | 12,000 | (2,091) |
| Professional fees | 9,408 | 9,408 | - |
| Property tax | 4,560 | 4,558 | 2 |
| Office supplies | 2,702 | 3,060 | (358) |
| Unemployment tax | 2,502 | 3,200 | (698) |
| Entertainment expense | 1,867 | 2,820 | (953) |
| Office equipment maintenance | 1,767 | 1,080 | 687 |
| Miscellaneous | 1,546 | 1,797 | (251) |
| Postage | 455 | 1,006 | (551) |
| Total other operating expenses | 100,231 | 101,177 | (946) |
| Front Desk Expenses | | | |
| Front desk expenses - allocated | 40,968 | 40,968 | - |
| Total front desk expenses | 40,968 | 40,968 | - |
| Garden Level Rental Units | | | |
| Depreciation | 47,978 | 48,366 | (388) |
| Commissions | 46,078 | 31,052 | 15,026 |
| Television | 16,790 | 15,180 | 1,610 |
| Water and sewer | 15,631 | 16,500 | (869) |
| Taxes - property | 11,964 | 11,962 | 2 |
| Repairs and maintenance | 7,566 | 12,000 | (4,434) |
| Electricity | 2,168 | 1,980 | 188 |
| Total garden level rental units | 148,175 | 137,040 | 11,135 |
| Total homeowners' operating expenses | \$ 1,375,728 | \$ 1,377,139 | \$ (1,411) |

**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, 2014 | | |
|-----------------------------------|-------------------------|----------------|----------|
| | Actual | Budget | Variance |
| | | (Not Reviewed) | |
| Administrative Department | | | |
| Salaries | \$ 45,819 | \$ 44,483 | \$ 1,336 |
| Payroll taxes and benefits | 12,380 | 12,251 | 129 |
| Dues and publications | 1,393 | 1,541 | (148) |
| Training | 636 | 900 | (264) |
| Telephone | 515 | 660 | (145) |
| Office supplies and miscellaneous | 431 | 1,224 | (793) |
| Postage | 303 | 576 | (273) |
| Guest and entertainment | 212 | 1,440 | (1,228) |
| Transportation | - | 180 | (180) |
| Total administrative department | 61,689 | 63,255 | (1,566) |
| Accounting Department | | | |
| Salaries | 44,667 | 45,370 | (703) |
| Payroll taxes and benefits | 11,145 | 9,948 | 1,197 |
| Office supplies | 964 | 1,950 | (986) |
| Postage | 860 | 698 | 162 |
| Training | 386 | 1,066 | (680) |
| Transportation | 302 | 316 | (14) |
| Guest and entertainment | 63 | 160 | (97) |
| Dues and publications | 46 | 400 | (354) |
| Advertising - employees | - | 120 | (120) |
| Total accounting department | 58,433 | 60,028 | (1,595) |
| Maintenance Department | | | |
| Repairs and maintenance | 57,249 | 40,200 | 17,049 |
| Gas and electric | 10,520 | 10,813 | (293) |
| Firewood | 7,789 | 9,600 | (1,811) |
| Telephone | 5,655 | - | 5,655 |
| Water and sewer | 3,268 | 11,208 | (7,940) |
| Trash removal | 2,667 | 3,532 | (865) |
| Equipment repair | 1,541 | 1,680 | (139) |
| Supplies | 1,470 | - | 1,470 |
| Total maintenance department | 90,159 | 77,033 | 13,126 |

(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, 2014 | | |
|---|-------------------------|--------------------------|----------------|
| | Actual | Budget (Not Reviewed) | Variance |
| Other Operating Expenses | | | |
| Depreciation | 27,912 | 31,513 | (3,601) |
| Computer expenses | 25,328 | 24,000 | 1,328 |
| Accounting and legal | 9,696 | 9,696 | - |
| Insurance expense | 4,200 | 4,200 | - |
| Miscellaneous | 3,581 | 1,645 | 1,936 |
| Taxes - other | 3,572 | 6,413 | (2,841) |
| Property taxes | 3,120 | 3,118 | 2 |
| Office supplies | 2,255 | 2,970 | (715) |
| Entertainment expense | 2,242 | 2,811 | (569) |
| Crib and rollaway expense | 733 | - | 733 |
| Postage | 496 | 1,009 | (513) |
| Total other operating expenses | <u>83,135</u> | <u>87,375</u> | <u>(4,240)</u> |
| Front Desk Expenses | | | |
| Salaries | 167,126 | 166,342 | 784 |
| Payroll taxes and benefits | 34,436 | 33,142 | 1,294 |
| Front desk expense related to HOA long-term rent | 16,800 | 16,800 | - |
| Key blank expense | 5,726 | 2,400 | 3,326 |
| Office supplies | 4,741 | 5,400 | (659) |
| Telephone | 1,753 | 1,800 | (47) |
| Miscellaneous | 1,408 | 300 | 1,108 |
| Transportation | 1,267 | 240 | 1,027 |
| Training | 1,078 | 600 | 478 |
| Advertising | 893 | 2,400 | (1,507) |
| Uniforms | 552 | 2,400 | (1,848) |
| Postage | 319 | 600 | (281) |
| Front desk expenses related to HOA | (40,968) | (40,968) | - |
| Pro shop front desk expense - allocated Club | <u>(79,780)</u> | <u>(79,780)</u> | <u>-</u> |
| Total front desk expenses | <u>115,351</u> | <u>111,676</u> | <u>3,675</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, 2014 | | |
|---------------------------------------|-------------------------|----------------|----------|
| | Actual | Budget | Variance |
| | | (Not Reviewed) | |
| Sales and Marketing Department | | | |
| Salaries | 176,521 | 154,847 | 21,674 |
| Advertising | 68,614 | 61,042 | 7,572 |
| Payroll taxes and benefits | 35,603 | 29,956 | 5,647 |
| Dues | 19,140 | 20,609 | (1,469) |
| Travel | 8,016 | 15,000 | (6,984) |
| Contract services | 4,583 | 6,100 | (1,517) |
| Promotion | 4,285 | 10,300 | (6,015) |
| Advertising - brochures | 3,677 | 3,193 | 484 |
| Postage | 1,549 | 3,200 | (1,651) |
| Guest and entertainment | 248 | 1,200 | (952) |
| Office supplies | - | 1,200 | (1,200) |
| Total sales and marketing department | 322,236 | 306,647 | 15,589 |
| Reservations Department | | | |
| Credit card commissions | 67,009 | 50,300 | 16,709 |
| Miscellaneous | 750 | 380 | 370 |
| Adjustments | 26 | 600 | (574) |
| Advertising - employees | (302) | - | (302) |
| Total reservations department | 67,483 | 51,280 | 16,203 |

(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, 2014 | | |
|---|-------------------------|----------------|-----------|
| | Actual | Budget | Variance |
| | | (Not Reviewed) | |
| Housekeeping Department | | | |
| Housekeeping - non-billable | 227,074 | 196,000 | 31,074 |
| Housekeeping - billable | 95,863 | 82,740 | 13,123 |
| Contract labor | 77,963 | 52,000 | 25,963 |
| Guest supplies | 29,433 | 34,200 | (4,767) |
| Guest amenities | 18,904 | 17,300 | 1,604 |
| Linen replacement | 17,967 | 25,600 | (7,633) |
| Laundry supplies | 9,000 | 9,000 | - |
| Glass, china, and silver | 2,421 | 1,500 | 921 |
| Cleaning expenses | 1,490 | 5,000 | (3,510) |
| Repairs/supplies - machinery | 698 | 1,440 | (742) |
| Telephone | 533 | - | 533 |
| Office supplies | 436 | 360 | 76 |
| Transportation | 132 | 360 | (228) |
| Training | 20 | - | 20 |
| Postage | 16 | - | 16 |
| Uniforms | - | 100 | (100) |
| Total housekeeping department | 481,950 | 425,600 | 56,350 |
| Total rental operating expenses exclusive of Racquet Club fees | \$ 1,280,436 | \$ 1,182,894 | \$ 97,542 |

**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, 2014 | | |
|---|-------------------------|----------------|-----------------|
| | Actual | Budget | Variance |
| | | (Not Reviewed) | |
| Cost of sales | \$ 32,463 | \$ 23,120 | \$ 9,343 |
| Payroll and Employee Expenses | | | |
| Pro shop front desk - allocated | 79,780 | 79,780 | - |
| Contract labor - housekeeping and laundry | 66,788 | 60,460 | 6,328 |
| Club manager | 52,326 | 51,242 | 1,084 |
| Accounting | 44,643 | 45,234 | (591) |
| Administration | 29,273 | 28,119 | 1,154 |
| Class instructions | 27,658 | 23,328 | 4,330 |
| Housekeeping - billable | 24,555 | 25,594 | (1,039) |
| Benefits - insurance | 21,569 | 17,709 | 3,860 |
| Massage therapists | 18,240 | 25,340 | (7,100) |
| Payroll taxes and benefits | 17,325 | 18,185 | (860) |
| Fitness | 15,450 | 21,048 | (5,598) |
| Employee benefits | 12,117 | 11,045 | 1,072 |
| Swim instructor/lifeguard | 5,182 | 4,500 | 682 |
| Personal trainers | 5,132 | 5,775 | (643) |
| Tennis pro | 5,000 | 6,000 | (1,000) |
| Taxes - other | 1,743 | 3,000 | (1,257) |
| Pro shop front desk salary | 1,000 | - | 1,000 |
| Uniforms | 545 | 1,000 | (455) |
| Training | 361 | 1,548 | (1,187) |
| Maintenance | 316 | 1,875 | (1,559) |
| Total payroll and employee expenses | <u>429,003</u> | <u>430,782</u> | <u>(1,779)</u> |
| Office Expenses | | | |
| Computer expenses | 20,499 | 20,400 | 99 |
| Office supplies and miscellaneous | 4,685 | 4,000 | 685 |
| Office equipment maintenance | 1,774 | 1,500 | 274 |
| Postage | 1,393 | 1,200 | 193 |
| Printing | 819 | 1,200 | (381) |
| Total office expenses | <u>29,170</u> | <u>28,300</u> | <u>870</u> |
| Maintenance Department | | | |
| Gas and electric | 84,944 | 91,469 | (6,525) |
| Owners association repairs | 55,561 | 55,000 | 561 |
| Repairs and maintenance | 35,136 | 36,000 | (864) |
| Water and sewer | 26,146 | 31,590 | (5,444) |
| Landscaping | 3,357 | 3,500 | (143) |
| Trash removal | 3,300 | 3,300 | - |
| Equipment repairs | 2,255 | 2,100 | 155 |
| Fire alarm expense | 2,116 | 1,800 | 316 |
| Telephone | 2,022 | 2,160 | (138) |
| Supplies | 701 | - | 701 |
| Total maintenance department | <u>215,538</u> | <u>226,919</u> | <u>(11,381)</u> |

(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, 2014 | | |
|------------------------------------|-------------------------|--------------------------|-------------------|
| | Actual | Budget (Not Reviewed) | Variance |
| Other Operating Expenses | | | |
| Tennis court supplies | 1,978 | 4,000 | (2,022) |
| Massage room expense | 636 | 1,300 | (664) |
| Equipment rental | - | 1,000 | (1,000) |
| Pro shop supplies | - | 480 | (480) |
| Total other operating expenses | <u>2,614</u> | <u>6,780</u> | <u>(4,166)</u> |
| Supplies | | | |
| Swimming pool | 13,181 | 14,400 | (1,219) |
| Locker room | 10,040 | 9,000 | 1,040 |
| Supplies | 5,776 | 6,000 | (224) |
| Linen | 4,590 | 4,400 | 190 |
| Laundry | 1,329 | 3,000 | (1,671) |
| Weight room | 1,241 | 1,000 | 241 |
| Exercise room | 118 | - | 118 |
| Total supplies | <u>36,275</u> | <u>37,800</u> | <u>(1,525)</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 | 118,142 | 115,900 | 2,242 |
| Insurance property and liability | 12,000 | 12,000 | - |
| Accounting and legal | 9,396 | 9,396 | - |
| Commissions | 9,355 | 8,400 | 955 |
| Advertising | 8,853 | 12,000 | (3,147) |
| Music and cable | 4,373 | 3,900 | 473 |
| Miscellaneous expense | 3,269 | 1,531 | 1,738 |
| Entertainment/travel | 2,128 | 3,646 | (1,518) |
| Advertising - employees | 1,118 | 600 | 518 |
| Promotions | 662 | 600 | 62 |
| Dues and publications | 348 | 920 | (572) |
| Club activities | 100 | 1,000 | (900) |
| Adjustments | - | 300 | (300) |
| Total general expenses | <u>169,744</u> | <u>170,193</u> | <u>(449)</u> |
| Total club operating expenses | <u>\$ 933,397</u> | <u>\$ 942,472</u> | <u>\$ (9,075)</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 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>FY 23/24</u> | <u>Total</u> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Major capital projects | | | | | | | | | | | |
| Condo deck and patio/walkway replacement | | | | | | | | | | | |
| Deck replacement (assumes half building per year) | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 2,500,000 |
| Condo roof replacement | 240,000 | - | 110,000 | - | 110,000 | - | - | - | - | - | 460,000 |
| Townhome roof replacement | - | - | - | - | - | - | - | - | - | - | - |
| Major asphalt replacement | 55,000 | 45,000 | 75,000 | 75,000 | 75,000 | 75,000 | 20,000 | - | 20,000 | 20,000 | 460,000 |
| Main sidewalk snowmelt expansion | - | - | - | - | - | - | 60,000 | 60,000 | 60,000 | 60,000 | 240,000 |
| Landscaping and other grounds major projects | - | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 180,000 |
| Vehicles and equipment replacement | - | 40,000 | - | - | 8,000 | 40,000 | - | - | - | - | 88,000 |
| Hot tub and pool (re-plaster tile and boilers) | - | - | - | - | - | 60,000 | 15,000 | - | - | - | 75,000 |
| Tennis court resurfacing | 10,000 | 12,000 | 12,000 | 12,000 | 27,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 | 133,000 |
| Other major club refurbishment projects | 18,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 288,000 |
| Other major condo and townhome projects | 71,000 | 65,000 | 65,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 551,000 |
| Subtotal | <u>644,000</u> | <u>462,000</u> | <u>562,000</u> | <u>437,000</u> | <u>570,000</u> | <u>537,000</u> | <u>457,000</u> | <u>422,000</u> | <u>442,000</u> | <u>442,000</u> | <u>4,975,000</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>\$ 827,000</u> | <u>\$ 645,000</u> | <u>\$ 745,000</u> | <u>\$ 620,000</u> | <u>\$ 753,000</u> | <u>\$ 720,000</u> | <u>\$ 640,000</u> | <u>\$ 605,000</u> | <u>\$ 625,000</u> | <u>\$ 625,000</u> | <u>\$ 6,805,000</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>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>2024</u> | <u>Total</u> |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| Reserve fund beginning balance | \$ 591.0 | \$ 453.4 | \$ 497.8 | \$ 442.2 | \$ 511.6 | \$ 448.0 | \$ 417.4 | \$ 466.8 | \$ 551.2 | \$ 615.6 | |
| Reserve expenditures | <u>(827.0)</u> | <u>(645.0)</u> | <u>(745.0)</u> | <u>(620.0)</u> | <u>(753.0)</u> | <u>(720.0)</u> | <u>(640.0)</u> | <u>(605.0)</u> | <u>(625.0)</u> | <u>(625.0)</u> | <u>\$ (6,805.0)</u> |
| | <u>(236.0)</u> | <u>(191.6)</u> | <u>(247.2)</u> | <u>(177.8)</u> | <u>(241.4)</u> | <u>(272.0)</u> | <u>(222.6)</u> | <u>(138.2)</u> | <u>(73.8)</u> | <u>(9.4)</u> | |
| Capital assessments from owners | 519.4 | 519.4 | 519.4 | 519.4 | 519.4 | 519.4 | 519.4 | 519.4 | 519.4 | 519.4 | 5,194.0 |
| From operations | <u>170.0</u> | <u>1,700.0</u> |
| Subtotal funding | <u>689.4</u> | <u>\$ 6,894.0</u> |
| Reserve fund ending balance | <u>\$ 453.4</u> | <u>\$ 497.8</u> | <u>\$ 442.2</u> | <u>\$ 511.6</u> | <u>\$ 448.0</u> | <u>\$ 417.4</u> | <u>\$ 466.8</u> | <u>\$ 551.2</u> | <u>\$ 615.6</u> | <u>\$ 680.0</u> | |

Shown in current fiscal year 2014 dollars.

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