

# Vail Racquet Club

Mountain Resort

**Financial Statements  
and  
Independent Auditors' Report  
May 31, 2015 and 2014**

**EKS&H**  
AUDIT | TAX | CONSULTING

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

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of Racquet Club Owner's Association d/b/a Vail Racquet Club Mountain Resort, which are comprised of the balance sheets as of May 31, 2015, and the related statements of operating revenue and expenses, changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **OPINION**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Racquet Club Owner's Association d/b/a Vail Racquet Club Mountain Resort as of May 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

Our audit were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules on pages 14 through 24 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Except for that portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audits of the financial statements; accordingly, we do not express an opinion or provide any assurance on it.

The May 31, 2014, financial statements were reviewed by us, and our report thereon, dated August 1, 2014, states that we were not aware of any material modifications that should be made to those statements for them to be in conformity with generally accepted accounting principles. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole. In addition, the information for the year ended May 31, 2014, included in the supplementary schedules is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the 2014 financial statements, and we are not aware of any material modifications that should be made thereto.

*EKS+H LLLP*  
EKS&H LLLP

August 5, 2015  
Denver, Colorado

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

**Balance Sheets**

	May 31, 2015			Total May 31, 2014 (Reviewed)
	Homeowners	Rental	Total	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 1,113,606	\$ 299,044	\$ 1,412,650	\$ 1,472,448
Cash and cash equivalents - restricted	630,542	517,857	1,148,399	1,030,061
Accounts receivable, net allowance for doubtful accounts of \$23,929 (2015 and 2014)	300,191	92,438	392,629	226,303
Inventories, net	50,135	7,785	57,920	49,622
Prepaid expenses and other	3,538	-	3,538	6,980
Total current assets	<u>2,098,012</u>	<u>917,124</u>	<u>3,015,136</u>	<u>2,785,414</u>
Property and equipment				
Land	55,000	-	55,000	55,000
Buildings	4,687,393	450,000	5,137,393	5,137,393
Equipment	782,693	154,564	937,257	816,296
Furniture	15,917	3,489	19,406	19,406
Building improvements	154,016	-	154,016	137,193
	5,695,019	608,053	6,303,072	6,165,288
Less accumulated depreciation	<u>(2,672,353)</u>	<u>(245,400)</u>	<u>(2,917,753)</u>	<u>(2,688,679)</u>
Net property and equipment	<u>3,022,666</u>	<u>362,653</u>	<u>3,385,319</u>	<u>3,476,609</u>
Total assets	<u>\$ 5,120,678</u>	<u>\$ 1,279,777</u>	<u>\$ 6,400,455</u>	<u>\$ 6,262,023</u>
<b>Liabilities and Fund Balances</b>				
Current liabilities				
Accounts payable	\$ 123,097	\$ 1,777	\$ 124,874	\$ 74,645
Accrued expenses				
Payroll and related	175,372	23,583	198,955	196,280
Other	160,679	202,300	362,979	323,330
Short-term rental deposits	-	107,413	107,413	122,570
Assessments and dues collected in advance	503,914	10,782	514,696	495,318
Total current liabilities	<u>963,062</u>	<u>345,855</u>	<u>1,308,917</u>	<u>1,212,143</u>
Long-term rental deposits	<u>28,101</u>	<u>53,140</u>	<u>81,241</u>	<u>69,562</u>
Total liabilities	<u>991,163</u>	<u>398,995</u>	<u>1,390,158</u>	<u>1,281,705</u>
Commitments				
Fund balances				
Operating	3,498,973	362,925	3,861,898	3,950,257
Reserve	630,542	517,857	1,148,399	1,030,061
Total fund balances	<u>4,129,515</u>	<u>880,782</u>	<u>5,010,297</u>	<u>4,980,318</u>
Total liabilities and fund balances	<u>\$ 5,120,678</u>	<u>\$ 1,279,777</u>	<u>\$ 6,400,455</u>	<u>\$ 6,262,023</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**

	Year Ended May 31, 2015			Total Year Ended May 31, 2014 (Reviewed)
	Homeowners	Rental	Total	
<b>Assessments and revenue</b>				
Club revenue	\$ 910,374	\$ -	\$ 910,374	\$ 913,058
Short-term room revenue	-	3,119,336	3,119,336	2,662,672
Long-term rental commissions	-	59,764	59,764	55,087
Common assessments	1,192,524	-	1,192,524	1,159,836
Garden level rental income	270,733	-	270,733	263,835
Maid income	-	111,600	111,600	125,946
Firewood income	-	7,968	7,968	9,114
Interest income	3,836	1,697	5,533	5,068
Rent deposit forfeitures	-	74,458	74,458	60,366
Other revenues	67,428	135,247	202,675	187,474
Total assessments and revenue	<u>2,444,895</u>	<u>3,510,070</u>	<u>5,954,965</u>	<u>5,442,456</u>
<b>Direct expenses</b>				
Cost of sales	31,058	-	31,058	32,463
Rooms	-	989,531	989,531	898,471
Operating	982,236	171,478	1,153,714	1,092,489
Marketing	-	109,367	109,367	111,379
Repairs and maintenance	700,885	64,802	765,687	779,733
Utilities	388,146	16,000	404,146	402,279
Rental club usage fees	-	158,918	158,918	135,180
Total direct expenses	<u>2,102,325</u>	<u>1,510,096</u>	<u>3,612,421</u>	<u>3,451,994</u>
Excess of revenue over expenses before fixed charges	<u>342,570</u>	<u>1,999,974</u>	<u>2,342,544</u>	<u>1,990,462</u>
<b>Fixed charges</b>				
Property taxes	23,254	3,216	26,470	26,270
Insurance expense	30,614	4,325	34,939	31,600
Depreciation and amortization	197,810	31,264	229,074	214,877
Total fixed charges	<u>251,678</u>	<u>38,805</u>	<u>290,483</u>	<u>272,747</u>
Excess of revenue over expenses before distributions to rental participants	90,892	1,961,169	2,052,061	1,717,715
Distributions to rental participants	<u>-</u>	<u>(1,738,204)</u>	<u>(1,738,204)</u>	<u>(1,484,192)</u>
Excess of revenue over expenses	<u>\$ 90,892</u>	<u>\$ 222,965</u>	<u>\$ 313,857</u>	<u>\$ 233,523</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, 2015 and 2014**

	<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, 2013 (Reviewed)	\$ 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 (Reviewed)	3,556,297	589,994	393,960	440,067	4,980,318
Excess of operating revenue over expense	90,892	-	222,965	-	313,857
Transfer to reserve fund	(286,000)	286,000	(254,000)	254,000	-
Reserve fund assessment	-	519,396	-	-	519,396
Reserve fund expenditures	-	(627,064)	-	(176,210)	(803,274)
Transfer of assets	<u>137,784</u>	<u>(137,784)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance - May 31, 2015	<u>\$ 3,498,973</u>	<u>\$ 630,542</u>	<u>\$ 362,925</u>	<u>\$ 517,857</u>	<u>\$ 5,010,297</u>

See notes to financial statements.

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

**Statements of Cash Flows**

	Year Ended May 31, 2015			Total Year
	Homeowners	Rental	Total	Ended May 31, 2014 (Reviewed)
Cash flows from operating activities				
Excess of operating revenue over expenses	\$ 90,892	\$ 222,965	\$ 313,857	\$ 233,523
Adjustments to reconcile excess of operating revenue over expenses to net cash provided by operating activities				
Reserve assessments	519,396	-	519,396	486,600
Reserve expenditures	(627,064)	(176,210)	(803,274)	(646,111)
Depreciation and amortization	197,810	31,264	229,074	214,877
Changes in certain assets and liabilities				
Accounts receivable	(122,941)	(43,385)	(166,326)	9,232
Inventories	(8,298)	-	(8,298)	9,650
Prepaid expenses and other	2,466	976	3,442	(2,478)
Accounts payable	52,373	(2,144)	50,229	70,982
Accrued expenses	26,028	16,296	42,324	120,990
Rental deposits	(2,540)	(938)	(3,478)	(3,014)
Assessments and dues collected in advance	43,430	(24,052)	19,378	10,434
Net cash provided by operating activities	171,552	24,772	196,324	504,685
Cash flows from investing activities				
Additions to buildings, units, and equipment	(137,784)	-	(137,784)	(112,993)
Net cash used in investing activities	(137,784)	-	(137,784)	(112,993)
Net increase in cash and cash equivalents	33,768	24,772	58,540	391,692
Cash and cash equivalents - beginning of year	1,710,380	792,129	2,502,509	2,110,817
Cash and cash equivalents - end of year	\$ 1,744,148	\$ 816,901	\$ 2,561,049	\$ 2,502,509

Supplemental disclosure of cash flow information:

Cash Paid For	Income Taxes
2015	\$ -
2014	\$ 500

For other cash flow information, see Note 1.

See notes to financial statements.

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

**Notes to Financial Statements**

**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 31% 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 that 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, 2015 and 2014.

**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**

**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 or other expenditures as determined by the Board. For the year ended May 31, 2015, the Board approved payment of 5% back of regular rental night revenue to the rental participants based on the results of the year. In addition, the Board approved payment for a deep clean of the units participating in the rental program.

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. Such deposits are held in high-quality financial institutions.

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, 2015 and 2014.

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

**Notes to Financial Statements**

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

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 \$17,160 and \$16,170 at May 31, 2015 and 2014, respectively.

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 three to thirty 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, 2015 or 2014.

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 not-for-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.

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

**Notes to Financial Statements**

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

Income Taxes (continued)

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, 2015 and 2014.

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, assessments and dues collected in advance. The Board has allocated approximately 30% of total assessments to the repair and replacement reserve fund in 2015 and 2014.

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, assessments and 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.

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

**Notes to Financial Statements**

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

Marketing Costs

The Club and Rental operations expense marketing costs as incurred.

Subsequent Events

The Association has evaluated all subsequent events through the auditors' 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.

**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 \$1,148,399 and \$1,030,061 in separate designated cash accounts at May 31, 2015 and 2014, 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.

The Board is anticipating a special assessment of \$8,843,000 for fiscal year 2016. The estimated costs for the repairs and replacement are included in the HOA 10-Year Capital Plan Summary.

**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, 2015. 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, 2015 or 2014.

**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 2015 and 2014, matching contributions of \$21,539 and \$20,469 were made by the homeowners' operation, \$14,658 and \$13,807 by the rental operation, and \$6,222 and \$6,256 by the Club, respectively.

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

**Notes to Financial Statements**

**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 \$156,000 and \$133,000 in 2015 and 2014, respectively.

**SUPPLEMENTARY INFORMATION**

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

**Homeowners' and Club Combined Balance Sheets**

	May 31, 2015			Total May 31, 2014 (Reviewed)
	Homeowners	Club	Total	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 787,994	\$ 325,612	\$ 1,113,606	\$ 1,120,386
Cash and cash equivalents - restricted	630,542	-	630,542	589,994
Accounts receivable, net	258,408	41,783	300,191	177,250
Inventories, net	26,351	23,784	50,135	41,837
Prepaid expenses and other	3,538	-	3,538	6,004
Total current assets	1,706,833	391,179	2,098,012	1,935,471
Property and equipment				
Land	-	55,000	55,000	55,000
Buildings	1,590,316	3,097,077	4,687,393	4,687,393
Equipment	433,937	348,756	782,693	661,732
Furniture	15,917	-	15,917	15,917
Building improvements	154,016	-	154,016	137,193
	2,194,186	3,500,833	5,695,019	5,557,235
Less accumulated depreciation	(1,032,264)	(1,640,089)	(2,672,353)	(2,474,543)
Net property and equipment	1,161,922	1,860,744	3,022,666	3,082,692
Interfund transfers	3,042,248	(3,042,248)	-	-
Total assets	<b>\$ 5,911,003</b>	<b>\$ (790,325)</b>	<b>\$ 5,120,678</b>	<b>\$ 5,018,163</b>
<b>Liabilities and Fund Balances</b>				
Current liabilities				
Accounts payable	\$ 123,097	\$ -	\$ 123,097	\$ 70,724
Accrued expenses				
Payroll and related	121,023	54,349	175,372	157,287
Other	117,906	42,773	160,679	152,736
Assessments and dues collected in advance	432,538	71,376	503,914	460,484
Total current liabilities	794,564	168,498	963,062	841,231
Long-term rental deposits	28,101	-	28,101	30,641
Total liabilities	822,665	168,498	991,163	871,872
Commitments				
Fund balances				
Operating	4,457,796	(958,823)	3,498,973	3,556,297
Reserve	630,542	-	630,542	589,994
Total fund balances	5,088,338	(958,823)	4,129,515	4,146,291
Total liabilities and fund balances	<b>\$ 5,911,003</b>	<b>\$ (790,325)</b>	<b>\$ 5,120,678</b>	<b>\$ 5,018,163</b>

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

**Homeowners' and Club Combined Statements of Operating Revenue and Expenses**

	<u>Year Ended May 31, 2015</u>			Total
	<u>Homeowners</u>	<u>Club</u>	<u>Total</u>	<u>May 31, 2014</u> (Reviewed)
Assessments and revenue				
Club revenue	\$ -	\$ 910,374	\$ 910,374	\$ 913,058
Common assessments	1,192,524	-	1,192,524	1,159,836
Garden level rental income	270,733	-	270,733	263,835
Interest income	3,176	660	3,836	3,526
Other revenues	<u>67,428</u>	<u>-</u>	<u>67,428</u>	<u>71,435</u>
Total assessments and revenue	<u>1,533,861</u>	<u>911,034</u>	<u>2,444,895</u>	<u>2,411,690</u>
Direct expenses				
Cost of sales	-	31,058	31,058	32,463
Operating	426,477	555,759	982,236	941,639
Repairs and maintenance	604,779	96,106	700,885	711,684
Utilities	<u>275,587</u>	<u>112,559</u>	<u>388,146</u>	<u>385,824</u>
Total direct expenses	<u>1,306,843</u>	<u>795,482</u>	<u>2,102,325</u>	<u>2,071,610</u>
Excess of revenue over expenses before fixed charges	<u>227,018</u>	<u>115,552</u>	<u>342,570</u>	<u>340,080</u>
Fixed charges				
Property taxes	4,584	18,670	23,254	23,150
Insurance expense	15,614	15,000	30,614	27,400
Depreciation and amortization	<u>73,640</u>	<u>124,170</u>	<u>197,810</u>	<u>186,965</u>
Total fixed charges	<u>93,838</u>	<u>157,840</u>	<u>251,678</u>	<u>237,515</u>
Excess (deficit) of revenue over expenses (expenses over revenue)	<u>\$ 133,180</u>	<u>\$ (42,288)</u>	<u>\$ 90,892</u>	<u>\$ 102,565</u>

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

**Homeowners' Operating Expenses**

	Year Ended May 31, 2015		
	Actual	Budget	Variance
		(Unaudited)	
<b>Administrative Department</b>			
Salaries	\$ 119,667	\$ 118,514	\$ 1,153
Payroll taxes and benefits	22,491	23,265	(774)
Dues and publications	679	1,034	(355)
Office supplies and miscellaneous	576	816	(240)
Training	328	600	(272)
Transportation	271	120	151
Guest and entertainment	215	960	(745)
Postage	199	384	(185)
Total administrative department	144,426	145,693	(1,267)
<b>Accounting Department</b>			
Salaries	45,965	46,524	(559)
Payroll taxes and benefits	11,255	11,676	(421)
Office supplies	1,511	2,000	(489)
Postage	1,007	384	623
Training	295	1,066	(771)
Guest and entertainment	27	160	(133)
Transportation	-	316	(316)
Dues and publications	-	400	(400)
Total accounting department	60,060	62,526	(2,466)
<b>Maintenance Department</b>			
Salaries, net of Club allocation	288,912	312,415	(23,503)
Water and sewer	224,976	229,300	(4,324)
Repairs and maintenance	138,069	140,000	(1,931)
Payroll taxes and benefits	87,903	83,696	4,207
Gas and electric	50,611	52,250	(1,639)
Lawn care	18,317	20,000	(1,683)
Equipment repairs	17,128	15,120	2,008
Supplies	14,497	14,800	(303)
Fire alarm	13,251	12,500	751
Trash removal	12,160	13,640	(1,480)
Snow removal	10,209	8,500	1,709
Telephone	5,560	5,004	556
Miscellaneous	2,482	1,800	682
Uniforms	1,851	4,000	(2,149)
Training	-	1,000	(1,000)
Total maintenance department	885,926	914,025	(28,099)

(Continued on the following page)

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

**Homeowners' Operating Expenses**

(Continued from the previous page)

	Year Ended May 31, 2015		
	Actual	Budget	Variance
		(Unaudited)	
<b>Other Operating Expenses</b>			
Depreciation	24,012	23,300	712
Computer expenses	18,608	17,000	1,608
Insurance expense	15,614	16,652	(1,038)
Director fees	14,497	15,865	(1,368)
Professional fees	10,128	10,128	-
Legal fees	7,375	12,000	(4,625)
Property tax	4,584	4,650	(66)
Unemployment tax	4,039	3,200	839
Office supplies	2,698	3,060	(362)
Entertainment expense	2,660	2,820	(160)
Office equipment maintenance	2,220	1,764	456
Miscellaneous	2,192	2,113	79
Postage	-	1,006	(1,006)
Total other operating expenses	108,627	113,558	(4,931)
<b>Front Desk Expenses</b>			
Front desk expense - allocated	42,129	42,129	
Total front desk expenses	42,129	42,129	-
<b>Garden Level Rental Units</b>			
Credit card commissions	53,420	44,375	9,045
Depreciation	49,628	49,628	-
Water and sewer	16,117	16,501	(384)
Television	15,547	16,008	(461)
Taxes - property	12,084	12,062	22
Repairs and maintenance	10,319	12,000	(1,681)
Electricity	2,398	1,980	418
Total garden level rental units	159,513	152,554	6,959
Total homeowners' operating expenses	\$ 1,400,681	\$ 1,430,485	\$ (29,804)

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

**Rental Operating Expenses**

	Year Ended May 31, 2015		
	Actual	Budget	Variance
		(Unaudited)	
<b>Administrative Department</b>			
Salaries	\$ 46,464	\$ 45,253	\$ 1,211
Payroll taxes and benefits	12,701	13,272	(571)
Office supplies and miscellaneous	575	1,224	(649)
Dues and publications	530	1,541	(1,011)
Postage	384	576	(192)
Training	328	900	(572)
Guest and entertainment	168	1,440	(1,272)
Transportation	-	180	(180)
Total administrative department	61,150	64,386	(3,236)
<b>Accounting Department</b>			
Salaries	45,991	46,655	(664)
Payroll taxes and benefits	11,260	11,711	(451)
Office supplies	1,126	2,000	(874)
Postage	905	698	207
Training	295	1,066	(771)
Transportation	155	316	(161)
Guest and entertainment	27	160	(133)
Dues and publications	-	400	(400)
Advertising and promotion	-	120	(120)
Total accounting department	59,759	63,126	(3,367)
<b>Maintenance Department</b>			
Repairs and maintenance	56,436	45,000	11,436
Gas and electric	10,215	10,680	(465)
Telephone	6,674	7,860	(1,186)
Firewood	6,086	9,600	(3,514)
Water and sewer	3,530	4,008	(478)
Trash removal	2,255	2,360	(105)
Equipment repair	1,582	1,680	(98)
Supplies	698	600	98
Total maintenance department	87,476	81,788	5,688

(Continued on the following page)

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

**Rental Operating Expenses**

(Continued from the previous page)

	Year Ended May 31, 2015		
	Actual	Budget	Variance
		(Unaudited)	
<b>Other Operating Expenses</b>			
Depreciation	31,264	31,813	(549)
Computer expenses	27,579	25,500	2,079
Accounting and legal	10,440	10,440	-
Taxes - other	5,209	6,413	(1,204)
Insurance expense	4,325	4,326	(1)
Property taxes	3,216	3,260	(44)
Entertainment expense	2,865	2,811	54
Miscellaneous	2,739	2,113	626
Office equipment maintenance	2,220	1,764	456
Office supplies	1,749	2,970	(1,221)
Postage	-	1,009	(1,009)
Total other operating expenses	91,606	92,419	(813)
<b>Front Desk Expenses</b>			
Salaries	173,916	177,000	(3,084)
Payroll	37,918	41,683	(3,765)
HOA long-term rent	16,800	16,800	-
Key blank expense	7,042	3,000	4,042
Office supplies	5,357	5,400	(43)
Advertising	2,730	2,400	330
Telephone	1,753	1,800	(47)
Uniforms	1,439	2,400	(961)
Miscellaneous	508	300	208
Training	320	600	(280)
Postage	192	600	(408)
Transportation	114	240	(126)
Front desk expenses related to HOA	(42,129)	(42,129)	-
Pro shop front desk expense - allocated Club	(83,590)	(83,590)	-
Total front desk expenses	122,370	126,504	(4,134)

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

**Rental Operating Expenses**

(Continued from the previous page)

	Year Ended May 31, 2015		
	Actual	Budget (Unaudited)	Variance
<b>Sales and Marketing Department</b>			
Salaries	226,878	162,993	63,885
Advertising	68,584	61,042	7,542
Payroll taxes and benefits	42,426	35,729	6,697
Dues	23,173	20,609	2,564
Promotion	7,020	10,300	(3,280)
Contract services	1,838	4,000	(2,162)
Training	3,551	2,100	1,451
Travel and transport	2,440	15,000	(12,560)
Office supplies	1,183	1,200	(17)
Advertising - brochures	736	3,193	(2,457)
Guest and entertainment	700	1,200	(500)
Postage	28	3,200	(3,172)
Total sales and marketing department	<u>378,557</u>	<u>320,566</u>	<u>57,991</u>
<b>Reservations Department</b>			
Credit card commissions	74,543	59,000	15,543
Travel agent commissions	906	-	906
Adjustments	63	600	(537)
Postage	43	-	43
Total reservations department	<u>75,555</u>	<u>59,600</u>	<u>15,955</u>
<b>Housekeeping Department</b>			
Housekeeping - non-billable	247,250	206,570	40,680
Contract labor	97,409	77,200	20,209
Housekeeping - billable	88,206	82,741	5,465
Guest supplies	23,439	17,200	6,239
Linen replacement	21,829	13,800	8,029
Guest amenities	21,237	17,200	4,037
Laundry supplies	7,430	9,000	(1,570)
Cleaning expenses	2,833	4,999	(2,166)
Glass, china, and silver	2,252	1,500	752
Office supplies	784	460	324
Repairs/supplies - machinery	718	1,440	(722)
Miscellaneous	52	380	(328)
Postage	39	-	39
Transportation	32	360	(328)
Total housekeeping department	<u>513,510</u>	<u>432,850</u>	<u>80,660</u>
Total rental operating expenses exclusive of racquet club fees	<u>\$ 1,389,983</u>	<u>\$ 1,241,239</u>	<u>\$ 148,744</u>

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

**Club Operating Expenses**

	Year Ended May 31, 2015		
	Actual	Budget (Unaudited)	Variance
Cost of sales	\$ 31,058	\$ 25,160	\$ 5,898
<b>Payroll and Employee Expenses</b>			
Pro shop front desk - allocated	83,590	83,590	
Contract labor - housekeeping and laundry	72,889	60,460	12,429
Club manager	52,993	52,825	168
Accounting salaries	45,965	46,515	(550)
Class instructions	32,390	25,920	6,470
Administration	29,852	28,724	1,128
Housekeeping - billable	25,592	25,594	(2)
Benefits - insurance	19,440	19,441	(1)
Payroll taxes and benefits	17,571	18,960	(1,389)
Fitness salaries	16,535	20,130	(3,595)
Massage therapists salaries	15,717	25,340	(9,623)
Employee benefits	12,241	12,232	9
Tennis pro salary	6,000	6,000	-
Swim instructor/lifeguard salaries	3,503	4,500	(997)
Personal trainers	3,454	5,775	(2,321)
Taxes - other	2,686	3,000	(314)
Uniforms	699	1,000	(301)
Training	329	1,548	(1,219)
Maintenance salaries	321	1,875	(1,554)
Total payroll and employee expenses	441,767	443,429	(1,662)
<b>Office Expenses</b>			
Computer expenses	23,875	21,500	2,375
Office supplies and miscellaneous	4,487	4,000	487
Office equipment maintenance	2,024	1,500	524
Postage	1,334	1,400	(66)
Printing	678	1,200	(522)
Total office expenses	32,398	29,600	2,798
<b>Maintenance Department</b>			
Gas and electric	82,225	90,000	(7,775)
Owners association repairs	51,305	55,000	(3,695)
Repairs and maintenance	34,403	36,000	(1,597)
Water and sewer	28,236	33,000	(4,764)
Trash removal	3,294	2,500	794
Landscaping	2,456	3,500	(1,044)
Fire alarm expense	2,381	1,800	581
Telephone	2,098	2,160	(62)
Equipment repairs	1,894	2,100	(206)
Total maintenance department	208,292	226,060	(17,768)

(Continued on the following page)

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

**Club Operating Expenses**

(Continued from the previous page)

	Year Ended May 31, 2015		
	Actual	Budget (Unaudited)	Variance
<b>Other Operating Expenses</b>			
Tennis court supplies	3,042	4,000	(958)
Massage room expense	1,031	1,300	(269)
Rental equipment	636	1,000	(364)
Supplies	<u>373</u>	<u>480</u>	<u>(107)</u>
Total other operating expenses	<u>5,082</u>	<u>6,780</u>	<u>(1,698)</u>
<b>Supplies</b>			
Swimming pool	12,266	14,400	(2,134)
Locker room	8,460	9,000	(540)
Supplies	4,053	6,000	(1,947)
Linen	3,744	4,400	(656)
Laundry	1,907	3,000	(1,093)
Weight room	<u>949</u>	<u>1,000</u>	<u>(51)</u>
Total supplies	<u>31,379</u>	<u>37,800</u>	<u>(6,421)</u>
<b>Taxes and Business Licenses</b>			
Property	18,220	18,218	2
License fees	<u>450</u>	<u>450</u>	<u>-</u>
Total taxes and business licenses	<u>18,670</u>	<u>18,668</u>	<u>2</u>
<b>General Expenses</b>			
Depreciation	124,170	123,043	1,127
Insurance property and liability	15,000	12,000	3,000
Advertising	12,862	12,000	862
Accounting and legal	10,128	10,132	(4)
Credit card commissions	9,510	8,700	810
Music, television, and internet	4,322	5,040	(718)
Entertainment/travel	2,979	3,646	(667)
Advertising - employees	2,269	600	1,669
Miscellaneous expense	2,204	2,113	91
Dues and publications	530	920	(390)
Promotions	480	600	(120)
Club activities	222	1,000	(778)
Adjustments	<u>-</u>	<u>300</u>	<u>(300)</u>
Total general expenses	<u>184,676</u>	<u>180,094</u>	<u>4,582</u>
Total club operating expenses	<u>\$ 953,322</u>	<u>\$ 967,591</u>	<u>\$ (14,269)</u>

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

**Supplementary Information on HOA 10-Year Capital Plan - Summary (Unaudited)**

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 10 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 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>FY 24/25</u>	<u>Total</u>
<b>Major capital projects</b>											
Condo deck and patio/walkway replacement											
Deck replacement (assumes half building per year)	\$ 270,000	\$ 107,500	\$ 180,000	\$ 101,500	\$ 92,750	\$ 83,750	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 1,835,500
Condo roof replacement	100,000	110,000	-	110,000	-	-	-	-	-	-	320,000
Unfunded decks	25,000	750,000	500,000	500,000	500,000	-	-	-	-	-	2,275,000
Unfunded condo fireplace and chases	-	-	350,000	350,000	350,000	350,000	-	-	-	-	1,400,000
Unfunded common hall refurbishment	-	-	108,000	-	-	-	-	-	-	-	108,000
Unfunded townhouse exteriors	-	177,000	689,000	1,118,000	1,272,000	644,000	-	-	-	-	3,900,000
Unfunded playground and bike replacement	-	200,000	-	-	-	-	-	-	-	-	200,000
Unfunded three tennis court replacement	-	260,000	-	-	-	-	-	-	-	-	260,000
Unfunded locker room renovation	-	500,000	-	-	-	-	-	-	-	-	500,000
Unfunded restaurant renovation	-	-	200,000	-	-	-	-	-	-	-	200,000
Townhome roof replacement	-	-	80,000	320,000	380,000	420,000	-	-	-	-	1,200,000
Major asphalt replacement	45,000	75,000	-	-	-	-	75,000	75,000	75,000	75,000	420,000
Main sidewalk snowmelt expansion	-	-	-	-	-	-	-	-	60,000	60,000	120,000
Landscaping and other grounds major projects	46,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	226,000
Vehicles and equipment replacement	-	-	-	-	-	-	40,000	8,000	-	-	48,000
Hot tub and pool (re-plaster tile and boilers)	-	-	-	-	-	-	-	60,000	15,000	15,000	90,000
Tennis court resurfacing and fence replacement	22,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	130,000
Other major club refurbishment projects	-	15,000	15,000	15,000	15,000	15,000	30,000	30,000	30,000	30,000	195,000
Other major condo and townhome projects	71,000	65,000	20,000	20,000	20,000	20,000	50,000	50,000	50,000	50,000	416,000
Subtotal	<u>579,000</u>	<u>2,291,500</u>	<u>2,174,000</u>	<u>2,566,500</u>	<u>2,661,750</u>	<u>1,564,750</u>	<u>477,000</u>	<u>505,000</u>	<u>512,000</u>	<u>512,000</u>	<u>13,843,500</u>
<b>Maintenance capital</b>											
<b>Condominium maintenance capital items</b>											
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>57,000</u>	<u>57,000</u>	<u>57,000</u>	<u>57,000</u>	<u>57,000</u>	<u>57,000</u>	<u>57,000</u>	<u>57,000</u>	<u>57,000</u>	<u>570,000</u>
<b>Townhomes maintenance capital items</b>											
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>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>60,000</u>
<b>Club maintenance capital items</b>											
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>41,500</u>	<u>41,500</u>	<u>41,500</u>	<u>41,500</u>	<u>41,500</u>	<u>41,500</u>	<u>41,500</u>	<u>41,500</u>	<u>41,500</u>	<u>415,000</u>
<b>Grounds maintenance capital items</b>											
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>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>34,000</u>	<u>340,000</u>
<b>Equipment maintenance capital items</b>											
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>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>19,500</u>	<u>195,000</u>
<b>Other infrastructure maintenance</b>											
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>183,000</u>	<u>183,000</u>	<u>183,000</u>	<u>183,000</u>	<u>183,000</u>	<u>183,000</u>	<u>183,000</u>	<u>183,000</u>	<u>183,000</u>	<u>1,830,000</u>
<b>Total for all budgeted capital items</b>	<u>\$ 762,000</u>	<u>\$ 2,474,500</u>	<u>\$ 2,357,000</u>	<u>\$ 2,749,500</u>	<u>\$ 2,844,750</u>	<u>\$ 1,747,750</u>	<u>\$ 660,000</u>	<u>\$ 688,000</u>	<u>\$ 695,000</u>	<u>\$ 695,000</u>	<u>\$ 15,673,500</u>

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

**Supplementary Information on Funding Summary - 10-Year Capital Plan (Unaudited)  
(In Thousands)**

	<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>2025</u>	<u>Total</u>
Reserve fund beginning balance	\$ 630.5	\$ 557.9	\$(1,227.2)	\$(2,894.8)	\$(4,954.9)	\$(7,110.2)	\$(8,168.6)	\$(8,139.2)	\$(8,137.8)	\$(8,143.4)	
Reserve expenditures	<u>(762.0)</u>	<u>(2,474.5)</u>	<u>(2,357.0)</u>	<u>(2,749.5)</u>	<u>(2,844.7)</u>	<u>(1,747.8)</u>	<u>(660.0)</u>	<u>(688.0)</u>	<u>(695.0)</u>	<u>(695.0)</u>	<u>\$(15,673.5)</u>
	<u>(131.5)</u>	<u>(1,916.6)</u>	<u>(3,584.2)</u>	<u>(5,644.3)</u>	<u>(7,799.6)</u>	<u>(8,858.0)</u>	<u>(8,828.6)</u>	<u>(8,827.2)</u>	<u>(8,832.8)</u>	<u>(8,838.4)</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>170.0</u>	<u>170.0</u>	<u>170.0</u>	<u>170.0</u>	<u>170.0</u>	<u>170.0</u>	<u>170.0</u>	<u>170.0</u>	<u>170.0</u>	<u>1,700.0</u>
Subtotal funding	<u>689.4</u>	<u>689.4</u>	<u>689.4</u>	<u>689.4</u>	<u>689.4</u>	<u>689.4</u>	<u>689.4</u>	<u>689.4</u>	<u>689.4</u>	<u>689.4</u>	<u>\$ 6,894.0</u>
Reserve fund ending balance	<u>\$ 557.9</u>	<u>\$(1,227.2)</u>	<u>\$(2,894.8)</u>	<u>\$(4,954.9)</u>	<u>\$(7,110.2)</u>	<u>\$(8,168.6)</u>	<u>\$(8,139.2)</u>	<u>\$(8,137.8)</u>	<u>\$(8,143.4)</u>	<u>\$(8,149.0)</u>	

Shown in current fiscal year 2015 dollars.

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