June 26, 2020

Dear Marriott's Manor Club Owner:

Please find the 2019 Audited Financial Report for your Associations which is made available to you in accordance with the Associations' governing documents.

You may contact me by phone at 757-221-7300 or by email at tammi.hastings@vacationclub.com with any questions.

Sincerely,

Tammi Hastings
General Manager
Marriott's Manor Club

MANOR CLUB AT FORD'S COLONY TIME−SHARE ASSOCIATION AND AFFILIATE
Williamsburg, Virginia

COMBINED FINANCIAL STATEMENTS
December 31, 2019

MANOR CLUB AT FORD'S COLONY
TIME−SHARE ASSOCIATION AND
AFFILIATE
Williamsburg, Virginia

COMBINED FINANCIAL STATEMENTS
December 31, 2019

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Manor Club at Ford's Colony Time-Share Association and Affiliate
Williamsburg, Virginia

Report on the Financial Statements

We have audited the accompanying combined financial statements of Manor Club at Ford's Colony Time-Share Association and Affiliate (the "Association"), which comprise the combined balance sheet as of December 31, 2019, and the related combined statements of revenues, expenses and changes in fund balance - operating fund, revenues, expenditures and changes in fund balance - reserve for replacement fund, and combined cash flows for the year ended December 31, 2019, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the combined 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 Association'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 combined financial statements.

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

(Continued)

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Manor Club at Ford's Colony Time-Share Association and Affiliate at December 31, 2019, and the results of their operations and their cash flows for the year ended December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Supplementary Information on Future Major Repairs and Replacements (Unaudited) on page 16 be presented to supplement the basic combined financial statements. Such information, although not a part of the basic combined financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic combined financial statements, and other knowledge we obtained during our audit of the basic combined financial statements. We do not express an opinion or provide any assurance on the Information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Crowe LLP

Crowe LLP

Tampa, Florida
May 7, 2020

MANOR CLUB AT FORD'S COLONY
TIME−SHARE ASSOCIATION AND AFFILIATE
COMBINED BALANCE SHEET
December 31, 2019

	Operating Fund	Reserve for Replacement Fund	Total
ASSETS			
Cash and cash equivalents	$ 5,019,172	$ 4,031,919	$ 9,051,091
Investments	-	6,906,901	6,906,901
Maintenance fees receivable due from Marriott Resorts Hospitality Corporation	329,538	79,905	409,443
Accrued interest receivable	-	39,683	39,683
Miscellaneous receivable	8,600	-	8,600
Income tax receivable	35,766	-	35,766
Prepaid expenses and other assets	183,442	154,486	337,928
Fixes assets, net	8,648	-	8,648
Due from (to) Operating/Reserve for Replacement Fund	59,173	(59,173)	-
Total assets	$ 5,644,339	$ 11,153,721	$ 16,798,060
LIABILITIES AND FUND BALANCES			
Liabilities			
Accrued expenses and other liabilities	$ 312,786	$ 96,544	$ 409,330
Unearned maintenance fees	5,537,915	1,374,833	6,912,748
Contract liability	-	9,617,349	9,617,349
Income taxes payable	-	64,995	64,995
Due to Marriott Vacations Worldwide Corporation	123,820	-	123,820
Total liabilities	5,974,521	11,153,721	17,128,242
Fund balances	(330,182)	-	(330,182)
Total liabilities and fund balances	$ 5,644,339	$ 11,153,721	$ 16,798,060

See accompanying notes to combined financial statements.

MANOR CLUB AT FORD'S COLONY
TIME−SHARE ASSOCIATION AND AFFILIATE
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE – OPERATING FUND
Year ended December 31, 2019

Revenues	
Members' assessments, net	$ 9,022,892
Acquisition revenue	1,092,048
Operating late fee income	76,830
Operating finance charge	142,552
Investment income	77,152
Lease and other income	51,757
Total revenues	10,463,231
Expenses	
Accounting and administration	989,483
Activities fee	459,373
Audit fees	15,700
Board of Directors' expenses	12,912
Cable television	56,227
Credit card fees	172,589
Electricity	286,737
Front desk	775,308
Gas	58,271
Golf fees	359,020
High speed internet	47,849
Housekeeping, net	1,920,836
Human resources	161,750
Income tax expense	24,204
Insurance	155,541
Legal	1,801
Loss prevention/security	296,794
Landscape/grounds	201,167
Maintenance	1,493,805
Management fee	742,267
Owner services	459,584
Pest control	20,524
Pool maintenance	71,528
Postage and printing	40,455
Property taxes	691,897
Refuse collection	37,137
Telephone	51,190
Water and sewer	267,736
Total expenses	9,871,685
Excess of revenues over expenses	591,546
Fund Balance	
Beginning of year after adoption of ASC 606 (Note 11)	(921,728)
End of year	$ (330,182)

See accompanying notes to combined financial statements.

MANOR CLUB AT FORD'S COLONY
TIME-SHARE ASSOCIATION AND AFFILIATE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – RESERVE FOR REPLACEMENT FUND
Year ended December 31, 2019

Revenues	
Net reserve for replacement assessment	$ 2,097,379
Investment income	202,796
Interest income	34,333
Unrealized gain on fair value investments	115,372
Total revenues	2,449,880
Expenditures	
Roof replacement	545,979
Furniture and fixtures	254,797
External building maintenance	887,828
Pavement resurfacing	21,370
Common area rehabilitation	666,737
Income tax expense	73,169
Total expenditures	2,449,880
Excess of revenues over expenditures	-
Fund Balance	
Beginning of year after adoption of ASC 606 (Note 11)	-
End of year	$ -

See accompanying notes to combined financial statements.

MANOR CLUB AT FORD'S COLONY
TIME-SHARE ASSOCIATION AND AFFILIATE
COMBINED STATEMENT OF CASH FLOWS
Year ended December 31, 2019

	Operating Fund	Reserve for Replacement Fund	Total
Cash flows from operating activities			
Excess of revenues over expenses/expenditures	$ 591,546	$ -	$ 591,546
Adjustments to reconcile excess of revenues over expenses/expenditures to net cash provided by operating activities:			
Unrealized gain on investment	-	(115,372)	(115,372)
Changes in operating assets and liabilities			
Decrease in maintenance fees receivable due from Marriott Resort Hospitality Corporation	277,490	61,446	338,936
Increase in accrued interest receivable	-	(14,808)	(14,808)
Decrease in miscellaneous receivable	3,125	-	3,125
Increase in income tax receivable	(36,105)	-	(36,105)
Decrease (increase) in prepaid expenses and other assets	26,037	(154,486)	(128,449)
Decrease in accrued expenses and other liabilities	(83,277)	(14,928)	(98,205)
Increase in unearned maintenance fees	219,664	125,812	345,476
Increase in contract liability	-	2,936,750	2,936,750
Increase in income taxes payable	-	20,878	20,878
Decrease in due to Marriott Vacations Worldwide Corporation	(82,384)	-	(82,384)
(Decrease) increase in due from/to Operating/Reserve for Replacement Fund	(26,268)	26,268	-
Net cash provided by operating activities	889,828	2,871,560	3,761,388
Cash flows from investing activities			
Purchase of investments	-	(7,246,907)	(7,246,907)
Proceeds from maturities of investments	-	3,417,378	3,417,378
Purchase of property and equipment	(6,827)	-	(6,827)
Net cash used in investing activities	(6,827)	(3,829,529)	(3,836,356)
Net increase (decrease) in cash and cash equivalents	883,001	(957,969)	(74,968)
Cash and cash equivalents			
Beginning of year	4,136,171	4,989,888	9,126,059
End of year	$ 5,019,172	$ 4,031,919	$ 9,051,091
Supplemental disclosure of cash flow information			
Cash paid during the year for income taxes	$ 60,309	$ 52,291	$ 112,600

See accompanying notes to combined financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Manor Club at Ford's Colony Time-Share Association (the "Time-Share Association") was incorporated in the State of Virginia on June 30, 1993. The purpose of the Time-Share Association is to operate and maintain the furnishings and fixtures of the Manor Club at Ford's Colony interval ownership condominium (the "Ownership Condominium"). The members of the Time-Share Association are also members of the Manor Club at Ford's Colony Condominium Association, (the "Condominium Association"). The purpose of the Condominium Association is to manage and maintain the exterior and common property of the Ownership Condominium. As of December 31, 2019, the Ownership Condominium consisted of 10,238 unit weeks. The Condominium Association's and the Time-Share Association's declaration of interval ownership provides that each unit week owner has an undivided interest in the facilities and, accordingly, the condominium assets are not recorded on the financial records of the Association. The Time-Share and Condominium Associations are managed under an agreement with Marriott Resorts Hospitality Corporation ("MRHC").

Principles of Combination: The accompanying combined financial statements include the accounts of the Time-Share Association and the Condominium Association ("MCC"), a related party affiliate. The entities are collectively referred to as the "Association" and present combined financial statements due to the interrelated activities of the Association.

Use of Estimates: The preparation of combined 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, disclosure of contingent assets and liabilities at the date of the combined financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operating Fund: The Association's fees and earnings from operations, which are restricted for the use and benefit of Association members, are recorded in the Operating Fund.

Reserve for Replacement Fund: The Association is accumulating funds for future major repairs and replacements. Accumulated funds are held in separate savings accounts and generally are not available for normal operations.

MRHC, on behalf of the Association's Board of Directors (the "Board"), conducts ongoing studies to estimate the remaining useful lives and the replacement costs of the components of common property. The table included in the unaudited Supplementary Information on Future Major Repairs and Replacements is based on these studies.

The Board is providing funding for major repairs and replacements over the remaining estimated useful lives of the components based on estimates of current replacement costs and considering amounts previously accumulated in the Reserve for Replacement Fund. Accordingly, the funding requirement of $5,397,020 has been included in the 2020 budget.

Funds are being accumulated in the Reserve for Replacement Fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the Reserve for Replacement Fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to the Board's approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents: The Association considers money in checking accounts, money market funds, and certificates of deposit with an original maturity of 90 days or less, at date of purchase, to be cash equivalents. The Association places its cash and cash equivalents with financial institutions in the United States of America. The Federal Deposit Insurance Corporation ("FDIC") provides for deposits at FDIC-insured institutions to be insured up to $250,000.

Revenue Recognition: Association members are subject to annual assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. Any excess assessments at year-end are retained by the Association for use in the succeeding year.

The following is a reconciliation of net assessments as recorded in the accompanying financial statements to the amount of assessments approved by the Board in the 2019 annual budget:

	Operating Fund	Reserve for Replacement Fund
Net assessments recorded per the financial statements	$ 9,022,892	$ 2,097,379
Plus: contra revenue for amounts not deemed collectible	592,313	(127,747)
Plus: amounts recognized in the contract liability during the year	-	2,936,750
Annual assessments per the Board approved annual budget	$ 9,615,205	$ 4,906,382

Maintenance Fees Receivable: Maintenance fees receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from members. The Association has a Foreclosed Inventory Purchase Agreement with Marriott Ownership Resorts, Inc. ("MORI") that automatically renews for any number of additional one (1) year terms, unless either party terminates the agreement with a 45 day written notice. The agreement provides that MORI shall purchase the Association's foreclosed inventory subject to the terms of the agreement. Should either party terminate the agreement, there could be potential exposure regarding the allowance for uncollectible accounts and assessment contra revenue. Accounts receivable are generally considered delinquent when the payment is not received on or before the due date. As of December 31, 2019, the Association had delinquent assessments of $645,043. The Association treats uncollectible assessments as an implicit price concession (a form of variable consideration) and records these amounts as contra revenues. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balances of assessments receivable as of the beginning and end of the year are $1,268,175 and $0, respectively, as further described in Note 11.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Maintenance Fees: Unearned maintenance fees represent prepayment of the next year's maintenance fees. The fees for the unit weeks prior to the Association's year-end are classified as revenues; the remaining collected fees are considered unearned maintenance fees.

Investments: Investments consist of stock shares, treasury inflation-protected securities, U.S. treasury strips, certificates of deposit, and bonds.

The Association's treasury inflation-protected securities are inflation-indexed securities. The rate of return on such securities is adjusted periodically to compensate for inflation as measured by the U.S. Department of Labor's consumer price index. At maturity, the Association is guaranteed by the U.S. Department of the Treasury to receive the greater of the adjusted principal balance or the original principal.

The stock shares and treasury inflation-protected securities are adjusted to fair value at the end of each period, with unrealized gains or losses shown as a component of revenues (the "Fair Value Option"). The Fair Value Option selected by the Association is considered to provide a more transparent presentation to users of the financial statements.

The Association's U.S. treasury strips, certificates of deposit, and bonds are carried at amortized cost, as the Association has both the intent and ability to hold them until maturity. Certain certificates of deposit are considered depository accounts and are insured by the FDIC.

Fair Value Measurements: The Association measures certain assets at fair value in accordance with current accounting standards on fair value measurements. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) as opposed to the price that would be paid to acquire the asset or received to assume the liability (an entry price). A fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset and the risk of nonperformance. A fair value hierarchy is utilized which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Three levels may be used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Quoted prices for similar assets and liabilities in active markets or inputs that are observable.
- Level 3 - Inputs that are unobservable (for example, cash flow modeling inputs based on assumptions).

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Association had no investments measured at fair value on a recurring basis at December 31, 2019.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets: Fixed assets, net are stated at cost. Upon disposition or retirement, the cost and related accumulated depreciation are eliminated, and any resulting gain or loss is reflected in operations. Maintenance and repairs are charged to expense when incurred; expenditures for renewals and betterments are capitalized.

Depreciation is provided utilizing the straight-line method using estimated useful lives between three and ten years.

Contract Liability: The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to the replacement fund assessments. The balance of contract liability as of the beginning and end of the year are $6,941,045 and $9,617,349, respectively.

Income Taxes: The Association accounts for income taxes in accordance with Accounting Standards Codification ("ASC") 740, Income Taxes. ASC 740 utilizes the asset and liability method; whereby deferred tax assets and liabilities are recognized for the future tax impact attributable to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply in the years in which the temporary differences are expected to be recovered.

Timeshare associations may elect to be taxed as exempt homeowners associations pursuant to Internal Revenue Code Section 528 ("Section 528") if they meet certain income, expenditure, and organizational requirements. Section 528 allows electing timeshare associations to be taxed at a 32% rate on their "homeowners association taxable income," which is the excess of the association's grow income, excluding "exempt function income," over related deductions. "Exempt function income" includes membership dues, fees and assessments (less related expenses) from owners of timeshare rights to use, or timeshare ownership interests in, real property.

The Association made this election for 2018 and plans on making this election for 2019; accordingly, deferred taxes have not been provided for temporary differences related to exempt function income. Should the Association not elect to be taxed as an exempt homeowners association in the future, deferred tax assets and liabilities may be recognized for existing temporary differences at that time, with a corresponding impact on income tax expense.

The Association has evaluated the effects of the guidance provided by generally accepted accounting principles related to accounting for uncertainty in income taxes. The Association has determined that it had no uncertain income tax positions that could have a significant effect on the combined financial statements for the year ended December 31, 2019. The Association's federal income tax returns for 2016, 2017 and 2018 are subject to examinations by the Internal Revenue Service, generally for a period of three years after the federal income tax returns are filed.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncement: In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2016-02 - Leases (Topic 842) ("ASU 2016-02") to increase transparency and comparability of information regarding an entity's leasing activities by providing additional information to users of financial statements. ASU 2016-02 amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. The new standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. This update is effective for annual periods beginning after December 15, 2020, based on a one-year deferral of the effective date approved in July 2019 by the FASB. The Association continues to evaluate the impact that adoption of this accounting standard update will have on its financial statements and disclosures. In addition, the Association expects to adopt ASU 2016-02 commencing in fiscal year 2021.

NOTE 2 – INVESTMENTS

The investments were classified as follows at December 31, 2019:

	Amortized Cost	Fair Market Value
Stock Shares	$ 1,419,366	$ 1,419,366
U.S. Treasury Strips (held-to-maturity)	500,725	504,825
Certificate of deposit (held-to-maturity)	4,986,810	5,022,433
	$ 6,906,901	$ 6,946,624

The contractual maturity of investments held-to-maturity as follows at December 31, 2019:

	Amortized Cost	Fair Market Value
Due within one year	$ 2,808,798	$ 2,813,517
Due between one and five years	4,098,103	4,133,107
	$ 6,906,901	$ 6,946,624

(Continued)

NOTE 3 – INCOME TAXES

The provision for income taxes consisted of the following for the years ended December 31, 2019:

	Total	Operating Fund	Reserve for Replacement Fund
Federal	$ 81,180	$ 20,179	$ 61,001
State	16,193	4,025	12,168
	$ 97,373	$ 24,204	$ 73,169

The difference between the provision for income taxes as presented, and the provision calculated by applying the statutory federal rate to excess of revenues over expenses, primarily relates to state income taxes and the exclusion of exempt function income.

NOTE 4 – FIXED ASSETS, NET

Fixed assets, net consist of the following at December 31, 2019:

Office equipment	$ 40,242
Activities equipment	8,842
Point of sale	6,079
Less: accumulated depreciation	(46,515)
	$ 8,648

NOTE 5 - RELATED PARTY TRANSACTIONS

Certain services, including off-site accounting and administration, and reservations, are provided by MRHC and allocated to the Association based on the number of unit weeks, as a percentage of total unit weeks the respective service covers.

Marriott Vacations Worldwide Corporation ("MVWC"), the current indirect parent company of MRHC, pays all invoices on behalf of the Association, subject to reimbursement by the Association. The net amount due to MVWC at December 31, 2019 was $123,820.

MRHC collects annual maintenance fees on behalf of the Association. The amount of maintenance fees receivable due from MRHC at December 31, 2019 was $409,443.

(Continued)

NOTE 6 - MANAGEMENT AGREEMENT

The Association entered into a management agreement with MRHC, on April 2, 2004. Commencing on the first day of fiscal year 2005 and on the first day of each subsequent fiscal year, the management fee for that fiscal year shall be increased by an amount equal to the management fee for the immediately prior fiscal year multiplied by the percentage change over the prior twelve months in the Consumer Price Index. The agreement expires April 2, 2024. MRHC provides all management and maintenance of the facilities. For the year ended December 31, 2019, the management fee was $742,267, and is recorded in the Combined Statement of Revenues, Expenses and Changes in Fund Balance - Operating Fund.

NOTE 7 - LEASE INCOME

The Association leases land to a service provider for placement of a cell phone tower. For the year ended December 31, 2019, lease income of approximately $20,000, was recorded in lease and other income in the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Operating Fund.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Marriott Ownership Resorts, Inc. ("MORI") entered into a Golf Facility Use, Access and Easement Agreement ("Agreement") dated May 11, 1993 with Ford's Colony Country Club, Inc. ("FCCC"). The Agreement provides for certain rights related to use of the facility by Association members as well as adherence to rules and regulations by members. The term of the agreement is through 2032. Fees paid annually by the Association were determined at the origination of the agreement and may be increased annually at the discretion of FCCC not to exceed increases in the Consumer Price Index. According to this agreement, in the event the lender or lenders having a mortgage against all or a portion of the property comprising the golf course facility acquire title to said property, the annual golf maintenance fee may be increased on a one-time basis by up to 50% and certain usage rights of the Association members may be reduced. Fees paid by the Association under this Agreement for the year ended December 31, 2019 were $359,020.

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Association maintains its cash and cash equivalents and investments with what the Board of Directors believes to be a high credit quality financial institution. In addition, the Board of Directors maintains its investments in a portfolio that it believes limits the amount of market exposure.

In an effort to fulfill their fiduciary responsibility to protect and maintain assets for the Association, the Board of Directors for the Association has implemented a formal investment policy statement in reference to all cash, cash equivalents and investable funds for the reserve for replacement and operating funds. The investment policy statement stipulates that 90% of investment funds shall be invested in federally insured or guaranteed vehicles with no risk to principal as long as these investments are held-to-maturity and no more than 10% of the portfolio may be invested in stock mutual funds.

(Continued)

NOTE 9 – CONCENTRATIONS OF CREDIT RISK (Continued)

Since the Board of Directors has incorporated an analysis that identifies the use of these funds at specific times and the investments are structured with maturity dates to coincide with these anticipated expenditures, notwithstanding emergencies not under the control of the Board of Directors, the Association is able to and prepared to hold these investments to their stated maturity dates.

The MVC Trust is a Florida land trust established to hold certain real property, including timeshare interests, utilized as part of the Marriott Vacation Club Destinations vacation ownership plan. As of December 31, 2019, the MVC Trust held 1,885 (18%) of the timeshare interests in the Association.

NOTE 10 – SUBSEQUENT EVENTS

The Association has performed an evaluation of subsequent events through May 7, 2020, which is the date the combined financial statements were issued.

In December 2019, a novel strain of coronavirus surfaced and has spread throughout the United States and the world, resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. As of May 2020, the Association remains open however occupancy is lower than previous years. The Association has adjusted operations accordingly based on the current needs of the resort and believes that it has sufficient liquidity to support Association expenses.

Effective in May 2020, the Association entered into an amendment to the Foreclosed Inventory Purchase Agreement. The amendment suspends MORI's purchase obligation of Association inventory, delay payment for certain Condominium Association ("COA") Cost, and suspend that payment of COA Fees, until such time as each party has agreed to end the suspension. The effect of this suspension on the future financial position of the Association is unknown at this time.

NOTE 11 - NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, *Real Estate - Common Interest Realty Associations, Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services.

The Association adopted the requirements of new guidance as of January 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenue and contract liabilities related to the reserve for replacement fund, as previously described.

(Continued)

NOTE 11 - NEW ACCOUNTING GUIDANCE IMPLEMENTATION (Continued)

The adoption of the new revenue recognition guidance resulted in the following change to the operating fund and reserve for replacement fund balance as of January 1, 2019:

	Operating Fund	Reserve for Replacement
Fund balance, at January 1, 2019	$ 86,001	$ 6,941,045
Adjustment for effects of Topic 606	(1,007,729)	(6,941,045)
Fund balance, as adjusted, at January 1, 2019	$ (921,728)	$ -

The effect of the adoption is a decrease in 2019 recognized assessments by $2,809,003 and a recording of a contract liability as of December 31, 2019, of $9,617,349. The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

The modified retrospective method of transition requires the effect of applying the new guidance on each item included in the 2019 financial statements be disclosed.

Following are the line items from the balance sheet as of December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

	Amounts That Would Have Been Reported	Effect of Applying Topic 606 Guidance	As Reported
Liabilities			
Contract liability - Reserve for Replacement Fund	$ -	$ 9,617,349	$ 9,617,349
Ending Fund Balance			
Operating Fund	$ 192,610	$ (522,792)	$ (330,182)
Reserve for Replacement Fund	$ 9,617,349	$ (9,617,349)	$ -

(Continued)

NOTE 11 - NEW ACCOUNTING GUIDANCE IMPLEMENTATION (Continued)

The following are the line items from the statement of revenue, expenses, and changes in fund balance and the statement of cash flows for the year ended December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

	Amounts That Would Have Been Reported	Effect of Applying Topic 606 Guidance	As Reported
Revenue - Operating Fund			
Maintenance fees	$ 9,615,206	$ (592,314)	$ 9,022,892
Acquisition revenue	$ -	$ 1,092,048	$ 1,092,048
Revenue - Reserve for Replacement Fund			
Maintenance fees	$ 4,906,382	$ (2,809,003)	$ 2,097,379
Excess (deficit) of revenue over expenditures	$ 2,809,003	$ (2,809,003)	$ -
Cash Flows - Reserve for Replacement Fund			
Excess (deficit) of revenue over expenditures	$ 2,809,003	$ (2,809,003)	$ -
Increase in contract liability	$ -	$ 2,936,750	$ 2,936,750

On behalf of the Board of Directors, a study was completed during 2016 to estimate the remaining useful lives and the replacement costs of the components of common property.

The following table is based on the study with subsequent review by the Board and presents significant information about the components of common property.

	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	Calculated 2020 Funding Requirement	Balance at December 31, 2019
Roof replacement	7	$ 3,576,364	$ 254,562	$ 282,034
Furniture and fixtures	4	29,524,901	3,031,272	8,759,711
Building painting	2	146,665	(396)	147,850
External building maintenance	7	7,505,865	602,069	10,817
Pavement resurfacing	3	407,011	65,800	58,257
Common area rehabilitation	4	10,701,920	1,443,713	358,680
		$ 51,862,726	$ 5,397,020	$ 9,617,349

Manor Club at Ford's Colony Time-Share Association
Board of Directors

NAME & ADDRESS	PHONE & FAX	OFFICE HELD	TERM
Gerard Desmond c/o Marriott's Manor Club 101 St. Andrews Drive Williamsburg, Virginia 23188	Phone: 757-258-1120 Fax: 757-258-5705 ownerboard.manorclub@vacationclub.com	President	2019 – 2022
Patrick Brown c/o Marriott's Manor Club 101 St. Andrews Drive Williamsburg, Virginia 23188	Phone: 757-258-1120 Fax: 757-258-5705 ownerboard.manorclub@vacationclub.com	Vice President	2017 – 2020
Amber Gerry Kein c/o Marriott's Manor Club 101 St. Andrews Drive Williamsburg, Virginia 23188	Phone: 757-258-1120 Fax: 757-258-5705 ownerboard.manorclub@vacationclub.com	Secretary/Treasurer	2018 – 2021

Manor Club at Ford's Colony Condominium Association
Board of Directors

NAME & ADDRESS	PHONE & FAX	OFFICE HELD	TERM
Patrick Brown c/o Marriott's Manor Club 101 St. Andrews Drive Williamsburg, Virginia 23188	Phone: 757-258-1120 Fax: 757-258-5705 ownerboard.manorclub@vacationclub.com	President	2019 – 2022
Gerard Desmond c/o Marriott's Manor Club 101 St. Andrews Drive Williamsburg, Virginia 23188	Phone: 757-258-1120 Fax: 757-258-5705 ownerboard.manorclub@vacationclub.com	Vice President	2017 – 2020
Amber Gerry Kein c/o Marriott's Manor Club 101 St. Andrews Drive Williamsburg, Virginia 23188	Phone: 757-258-1120 Fax: 757-258-5705 ownerboard.manorclub@vacationclub.com	Secretary/Treasurer	2018 – 2021

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