

July 30, 2020

Dear Owner:

Attached, please find the 2019 Audit Report for Mountain Valley Lodge Resort Owners Association, Inc. The Audit is being distributed as outlined in the Bylaws. **The complete report is available at the business office of the Association and copies will be provided upon an Owner's request.**

If you would like to request a copy of the full Audit, please contact Sarah Oliver, Executive Assistant, by email at [sarah.oliver@vacationclub.com](mailto:sarah.oliver@vacationclub.com).

Please also consider opting-in to receive mailings required by the Association's governing documents or applicable law via electronic transmission through an email address. Examples of required mailings may include: notices of meetings, financial statements, budgets and amendments to the governing documents.

In order to receive these items by electronic transmission, Owners must first explicitly provide consent (or "opt-in"). Consent to receive required mailings by electronic transmission is effective unless it is revoked at a later time.

To opt-in, log into your Owner account on [MarriottVacationClub.com](http://MarriottVacationClub.com). Click on "Account", click on "Profile", click on "Register for Online Document Notification". Edit Settings.

If you have any questions, please contact me by telephone at 970-547-2000 or by email at [todd.lebow@vacationclub.com](mailto:todd.lebow@vacationclub.com).

Sincerely,

*Todd Lebow*

General Manager  
Marriott's Mountain Valley Lodge

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Mountain Valley Lodge Resort Owners Association, Inc.  
Breckenridge, Colorado

We have audited the accompanying financial statements of Mountain Valley Lodge Resort Owners Association, Inc. (A Colorado Non-Profit Corporation) (the "Association"), which comprise the balance sheet as of December 31, 2019, and the related statements of revenues, expenses and changes in fund balance - operating fund, revenues, expenditures and changes in fund balance - reserve for replacement fund and cash flows for the year ended December 31, 2019, 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 the 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.

***Independent Auditor's Responsibility***

Our responsibility is to express an opinion on the 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 our 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, we consider internal control relevant to the Association'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 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 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 Mountain Valley Lodge Resort Owners Association, Inc. at December 31, 2019, and the results of its operations and its cash flows for the year ended December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The comparison of actual revenues and expenses to budget amounts – operating fund on page 15, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for that portion marked "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That 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, that 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 audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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 financial statements. Such information, although not a part of the basic 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 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 managements responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic 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  
July 16, 2020

MOUNTAIN VALLEY LODGE RESORT  
OWNERS ASSOCIATION, INC.  
(A COLORADO NON-PROFIT CORPORATION)  
BALANCE SHEET  
December 31, 2019

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	Operating <u>Fund</u>	Reserve for Replacement <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 763,968	\$ 230,742	\$ 994,710
Investments	-	1,403,000	1,403,000
Other receivable	40,584	-	40,584
Accrued interest receivable	-	12,299	12,299
Prepaid expenses and other assets	43,048	-	43,048
Maintenance fee receivable due from Marriott Resorts Hospitality Corporation	109,105	19,978	129,083
Due from Marriott Vacations Worldwide Corporation	56,844	-	56,844
Due to Operating Fund	-	(20,328)	(20,328)
Due from Reserve from Replacement Fund	<u>20,328</u>	<u>-</u>	<u>20,328</u>
Total assets	<u>\$ 1,033,877</u>	<u>\$ 1,645,691</u>	<u>\$ 2,679,568</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accrued expenses	\$ 253,771	\$ -	\$ 253,771
Contract liability	-	1,526,101	1,526,101
Income taxes payable	3,416	6,616	10,032
Unearned maintenance fees	607,666	112,974	720,640
Other liability	<u>900</u>	<u>-</u>	<u>900</u>
Total liabilities	865,753	1,645,691	2,511,444
Fund balances	<u>168,124</u>	<u>-</u>	<u>168,124</u>
Total liabilities and fund balances	<u>\$ 1,033,877</u>	<u>\$ 1,645,691</u>	<u>\$ 2,679,568</u>

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MOUNTAIN VALLEY LODGE RESORT  
OWNERS ASSOCIATION, INC.  
(A COLORADO NON-PROFIT CORPORATION)  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND BALANCE – OPERATING FUND  
Year ended December 31, 2019

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**Revenues**

Maintenance fees, net	\$ 4,702,672
Acquisition revenue	141,887
Bank interest income	50,904
Late fees	10,275
Maintenance fee interest income	27,211
Miscellaneous income	<u>79,532</u>
Total revenues	<u>5,012,481</u>

**Expenses**

Accounting and administration	399,387
Activities	67,188
Audit fee	8,361
Board of Directors' expense	5,607
Credit card fee	51,154
Consulting expense	2,950
Electricity	73,549
Front desk	514,346
Hotel Breckenridge Condominium Association, Inc.	2,007,057
Housekeeping, net	603,692
Human resources	36,669
Income tax	17,812
Insurance	41,235
Legal	5,855
Maintenance	275,408
Management fee	348,592
Owner services	161,065
Postage and printing	12,784
Property taxes	165,204
Telephone	<u>17,369</u>
Total expenses	<u>4,815,284</u>

Excess of revenues over expenses 197,197

**Fund (deficit) balance**

Beginning of year after adoption of ASC 606 (Note 8)	<u>(29,073)</u>
End of year	<u>\$ 168,124</u>

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MOUNTAIN VALLEY LODGE RESORT  
OWNERS ASSOCIATION, INC.  
(A COLORADO NON-PROFIT CORPORATION)  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – RESERVE FOR REPLACEMENT FUND  
Year ended December 31, 2019

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**Revenues**

Reserve for replacement assessment, net	\$ 198,114
Bank interest income	36,193
Maintenance fee interest income	<u>4,931</u>
Total revenues	<u>239,238</u>

**Expenditures**

Furniture and fixtures	227,899
Income tax expense	<u>11,339</u>
Total expenditures	<u>239,238</u>

Excess of revenues over expenditures -

**Fund balance**

Beginning of year after adoption of ASC 606 (Note 8)	<u>-</u>
End of year	<u><u>\$ -</u></u>

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MOUNTAIN VALLEY LODGE RESORT  
OWNERS ASSOCIATION, INC.  
(A COLORADO NON-PROFIT CORPORATION)  
COMPARISON OF ACTUAL REVENUES AND  
EXPENSES TO BUDGET AMOUNTS - OPERATING FUND  
Year Ended December 31, 2019

	<u>Actual</u>	<u>Budget (Unaudited)</u>	<u>Variance (Unaudited)</u>
<b>Revenues</b>			
Maintenance fees, net	\$ 4,702,672	\$ 4,924,948	\$ 222,276
Acquisition revenue	141,887	\$ -	(141,887)
Bank interest income	50,904	35,952	(14,952)
Late fees	10,275	11,661	1,386
Maintenance fee interest income	27,211	55,362	28,151
Miscellaneous income	<u>79,532</u>	<u>46,285</u>	<u>(33,247)</u>
Total revenues	<u>\$ 5,012,481</u>	<u>\$ 5,074,208</u>	<u>\$ 61,727</u>
<b>Expenses</b>			
Accounting and administration	399,387	402,313	2,926
Activities	67,188	64,154	(3,034)
Audit fee	8,361	8,791	430
Bad debt expense	-	159,993	159,993
Board of Directors' expense	5,607	8,001	2,394
Credit card fee	51,154	57,336	6,182
Consulting expense	2,950	2,942	(8)
Electricity	73,549	72,513	(1,036)
Front desk	514,346	555,207	40,861
Hotel Breckenridge Condominium Association, Inc.	2,007,057	2,007,057	-
Housekeeping, net	603,692	575,659	(28,033)
Human resources	36,669	38,141	1,472
Income tax	17,812	11,661	(6,151)
Insurance	41,235	59,345	18,110
Legal	5,855	4,987	(868)
Maintenance	275,408	304,595	29,187
Management fee	348,592	348,592	-
Owner services	161,065	161,065	-
Postage and printing	12,784	10,549	(2,235)
Property taxes	165,204	127,912	(37,292)
Telephone	<u>17,369</u>	<u>18,406</u>	<u>1,037</u>
Total expenses	<u>4,815,284</u>	<u>4,999,219</u>	<u>183,935</u>
Excess of revenues over expenses	<u>\$ 197,197</u>	<u>\$ 74,989</u>	<u>\$ 122,208</u>

## Mountain Valley Lodge Resort Owners Association

### Board of Directors

#### Mountain Valley Lodge

<b>Name</b>	<b>Office Held</b>	<b>Term</b>
Yvonne Wittreich	President	2018-2021
Richard Weber	Vice President	2019-2022
Larry Gelfond	Secretary/Treasurer	2019-2022
Don Grandia	Director	2017-2020
Stephen Hulme	Director	2017-2020

Please click on the link below to contact your Board of Directors:

[mvlboard.mvl@vacationclub.com](mailto:mvlboard.mvl@vacationclub.com)