

April 30, 2019

Dear Owner:

Please find the 2018 Audit Report Summaries for Shadow Ridge Master Association, Shadow Ridge Timeshare Association and Shadow Ridge Condominium Association. The reports are being provided as outlined in Shadow Ridge Master Association Declaration, Section 3.4; Shadow Ridge Timeshare Association Declaration, Article IV Management, Section 4.2, and Shadow Ridge Condominium Association Declaration, Article VI Management, 6.2. **The complete Audit Reports are available at the business office of the Associations and copies will be provided upon an Owner's request at the expense of Associations.**

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 about the Audit Report, please contact my Executive Assistant, Rhett Clements, by phone at 760-674-2605 or by email at [MVCISROB@vacationclub.com](mailto:MVCISROB@vacationclub.com).

Sincerely,

*Matthew Barker*  
General Manager  
Marriott's Shadow Ridge

**Shadow Ridge Master Association**  
**Summary Report on Audit of Financial Statements**

For the Year Ended December 31, 2018 and Fiscal Year Ended December 31, 2017

**Balance Sheet**

	<u>Operating</u>	<u>Reserves</u>	<u>2018 Total</u>	<u>2017 Total</u>
<b>Assets:</b>				
Cash and Investments	\$ 453,485	\$ 730,489	\$ 1,183,974	\$ 812,358
Other Assets	40,282	13,895	54,177	60,891
<b>Total Assets</b>	<u>\$ 493,767</u>	<u>\$ 744,384</u>	<u>\$ 1,238,151</u>	<u>\$ 873,249</u>
<b>Liabilities and Fund Balances:</b>				
Accrued Expenses	\$ 18,226	\$ -	\$ 18,226	\$ 14,324
Other Liabilities	344,503	109,460	\$ 453,963	354,817
Fund Balances	131,038	634,924	765,962	504,108
<b>Total Liabilities and Fund Balances</b>	<u>\$ 493,767</u>	<u>\$ 744,384</u>	<u>\$ 1,238,151</u>	<u>\$ 873,249</u>

**Operating Fund - Income Statement**

	<u>2018 Total</u>	<u>2017 Total</u>
<b>Total Revenues</b>	\$ 707,286	\$ 670,796
<b>Total Expenses</b>	(651,598)	(639,486)
<b>Excess (Deficit) of Revenues over Expenses</b>	55,688	31,310
<b>Fund Balance - Beginning of Year</b>	75,350	44,040
<b>Fund Balance - End of Year</b>	<u>\$ 131,038</u>	<u>\$ 75,350</u>

**Reserve Fund - Income Statement**

	<u>2018 Total</u>	<u>2017 Total</u>
<b>Total Revenues</b>	\$ 210,463	\$ 196,229
<b>Total Expenses</b>	(4,297)	(1,342)
<b>Excess (Deficit) of Revenues over Expenses</b>	206,166	194,887
<b>Fund Balance - Beginning of Year</b>	428,758	233,871
<b>Fund Balance - End of Year</b>	<u>\$ 634,924</u>	<u>\$ 428,758</u>

For a complete copy of the audited financial statements, please contact the Director of Finance , Nick Enders, at Nick.Enders@vacationclub.com. Shadow Ridge Master Association financial statements were audited by PricewaterhouseCoopers LLP.

**Shadow Ridge Condominium Association**  
**Summary Report on Audit of Financial Statements**

For the Year Ended December 31, 2018 and Fiscal Year Ended December 31, 2017

**Balance Sheet**

	Operating	Reserves	2018 Total	2017 Total
<b>Assets:</b>				
Cash and Investments	\$ 2,185,818	\$ 6,499,925	\$ 8,685,743	\$ 6,282,093
Other Assets	520,629	117,828	638,457	613,134
<b>Total Assets</b>	<u>\$ 2,706,447</u>	<u>\$ 6,617,753</u>	<u>\$ 9,324,200</u>	<u>\$ 6,895,227</u>
<b>Liabilities and Fund Balances:</b>				
Accrued Expenses	\$ 79,276	\$ 5	\$ 79,281	\$ 122,777
Other Liabilities	2,613,462	1,380,214	3,993,676	2,558,915
Fund Balances	13,709	5,237,534	5,251,243	4,213,535
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,706,447</u>	<u>\$ 6,617,753</u>	<u>\$ 9,324,200</u>	<u>\$ 6,895,227</u>

**Operating Fund - Income Statement**

	2018 Total	2017 Total
Total Revenues	\$ 4,198,476	\$ 4,476,735
Total Expenses	(4,680,803)	(4,351,638)
<b>Excess (Deficit) of Revenues over Expenses</b>	(482,327)	125,097
Fund Balance - Beginning of Year	496,036	370,939
<b>Fund Balance - End of Year</b>	<u>\$ 13,709</u>	<u>\$ 496,036</u>

**Reserve Fund - Income Statement**

	2018 Total	2017 Total
Total Revenues	\$ 2,404,094	\$ 2,151,179
Total Expenses	(884,059)	(2,486,077)
<b>Excess (Deficit) of Revenues over Expenses</b>	1,520,035	(334,898)
Fund Balance - Beginning of Year	3,717,499	4,052,397
<b>Fund Balance - End of Year</b>	<u>\$ 5,237,534</u>	<u>\$ 3,717,499</u>

For a complete copy of the audited financial statements, please contact the Director of Finance , Nick Enders, at Nick.Enders@vacationclub.com.  
Shadow Ridge Condominium Association financial statements were audited by PricewaterhouseCoopers LLP.

**Shadow Ridge Timeshare Association**  
**Summary Report on Audit of Financial Statements**

For the Year Ended December 31, 2018 and Fiscal Year Ended December 31, 2017

**Balance Sheet**

	<u>Operating</u>	<u>Reserves</u>	<u>2018 Total</u>	<u>2017 Total</u>
<b>Assets:</b>				
Cash and Investments	\$ 13,488,364	\$ 34,541,901	\$ 48,030,265	\$ 34,541,982
Other Assets	1,543,041	476,068	2,019,109	1,727,178
<b>Total Assets</b>	<u>\$ 15,031,405</u>	<u>\$ 35,017,969</u>	<u>\$ 50,049,374</u>	<u>\$ 36,269,160</u>
<b>Liabilities and Fund Balances:</b>				
Accrued Expenses	\$ 301,520	\$ 2,001	\$ 303,521	\$ 297,195
Other Liabilities	14,455,146	4,973,435	\$ 19,428,581	14,585,256
Fund Balances	274,739	30,042,533	30,317,272	21,386,709
<b>Total Liabilities and Fund Balances</b>	<u>\$ 15,031,405</u>	<u>\$ 35,017,969</u>	<u>\$ 50,049,374</u>	<u>\$ 36,269,160</u>

**Operating Fund - Income Statement**

	<u>2018 Total</u>	<u>2017 Total</u>
Total Revenues	\$ 27,432,154	\$ 25,390,966
Total Expenses	(26,339,052)	(25,995,445)
<b>Excess (Deficit) of Revenues over Expenses</b>	1,093,102	(604,479)
Fund Balance - Beginning of Year	(818,363)	(213,884)
<b>Fund Balance - End of Year</b>	<u>\$ 274,739</u>	<u>\$ (818,363)</u>

**Reserve Fund - Income Statement**

	<u>2018 Total</u>	<u>2017 Total</u>
Total Revenues	\$ 9,324,650	\$ 8,881,853
Total Expenses	(1,487,189)	(5,577,590)
<b>Excess (Deficit) of Revenues over Expenses</b>	7,837,461	3,304,263
Fund Balance - Beginning of Year	22,205,072	18,900,809
<b>Fund Balance - End of Year</b>	<u>\$ 30,042,533</u>	<u>\$ 22,205,072</u>

For a complete copy of the audited financial statements, please contact the Director of Finance , Nick Enders, at Nick.Enders@vacationclub.com.  
Shadow Ridge Timeshare Association financial statements were audited by PricewaterhouseCoopers LLP.