

April 30, 2018

Dear Marriott's Desert Springs Villas II Owner:

The 2017 Audit Summary is being distributed to Owners as outlined in the Desert Springs Villas II Timeshare Association Bylaws Article IX Miscellaneous, Section 9.6 Annual Report to Members (b). The enclosed documents are subject to approval by the Board of Directors at the upcoming Board Meeting.

For questions or a complete copy of the Audit, please contact Matthew Gardell by phone at 760-837-4958 or by email at matthew.gardell@vactionclub.com.

Warm regards,

Bill Gunderson

General Manager

Marriott's Desert Springs Villas II

Desert Springs Villas Master Association
Summary Report on Audit of Financial Statements
Years Ended December 31, 2017 and 2016

Balance Sheet				
	Operating	Reserves	2017 Total	2016 Total
Assets:				
Cash and cash equivalents	\$ 655,971	\$ 582,652	\$ 1,238,623	\$ 1,521,386
Other Assets	578,624	569,311	1,147,935	448,027
Total Assets	\$ 1,234,595	\$ 1,151,963	\$ 2,386,558	\$ 1,969,413
Liabilities and Fund Balances:				
Accrued Expenses	\$ 71,318	\$ 4,010	\$ 75,328	\$ 113,805
Other Liabilities	1,146,778	710,956	1,857,734	1,339,236
Fund Balances	16,499	436,997	453,496	516,372
Total Liabilities and Fund Balances	\$ 1,234,595	\$ 1,151,963	\$ 2,386,558	\$ 1,969,413

Operating Fund - Income Statement			
	2017 Total	2016 Total	
Total Revenues	\$ 2,140,335	\$ 2,027,992	
Total Expenses	(2,136,415)	(2,027,743)	
Excess (Deficit) of Revenues over Expenses	3,920	249	
Fund Balance - Beginning of Year	12,579	12,330	
Fund Balance - End of Year	\$ 16,499	\$ 12,579	

Reserve Fund - Income Statement			
	2017 Total	2016 Total	
Total Revenues	\$ 1,248,504	\$ 1,146,155	
Total Expenses	(1,315,300)	(1,277,324)	
Excess (Deficit) of Revenues over Expenses	(66,796)	(131,169)	
Fund Balance - Beginning of Year	503,793	634,962	
Fund Balance - End of Year	\$ 436,997	\$ 503,793	

For a complete copy of the audited financial statement, please contact the Area Director of Finance, Scott Wilkerson, at Scott.Wilkerson@vacationclub.com. Desert Springs Villas Master Association financial statement were audited by PriceWaterhouseCoopers LLP.

Desert Springs Villas II Timeshare Association
Summary Report on Audit of Financial Statements
Years Ended December 31, 2017 and 2016

Balance Sheet

	<u>Operating</u>	<u>Reserves</u>	<u>2017 Total</u>	<u>2016 Total</u>
Assets:				
Cash and cash equivalents	\$ 4,649,613	\$ 5,056,726	\$ 9,706,339	\$ 8,819,031
Other Assets	5,809,458	2,920,714	8,730,172	8,314,835
Total Assets	<u>\$ 10,459,071</u>	<u>\$ 7,977,440</u>	<u>\$ 18,436,511</u>	<u>\$ 17,133,866</u>
Liabilities and Fund Balances:				
Accrued Expenses	\$ 348,433	\$ 50,841	\$ 399,274	\$ 384,747
Other Liabilities	8,897,133	4,678,122	13,575,255	10,175,543
Fund Balances	1,213,505	3,248,477	4,461,982	6,573,576
Total Liabilities and Fund Balances	<u>\$ 10,459,071</u>	<u>\$ 7,977,440</u>	<u>\$ 18,436,511</u>	<u>\$ 17,133,866</u>

Operating Fund - Income Statement

	<u>2017 Total</u>	<u>2016 Total</u>
Total Revenues	\$ 16,411,001	\$ 15,253,907
Total Expenses	(16,278,172)	(15,294,008)
Excess (Deficit) of Revenues over Expenses	132,829	(40,101)
Fund Balance - Beginning of Year	1,080,676	1,120,777
Fund Balance - End of Year	<u>\$ 1,213,505</u>	<u>\$ 1,080,676</u>

Reserve Fund - Income Statement

	<u>2017 Total</u>	<u>2016 Total</u>
Total Revenues	\$ 8,925,742	\$ 8,562,692
Total Expenses	(11,170,165)	(12,063,117)
Excess (Deficit) of Revenues over Expenses	(2,244,423)	(3,500,425)
Fund Balance - Beginning of Year	5,492,900	8,993,325
Fund Balance - End of Year	<u>\$ 3,248,477</u>	<u>\$ 5,492,900</u>

For a complete copy of the audited financial statement, please contact the Area Director of Finance, Scott Wilkerson, at Scott.Wilkerson@vacationclub.com.
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