

April 30, 2018

Dear Marriott's Newport Coast® Villas Owner,

Attached, please find the 2017 Audit Report Summaries for Newport Coast Villas Master Association, Newport Coast Villas Condominium Association and Newport Coast Villas Timeshare Association. These reports are being provided as outlined in Newport Coast Villas Master Declaration of Covenants Conditions and Restrictions (CC&R's), Article III, 3.4 Duties of the Master Association (b) Budget and Annual Report (2) and Master Declaration of CC&R's, Article I, Definitions, 1.3 Annual Report; Newport Coast Villas Timeshare Association Bylaws, Exhibit B, Management Agreement, Article III, Services of Managing Agent, 3.6 Financial Services, (b) Financial Statements; and Newport Coast Villas Condominium Association Declaration of CC&Rs, Article VI Management, 6.2 Specific Powers and Duties of the Condominium Association, (b) Budget and Annual Report (1). **The complete Annual Reports are available at the business office of the Timeshare Association and copies will be provided upon an Owner's request at the expense of the Timeshare Association.**

If you would like to request a copy of the full Audit please contact Lisa Romero, Executive Assistant, by phone at (949) 464-6002 or by email at lisa.romero@vacationclub.com.

Financial questions should be directed to Jennifer Kammerer, Director of Finance, at jennifer.kammerer@vacationclub.com.

Of course, I remain available to answer any questions that you prefer to direct to my attention at james.marks@vacationclub.com.

Sincerely,

James Marks

General Manager

Marriott's Newport Coast Villas

Newport Coast Master Association
Summary Report on Audit of Financial Statements
Fiscal Years Ended December 31, 2017 and December 30, 2016

Balance Sheet				
	<u>Operating</u>	<u>Reserves</u>	<u>2017 Total</u>	<u>2016 Total</u>
Assets:				
Cash and Investments	\$ 1,872,926	\$ 5,853,802	\$ 7,726,728	\$ 6,485,756
Other Assets	249,016	136,836	385,852	408,280
Total Assets	<u>\$ 2,121,942</u>	<u>\$ 5,990,638</u>	<u>\$ 8,112,580</u>	<u>\$ 6,894,036</u>
Liabilities and Fund Balances:				
Accrued Expenses	\$ 63,144	\$ -	\$ 63,144	\$ 52,929
Other Liabilities	1,902,781	1,301,183	3,203,964	3,030,555
Fund Balances	156,017	4,689,455	4,845,472	3,810,552
Total Liabilities and Fund Balances	<u>\$ 2,121,942</u>	<u>\$ 5,990,638</u>	<u>\$ 8,112,580</u>	<u>\$ 6,894,036</u>

Operating Fund - Income Statement			
	<u>2017 Total</u>	<u>2016 Total</u>	
Total Revenues	\$ 3,202,293	\$ 3,394,680	
Total Expenses	<u>(3,172,637)</u>	<u>(3,070,821)</u>	
Excess (Deficit) of Revenues over Expenses	29,656	323,859	
Fund Balance - Beginning of Year	<u>126,361</u>	<u>(197,498)</u>	
Fund Balance - End of Year	<u>\$ 156,017</u>	<u>\$ 126,361</u>	

Reserve Fund - Income Statement			
	<u>2017 Total</u>	<u>2016 Total</u>	
Total Revenues	\$ 2,265,297	\$ 2,130,242	
Total Expenses	<u>(1,260,033)</u>	<u>(1,145,805)</u>	
Excess (Deficit) of Revenues over Expenses	1,005,264	984,437	
Fund Balance - Beginning of Year	<u>3,684,191</u>	<u>2,699,754</u>	
Fund Balance - End of Year	<u>\$ 4,689,455</u>	<u>\$ 3,684,191</u>	

For a complete copy of the audited financial statements, please contact the Director of Finance, Jennifer Kammerer, at Jennifer.Kammerer@vacationclub.com. Newport Coast Master Association financial statements were audited by PriceWaterhouseCoopers LLP.

Newport Coast Condominium Association
Summary Report on Audit of Financial Statements
Fiscal Years Ended December 31, 2017 and December 30, 2016

Balance Sheet				
	Operating	Reserves	2017 Total	2016 Total
Assets:				
Cash and Investments	\$ 2,581,841	\$ 10,910,289	\$ 13,492,130	\$ 12,288,831
Other Assets	696,198	111,253	807,451	844,438
Total Assets	\$ 3,278,039	\$ 11,021,542	\$ 14,299,581	\$ 13,133,269
Liabilities and Fund Balances:				
Accrued Expenses	\$ 78,027	\$ 13,026	\$ 91,053	\$ 71,884
Other Liabilities	2,652,204	1,375,252	\$ 4,027,456	\$ 4,210,291
Fund Balances	547,808	9,633,264	10,181,072	8,851,094
Total Liabilities and Fund Balances	\$ 3,278,039	\$ 11,021,542	\$ 14,299,581	\$ 13,133,269

Operating Fund - Income Statement			
	2017 Total	2016 Total	
Total Revenues	\$ 4,980,092	\$ 4,820,569	
Total Expenses	(4,840,679)	(4,697,685)	
Excess (Deficit) of Revenues over Expenses	139,413	122,884	
Fund Balance - Beginning of Year	408,395	285,511	
Fund Balance - End of Year	\$ 547,808	\$ 408,395	

Reserve Fund - Income Statement			
	2017 Total	2016 Total	
Total Revenues	\$ 3,122,716	\$ 2,785,924	
Total Expenses	(1,932,151)	(2,073,137)	
Excess (Deficit) of Revenues over Expenses	1,190,565	712,787	
Fund Balance - Beginning of Year	8,442,699	7,729,912	
Fund Balance - End of Year	\$ 9,633,264	\$ 8,442,699	

For a complete copy of the audited financial statements, please contact the Director of Finance, Jennifer Kammerer, at Jennifer.Kammerer@vacationclub.com. Newport Coast Condominium Association financial statements were audited by PriceWaterhouseCoopers LLP.

Newport Coast Timeshare Association
Summary Report on Audit of Financial Statements
Fiscal Years Ended December 31, 2017 and December 30, 2016

Balance Sheet				
	Operating	Reserves	2017 Total	2016 Total
Assets:				
Cash and Investments	\$ 13,397,529	\$ 22,351,871	\$ 35,749,400	\$ 34,978,643
Other Assets	1,644,840	678,507	2,323,347	2,091,109
Total Assets	\$ 15,042,369	\$ 23,030,378	\$ 38,072,747	\$ 37,069,752
Liabilities and Fund Balances:				
Accrued Expenses	\$ 387,190	\$ 207	\$ 387,397	\$ 314,485
Other Liabilities	13,465,449	6,255,403	\$ 19,720,852	\$ 17,503,968
Fund Balances	1,189,730	16,774,768	17,964,498	19,251,299
Total Liabilities and Fund Balances	\$ 15,042,369	\$ 23,030,378	\$ 38,072,747	\$ 37,069,752

Operating Fund - Income Statement			
	2017 Total	2016 Total	
Total Revenues	\$ 21,843,438	\$ 20,068,789	
Total Expenses	(22,349,826)	(20,212,285)	
Excess (Deficit) of Revenues over Expenses	(506,388)	(143,496)	
Fund Balance - Beginning of Year	1,696,118	1,839,614	
Fund Balance - End of Year	\$ 1,189,730	\$ 1,696,118	

Reserve Fund - Income Statement			
	2017 Total	2016 Total	
Total Revenues	\$ 9,535,545	\$ 8,862,177	
Total Expenses	(10,315,958)	(9,226,361)	
Excess (Deficit) of Revenues over Expenses	(780,413)	(364,184)	
Fund Balance - Beginning of Year	17,555,181	17,919,365	
Fund Balance - End of Year	\$ 16,774,768	\$ 17,555,181	

For a complete copy of the audited financial statements, please contact the Director of Finance, Jennifer Kammerer, at Jennifer.Kammerer@vacationclub.com. Newport Coast Timeshare Association financial statements were audited by PriceWaterhouseCoopers LLP.