

April 30, 2018

Dear Marriott's Shadow Ridge Owner:

Please find the 2017 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 e-mail 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**  
**Fiscal Years Ended December 31, 2017 and December 30, 2016**

<b>Balance Sheet</b>				
	<b>Operating</b>	<b>Reserves</b>	<b>2017 Total</b>	<b>2016 Total</b>
<b>Assets:</b>				
Cash and Investments	\$ 316,291	\$ 496,067	\$ 812,358	\$ 531,839
Other Assets	49,576	11,315	60,891	53,046
<b>Total Assets</b>	<b>\$ 365,867</b>	<b>\$ 507,382</b>	<b>\$ 873,249</b>	<b>\$ 584,885</b>
<b>Liabilities and Fund Balances:</b>				
Accrued Expenses	\$ 14,324	\$ -	\$ 14,324	\$ 7,188
Other Liabilities	276,193	78,624	354,817	299,786
Fund Balances	75,350	428,758	504,108	277,911
<b>Total Liabilities and Fund Balances</b>	<b>\$ 365,867</b>	<b>\$ 507,382</b>	<b>\$ 873,249</b>	<b>\$ 584,885</b>

<b>Operating Fund - Income Statement</b>			
	<b>2017 Total</b>	<b>2016 Total</b>	
<b>Total Revenues</b>	\$ 670,796	\$ 688,368	
<b>Total Expenses</b>	(639,486)	(624,463)	
<b>Excess (Deficit) of Revenues over Expenses</b>	31,310	63,905	
<b>Fund Balance - Beginning of Year</b>	44,040	(19,865)	
<b>Fund Balance - End of Year</b>	<b>\$ 75,350</b>	<b>\$ 44,040</b>	

<b>Reserve Fund - Income Statement</b>			
	<b>2017 Total</b>	<b>2016 Total</b>	
<b>Total Revenues</b>	\$ 196,229	\$ 185,235	
<b>Total Expenses</b>	(1,342)	(103,486)	
<b>Excess (Deficit) of Revenues over Expenses</b>	194,887	81,749	
<b>Fund Balance - Beginning of Year</b>	233,871	152,122	
<b>Fund Balance - End of Year</b>	<b>\$ 428,758</b>	<b>\$ 233,871</b>	

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**  
**Fiscal Years Ended December 31, 2017 and December 30, 2016**

<b>Balance Sheet</b>				
	<b>Operating</b>	<b>Reserves</b>	<b>2017 Total</b>	<b>2016 Total</b>
<b>Assets:</b>				
Cash and Investments	\$ 1,755,134	\$ 4,526,959	\$ 6,282,093	\$ 6,318,718
Other Assets	469,282	143,852	613,134	511,392
<b>Total Assets</b>	<b>\$ 2,224,416</b>	<b>\$ 4,670,811</b>	<b>\$ 6,895,227</b>	<b>\$ 6,830,110</b>
<b>Liabilities and Fund Balances:</b>				
Accrued Expenses	\$ 87,683	\$ 35,094	\$ 122,777	\$ 49,283
Other Liabilities	1,640,697	918,218	2,558,915	2,357,491
Fund Balances	496,036	3,717,499	4,213,535	4,423,336
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,224,416</b>	<b>\$ 4,670,811</b>	<b>\$ 6,895,227</b>	<b>\$ 6,830,110</b>

<b>Operating Fund - Income Statement</b>			
	<b>2017 Total</b>	<b>2016 Total</b>	
<b>Total Revenues</b>	\$ 4,476,735	\$ 4,288,783	
<b>Total Expenses</b>	(4,351,638)	(4,105,397)	
<b>Excess (Deficit) of Revenues over Expenses</b>	125,097	183,386	
<b>Fund Balance - Beginning of Year</b>	370,939	187,553	
<b>Fund Balance - End of Year</b>	\$ 496,036	\$ 370,939	

<b>Reserve Fund - Income Statement</b>			
	<b>2017 Total</b>	<b>2016 Total</b>	
<b>Total Revenues</b>	\$ 2,151,179	\$ 1,875,773	
<b>Total Expenses</b>	(2,486,077)	(2,053,378)	
<b>Excess (Deficit) of Revenues over Expenses</b>	(334,898)	(177,605)	
<b>Fund Balance - Beginning of Year</b>	4,052,397	4,230,002	
<b>Fund Balance - End of Year</b>	\$ 3,717,499	\$ 4,052,397	

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**  
**Fiscal Years Ended December 31, 2017 and December 30, 2016**

<b>Balance Sheet</b>				
	<b>Operating</b>	<b>Reserves</b>	<b>2017 Total</b>	<b>2016 Total</b>
<b>Assets:</b>				
Cash and Investments	\$ 9,098,928	\$ 25,443,054	\$ 34,541,982	\$ 29,544,978
Other Assets	1,431,914	295,264	1,727,178	1,623,295
<b>Total Assets</b>	<b>\$ 10,530,842</b>	<b>\$ 25,738,318</b>	<b>\$ 36,269,160</b>	<b>\$ 31,168,273</b>
<b>Liabilities and Fund Balances:</b>				
Accrued Expenses	\$ 297,195	\$ -	\$ 297,195	\$ 255,535
Other Liabilities	11,052,010	3,533,246	\$ 14,585,256	12,225,813
Fund Balances	(818,363)	22,205,072	21,386,709	18,686,925
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,530,842</b>	<b>\$ 25,738,318</b>	<b>\$ 36,269,160</b>	<b>\$ 31,168,273</b>

<b>Operating Fund - Income Statement</b>			
	<b>2017 Total</b>	<b>2016 Total</b>	
<b>Total Revenues</b>	\$ 25,390,966	\$ 23,517,398	
<b>Total Expenses</b>	(25,995,445)	(23,395,324)	
<b>Excess (Deficit) of Revenues over Expenses</b>	(604,479)	122,074	
<b>Fund Balance - Beginning of Year</b>	(213,884)	(335,958)	
<b>Fund Balance - End of Year</b>	<b>\$ (818,363)</b>	<b>\$ (213,884)</b>	

<b>Reserve Fund - Income Statement</b>			
	<b>2017 Total</b>	<b>2016 Total</b>	
<b>Total Revenues</b>	\$ 8,881,853	\$ 8,167,161	
<b>Total Expenses</b>	(5,577,590)	(4,307,375)	
<b>Excess (Deficit) of Revenues over Expenses</b>	3,304,263	3,859,786	
<b>Fund Balance - Beginning of Year</b>	18,900,809	15,041,023	
<b>Fund Balance - End of Year</b>	<b>\$ 22,205,072</b>	<b>\$ 18,900,809</b>	

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.