

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. 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.

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

Balance Sheet				
	Operating	Reserves	2017 Total	2016 Total
Assets:				
Cash and Investments	\$ 316,291	\$ 496,067	\$ 812,358	\$ 531,839
Other Assets	49,576	11,315	60,891	53,046
Total Assets	\$ 365,867	\$ 507,382	\$ 873,249	\$ 584,885
Liabilities and Fund Balances:				
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
Total Liabilities and Fund Balances	\$ 365,867	\$ 507,382	\$ 873,249	\$ 584,885

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

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

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

Balance Sheet

	<u>Operating</u>	<u>Reserves</u>	<u>2017 Total</u>	<u>2016 Total</u>
Assets:				
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
Total Assets	<u>\$ 2,224,416</u>	<u>\$ 4,670,811</u>	<u>\$ 6,895,227</u>	<u>\$ 6,830,110</u>
Liabilities and Fund Balances:				
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
Total Liabilities and Fund Balances	<u>\$ 2,224,416</u>	<u>\$ 4,670,811</u>	<u>\$ 6,895,227</u>	<u>\$ 6,830,110</u>

Operating Fund - Income Statement

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

Reserve Fund - Income Statement

	<u>2017 Total</u>	<u>2016 Total</u>
Total Revenues	\$ 2,151,179	\$ 1,875,773
Total Expenses	<u>(2,486,077)</u>	<u>(2,053,378)</u>
Excess (Deficit) of Revenues over Expenses	(334,898)	(177,605)
Fund Balance - Beginning of Year	<u>4,052,397</u>	<u>4,230,002</u>
Fund Balance - End of Year	<u>\$ 3,717,499</u>	<u>\$ 4,052,397</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
Fiscal Years Ended December 31, 2017 and December 30, 2016

Balance Sheet				
	Operating	Reserves	2017 Total	2016 Total
Assets:				
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
Total Assets	\$ 10,530,842	\$ 25,738,318	\$ 36,269,160	\$ 31,168,273
Liabilities and Fund Balances:				
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
Total Liabilities and Fund Balances	\$ 10,530,842	\$ 25,738,318	\$ 36,269,160	\$ 31,168,273

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

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

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.