

Beaver Creek Resort Company of Colorado

Proposed Fiscal Year 2017 Budget

For the Period October 1, 2016 Through September 30, 2017

Beaver Creek Resort Company of Colorado

Proposed Fiscal Year 2017 Budget

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**BEAVER CREEK RESORT COMPANY
OF COLORADO**

Proposed Fiscal Year 2017 Budget

Fiscal Year 2016 Financial Results

Net income for fiscal year (“FY”) 2016 was \$2,305,000. Total revenues exceeded budget by \$63,000 even though Real Estate Transfer Assessments (“RETA”) fell short of budget by \$277,000. There were savings in expenses of \$1,319,000. Marketing, special events and transportation had major savings in FY 2016.

The Beaver Creek Resort Company (“Resort Company”) spent \$1,103,000 on capital projects in FY 2016. Projects for FY 2016 included plaza landscaping improvements, residential entry landscaping, continuation of the handrails throughout the village, enhanced village lighting, an additional firepit, upgrade of the security camera system and a new tow truck. Other capital expenditures included maintenance of existing assets and equipment replacement.

The cash balance went from \$1,590,000 at the end of FY 2015 to \$3,041,000 at the end of FY 2016. Currently the Resort Company has no outstanding debt.

Fiscal Year 2017 Proposed Budget

The proposed FY 2017 budget shows year-end net income of \$268,000 with an ending unrestricted cash balance of \$2,842,000. Revenues are budgeted at \$20,310,000 which is an increase of \$668,000 from FY 2016 revenues. Total expenses are budgeted at \$20,042,000 compared to FY 2016 expenses of \$17,336,000. This is an increase of \$2,706,000 or 15.6%.

Revenues

1. Common Assessments – there will be no Common Assessment in FY 2017.
2. Civic, Lodging Civic and Mountain/Recreation Assessments – the FY 2017 budget anticipates an increase of \$556,000 or a 4.1% increase over FY 2016. This increase is made up of increased guest visits along with an increase in the amount of spending per guest.
3. RETA – FY 2017 RETA is budgeted at \$3,936,000. This is an increase of \$137,000 over FY 2016. Due to the volatile nature of real estate sales a conservative approach was taken in developing the FY 2017 budget.
4. Special event revenues – FY 2017 special event revenues are budgeted at \$1,515,000. This represents a \$23,000 or 1.5% decrease from FY 2016 revenues.

Expenses

1. \$1,787,000 in administrative expenses to manage the Resort Company's functional and strategic responsibilities.
2. \$3,695,000 for resort activities and events. Key events and activities include:
 - Opening Day Activities and Tree Lighting
 - Birds of Prey World Cup Races
 - New Year's Eve Family Activities
 - Beaver Creek Winter Culinary Festival
 - Snowshoe Race Series
 - Talons Challenge
 - Winterfest
 - Prezfest
 - Springfest
 - Winter Long Family Programming
 - Teen Activities
 - Blues, Brews and BBQ Festival
 - Microbrew Festival
 - Culinary Demonstrations
 - Movies Under the Stars
 - July 4th Celebration
 - Arts Festival
 - Summer Wine and Spirits Festival
 - Oktoberfest
 - Auto Festival
 - Hike to the Mic Music Festival
 - Concert Series
 - Rodeo Series
 - Hiking Center
 - Children's Day Camp
3. \$1,284,000 contribution to the Vilar Center for the Arts to underwrite operations and the headliner series
4. \$4,827,000 to market Beaver Creek winter and summer seasons.
5. \$2,021,000 for transportation services. This represents a \$440,000 increase over FY 2016 expenses. The increase is related to increases in operating costs, lease expenses and maintenance costs.
6. \$2,283,000 for property maintenance, snowmelt systems, escalators, ice rink operations, parking lot maintenance, plaza maintenance, and Creekside Park maintenance.

7. \$2,129,000 for Public Safety officers, gate attendants, guest attendant services and wildfire mitigation.
8. \$200,000 to provide Design Review Board inspections, plan review, and enforcement services.

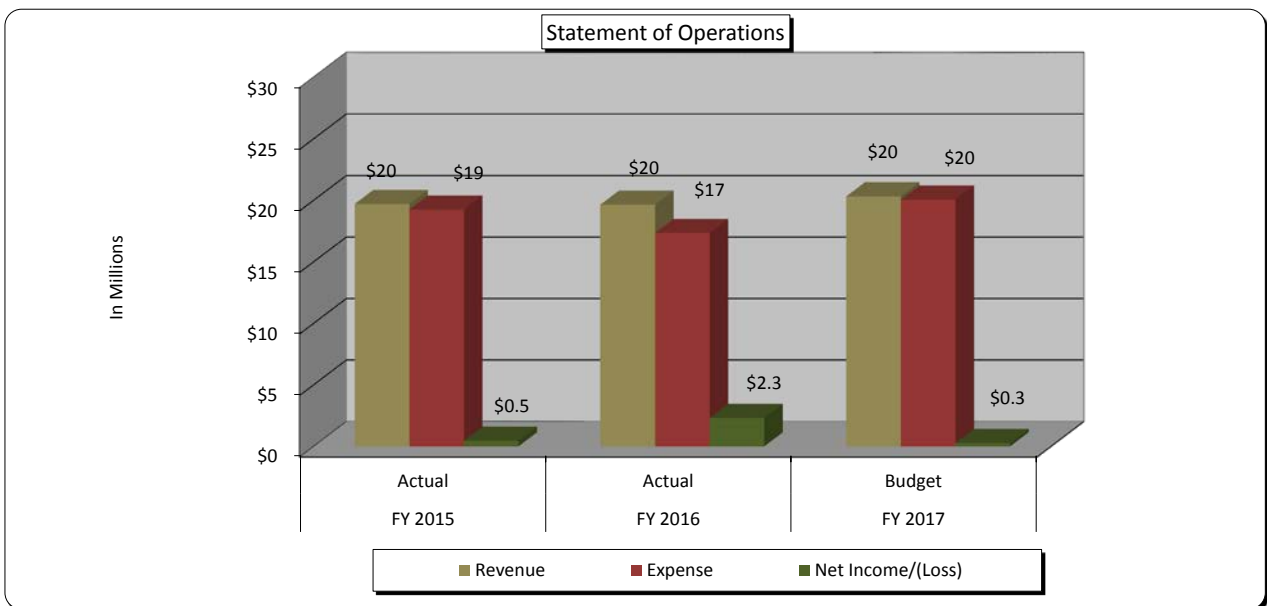
Capital Expenditures

\$1,112,000 has been allocated if FY 2017 for capital improvements. Capital expenditures for FY 2017 include:

- Extend village lighting to Creekside Park
- Additional plaza furniture
- Increased number of flower pots in the village
- Landscaping the east end of the plaza
- Entry gate access control system
- Completion of the variable message signs

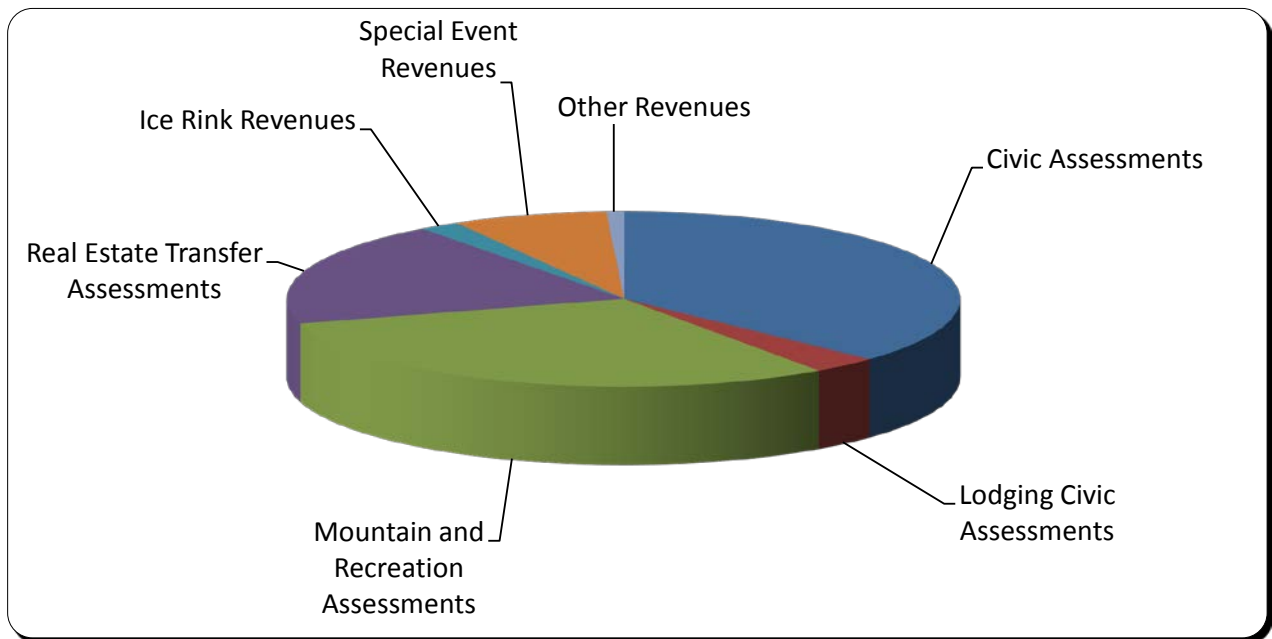
BEAVER CREEK RESORT COMPANY OF COLORADO
Statement of Operations (in thousands)
 Fiscal Year 2015 Actual, Fiscal Year 2016 Budget and Actual, and Proposed Fiscal Year 2017 Budget

	FY 2015 Actual	FY 2016 Budget	FY 2016 Actual	'16 Budget '16 Actual Variance	% Change	FY 2017 Budget	'17 Budget '16 Actual Variance	% Change
Revenue								
Common Assessments	\$0	\$0	\$0	\$0	n.a.	\$0	\$0	n.a.
Civic Assessments	6,960	7,345	7,264	(81)	-1.1%	7,529	266	3.7%
Lodging Civic Assessments	589	617	614	(3)	-0.5%	642	27	4.4%
Mountain & Recreation Assessments	5,339	5,712	5,863	151	2.6%	6,136	273	4.7%
Real Estate Transfer Assessments	4,373	4,065	3,789	(277)	-6.8%	3,926	137	3.6%
Ice Rink Revenues	311	317	387	70	22.0%	391	4	1.0%
Design Review Board Fees	145	145	99	(46)	-31.8%	89	(10)	-10.3%
Business Licenses	53	53	50	(3)	-6.1%	52	1	2.9%
Activities and Special Events	1,881	1,264	1,538	274	21.7%	1,515	(23)	-1.5%
Interest and Other Income	39	60	38	(21)	-35.9%	32	(7)	-17.1%
Capital Contributions	0	0	0	0	n.a.	0	0	n.a.
Total Revenue	19,691	19,578	19,642	63	0.3%	20,310	668	3.4%
Expense								
Operating Expense								
Administration	1,470	1,699	1,547	152	9.0%	1,787	(241)	-15.6%
Activities and Events	3,347	3,148	2,906	242	7.7%	3,695	(789)	-27.1%
Vilar Center	1,263	1,260	1,246	14	1.1%	1,284	(38)	-3.1%
Professional Services	77	72	126	(55)	-75.9%	345	(219)	-173.0%
Marketing	6,149	4,721	4,291	430	9.1%	4,827	(536)	-12.5%
Transportation	1,607	2,051	1,581	469	22.9%	2,021	(440)	-27.8%
Property Maintenance	1,889	2,101	2,037	64	3.0%	2,283	(246)	-12.1%
Public Safety	1,969	2,113	2,121	(8)	-0.4%	2,129	(9)	-0.4%
Design Review Board	155	160	166	(6)	-3.6%	200	(34)	-20.3%
Contributions and Memberships	0	0	0	0	n.a.	0	0	n.a.
Insurance	243	275	269	7	2.4%	276	(7)	-2.6%
Total Operating Expense	18,168	17,600	16,289	1,310	7.4%	18,846	(2,557)	-15.7%
Other Expense								
Interest Expense	64	10	27	(17)	-172.4%	23	5	16.7%
Depreciation	987	1,034	1,008	26	2.6%	1,160	(153)	-15.1%
Property Taxes	11	11	12	(1)	-4.5%	13	(1)	-5.2%
Other Expense	0	0	0	0	n.a.	0	0	n.a.
Total Other Expenses	1,063	1,056	1,047	9	0.8%	1,196	(149)	-14.2%
Total Expense	19,231	18,655	17,336	1,319	7.1%	20,042	(2,706)	-15.6%
Net Income Before Capital								
Contributions	459	923	2,305	1,382	149.7%	268	(2,037)	-88.4%
Capital Contributions	0	0	0	0	n.a.	0	0	n.a.
Net Income	\$459	\$923	\$2,305	\$1,382	149.7%	\$268	(\$2,037)	-88.4%



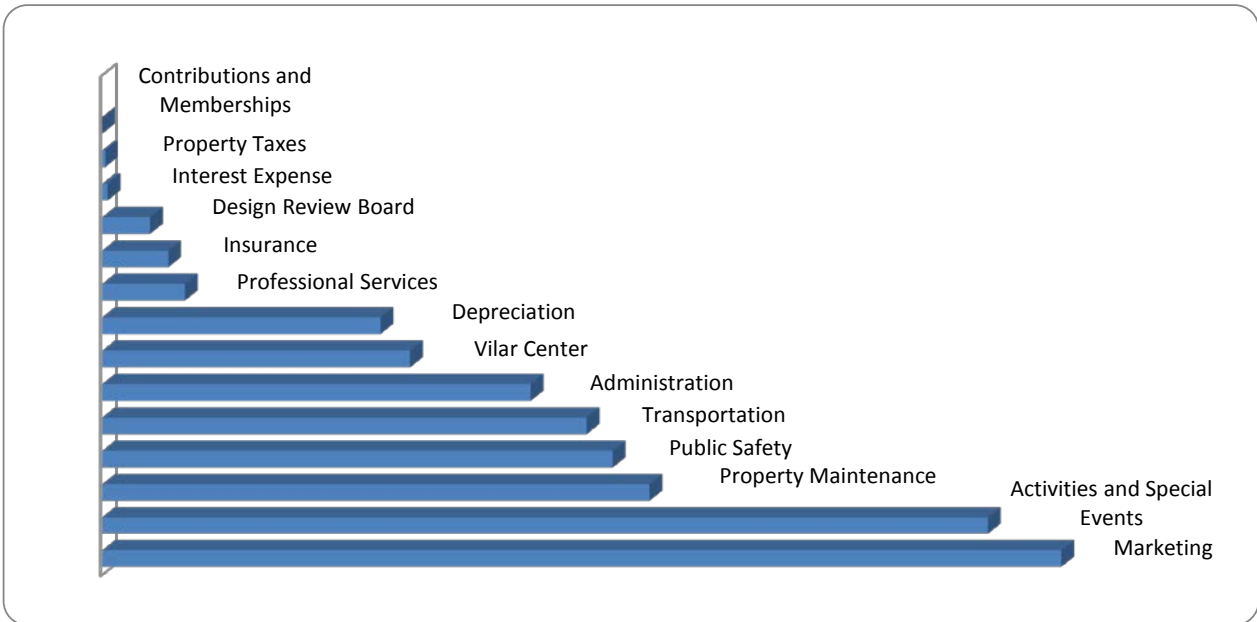
BEAVER CREEK RESORT COMPANY OF COLORADO
Proposed Fiscal Year 2017 Budget
Revenues (in thousands)

	Fiscal Year 2016		Fiscal Year 2017	
	Actual	Percent of Total	Budget	Percent of Total
Common Assessments	\$0	0.0%	\$0	0.0%
Civic Assessments	7,264	37.0%	7,529	37.1%
Lodging Civic Assessments	614	3.1%	642	3.2%
Mountain and Recreation Assessments	5,863	29.8%	6,136	30.2%
Real Estate Transfer Assessments	3,789	19.3%	3,926	19.3%
Ice Rink Revenues	387	2.0%	391	1.9%
Special Event Revenues	1,538	7.8%	1,515	7.5%
Other Revenues	187	1.0%	172	0.8%
Capital Contributions	0	0.0%	0	0.0%
Total Revenues	\$19,642	100.0%	\$20,310	100.0%



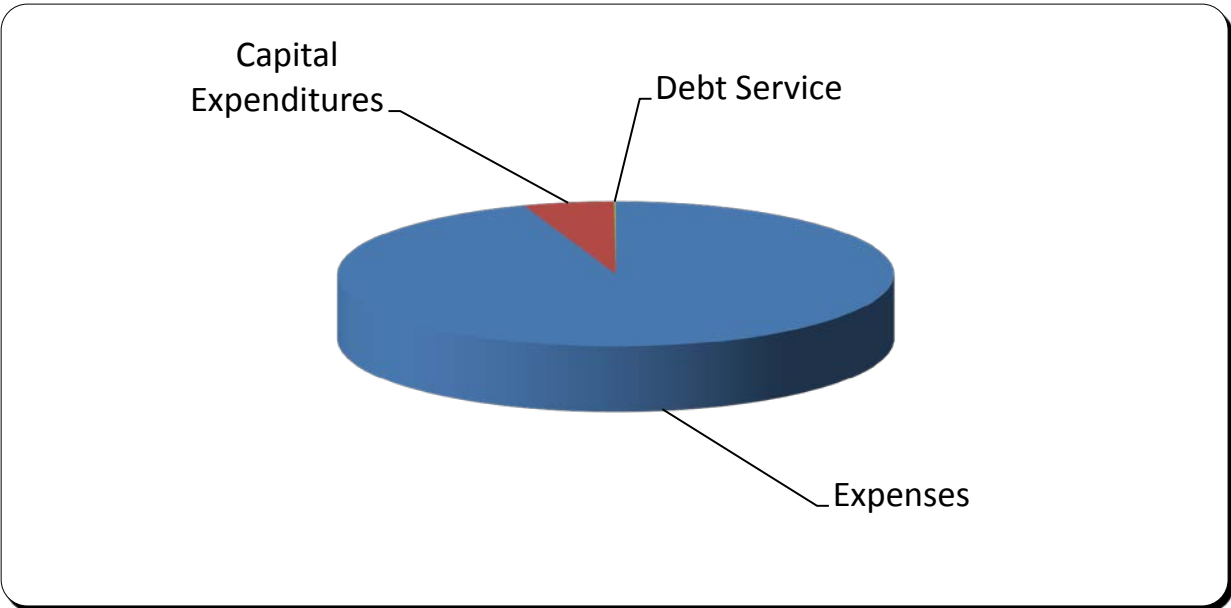
BEAVER CREEK RESORT COMPANY OF COLORADO
Proposed Fiscal Year 2017 Budget
Expenses (in thousands)

	Fiscal Year 2016		Fiscal Year 2017	
	Actual	Percent of Total	Budget	Percent of Total
Administration	\$1,547	8.9%	\$1,787	8.9%
Activities and Special Events	2,906	16.8%	3,695	18.4%
Vilar Center	1,246	7.2%	1,284	6.4%
Professional Services	126	0.7%	345	1.7%
Marketing	4,291	24.8%	4,827	24.1%
Transportation	1,581	9.1%	2,021	10.1%
Property Maintenance	2,037	11.8%	2,283	11.4%
Public Safety	2,121	12.2%	2,129	10.6%
Design Review Board	166	1.0%	200	1.0%
Contributions and Memberships	0	0.0%	0	0.0%
Insurance	269	1.5%	276	1.4%
Interest Expense	27	0.2%	23	0.1%
Depreciation	1,008	5.8%	1,160	5.8%
Property Taxes	12	0.1%	13	0.1%
Total Expenses	\$17,336	100.0%	\$20,042	100.0%



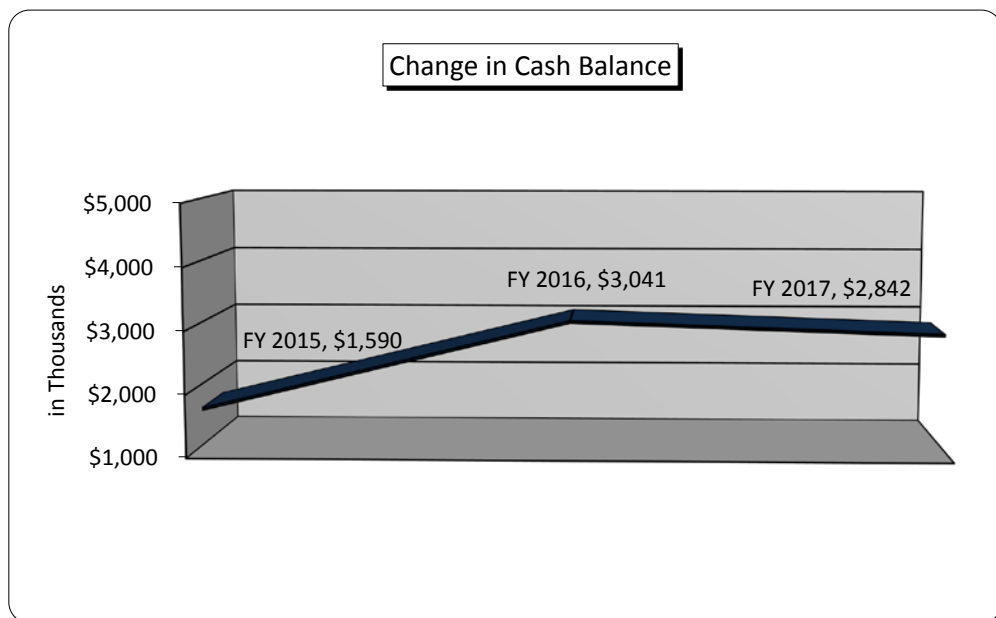
BEAVER CREEK RESORT COMPANY OF COLORADO
Proposed Fiscal Year 2017 Budget
Expenditures by Category (in thousands)

	Fiscal Year 2016		Fiscal Year 2017	
	Actual	Percent of Total	Budget	Percent of Total
Expenses	\$17,309	93.9%	\$20,019	94.6%
Capital Expenditures	1,103	6.0%	1,112	5.3%
Debt Service	27	0.1%	23	0.1%
Total Expenditures	\$18,439	100.0%	\$21,154	100.0%



BEAVER CREEK RESORT COMPANY OF COLORADO
Statement of Cash Flows and Reserve Balances (in thousands)
Fiscal Year 2015 Actual, Fiscal Year 2016 Budget and Actual, and Proposed Fiscal Year 2017 Budget

	FY 2015 Actual	FY 2016 Budget	FY 2016 Actual	FY 2017 Budget
Beginning Cash Balance	\$2,786	\$1,590	\$1,590	\$3,041
Cash Flow from Operations:				
Net Income	459	923	2,305	268
Add Back Depreciation	987	1,034	1,008	1,160
Less Capital Expenditures	(617)	(1,414)	(1,103)	(1,112)
Changes in Assets and Liabilities	131	(217)	(759)	(516)
Cash Flow from Operations	961	327	1,451	(199)
Cash Flow from Financing Activities:				
Net Borrowing / (Payment)	(2,158)	0	0	0
Cash Flow from Financing Activities	(2,158)	0	0	0
Ending Cash Balance	1,590	1,916	3,041	2,842
Less Outstanding Debt	0	0	0	0
Ending Unrestricted Cash Balance	\$1,590	\$1,916	\$3,041	\$2,842
Capital Reserve Balance				
Beginning Maintenance Capital Reserve	\$4,944	\$1,590	\$1,590	\$3,041
Annual Funding	(2,848)	1,028	1,948	521
Maintenance Capital Expenditures	(506)	(701)	(497)	(720)
Ending Maintenance Capital Reserve	\$1,590	\$1,916	\$3,041	\$2,842
Beginning Strategic Capital Reserve	\$0	\$0	\$0	\$0
Annual Funding	110	713	606	392
Strategic Capital Expenditures	(110)	(713)	(606)	(392)
Ending Strategic Capital Reserve	\$0	\$0	\$0	\$0



BEAVER CREEK RESORT COMPANY OF COLORADO
(A Colorado Nonprofit Corporation)
FINANCIAL POSITION (in thousands)

	September 30	
	2015	2016
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents		
Cash	\$ 1,590	\$ 3,041
Restricted cash-Design Review Board deposits	576	581
	2,166	3,622
Receivables		
Common assessments	5	4
Civic assessments	334	338
Lodging Civic assessments	23	23
Mountain and Recreation assessments	71	64
Real estate transfer assessments	289	215
Other receivables	306	610
	1,027	1,254
Deposits and other		
Prepaid transportation expenses	1,226	1,456
Prepaid expenses and deposits	222	189
Inventory	16	5
	1,464	1,651
Total current assets	4,656	6,526
PROPERTY AND EQUIPMENT		
Leasehold improvements	9,708	10,141
Buildings	7,927	7,927
Vehicles	251	262
Equipment	1,906	2,370
Furniture and fixtures	120	119
Computers and software	159	170
Artwork	302	302
	20,373	21,291
Less accumulated depreciation	12,009	12,740
Net property and equipment	8,364	8,551
CONSTRUCTION IN PROGRESS		
	141	44
Total assets	\$ 13,162	\$ 15,122
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 2,359	\$ 2,123
Deferred revenue	145	30
Design Review Board deposits	576	581
Total current liabilities	3,080	2,734
NOTES PAYABLE		
	0	0
UNRESTRICTED NET ASSETS		
	10,082	12,387
Total liabilities and net assets	\$ 13,162	\$ 15,122