

**BEAVER CREEK RESORT COMPANY  
OF COLORADO**

**Proposed Fiscal Year 2012 Budget**

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In accordance with the Beaver Creek Resort Company (“Resort Company”) By-Laws, we are pleased to submit the Fiscal Year (“FY”) 2012 budget. The proposed FY 2012 budget shows year-end net income of \$100,420 with an ending unrestricted cash balance of \$2,726,114. In addition the Resort Company will have no debt outstanding at the end of the year. Revenues are budgeted to be ahead FY 2011 revenues by \$22,169 or .1%. Total expenses are budgeted at \$16,321,965 compared to FY 2011 expenses of \$15,664,854. This is an increase of \$657,111 or 4.2% from FY 2011.

**Revenues**

Proposed FY 2012 revenues of \$16,422,385 represent a \$22,169 or .1%, increase over FY 2011 revenues.

1. Common Assessments – there will be no Common Assessment in FY 2012.
2. Civic, Lodging Civic and Mountain/Recreation Assessments – the FY 2012 budget anticipates a 2% increase in the number of skiers and a 2.5% increase in amount of spending per skier. Summer 2012 revenues are also being increased 5%. This amounts to a \$410,976 increase over FY 2011.
3. RETA – FY 2012 RETA is budgeted to remain the same as FY 2011. The RETA budget is \$3,270,899.
4. Special event revenues – FY 2012 special event revenues are budgeted at \$2,186,483. The represents a \$606,552 or 38.4% increase. The additional revenue is due to an increase in sponsorships and addition of a ticketed summer concert series.

**Expenses**

Proposed FY 2012 expenditures of \$16,321,965 represents a \$657,111 or 4.2% increase over FY 2011 expenditures. FY 2012 expense highlights include:

1. \$1,348,850 in administrative expenses to manage the Resort Company’s functional and strategic responsibilities. FY 2012 expenses reflect a 2.5% increase over FY 2011 expenses.
2. \$2,993,160 for resort activities and events. This represents a \$632,517 or 27.5% increase over FY 2011 expenses. The increase in expenses is related to the expansion of plaza animation and entertainment and the addition of the Luxe festival and summer concert series. Key events and activities include:
  - 2011 Birds of Prey World Cup Races

- Beaver Creek Food & Wine Weekend
  - Blues, Brews and BBQ Festival
  - July 4<sup>th</sup> Celebration
  - Antique Festival
  - Arts Festival
  - Summer Wine and Spirits Festival
  - Oktoberfest
  - Luxe Festival
  - Concert Series
  - Rodeo Series
  - Hiking Center
  - Children's Day Camp
3. \$1,000,000 contribution to the Vilar Center for the Arts to underwrite operations and the headliner series
  4. \$4,020,360 contribution to market Beaver Creek winter and summer seasons. This represents an \$83,328 or 2.1% increase over FY 2011 expenses.
  5. \$1,895,110 for transportation services. This represents a \$95,701 or 5.3% increase over FY 2011 expenses. The increase is related to lease expenses to upgrade the current vehicle fleet.
  6. \$1,677,288 for property maintenance, snowmelt system, escalators, ice rink operations, parking lot maintenance, and Creekside Park maintenance. This represents \$63,173 or 3.9% increase over FY 2011 year-end expenses.
  7. \$2,033,502 for Public Safety officers, gate attendants, guest attendant services and wildfire mitigation. This represents \$61,903 or 3.1% increase over FY 2011 expenses.
  8. \$138,487 to provide Design Review Board inspections, plan review, and enforcement services. This represents a \$15,237 or 12.4% increase over FY 2011 year-end expenses. The increase is due to a large increase in the number of remodels in Beaver Creek.
  9. \$567,500 in capital expenditures. Anticipated capital expenditures for FY 2012 include:
    - Centennial Station - \$60,000
    - Front Gate Monuments - \$80,000
    - Resort Improvement Projects (TBD) - \$250,000
    - Landscaping - \$25,000
    - Maintenance Capital - \$127,500

Based upon the proposed FY 2012 budget, the Resort Company is projected to generate a net income of \$100,420 and a year-end unrestricted cash balance of \$2,726,114.

# **Beaver Creek Resort Company of Colorado**

**Fiscal Year 2012 Budget**

**For the Period October 1, 2011 Through September 30, 2012**

**Beaver Creek Resort Company  
of Colorado**

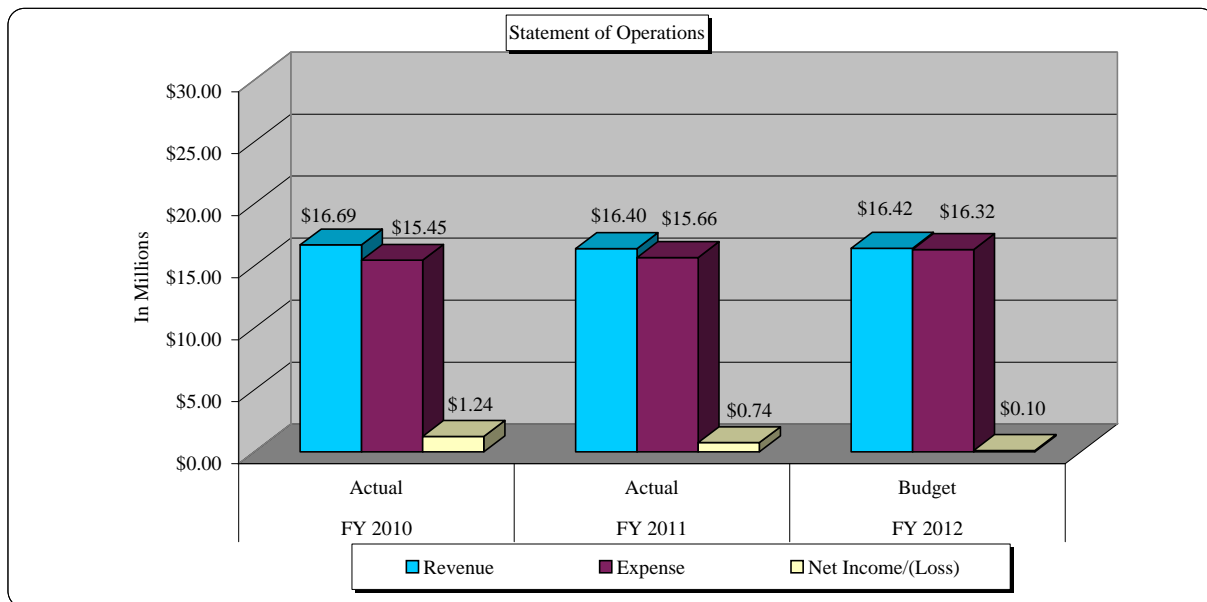
**Fiscal Year 2012 Budget**

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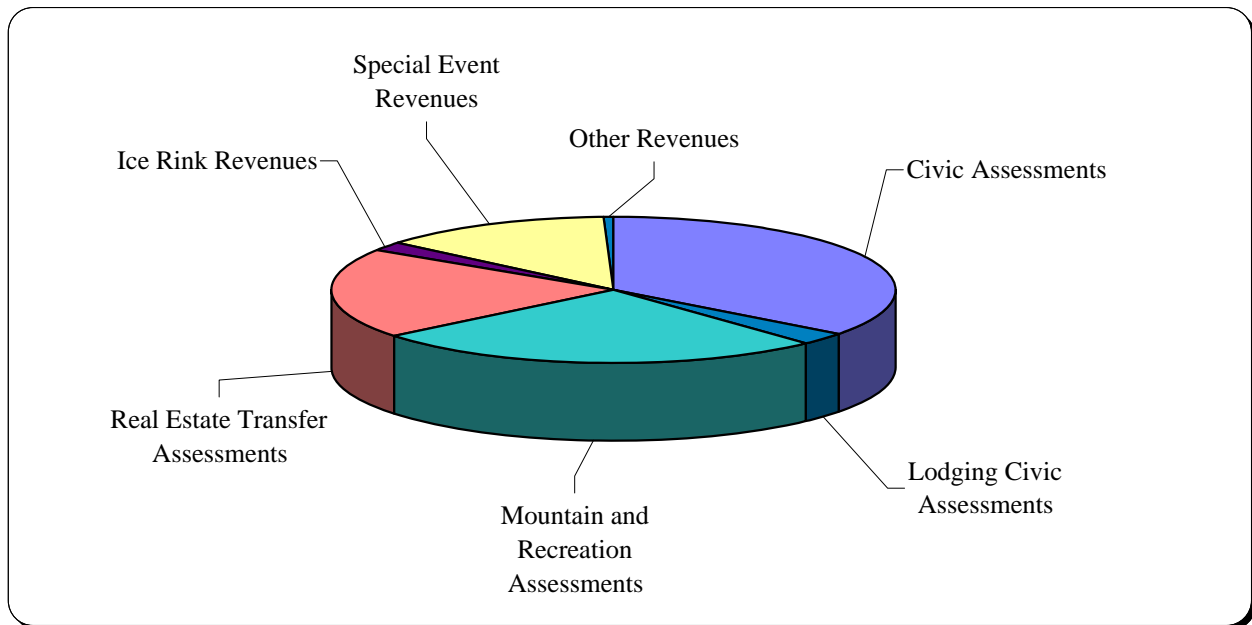
**BEAVER CREEK RESORT COMPANY OF COLORADO**  
**Statement of Operations**  
**Fiscal Year 2010 Actual, Fiscal Year 2011 Budget and Actual, and Proposed Fiscal Year 2012 Budget**

|                                   | FY 2010<br>Actual  | FY 2011<br>Budget | FY 2011<br>Actual | FY 2012<br>Budget | '12 Budget<br>'11 Actual<br>Variance | Favorable/(Unfavorable) |                                      |              |
|-----------------------------------|--------------------|-------------------|-------------------|-------------------|--------------------------------------|-------------------------|--------------------------------------|--------------|
|                                   |                    |                   |                   |                   |                                      | %<br>Change             | '12 Budget<br>'11 Budget<br>Variance | %<br>Change  |
| <b>Revenue</b>                    |                    |                   |                   |                   |                                      |                         |                                      |              |
| Common Assessments                | \$1,018,624        | \$1,003,410       | \$1,000,147       | \$0               | (\$1,000,147)                        | -100.0%                 | (\$1,003,410)                        | -100.0%      |
| Civic Assessments                 | 5,336,853          | 5,442,224         | 5,578,675         | 5,791,470         | 212,795                              | 3.8%                    | 349,246                              | 6.4%         |
| Lodging Civic Assessments         | 438,197            | 446,886           | 451,129           | 467,076           | 15,947                               | 3.5%                    | 20,190                               | 4.5%         |
| Mountain & Recreation Assessments | 4,074,463          | 4,155,794         | 4,114,196         | 4,296,430         | 182,234                              | 4.4%                    | 140,636                              | 3.4%         |
| Real Estate Transfer Assessments  | 4,089,154          | 2,655,840         | 3,270,899         | 3,270,899         | -                                    | 0.0%                    | 615,059                              | 23.2%        |
| Ice Rink Revenues                 | 316,151            | 322,473           | 300,327           | 310,943           | 10,616                               | 3.5%                    | (11,530)                             | -3.6%        |
| Design Review Board Fees          | 58,341             | 54,000            | 62,429            | 53,696            | (8,733)                              | -14.0%                  | (304)                                | -0.6%        |
| Business Licenses                 | 57,400             | 58,000            | 30,775            | 33,592            | 2,817                                | 9.2%                    | (24,408)                             | -42.1%       |
| Special Events                    | 1,288,867          | 1,386,962         | 1,579,931         | 2,186,483         | 606,552                              | 38.4%                   | 799,521                              | 57.6%        |
| Interest and Other Income         | 11,139             | 9,923             | 11,707            | 11,796            | 89                                   | 0.8%                    | 1,873                                | 18.9%        |
| Capital Contributions             | 0                  | 0                 | 0                 | 0                 | 0 n.a.                               |                         | 0                                    | n.a.         |
| <b>Total Revenue</b>              | <b>16,689,189</b>  | <b>15,535,512</b> | <b>16,400,216</b> | <b>16,422,385</b> | <b>22,169</b>                        | <b>0.1%</b>             | <b>886,873</b>                       | <b>5.7%</b>  |
| <b>Expense</b>                    |                    |                   |                   |                   |                                      |                         |                                      |              |
| <b>Operating Expense</b>          |                    |                   |                   |                   |                                      |                         |                                      |              |
| Administration                    | 1,316,663          | 1,299,704         | 1,315,485         | 1,348,850         | (33,365)                             | -2.5%                   | (49,146)                             | -3.8%        |
| Activities and Events             | 2,407,088          | 2,254,690         | 2,300,643         | 2,933,160         | (632,517)                            | -27.5%                  | (678,470)                            | -30.1%       |
| Vilar Center                      | 1,000,000          | 1,000,000         | 1,000,000         | 1,000,000         | -                                    | 0.0%                    | 0                                    | 0.0%         |
| Professional Services             | 252,848            | 262,212           | 311,779           | 279,887           | 31,892                               | 10.2%                   | (17,675)                             | -6.7%        |
| Marketing                         | 3,877,632          | 3,998,670         | 3,937,032         | 4,020,360         | (83,328)                             | -2.1%                   | (21,690)                             | -0.5%        |
| Transportation                    | 1,646,019          | 1,726,112         | 1,799,409         | 1,895,110         | (95,701)                             | -5.3%                   | (168,998)                            | -9.8%        |
| Property Maintenance              | 1,599,609          | 1,651,794         | 1,614,115         | 1,677,288         | (63,173)                             | -3.9%                   | (25,494)                             | -1.5%        |
| Public Safety                     | 1,950,556          | 1,984,513         | 1,971,599         | 2,033,502         | (61,903)                             | -3.1%                   | (48,989)                             | -2.5%        |
| Design Review Board               | 133,818            | 121,058           | 123,250           | 138,487           | (15,237)                             | -12.4%                  | (17,429)                             | -14.4%       |
| Contributions and Memberships     | -                  | -                 | 160,844           | 0                 | 160,844                              | 100.0%                  | 0                                    | n.a.         |
| Property Taxes                    | 24,466             | 23,500            | 19,972            | 13,980            | 5,992                                | 30.0%                   | 9,520                                | 40.5%        |
| <b>Total Operating Expense</b>    | <b>14,208,699</b>  | <b>14,322,253</b> | <b>14,554,130</b> | <b>15,340,624</b> | <b>(786,494)</b>                     | <b>-5.4%</b>            | <b>(1,018,371)</b>                   | <b>-7.1%</b> |
| <b>Other Expense</b>              |                    |                   |                   |                   |                                      |                         |                                      |              |
| Interest Expense                  | 84,704             | 57,040            | 49,672            | 7,085             | 42,587                               | 85.7%                   | 49,955                               | 87.6%        |
| Depreciation                      | 1,153,721          | 1,065,378         | 1,061,052         | 974,256           | 86,796                               | 8.2%                    | 91,122                               | 8.6%         |
| Other Expense                     | 0                  | 0                 | 0                 | 0                 | 0                                    | n.a.                    | 0                                    | n.a.         |
| <b>Total Other Expenses</b>       | <b>1,238,425</b>   | <b>1,122,418</b>  | <b>1,110,724</b>  | <b>981,341</b>    | <b>129,383</b>                       | <b>11.6%</b>            | <b>141,077</b>                       | <b>12.6%</b> |
| <b>Total Expense</b>              | <b>15,447,124</b>  | <b>15,444,671</b> | <b>15,664,854</b> | <b>16,321,965</b> | <b>(657,111)</b>                     | <b>-4.2%</b>            | <b>(877,294)</b>                     | <b>-5.7%</b> |
| <b>Net Income/(Loss) Before</b>   |                    |                   |                   |                   |                                      |                         |                                      |              |
| <b>Capital Contributions</b>      | <b>\$1,242,065</b> | <b>\$90,841</b>   | <b>\$735,362</b>  | <b>\$100,420</b>  | <b>(\$634,942)</b>                   | <b>86.3%</b>            | <b>\$9,579</b>                       | <b>10.5%</b> |
| Capital Contributions             | 0                  | 0                 | 0                 | 0                 | 0 n.a.                               |                         | 0                                    | n.a.         |
| <b>Net Income/(Loss)</b>          | <b>\$1,242,065</b> | <b>\$90,841</b>   | <b>\$735,362</b>  | <b>\$100,420</b>  | <b>(\$634,942)</b>                   | <b>86.3%</b>            | <b>\$9,579</b>                       | <b>10.5%</b> |



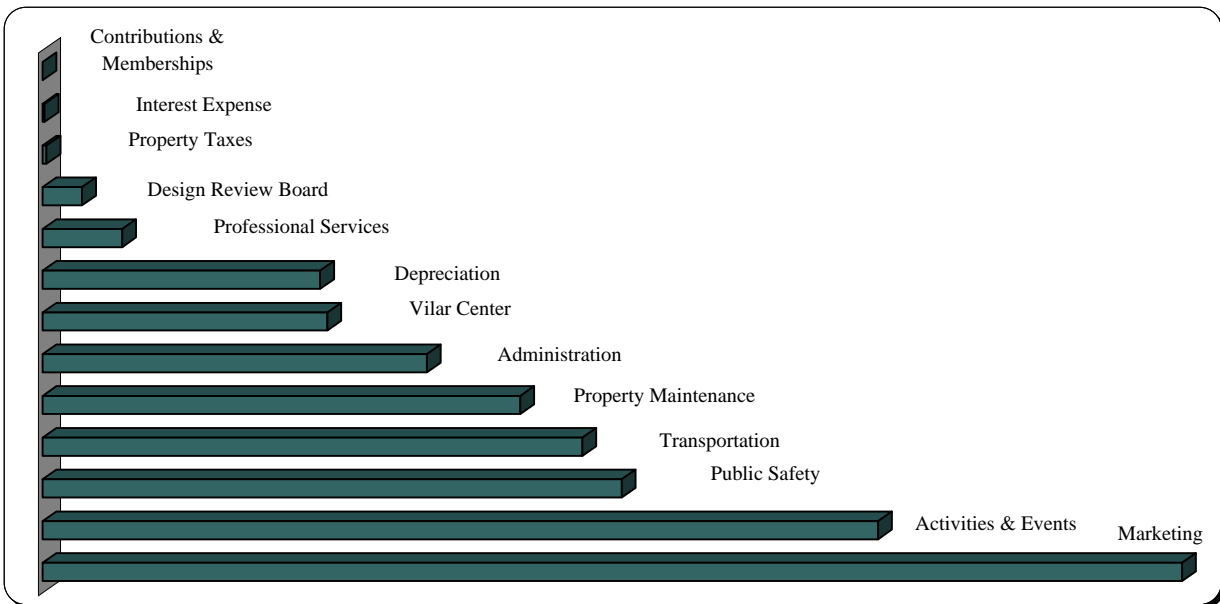
**BEAVER CREEK RESORT COMPANY OF COLORADO**  
**Fiscal Year 2012 Budget**  
**Revenues**

|                                     | Fiscal Year 2011    |                  | Fiscal Year 2012    |                  |
|-------------------------------------|---------------------|------------------|---------------------|------------------|
|                                     | Actual              | Percent of Total | Budget              | Percent of Total |
| Common Assessments                  | \$1,000,147         | 6.1%             | \$0                 | 0.0%             |
| Civic Assessments                   | 5,578,675           | 34.0%            | 5,791,470           | 35.3%            |
| Lodging Civic Assessments           | 451,129             | 2.8%             | 467,076             | 2.8%             |
| Mountain and Recreation Assessments | 4,114,196           | 25.1%            | 4,296,430           | 26.2%            |
| Real Estate Transfer Assessments    | 3,270,899           | 19.9%            | 3,270,899           | 19.9%            |
| Ice Rink Revenues                   | 300,327             | 1.8%             | 310,943             | 1.9%             |
| Special Event Revenues              | 1,579,931           | 9.6%             | 2,186,483           | 13.3%            |
| Other Revenues                      | 104,911             | 0.6%             | 99,084              | 0.6%             |
| Capital Contributions               | 0                   | 0.0%             | 0                   | 0.0%             |
| <b>Total Revenues</b>               | <b>\$16,400,215</b> | <b>100.0%</b>    | <b>\$16,422,385</b> | <b>100.0%</b>    |



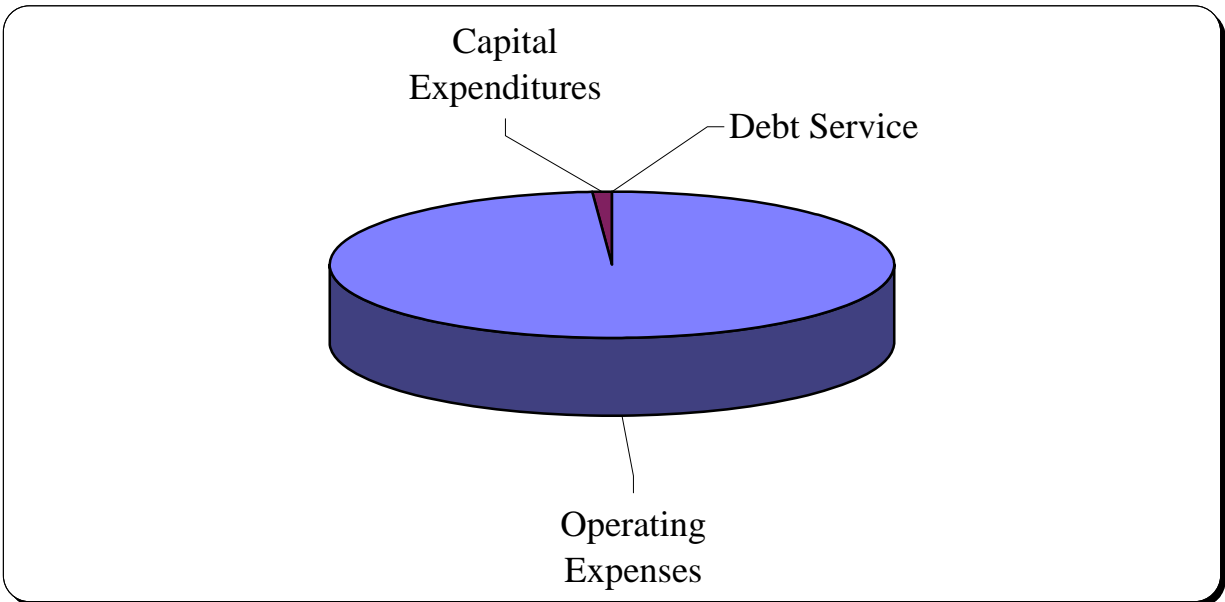
**BEAVER CREEK RESORT COMPANY OF COLORADO**  
**Fiscal Year 2012 Budget**  
**Expenses**

|                               | <b>Fiscal Year 2011</b>    |                         | <b>Fiscal Year 2012</b>    |                         |
|-------------------------------|----------------------------|-------------------------|----------------------------|-------------------------|
|                               | <u>Actual</u>              | <u>Percent of Total</u> | <u>Budget</u>              | <u>Percent of Total</u> |
| Administration                | \$1,315,485                | 8.4%                    | \$1,348,850                | 8.3%                    |
| Activities and Events         | 2,300,643                  | 14.7%                   | 2,933,160                  | 18.0%                   |
| Vilar Center                  | 1,000,000                  | 6.4%                    | 1,000,000                  | 6.1%                    |
| Professional Services         | 311,779                    | 2.0%                    | 279,887                    | 1.7%                    |
| Marketing                     | 3,937,032                  | 25.1%                   | 4,020,360                  | 24.6%                   |
| Transportation                | 1,799,409                  | 11.5%                   | 1,895,110                  | 11.6%                   |
| Property Maintenance          | 1,614,115                  | 10.3%                   | 1,677,288                  | 10.3%                   |
| Public Safety                 | 1,971,599                  | 12.6%                   | 2,033,502                  | 12.5%                   |
| Design Review Board           | 123,250                    | 0.8%                    | 138,487                    | 0.8%                    |
| Contributions and Memberships | 160,844                    | 1.0%                    | 0                          | 0.0%                    |
| Property Taxes                | 19,972                     | 0.1%                    | 13,980                     | 0.1%                    |
| Interest Expense              | 49,672                     | 0.3%                    | 7,085                      | 0.0%                    |
| Depreciation                  | 1,061,052                  | 6.8%                    | 974,256                    | 6.0%                    |
| <b>Total Expenses</b>         | <u><b>\$15,664,854</b></u> | <u><b>100.0%</b></u>    | <u><b>\$16,321,965</b></u> | <u><b>100.0%</b></u>    |



**BEAVER CREEK RESORT COMPANY OF COLORADO**  
**Fiscal Year 2012 Budget**  
**Expenditures by Category**

|                           | <b>Fiscal Year 2011</b> |                         | <b>Fiscal Year 2012</b> |                         |
|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                           | <u>Actual</u>           | <u>Percent of Total</u> | <u>Budget</u>           | <u>Percent of Total</u> |
| Operating Expenses        | \$15,615,182            | 91.4%                   | \$16,314,880            | 96.6%                   |
| Capital Expenditures      | 156,585                 | 0.9%                    | 567,500                 | 3.4%                    |
| Debt Service              | 1,319,672               | 7.7%                    | 7,085                   | 0.0%                    |
| <b>Total Expenditures</b> | <b>\$17,091,439</b>     | <b>100.0%</b>           | <b>\$16,889,465</b>     | <b>100.0%</b>           |

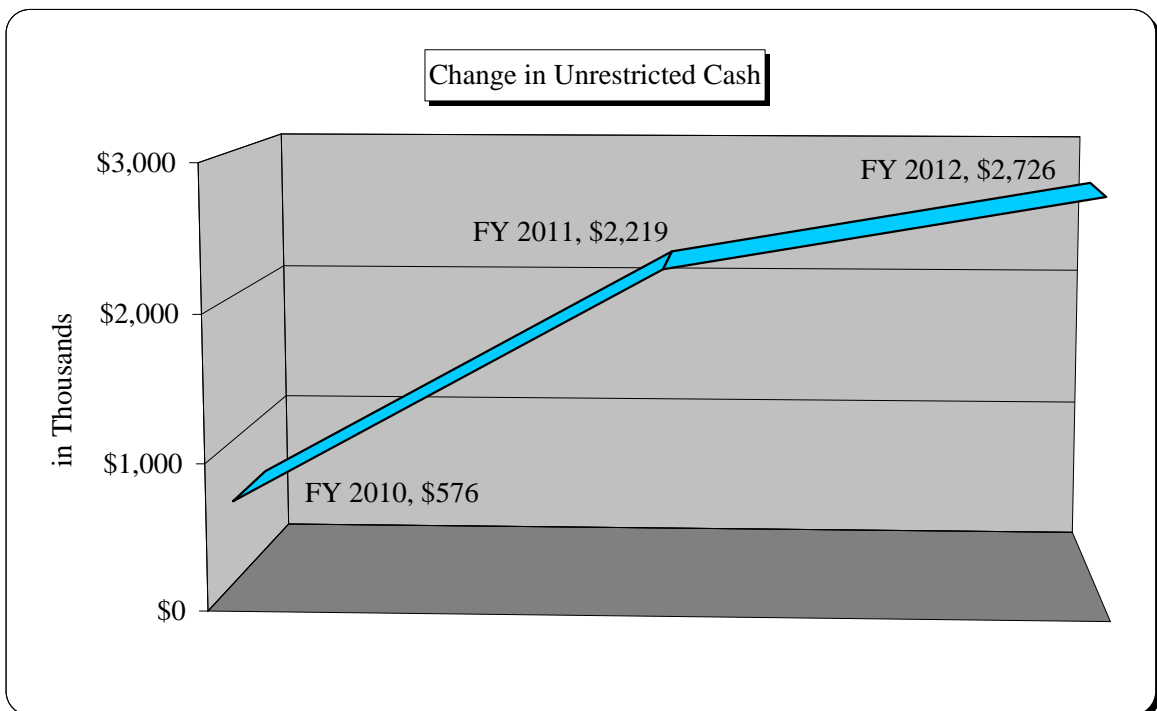


**BEAVER CREEK RESORT COMPANY OF COLORADO**

**Statement of Cash Flows**

**Fiscal Year 2010 Actual, Fiscal Year 2011 Budget and Actual, and Proposed Fiscal Year 2012 Budget**

|   | <b>FY 2010<br/>Actual</b> | <b>FY 2011<br/>Budget</b> | <b>FY 2011<br/>Actual</b> | <b>FY 2012<br/>Budget</b> |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>Beginning Cash Balance</b>               | \$213,215                 | \$1,845,525               | \$1,845,525               | \$2,218,938               |
| <b>Cash Flow from Operations:</b>           |                           |                           |                           |                           |
| Net Income/(Loss)                           | 1,242,065                 | 90,841                    | 735,362                   | 100,420                   |
| Add Back Depreciation                       | 1,153,721                 | 1,065,378                 | 1,061,052                 | 974,256                   |
| Less Capital Expenditures                   | (51,198)                  | (148,600)                 | (156,585)                 | (567,500)                 |
| Changes in Assets and Liabilities           | (712,278)                 | 0                         | 3,584                     | 0                         |
| Cash Flow from Operations                   | <u>1,632,310</u>          | <u>1,007,619</u>          | <u>1,643,413</u>          | <u>507,176</u>            |
| <b>Cash Flow from Financing Activities:</b> |                           |                           |                           |                           |
| Borrowing / (Payment) Line of Credit        | 0                         | (1,270,000)               | (1,270,000)               | 0                         |
| Cash Flow from Financing Activities         | <u>0</u>                  | <u>(1,270,000)</u>        | <u>(1,270,000)</u>        | <u>0</u>                  |
| <b>Ending Cash Balance</b>                  | 1,845,525                 | 1,583,144                 | 2,218,938                 | 2,726,114                 |
| Less Outstanding Debt                       | <u>(1,270,000)</u>        | <u>0</u>                  | <u>0</u>                  | <u>0</u>                  |
| <b>Ending Unrestricted Cash Balance</b>     | <u><u>575,525</u></u>     | <u><u>1,583,144</u></u>   | <u><u>2,218,938</u></u>   | <u><u>2,726,114</u></u>   |



**BEAVER CREEK RESORT COMPANY OF COLORADO**

**(A Colorado Nonprofit Corporation)**

**FINANCIAL POSITION**

|  | <b>September 30</b>  |                     |
|--|----------------------|---------------------|
|  | <b>2010</b>          | <b>2011</b>         |
| <b><u>ASSETS</u></b>                         |                      |                     |
| CURRENT ASSETS:                              |                      |                     |
| Cash and cash equivalents                    |                      |                     |
| Cash   | \$ 1,845,525         | \$ 2,218,938        |
| Restricted cash-Design Review Board deposits | 393,741              | 454,741             |
|  | <u>2,239,266</u>     | <u>2,673,679</u>    |
| Receivables                                  |                      |                     |
| Common assessments                           | 68,642               | 133,574             |
| Civic assessments                            | 213,235              | 230,412             |
| Lodging Civic assessments                    | 13,594               | 14,071              |
| Mountain and Recreation assessments          | 47,795               | 50,293              |
| Real estate transfer assessments             | 21,518               | 77,261              |
| Other receivables                            | 102,311              | 196,091             |
|  | <u>467,095</u>       | <u>701,702</u>      |
| Deposits and other                           | 252,909              | 137,846             |
| Total current assets                         | <u>2,959,270</u>     | <u>3,513,227</u>    |
| OTHER ASSETS                                 |                      |                     |
| Notes receivable                             | 50,000               | 0                   |
| Total other assets                           | <u>50,000</u>        | <u>0</u>            |
| PROPERTY AND EQUIPMENT                       |                      |                     |
| Leasehold improvements                       | 6,557,133            | 6,029,043           |
| Buildings                                    | 7,909,447            | 7,915,921           |
| Vehicles                                     | 416,937              | 416,937             |
| Equipment                                    | 1,930,556            | 1,828,632           |
| Furniture and fixtures                       | 138,976              | 139,981             |
| Computers and software                       | 40,815               | 36,611              |
| Artwork                                      | 295,470              | 295,470             |
|  | <u>17,289,334</u>    | <u>16,662,595</u>   |
| Less accumulated depreciation                | 10,175,273           | 10,570,990          |
| Net property and equipment                   | <u>7,114,061</u>     | <u>6,091,605</u>    |
| CONSTRUCTION IN PROGRESS                     |                      |                     |
|  | 137,553              | 254,540             |
| Total assets                                 | <u>\$ 10,260,884</u> | <u>\$ 9,859,372</u> |
| <b><u>LIABILITIES AND NET ASSETS</u></b>     |                      |                     |
| CURRENT LIABILITIES:                         |                      |                     |
| Accounts payable and accrued liabilities     | \$ 1,515,080         | \$ 1,587,206        |
| Design Review Board deposits                 | 393,741              | 454,741             |
| Current income taxes payable                 | 0                    | 0                   |
| Total current liabilities                    | <u>1,908,821</u>     | <u>2,041,947</u>    |
| NOTES PAYABLE                                | 1,270,000            | 0                   |
| UNRESTRICTED NET ASSETS                      | 7,082,063            | 7,817,425           |
| Total liabilities and net assets             | <u>\$ 10,260,884</u> | <u>\$ 9,859,372</u> |