

Beaver Creek Resort Company of Colorado

Fiscal Year 2018 Budget

For the Period October 1, 2017 Through September 30, 2018

Beaver Creek Resort Company of Colorado

Proposed Fiscal Year 2018 Budget

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**BEAVER CREEK RESORT COMPANY
OF COLORADO**

Proposed Fiscal Year 2018 Budget

Fiscal Year 2017 Financial Results

Net income for fiscal year (“FY”) 2017 was \$4,431,000. Total revenues exceeded budget by \$3,300,000. Civic and Mountain and Recreation Assessments fell short of budget by \$271,000 which was due to the poor snow conditions in November and early December 2016. Real Estate Transfer Assessments exceeded budget by \$3,392,000, due in part to the sale of the Park Hyatt Beaver Creek which contributed \$2,486,000 to the total. There were savings in expenses of \$863,000 in FY2017 in marketing, special events, transportation and property maintenance.

The Beaver Creek Resort Company (“Resort Company”) spent \$849,000 on capital projects in FY 2017. Projects for FY 2017 included landscaping improvements, variable message signs along Highway 6, village lighting enhancements, plaza furnishings, and a remodel of the Resort Company offices. Other capital expenditures included maintenance of existing assets and equipment replacement.

The cash balance went from \$3,041,000 at the end of FY 2016 to \$7,123,000 at the end of FY 2017. Currently the Resort Company has no outstanding debt.

Fiscal Year 2017 Proposed Budget

The proposed FY 2018 budget shows year-end net income of \$1,230,000 with an ending unrestricted cash balance of \$8,183,000. Revenues are budgeted at \$21,649 which is a decrease of \$1,961,000 from FY 2017 revenues. Total expenses are budgeted at \$20,419,000 compared to FY 2017 expenses of \$19,180,000. This is an increase of \$1,240,000 or 6.5%.

Revenues

1. Common Assessments – there will be no Common Assessment in FY 2018.
2. Civic, Lodging Civic and Mountain and Recreation Assessments – the FY 2018 budget anticipates an increase of \$780,000 or a 5.6% increase over FY 2017. This increase is made up of increased guest visits along with an increase in the amount of spending per guest.
3. RETA – FY 2018 RETA is budgeted at \$4,504,000. This is a decrease of \$2,814,000 over FY 2017. Due to the volatile nature of real estate sales, a conservative approach was utilized in developing the FY 2018 budget. No large sales such as the Park Hyatt Beaver Creek are anticipated in FY 2018.

4. Special event revenues – FY 2018 special event revenues are budgeted at \$1,688,000. This represents a \$41,000 or 2.5% increase from FY 2017 revenues.

Expenses

1. \$1,931,000 in administrative expenses to manage the Resort Company's functional and strategic responsibilities.
2. \$3,732,000 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
 - Auto Festival
 - Culinary Demonstrations
 - Movies Under the Stars
 - July 4th Celebration
 - Arts Festival
 - Summer Wine and Spirits Festival
 - Oktoberfest
 - Summer Music Festival
 - Concert Series
 - Rodeo Series
 - Hiking Center
 - Children's Day Camp
3. \$1,347,000 contribution to the Vilar Center for the Arts to underwrite operations and the headliner series
4. \$4,996,000 to market Beaver Creek winter and summer seasons.
5. \$2,002,000 for transportation services. This represents a \$170,000 increase over FY 2017 expenses. The increase is related to increases in operating costs, lease expenses and maintenance costs.

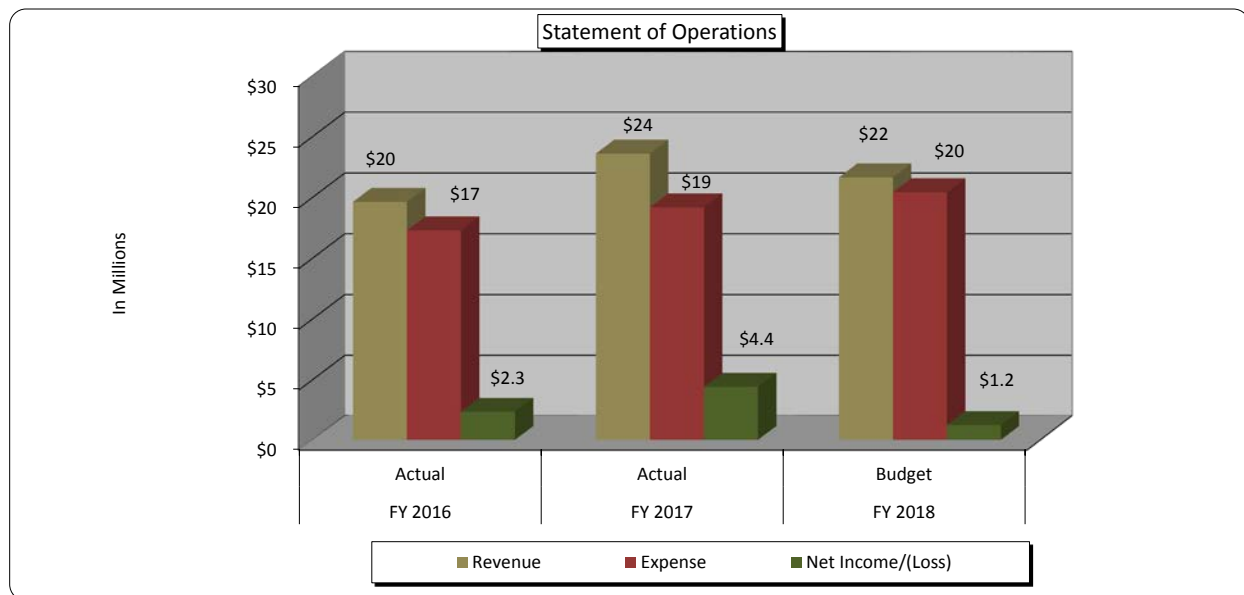
6. \$2,344,000 for property maintenance, snowmelt systems, escalators, ice rink operations, parking lot maintenance, plaza maintenance, Creekside Park maintenance and village technology.
7. \$2,158,000 for Public Safety officers, gate attendants, guest attendant services and wildfire mitigation.
8. \$195,000 to provide Design Review Board inspections, plan review, and enforcement services.

Capital Expenditures

\$1,296,000 has been allocated in FY 2018 for capital improvements. \$296,000 is for asset maintenance and equipment replacement. The remaining \$1,000,000 is earmarked for strategic capital investment.

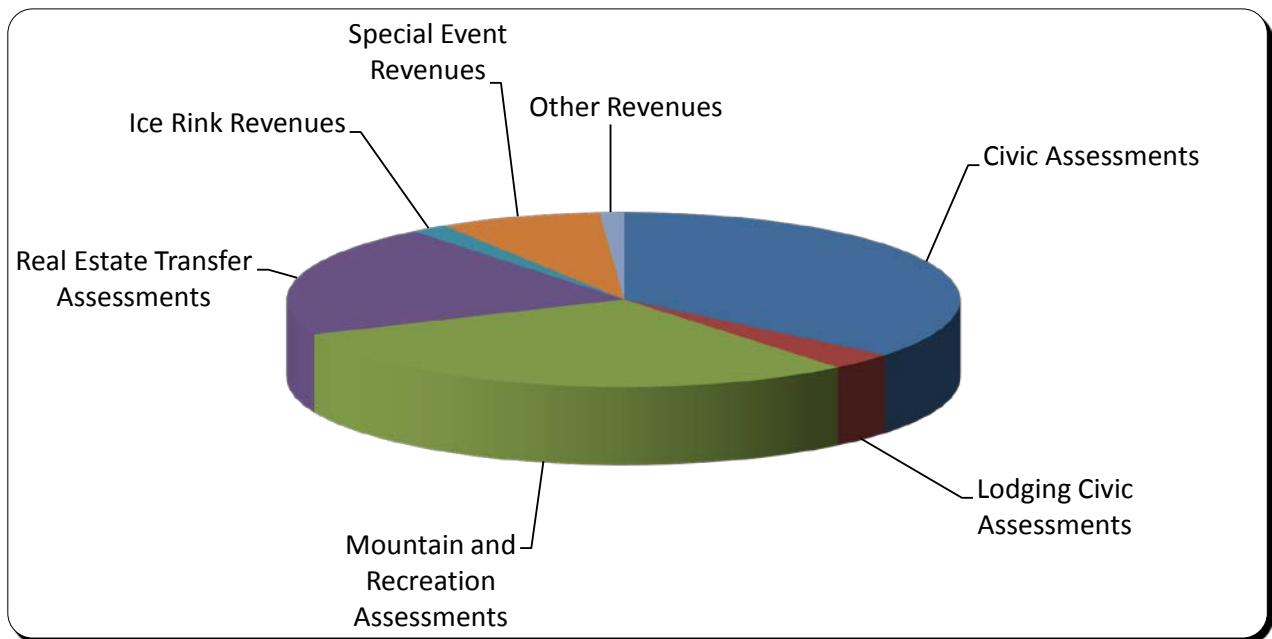
BEAVER CREEK RESORT COMPANY OF COLORADO
Statement of Operations (in thousands)
 Fiscal Year 2016 Actual, Fiscal Year 2017 Budget and Actual, and Proposed Fiscal Year 2018 Budget

	FY 2016 Actual	FY 2017 Budget	FY 2017 Actual	'17 Budget '17 Actual Variance	% Change	FY 2018 Budget	'18 Budget '17 Actual Variance	% Change
Revenue								
Common Assessments	\$0	\$0	\$0	\$0	n.a.	\$0	\$0	n.a.
Civic Assessments	7,264	7,529	7,396	(133)	-1.8%	7,785	389	5.3%
Lodging Civic Assessments	614	642	649	7	1.2%	684	35	5.3%
Mountain & Recreation Assessments	5,863	6,136	5,998	(138)	-2.2%	6,354	356	5.9%
Real Estate Transfer Assessments	3,789	3,926	7,318	3,392	86.4%	4,504	(2,814)	-38.4%
Ice Rink Revenues	387	391	375	(15)	-4.0%	381	5	1.5%
Design Review Board Fees	99	89	123	35	39.0%	123	-	0.0%
Business Licenses	50	52	60	9	17.1%	60	0	0.0%
Activities and Special Events	1,533	1,515	1,647	131	8.7%	1,688	41	2.5%
Interest and Other Income	38	32	44	12	39.5%	70	26	59.1%
Capital Contributions	0	0	0	0	n.a.	0	0	n.a.
Total Revenue	19,637	20,310	23,610	3,300	16.2%	21,649	(1,961)	-8.3%
Expense								
Operating Expense								
Administration	1,547	1,786	1,706	80	4.5%	1,931	(225)	-13.2%
Activities and Events	2,858	3,695	3,224	470	12.7%	3,732	(507)	-15.7%
Vilar Center	1,246	1,284	1,454	(170)	-13.2%	1,347	107	7.4%
Professional Services	126	345	354	(9)	-2.5%	230	123	34.8%
Group Sales	0	2	49	(47)	-2803.4%	77	(28)	-58.0%
Marketing	4,291	4,827	4,679	147	3.1%	4,996	(317)	-6.8%
Transportation	1,581	2,021	1,832	189	9.3%	2,002	(170)	-9.3%
Property Maintenance	2,037	2,283	2,169	114	5.0%	2,344	(175)	-8.1%
Public Safety	2,121	2,129	2,126	4	0.2%	2,158	(33)	-1.5%
Design Review Board	166	200	200	(0)	0.0%	195	5	2.3%
Contributions and Memberships	0	0	0	0	n.a.	0	0	n.a.
Insurance	269	276	254	22	7.9%	265	(11)	-4.5%
Total Operating Expense	16,241	18,846	18,046	800	4.2%	19,278	(1,232)	-6.8%
Other Expense								
Interest Expense	27	23	23	0	0.0%	18	5	20.4%
Depreciation	1,008	1,160	1,097	63	5.4%	1,101	(3)	-0.3%
Property Taxes	12	13	13	(1)	-5.7%	23	(9)	-71.0%
Other Expense	0	0	0	0	n.a.	0	0	n.a.
Total Other Expenses	1,047	1,196	1,133	62	5.2%	1,141	(8)	-0.7%
Total Expense	17,288	20,042	19,180	863	4.3%	20,419	(1,240)	-6.5%
Net Income Before Capital								
Contributions	2,349	268	4,431	4,163	1553.1%	1,230	(3,201)	-72.2%
Capital Contributions	0	0	0	0	n.a.	0	0	n.a.
Net Income	\$2,349	\$268	\$4,431	\$4,163	1553.1%	\$1,230	(\$3,201)	-72.2%



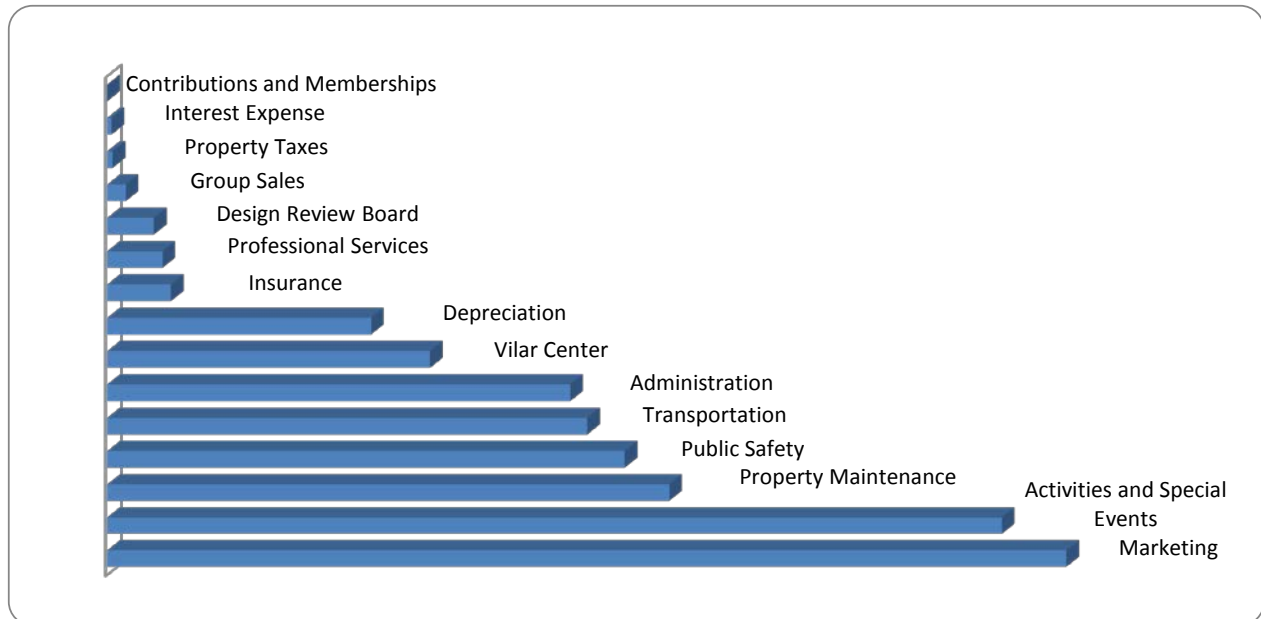
BEAVER CREEK RESORT COMPANY OF COLORADO
Proposed Fiscal Year 2018 Budget
Revenues (in thousands)

	Fiscal Year 2017		Fiscal Year 2018	
	Actual	Percent of Total	Budget	Percent of Total
Common Assessments	\$0	0.0%	\$0	0.0%
Civic Assessments	7,396	31.3%	7,785	36.0%
Lodging Civic Assessments	649	2.7%	684	3.2%
Mountain and Recreation Assessments	5,998	25.4%	6,354	29.3%
Real Estate Transfer Assessments	7,318	31.0%	4,504	20.8%
Ice Rink Revenues	375	1.6%	381	1.8%
Special Event Revenues	1,647	7.0%	1,688	7.8%
Other Revenues	228	1.0%	254	1.2%
Capital Contributions	0	0.0%	0	0.0%
Total Revenues	\$23,610	100.0%	\$21,649	100.0%



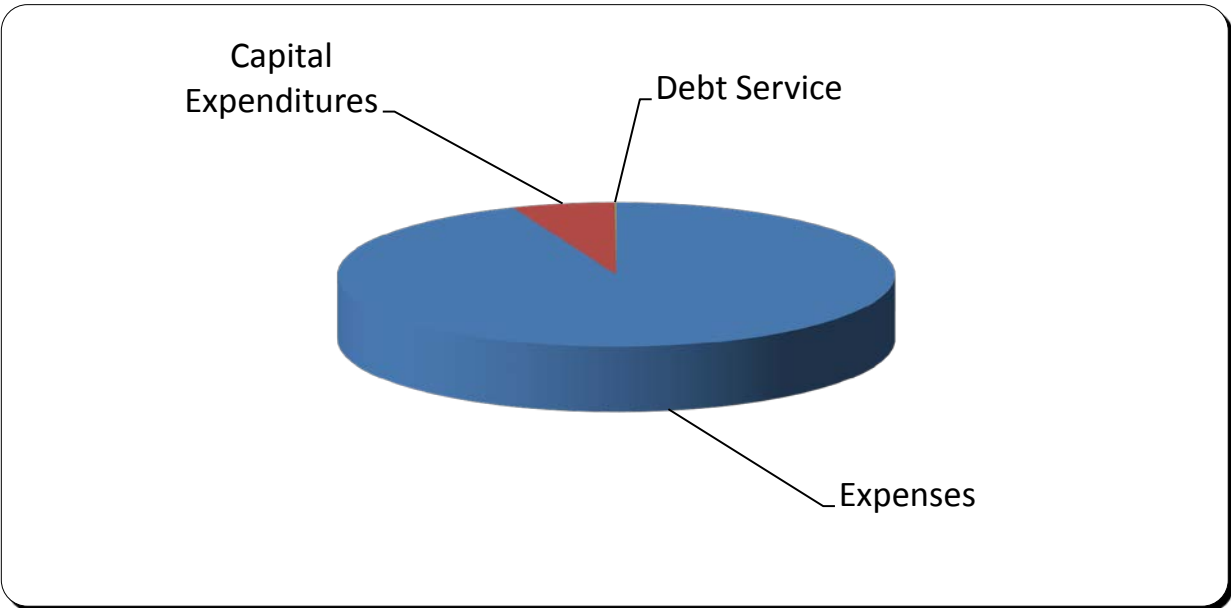
BEAVER CREEK RESORT COMPANY OF COLORADO
Proposed Fiscal Year 2018 Budget
Expenses (in thousands)

	Fiscal Year 2017		Fiscal Year 2018	
	Actual	Percent of Total	Budget	Percent of Total
Administration	\$1,706	8.9%	\$1,931	9.5%
Activities and Special Events	3,224	16.8%	3,732	18.3%
Vilar Center	1,454	7.6%	1,347	6.6%
Professional Services	354	1.8%	230	1.1%
Group Sales	49	0.3%	77	0.4%
Marketing	4,679	24.4%	4,996	24.5%
Transportation	1,832	9.6%	2,002	9.8%
Property Maintenance	2,169	11.3%	2,344	11.5%
Public Safety	2,126	11.1%	2,158	10.6%
Design Review Board	200	1.0%	195	1.0%
Contributions and Memberships	0	0.0%	0	0.0%
Insurance	254	1.3%	265	1.3%
Interest Expense	23	0.1%	18	0.1%
Depreciation	1,097	5.7%	1,101	5.4%
Property Taxes	13	0.1%	23	0.1%
Total Expenses	\$19,180	100.0%	\$20,419	100.0%



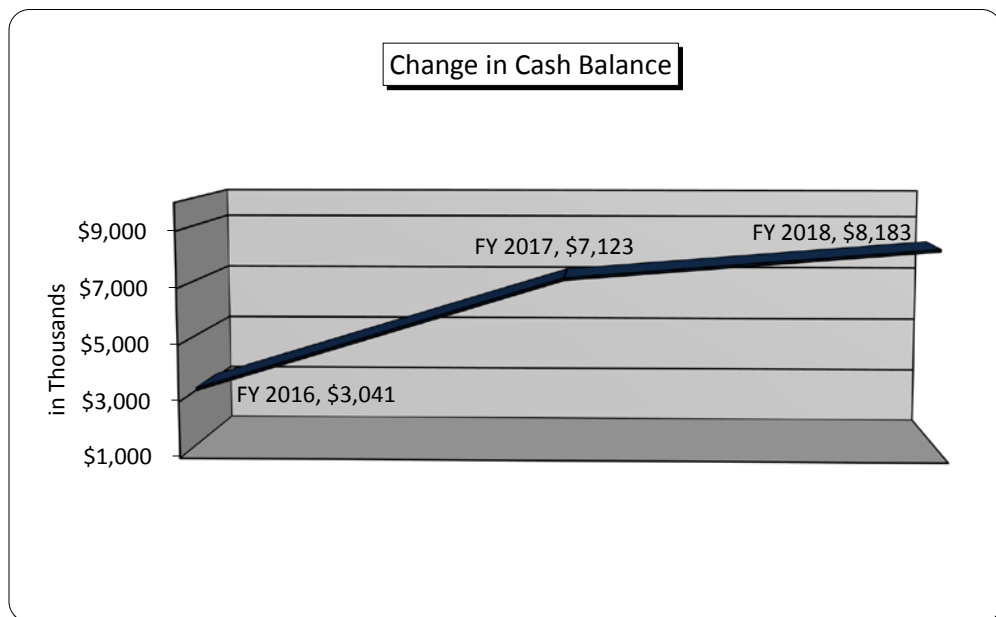
BEAVER CREEK RESORT COMPANY OF COLORADO
Proposed Fiscal Year 2018 Budget
Expenditures by Category (in thousands)

	Fiscal Year 2017		Fiscal Year 2018	
	Actual	Percent of Total	Budget	Percent of Total
Expenses	\$19,157	95.6%	\$20,401	93.9%
Capital Expenditures	849	4.2%	1,296	6.0%
Debt Service	23	0.1%	18	0.1%
Total Expenditures	\$20,028	100.0%	\$21,715	100.0%



BEAVER CREEK RESORT COMPANY OF COLORADO
Statement of Cash Flows and Reserve Balances (in thousands)
Fiscal Year 2016 Actual, Fiscal Year 2017 Budget and Actual, and Proposed Fiscal Year 2018 Budget

	FY 2016 Actual	FY 2017 Budget	FY 2017 Actual	FY 2018 Budget
Beginning Cash Balance	\$1,590	\$3,041	\$3,041	\$7,123
Cash Flow from Operations:				
Net Income	2,349	268	4,431	1,230
Add Back Depreciation	1,008	1,160	1,097	1,101
Less Capital Expenditures	(1,103)	(1,112)	(849)	(1,296)
Changes in Assets and Liabilities	(803)	(516)	(597)	26
Cash Flow from Operations	1,451	(199)	4,082	1,061
Cash Flow from Financing Activities:				
Net Borrowing / (Payment)	0	0	0	0
Cash Flow from Financing Activities	0	0	0	0
Ending Cash Balance	3,041	2,842	7,123	8,183
Less Outstanding Debt	0	0	0	0
Ending Unrestricted Cash Balance	\$3,041	\$2,842	\$7,123	\$8,183
Capital Reserve Balance				
Beginning Maintenance Capital Reserve	\$1,590	\$3,041	\$3,041	\$7,123
Annual Funding	1,948	521	4,857	314
Maintenance Capital Expenditures	(497)	(720)	(775)	(296)
Ending Maintenance Capital Reserve	\$3,041	\$2,842	\$7,123	\$7,140
Beginning Strategic Capital Reserve	\$0	\$0	\$0	\$0
Annual Funding	606	392	74	1,043
Strategic Capital Expenditures	(606)	(392)	(74)	(1,000)
Ending Strategic Capital Reserve	\$0	\$0	\$0	\$43



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

	September 30	
	2016	2017
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents		
Cash	\$ 3,041	\$ 7,123
Restricted cash-Design Review Board deposits	581	656
	3,622	7,778
Receivables		
Common assessments	4	4
Civic assessments	338	383
Lodging Civic assessments	23	31
Mountain and Recreation assessments	64	62
Real estate transfer assessments	215	77
Other receivables	628	1,221
	1,271	1,777
Deposits and other		
Prepaid transportation expenses	1,456	1,169
Prepaid expenses and deposits	189	224
Inventory	5	5
	1,651	1,399
Total current assets	6,544	10,955
PROPERTY AND EQUIPMENT		
Leasehold improvements	10,141	10,232
Buildings	7,927	8,149
Vehicles	262	262
Equipment	2,370	2,382
Furniture and fixtures	119	35
Computers and software	170	248
Artwork	302	302
	21,291	21,610
Less accumulated depreciation	12,740	13,277
Net property and equipment	8,551	8,333
CONSTRUCTION IN PROGRESS	44	-
Total assets	\$ 15,139	\$ 19,288
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 2,097	\$ 1,770
Deferred revenue	30	-
Design Review Board deposits	581	656
Total current liabilities	2,708	2,426
NOTES PAYABLE	0	0
UNRESTRICTED NET ASSETS	12,431	16,862
Total liabilities and net assets	\$ 15,139	\$ 19,288