

Beaver Creek Resort Company of Colorado

Approved Fiscal Year 2021 Budget

For the Period October 1, 2020 Through September 30, 2021

Beaver Creek Resort Company of Colorado

Proposed Fiscal Year 2021 Budget

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**BEAVER CREEK RESORT COMPANY
OF COLORADO**

Proposed Fiscal Year 2021 Budget

Fiscal Year 2020 Financial Results

When the news that the Coronavirus had been detected in the United States the Beaver Creek Resort Company (“BCRC”) began planning for the pandemic. With the closing of the mountain on March 15th that plan was put into effect. All non-essential expenses were cut, summer signature events, including the rodeo, were canceled and service levels for transportation, property maintenance and public safety were reviewed and reduced to minimum levels. These measures amounted to expense savings for the summer of \$4,782,000. Combined with the savings from the winter, BCRC had a total expense savings of \$5,441,000 for the year.

Revenues for the summer ended better than anticipated. The original forecast had summer revenues at 32% of budget. Actual summer revenues ended the year at 44% of budget. For the full year BCRC was able to achieve 78% of its revenue budget. Real estate sales were a bright spot for the summer with gross sales equaling \$106,669,000. Net income for fiscal year (“FY”) 2020 was \$1,083,000 compared to budgeted net income of \$637,000.

BCRC spent \$1,999,000 on capital projects in FY 2020. Projects included continuation of Beaver Creek Wonder, completion of the bus arrival area, upgrades to several of the escalators and initiating development of a new Beaver Creek App.

The unrestricted cash balance went from \$9,837,000 at the end of FY 2019 to \$9,310,000 at the end of FY 2020, a reduction of only \$527,000.

Fiscal Year 2021 Proposed Budget

The proposed FY 2021 budget shows a year-end net loss of \$843,000 with an ending unrestricted cash balance of \$8,597,000. Revenues are budgeted at \$15,805,000, which is a decrease of \$1,453,000 from FY 2020 revenues. Total expenses are budgeted at \$16,649,000 compared to FY 2020 expenses of \$16,175,000. This is an increase of \$474,000 or 3%.

Revenues

1. Common Assessments – there is no Common Assessment anticipated in FY 2021.
2. Civic, Lodging Civic and Mountain and Recreation Assessments – the FY 2021 budget anticipates a decrease of \$1,559,000 or 14% over FY 2020. Taking into account Covid-19 and people’s reluctance to travel, revenues were budgeted at 50% of normal in December rising to 75% of normal by March.

3. RETA – FY 2021 RETA is budgeted at \$5,315,000. This is an increase of \$423,000 over FY 2020. Due to the volatile nature of real estate sales, a conservative approach was utilized in developing the FY 2021 budget.
4. Special event revenues – FY 2021 special event revenues are budgeted at \$286,000. The revenue budget shows a pause on signature events and a move towards more daily village activations that prioritize safety and distancing.

Expenses

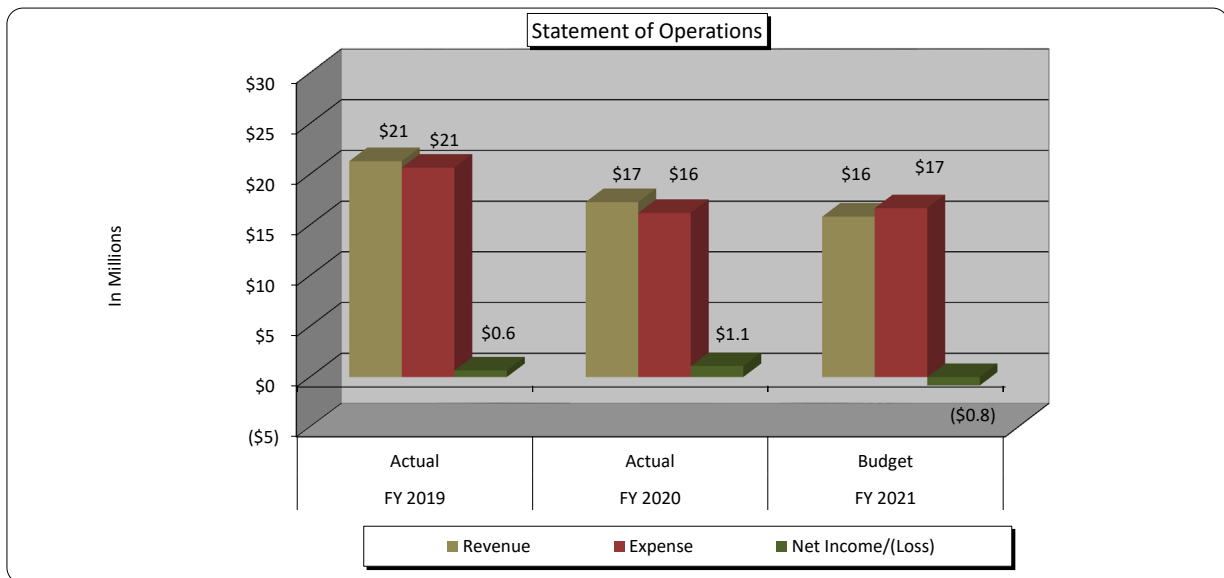
1. \$1,657,000 in administrative expenses to manage the Resort Company's functional and strategic responsibilities.
2. \$1,723,000 for resort activities and events reflecting the move away from signature events.
3. \$1,005,000 contribution to the Vilar Center for the Arts to underwrite operations and the headliner series.
4. \$3,237,000 to market Beaver Creek winter and summer seasons and events.
5. \$2,060,000 for transportation services.
6. \$2,622,000 for property maintenance, snowmelt systems, escalators, ice rink operations, parking lot maintenance, plaza maintenance, Creekside Park maintenance, landscaping and village technology.
7. \$2,441,000 for Public Safety officers, gate and parking attendants and guest services.
8. \$215,000 to provide Design Review Board inspections, plan review, and enforcement services.

Capital Expenditures

\$501,000 has been allocated in FY 2021 for capital improvements. \$180,000 is for asset maintenance and equipment replacement. The remaining \$321,000 is earmarked for strategic capital investment.

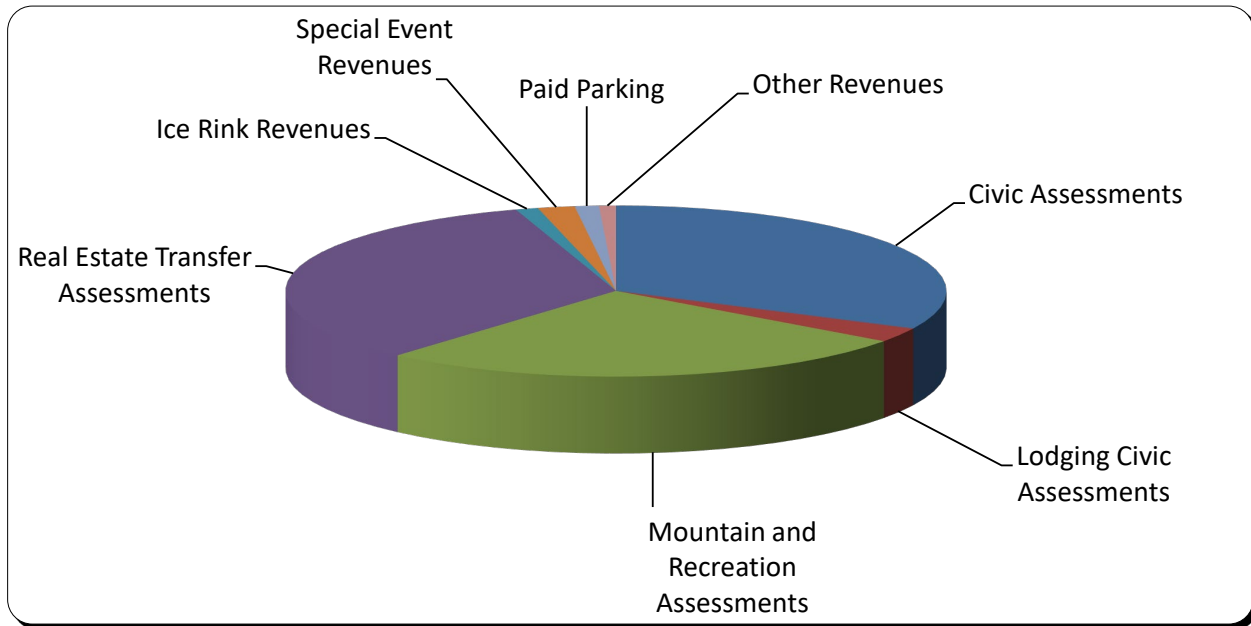
BEAVER CREEK RESORT COMPANY OF COLORADO
Statement of Operations (in thousands)
 Fiscal Year 2019 Actual, Fiscal Year 2020 Budget and Actual, and Proposed Fiscal Year 2021 Budget

| | FY 2019 Actual | FY 2020 Budget | FY 2020 Actual | '20 Budget '20 Actual Variance | % Change | FY 2021 Budget | '21 Budget '20 Actual Variance | % Change |
|---|-------------------|-------------------|-------------------|--------------------------------------|---------------|-------------------|--------------------------------------|----------------|
| Revenue | | | | | | | | |
| Common Assessments | \$0 | \$0 | \$0 | \$0 | n.a. | \$0 | \$0 | n.a. |
| Civic Assessments | 7,325 | 7,661 | 5,986 | (1,675) | -21.9% | 5,096 | (890) | -14.9% |
| Lodging Civic Assessments | 614 | 656 | 538 | (119) | -18.1% | 434 | (103) | -19.2% |
| Mountain & Recreation Assessments | 6,089 | 6,325 | 4,749 | (1,576) | -24.9% | 4,183 | (566) | -11.9% |
| Real Estate Transfer Assessments | 4,897 | 4,944 | 4,892 | (52) | -1.1% | 5,315 | 423 | 8.6% |
| Ice Rink Revenues | 326 | 326 | 196 | (130) | -39.8% | 174 | (22) | -11.4% |
| Design Review Board Fees | 77 | 77 | 78 | 2 | 2.0% | 77 | (2) | -2.0% |
| Business Licenses | 58 | 58 | 52 | (6) | -11.1% | 52 | 0 | 0.0% |
| Activities and Special Events | 1,449 | 1,577 | 504 | (1,073) | -68.0% | 286 | (218) | -43.3% |
| Paid Parking | 296 | 306 | 208 | (99) | -32.3% | 186 | (21) | -10.3% |
| Interest and Other Income | 157 | 132 | 56 | (77) | -57.9% | 2 | (53) | -95.7% |
| Capital Contributions | 0 | 0 | 0 | 0 | n.a. | 0 | 0 | n.a. |
| Total Revenue | 21,287.4 | 22,063 | 17,258 | (4,804) | -21.8% | 15,805 | (1,453) | -8.4% |
| Expense | | | | | | | | |
| Operating Expense | | | | | | | | |
| Administration | 1,963 | 1,940 | 1,207 | 733 | 37.8% | 1,432 | (225) | -18.6% |
| Activities and Events | 4,054 | 4,119 | 2,123 | 1,997 | 48.5% | 1,723 | 400 | 18.8% |
| Vilar Center | 1,386 | 1,412 | 1,267 | 145 | 10.3% | 1,005 | 262 | 20.7% |
| Professional Services | 154 | 200 | 250 | (50) | -24.8% | 214 | 36 | 14.3% |
| Group Sales | 55 | 99 | 44 | 55 | 55.6% | 0 | 44 | 100.0% |
| Marketing | 4,478 | 4,586 | 3,529 | 1,057 | 23.0% | 3,229 | 301 | 8.5% |
| Transportation | 2,151 | 2,709 | 1,612 | 1,097 | 40.5% | 2,060 | (448) | -27.8% |
| Property Maintenance | 2,489 | 2,516 | 2,380 | 137 | 5.4% | 2,622 | (242) | -10.2% |
| Public Safety | 2,227 | 2,094 | 1,899 | 195 | 9.3% | 2,441 | (542) | -28.5% |
| Design Review Board | 201 | 202 | 211 | (9) | -4.4% | 215 | (4) | -1.8% |
| Common Consumption Area | 0 | 37 | 69 | (33) | -89.9% | 7 | 62 | 90.1% |
| Memberships | 183 | 183 | 183 | 0 | 0.0% | 118 | 65 | 35.6% |
| Insurance | 242 | 242 | 236 | 5 | 2.2% | 294 | (58) | -24.7% |
| Total Operating Expense | 19,582 | 20,339 | 15,009 | 5,329 | 26.2% | 15,359 | (350) | -2.3% |
| Other Expense | | | | | | | | |
| Interest Expense | 13 | 10 | 8 | 2 | 16.7% | 10 | (2) | -20.0% |
| Depreciation | 1,030 | 1,241 | 1,131 | 110 | 8.8% | 1,256 | (125) | -11.1% |
| Property Taxes | 23 | 27 | 26 | 1 | 2.6% | 24 | 3 | 9.9% |
| Other Expense | (0) | 0 | 0 | 0 | n.a. | 0 | 0 | n.a. |
| Total Other Expenses | 1,067 | 1,278 | 1,166 | 112 | 8.8% | 1,290 | (124) | -10.6% |
| Total Expense | 20,649 | 21,616 | 16,175 | 5,441 | 25.2% | 16,649 | (474) | -2.9% |
| Net Income/(Loss) Before Capital | | | | | | | | |
| Contributions | 638 | 446 | 1,083 | 637 | 142.7% | (843) | (1,927) | -177.9% |
| Capital Contributions | 0 | 0 | 0 | 0 | n.a. | 0 | 0 | n.a. |
| Net Income | \$638 | \$446 | \$1,083 | \$637 | 142.7% | (\$843) | (\$1,927) | -177.9% |



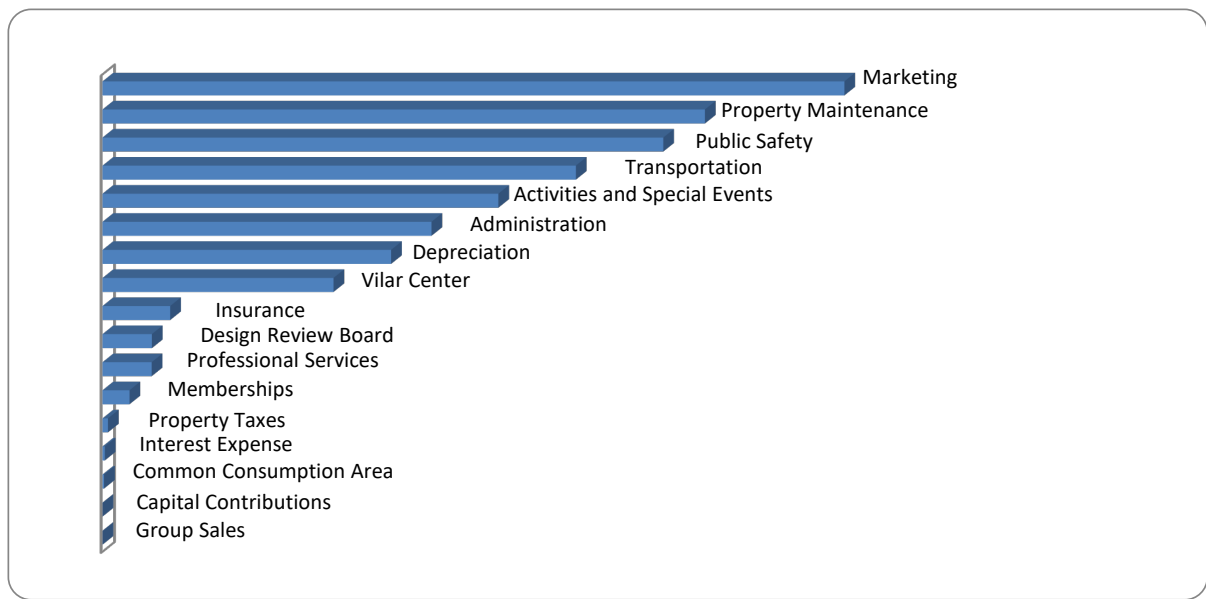
BEAVER CREEK RESORT COMPANY OF COLORADO
Proposed Fiscal Year 2021 Budget
Revenues (in thousands)

| | Fiscal Year 2020 | | Fiscal Year 2021 | |
|-------------------------------------|------------------|------------------|------------------|------------------|
| | Actual | Percent of Total | Budget | Percent of Total |
| Common Assessments | \$0 | 0.0% | \$0 | 0.0% |
| Civic Assessments | 5,986 | 34.7% | 5,096 | 32.2% |
| Lodging Civic Assessments | 538 | 3.1% | 434 | 2.7% |
| Mountain and Recreation Assessments | 4,749 | 27.5% | 4,183 | 26.5% |
| Real Estate Transfer Assessments | 4,892 | 28.3% | 5,315 | 33.6% |
| Ice Rink Revenues | 196 | 1.1% | 174 | 1.1% |
| Special Event Revenues | 504 | 2.9% | 286 | 1.8% |
| Paid Parking | 208 | 1.2% | 186 | 1.2% |
| Other Revenues | 186 | 1.1% | 131 | 0.8% |
| Capital Contributions | 0 | 0.0% | 0 | 0.0% |
| Total Revenues | \$17,258 | 100.0% | \$15,805 | 100.0% |



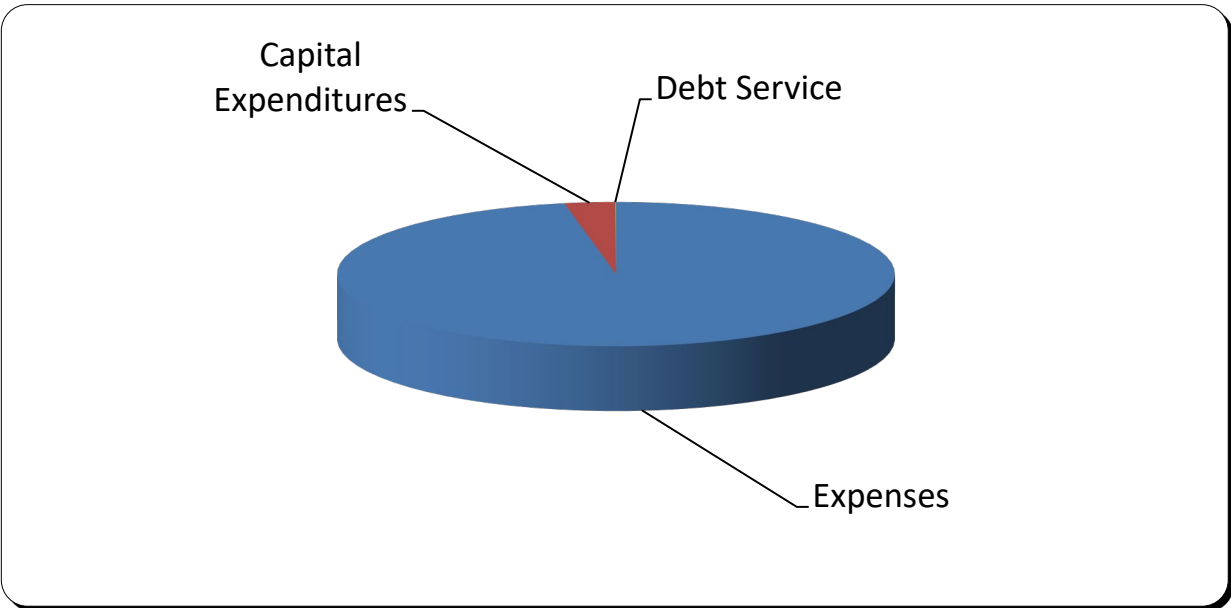
BEAVER CREEK RESORT COMPANY OF COLORADO
Proposed Fiscal Year 2021 Budget
Expenses (in thousands)

| | Fiscal Year 2020 | | Fiscal Year 2021 | |
|-------------------------------|------------------|------------------|------------------|------------------|
| | Actual | Percent of Total | Budget | Percent of Total |
| Administration | \$1,207 | 7.5% | \$1,432 | 8.6% |
| Activities and Special Events | 2,123 | 13.1% | 1,723 | 10.3% |
| Vilar Center | 1,267 | 7.8% | 1,005 | 6.0% |
| Professional Services | 250 | 1.5% | 214 | 1.3% |
| Group Sales | 44 | 0.3% | 0 | 0.0% |
| Marketing | 3,529 | 21.8% | 3,229 | 19.4% |
| Transportation | 1,612 | 10.0% | 2,060 | 12.4% |
| Property Maintenance | 2,380 | 14.7% | 2,622 | 15.7% |
| Public Safety | 1,899 | 11.7% | 2,441 | 14.7% |
| Design Review Board | 211 | 1.3% | 215 | 1.3% |
| Common Consumption Area | 69 | 0.4% | 7 | 0.0% |
| Memberships | 183 | 1.1% | 118 | 0.7% |
| Insurance | 236 | 1.5% | 294 | 1.8% |
| Interest Expense | 8 | 0.1% | 10 | 0.1% |
| Depreciation | 1,131 | 7.0% | 1,256 | 7.5% |
| Property Taxes | 26 | 0.2% | 24 | 0.1% |
| Capital Contributions | 0 | 0.0% | 0 | 0.0% |
| Total Expenses | \$16,175 | 100.0% | \$16,649 | 100.0% |



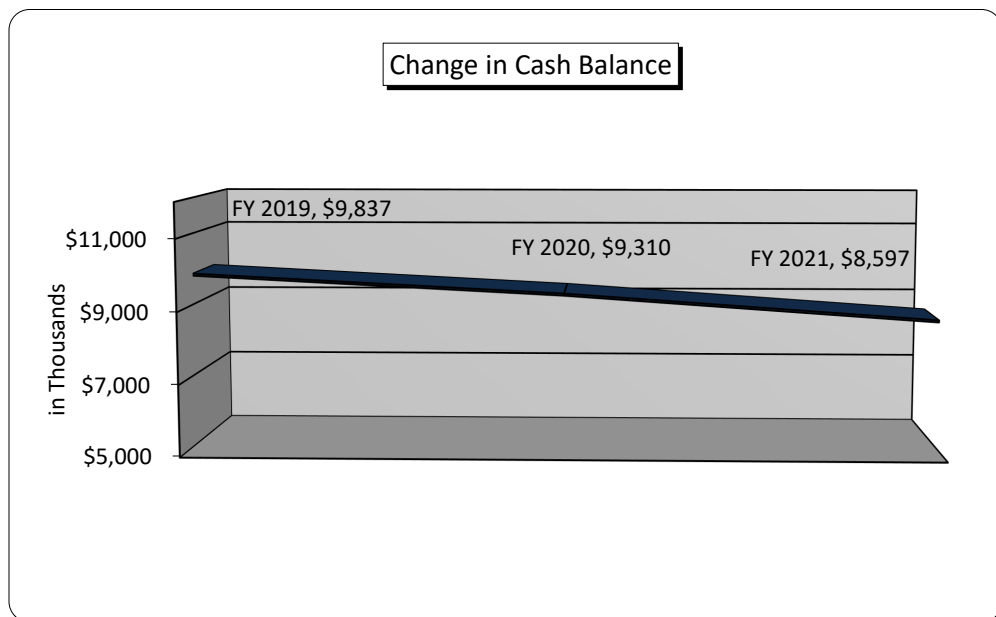
BEAVER CREEK RESORT COMPANY OF COLORADO
Proposed Fiscal Year 2021 Budget
Expenditures by Category (in thousands)

| | Fiscal Year 2020 | | Fiscal Year 2021 | |
|---------------------------|------------------|------------------|------------------|------------------|
| | Actual | Percent of Total | Budget | Percent of Total |
| Expenses | \$16,167 | 89.0% | \$16,639 | 97.0% |
| Capital Expenditures | 1,999 | 11.0% | 501 | 2.9% |
| Debt Service | 8 | 0.0% | 10 | 0.1% |
| Total Expenditures | \$18,174 | 100.0% | \$17,150 | 100.0% |



BEAVER CREEK RESORT COMPANY OF COLORADO
Statement of Cash Flows and Reserve Balances (in thousands)
Fiscal Year 2019 Actual, Fiscal Year 2020 Budget and Actual, and Proposed Fiscal Year 2021 Budget

| | FY 2019 Actual | FY 2020 Budget | FY 2020 Actual | FY 2021 Budget |
|--|-------------------|-------------------|-------------------|-------------------|
| Beginning Cash Balance | \$10,410 | \$9,837 | \$9,837 | \$9,310 |
| Cash Flow from Operations: | | | | |
| Net Income | 638 | 446 | 1,083 | (843) |
| Add Back Depreciation | 1,030 | 1,241 | 1,131 | 1,256 |
| Less Capital Expenditures | (1,673) | (2,009) | (1,999) | (501) |
| Changes in Assets and Liabilities | (568) | (925) | (743) | (625) |
| Cash Flow from Operations | (573) | (1,247) | (527) | (713) |
| Cash Flow from Financing Activities: | | | | |
| Net Borrowing / (Payment) | 0 | 0 | 0 | 0 |
| Cash Flow from Financing Activities | 0 | 0 | 0 | 0 |
| Ending Cash Balance | 9,837 | 8,591 | 9,310 | 8,597 |
| Less Outstanding Debt | 0 | 0 | 0 | 0 |
| Ending Unrestricted Cash Balance | \$9,837 | \$8,591 | \$9,310 | \$8,597 |
| Capital Reserve Balance | | | | |
| Beginning Maintenance Capital Reserve | \$10,410 | \$9,837 | \$9,837 | \$9,310 |
| Annual Funding | (362) | (680) | (228) | (533) |
| Maintenance Capital Expenditures | (211) | (567) | (300) | (180) |
| Ending Maintenance Capital Reserve | \$9,837 | \$8,591 | \$9,310 | \$8,597 |
| Beginning Strategic Capital Reserve | \$0 | \$0 | \$0 | \$0 |
| Annual Funding | 1,462 | 1,443 | 1,699 | 321 |
| Strategic Capital Expenditures | (1,462) | (1,443) | (1,699) | (321) |
| Ending Strategic Capital Reserve | \$0 | \$0 | \$0 | \$0 |



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

| | September 30 | |
|--|---------------------|------------------|
| | 2020 | 2019 |
| <u>ASSETS</u> | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | | |
| Cash | \$ 9,310 | \$ 4,185 |
| Investments | 0 | 5,652 |
| | 9,310 | 9,837 |
| Receivables | | |
| Common assessments | 0 | 0 |
| Civic assessments | 258 | 473 |
| Lodging Civic assessments | 17 | 37 |
| Mountain and Recreation assessments | 22 | 49 |
| Real estate transfer assessments | 564 | 79 |
| Other receivables | 0 | 282 |
| | 861 | 921 |
| Deposits and other | | |
| Prepaid transportation expenses | 2,258 | 1,702 |
| Prepaid expenses and deposits | 347 | 195 |
| Inventory | 54 | 7 |
| | 2,658 | 1,904 |
| Total current assets | 12,829 | 12,662 |
| PROPERTY AND EQUIPMENT | | |
| Leasehold improvements | 11,366 | 10,206 |
| Buildings | 8,011 | 8,011 |
| Vehicles | 325 | 325 |
| Equipment | 2,663 | 2,639 |
| Furniture and fixtures | 35 | 35 |
| Computers and software | 219 | 222 |
| Artwork | 302 | 302 |
| | 22,921 | 21,740 |
| Less accumulated depreciation | 15,306 | 14,298 |
| Net property and equipment | 7,615 | 7,442 |
| CONSTRUCTION IN PROGRESS | 1,956 | 1,285 |
| Total assets | \$ 22,401 | \$ 21,388 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued liabilities | \$ 1,166 | \$ 1,477 |
| Deferred revenue | 0 | 0 |
| Design Review Board deposits | 1,009 | 769 |
| | 2,176 | 2,247 |
| Total current liabilities | 2,176 | 2,247 |
| NOTES PAYABLE | 0 | 0 |
| UNRESTRICTED NET ASSETS | 20,225 | 19,142 |
| Total liabilities and net assets | \$ 22,401 | \$ 21,388 |