



# Wolf Tracks

A Newsletter for Red Wolf Lakeside Lodge Homeowners and Guests



## Annual Meeting A Great Success!

Once again our Annual Meeting was a fun-filled and informative event and, from the look of all the smiling faces, a good time was had by all.

Trini led our famous barbecue with the help of Randy Novak, our Front Desk Supervisor, and with the assistance of staff from two of our sister resorts: Jason Pumroy, Maintenance Supervisor at Carlsbad Seapointe Resort and Hector Casado, Assistant Director of Engineering at Grand Pacific Palisades Resort. After everyone was finished with their fabulous lunch they headed to the North Tahoe Event Center for the Annual Meeting.

A Powerpoint presentation on Resort Operations, RCI, Improvements, and Financials was given and, upon completion, the polls were closed and the votes were counted. All three incumbents were reelected to the Board of Directors for two-year terms. Peter Grant, Paul

Seaman and Patrick Fernane were all in attendance and were congratulated.

A question and answer forum was then opened for comments from the audience. There were numerous comments and praise for Resort Management and the Resort Staff. To end the day a fabulous raffle was held. Lucky Homeowners received some great prizes including dinner at Spindelshanks and free one-hour jet ski rentals from Full Throttle.

We'd like to thank our Board of Directors and all of our dedicated Homeowners who attended this year's meeting. We hope to see you all again next year, and look forward to seeing some new faces as well.

Erin O'Brien, Resort Manager

## Happy Birthday Red Wolf Lakeside Lodge! 15 Years and Going Strong!

That's right, the Red Wolf Lakeside Lodge is proudly celebrating its 15th birthday this year and there is much to celebrate!

We are so excited to share with you the many wonderful accomplishments that have stood the test of time here at your beautiful lakefront resort. We are always delighted to point out that your resort functions at a very strong level, both operationally and fiscally. Additionally, we continue to receive the very highest honors and scores from both our

Owners and guests and RCI, the world's largest exchange company.

Our Owners will experience our improvements in the form of new finishes and features to our unit interiors, new entertaining activities and enhanced ownership benefits.

BUT WE AREN'T RESTING ON OUR LAURELS!... we remain absolutely committed to always enhancing our resort services and ownership features.



For those of you who are currently enjoying the vacation exchange programs OR considering this option in the near future, we have added the exciting world of RCI POINTS exchanges. This program has been very well received by our Owners who now

*(Continued on page 2)*

# Calendar of Local Events

**July 9th - August 22nd**

## Lake Tahoe Shakespeare Festival

– The hilariously entertaining Complete Works of William Shakespeare (Abridged) under the direction of artistic producer Charles Fee. Sand Harbor, NV

**August 29th**

**Tahoe Family Festival** – Music and Entertainment for the entire family. Benefits KidZone Museum. Truckee Regional Park. 530-587-5437

**September 4th - 6th**

**2nd Annual Historic Downtown Truckee Arts & Crafts Labor Day Festival** – Features the original works of more than 60 artists and crafters. 10am to 5pm in downtown Truckee, CA

**September 10th - 12th**

**Lake Tahoe Autumn Food & Wine Festival** – Days full of food, wine and festivals, grape stomp, wine walks, seminars, cooking demonstrations, grand tasting, culinary competitions, and more. Northstar-at-Tahoe

**September 22nd - 26th**

**Street Vibrations** – A celebration of music, metal and motorcycles, live entertainment, tours, parades, ride-in shows, stunt shows and more. Reno, NV

*\*Event dates and times are subject to change.*

## RCI Points® – Information –

Now Available on  
“Go To Meeting”

Want to learn about the RCI Points exchange program from the comfort of your own home? Now you can! Call me for details.

**Lisa, 530-546-3952, ext.107**

# Happy Birthday Red Wolf Lakeside Lodge!

*(Continued from page 1)*

have the opportunity to enjoy much more exchange flexibility and many more travel options, all at a great value.

Speaking of value, there has never been a better time to consider additional Red Wolf ownership options or perhaps introducing a friend or relative to the many ownership benefits offered at our beautiful lakefront resort. Prices have never been more affordable yet the resort is operating at peak performance and will only get better over time! Please feel free to call me if you would like me to speak directly with a friend or family member about Red Wolf ownership. As always, there is NEVER a “sales presentation”, just information and answers to questions.

Lastly, please remember you can call me anytime with questions about



your resort and any of the new programs that are now available to you and your loved ones.

After 15 years as your Owner Services Director, I welcome the opportunity to speak with each and every one of you.

**HAPPY BIRTHDAY RED WOLF  
LAKESIDE LODGE OWNERS!**

*Lisa Feinberg*

**Lisa Feinberg, Owner Services**  
530-546-3952, ext.107  
lfeinberg01@gmail.com



**NOW OFFERING...  
HOA FORECLOSURE WEEKS FOR PURCHASE!!  
Lowest prices ever available to our Red Wolf Owners!**

Call Lisa Feinberg, Owner Services, for details  
at 530-546-3952 (Ext. 107)

## Your Reserve Dollars at Work

If you've stayed at your resort recently you've probably noticed many upgrades. This year has been a busy one and the staff has been hard at work improving your home-away-from-home. We're happy to report that with our centralized purchasing department we have been able to use our joint buying power to get the best prices possible.

***New upgrades include:***

- New Jacuzzi by Unit 15
- Evergreen mattresses and upgraded bedding packages in all units
- New oven ranges, refrigerators and microwaves in all units
- New flat screen televisions and dishwashers in selected units
- New stereos with iPod dock and clock radios in all units
- New blenders and coffee makers and smallwares in all units
- New Guest laundry washers and dryers
- Three new kayaks

Come visit, relax, and enjoy all of these great new amenities. We know you will be impressed.

# Board of Directors' Meeting Highlights

**June 12, 2010** – President Eric Siegel called the meeting to order at 1:04pm. Board members in attendance were Eric Siegel, Patrick Fernane, Paul Seaman, Robert Shipley and Peter Grant. Representing Management were Nigel Lobo, Vice President of Resort Operations, and Erin O'Brien, Resort Manager.

## **The following actions took place:**

- The Board approved the Minutes of the March 2, 2010 Board of Directors' meeting.
- An overview of Front Desk Operations, Housekeeping, Maintenance, Activities, and Administration was presented.
- The Board reviewed Bonus Time rates and recommended a reduced rate during the slower seasons.
- The Board received an update regarding the beachfront project.
- The meeting adjourned at 2pm.

# Annual Owners' Meeting Highlights

**June 12, 2010** – President Eric Siegel called the meeting to order at 2:30pm. Board members and management listed above were in attendance.

## **The following took place:**

- The June 13, 2009 Annual Meeting Minutes were approved.
- Erin O'Brien, Resort Manager, provided a presentation regarding resort operations that included resort staff, Front Desk, Housekeeping, Maintenance and Activities Departments, resort improvements, upcoming projects, year-end fiscal performance, Guest satisfaction scores, new customer service trainings, going "green" efforts, social media, the Owner Appreciation Program and the Christel House charity. Dan Zwack, ResorTime, outlined services available through the ResorTime, Grand Pacific Exchange (GPX) and the Owner Rental Program.
- The election results were announced: incumbents Peter Grant, Paul Seaman and Eric Siegel were reelected to the Board of Directors for a two-year term.
- The following was discussed during the Open Forum: the wonderful resort staff, foreclosures and delinquency, and Day Use.
- The meeting adjourned at 3:30pm.

**Note:** If you wish to have a copy of the Minutes for your records, please send your request along with a (\$.63) stamped self-addressed envelope to Grand Pacific Resort Services, L.P., 5900 Pasteur Court, Suite 200, Carlsbad, CA 92008, Attn: Lois Sklar.

## Upcoming Meeting Dates

**Tuesday, October 5, 2010, 10am**  
Red Wolf Lakeside Lodge

**Tuesday, December 7, 2010, 10am**  
Red Wolf Lakeside Lodge

**Tuesday, March 1, 2011, 10am**  
Red Wolf Lakeside Lodge

**Saturday, June 11, 2011, 1pm**  
Red Wolf Lakeside Lodge

**Saturday, June 11, 2011, 2:30pm**  
Annual Owners Meeting, NTCCC



**Note:** Owners are welcome to attend any regular Board meeting. Board meeting agendas are posted at the resort four days prior to the meeting. If you would like a copy of the final agenda for any Board meeting mailed to you, please contact your Resort Manager prior to the meeting. Since meeting times and location are subject to change, please contact your Resort Manager in advance to reconfirm the exact time and location.

## Rent your Timeshare Week and Earn Cash!

### List your unit for rent online and receive:

- Fast Track Payment Processing – receive your Owner Rental Proceeds within two weeks of your rental.
- Instant email acknowledgement of your listing.
- No waiting on mail processing time!
- Waive \$25 mail processing fees for listing your rental "online".
- First in, first rented, highest return! Accepting contracts for 2010 & 2011.



GRAND PACIFIC RESORTS  
Time Away...Time Together...

[www.gpresorts.com/rentyourweek](http://www.gpresorts.com/rentyourweek)



## Expansive Views & Expanded Vacation Opportunities

- The newest, largest and most luxurious resort in our GPR family of resorts
- Hilton Grand Vacations Club's first affiliated resort on the California Coast
- Luxurious vacation villas with panoramic ocean views
- Exceptional resort amenities and services
- HGVClub's flexible point-based reservation system

**For this exciting opportunity to expand your vacation ownership call 800-933-1310**



# Important Resale Advisory for RCI® Subscribing Members

RCI has recently learned that entities with no affiliation with RCI are contacting timeshare Owners and incorrectly stating or implying that they are affiliated with RCI. These third party entities may offer to assist in the sale or rental of Owners' timeshare interests for an upfront fee, or they may invite an Owner to attend an informational dinner to discuss updates to RCI exchange programs.

Please exercise caution if you are contacted by anyone claiming to be related to RCI and call RCI directly at 877-968-7476 (RCI Points® Members) or 800-338-7777 (RCI® Weeks Members) with any questions.

RCI also has been informed that certain resale service providers are offering to sell an Owner's timeshare (including RCI members) and thereby relieve the Owner of her or his ongoing maintenance fee obligation, in exchange for payment of upfront fees and execution of a power of attorney to sell the Owner's timeshare. Owners receiving such offers may wish to

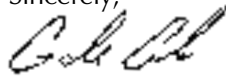
consult with an attorney and/or their resort to confirm that a transfer of any resulting sale or rental will be honored.

Although not a complete list, please be advised that the following companies are not affiliated with RCI: Global Destinations Consulting, Inc. (also known as "GDC"); A+ Advisors, Inc. (also known as "RCI Management" or "World Points Management"); RCI Acquisitions and Rentals, Corp.; EquityMarketing Corp. (also known as Resort Equity Marketing); RCI Financial Management, LLC; Timeshare Relief, Inc.; and APEX professionals, LLC.

RCI values its members and supports efforts by the American Resort Development Association (ARDA) to help consumers and timeshare Owners navigate through the secondary market. While some entities are legitimate resellers or rental agents of timeshare inventory, others are not.

For additional information, please see ARDA's consumer advisories at [www.vacationbetter.org/selling-your-timeshare](http://www.vacationbetter.org/selling-your-timeshare).

Sincerely,



**Gordon Gurnik**  
President, RCI North America



## Red Wolf Lakeside Lodge

7630 North Lake Blvd., Tahoe Vista, CA 96148  
**530-546-6262 ext. 0**

### Lisa Feinberg

Resort Sales/Owner Services  
**888-733-9653**

### Owner Services

5900 Pasteur Ct., Ste. 200, Carlsbad, CA 92008  
**888-477-6967**

\*International Owners 760-827-4100

### RCI Key Client Member Services

**800-743-3305**

### Grand Pacific Exchange

**866-325-6295**

### Assessment, Billing & Collection

**800-234-6222**

### ResorTime.com – Your Bonus Time

Network Reservation Center

**877-254-4866**

Visit your Vacation Timeshare online at  
[www.RedWolfLakesideLodge.com](http://www.RedWolfLakesideLodge.com)



Grand Pacific Resort Services, L.P.  
5900 Pasteur Court, Ste. 200  
Carlsbad, CA 92008



RETURN SERVICE REQUESTED

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FIRST-CLASS MAIL  
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Permit No. 379



# Insurance Disclosure

Dear Owners, a state law requires that some associations disclose to Owners the insurance coverages carried by the association. For your information, Red Wolf Lakeside Lodge Owners Association carries the following coverages:

## **Property**

Policy begins April 1, 2010, expires April 1, 2011, and is covered by Philadelphia Insurance Companies. Policy Limits for Building, Contents and Business Income are \$4,900,949; deductible is \$10,000.

## **General Liability**

Policy begins April 1, 2010, expires April 1, 2011, and is covered by Philadelphia Insurance Companies. Policy Limits for Bodily Injury and Property Damage are \$1,000,000 per occurrence and \$2,000,000 annual aggregate; deductible is n/a.

## **Umbrella**

Policy begins April 1, 2010, expires April 1, 2011, and is covered by St. Paul Fire and Marine Insurance Co. Policy Limits are \$300,000,000, excess of \$1,000,000; deductible is \$10,000.

## **Earthquake & Flood**

Policy begins April 1, 2010, expires April 1, 2011, and is covered by Lloyds of London. Policy Limits are \$5,133,288 with a 5% deductible on Earthquake and \$50,000 deductible on Flood.

## **Environmental**

Policy begins April 1, 2010, expires April 1, 2011, and is covered by Philadelphia Insurance Companies. Policy limits for third-party Bodily Injury, Property Damage or Clean-up Costs are \$2,000,000 each loss, and \$4,000,000 aggregate, with a deductible of \$50,000.

## **Fidelity**

Policy begins April 1, 2010, expires April 1, 2011, and is covered by Continental Insurance Co. Policy Limits are \$700,000; deductible is \$5,000.

## **Directors and Officers (D&O)**

Policy begins April 1, 2010, expires April 1, 2011, and is covered by Continental Casualty Co. Policy limits are \$2,000,000; deductible is \$5,000.

## **Employment Practices Liability**

Policy begins November 1, 2009, expires November 1, 2010, and is covered by North River Insurance Company. Policy limits are \$2,000,000 per occurrence and aggregate; deductible is \$50,000.

*This summary of the association's policies of insurance provides only certain information, as required by subdivision (e) of Section 1365 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance may not cover your property, including personal property, or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.*

## Supplementary Information on Future Major Repairs and Replacements

December 31, 2009  
(Unaudited)



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December 31, 2009

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Hughes Reserves conducted a study in 2010 to estimate the remaining useful lives and the replacement costs of the components of common property subject to future repairs and replacements. The estimates were based on current replacement costs.

The following table is based on the 2010 study and presents a condensed summary of information about the items of property. Estimated current replacement costs are based on the assumptions that inflation rate and interest rate are 3% and 1%, respectively..

#### Components:

	<u>Building</u>	<u>Furniture &amp; fixtures</u>	<u>Totals</u>
Estimated Remaining Life in Years	0-18	0-6	
Estimated Current Replacement Costs	\$767,174	\$757,232	<u>\$1,524,406</u>
Recommended 2010 Funding Requirement	\$61,348	\$60,552	<u>\$121,900</u>



7630 N. Lake Tahoe Blvd., Tahoe Vista, CA 96148



## Financial Statements

December 31, 2009



Certified Public Accountants  
A Professional Corporation



Certified Public Accountants  
A Professional Corporation  
425 California Street, Suite 1600  
San Francisco, CA 94104  
Telephone (415) 421-5378  
Telefax (415) 956-7708

## Independent Accountant's Review Report

To the Board of Directors and Owners  
Red Wolf Lakeside Lodge Owners Association, Inc.

We have reviewed the accompanying statement of assets, liabilities and fund balance (deficit) of Red Wolf Lakeside Lodge Owners Association, Inc. as of December 31, 2009, and the related statements of revenues and expenses and changes in fund balance (deficit), and cash flows for the year then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the Association's management.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The supplementary information about future major repairs and replacements on panel 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

April 30, 2010

**PKF**

Certified Public Accountants  
A Professional Corporation

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OWNERS ASSOCIATION, INC.

## Statement of Assets, Liabilities and Fund Balance (Deficit)

December 31, 2009

	Operating Fund	Replacement Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$197,106	\$191,572	\$388,678
Assessments and other receivables	746,163	109,712	855,875
Unit week inventory	2,000	-	2,000
Prepaid expenses	43,640	-	43,640
Prepaid income taxes	4,195	-	4,195
Due from (to) other fund	59,948	(59,948)	-
<b>Total assets</b>	<b><u>\$1,053,052</u></b>	<b><u>\$241,336</u></b>	<b><u>\$1,294,388</u></b>
<b>Liabilities and Fund Balance (Deficit)</b>			
Accounts payable and accrued liabilities	\$103,369	\$11,150	\$114,519
Amount due to related parties	16,313	1,115	17,428
Deferred assessments	957,650	161,059	1,118,709
<b>Total liabilities</b>	<b><u>1,077,332</u></b>	<b><u>173,324</u></b>	<b><u>1,250,656</u></b>
Fund balance (deficit)	(24,280)	68,012	43,732
<b>Total liabilities and fund balance (deficit)</b>	<b><u>\$1,053,052</u></b>	<b><u>\$241,336</u></b>	<b><u>\$1,294,388</u></b>

See accompanying notes and independent accountant's review report

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## Statement of Revenues and Expenses and Changes in Fund Balance (Deficit)

Year Ended December 31, 2009

	Operating Fund	Replacement Fund	Total
<b>Revenues</b>			
Assessments	\$842,728	\$163,594	\$1,006,322
Interest	2,196	1,431	3,627
Front desk and other income	213,306	-	213,306
<b>Total revenues</b>	<b><u>1,058,230</u></b>	<b><u>165,025</u></b>	<b><u>1,223,255</u></b>
<b>Expenses</b>			
Front desk	67,902	-	67,902
Housekeeping	158,909	-	158,909
Owner relations/guest activities	84,074	-	84,074
Administration/sales	199,540	2,545	202,085
Repairs, replacements and maintenance	178,416	128,840	307,256
Telephone and utilities	100,218	-	100,218
Fixed expenses	159,601	-	159,601
Provision for income taxes	2,829	-	2,829
Provision for doubtful accounts	123,140	24,497	147,637
<b>Total expenses</b>	<b><u>1,074,629</u></b>	<b><u>155,882</u></b>	<b><u>1,230,511</u></b>
<b>Excess (deficiency) of revenues over expenses</b>			
	<b>(16,399)</b>	<b>9,143</b>	<b>(7,256)</b>
<b>Fund balance (deficit) - beginning of year</b>			
	<b><u>(7,881)</u></b>	<b><u>58,869</u></b>	<b><u>50,988</u></b>
<b>Fund balance (deficit), end of year</b>			
	<b><u>\$(24,280)</u></b>	<b><u>\$68,012</u></b>	<b><u>\$43,732</u></b>

See accompanying notes and independent accountant's review report

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# Statement of Cash Flows

Year Ended December 31, 2009

	Operating Fund	Replacement Fund	Total
<b>Cash flows from operating activities</b>			
Excess (deficiency) of revenues over expenses	\$(16,399)	\$9,143	\$(7,256)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities			
(Increase) decrease in operating assets			
<i>Assessments and other receivables</i>	(64,320)	(5,034)	(69,354)
<i>Due to related parties (net)</i>	61,645	16,978	78,623
<i>Unit week inventory</i>	6,500	-	6,500
<i>Prepaid expenses</i>	(3,090)	-	(3,090)
<i>Prepaid income taxes</i>	4,369	-	4,369
<i>Due from (to) other fund</i>	8,542	(8,542)	-
Increase (decrease) in operating liabilities			
<i>Accounts payable and accrued liabilities</i>	30,216	11,150	41,366
<i>Deferred assessments</i>	13,675	2,482	16,157
<b>Net cash provided by operating activities</b>	<b>41,138</b>	<b>26,177</b>	<b>67,315</b>
<b>Increase in cash and cash equivalents</b>	<b>41,138</b>	<b>26,177</b>	<b>67,315</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>155,968</b>	<b>165,395</b>	<b>321,363</b>
<b>Cash and cash equivalents - end of year</b>	<b><u>\$197,106</u></b>	<b><u>\$191,572</u></b>	<b><u>\$388,678</u></b>
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid for income taxes			<u>\$1,800</u>

See accompanying notes and independent accountant's review report



OWNERS ASSOCIATION, INC.

## Notes to Financial Statements

December 31, 2009

### Note 1 – Association and Membership

Red Wolf Lakeside Lodge Owners Association, Inc. (the Association) was incorporated on October 11, 1995 as a California nonprofit mutual benefit corporation with the specific and primary purpose of promoting the interests and welfare of the owners of vacation intervals situated in the project known as Red Wolf Lakeside Lodge in Tahoe Vista, California. The Association is comprised of 1,377 Class A memberships for annual owners, Class B memberships for biennial owners. Annual memberships are entitled to two votes, and biennial memberships are entitled to one vote. Vacation interval sales commenced during July 1996.

In accordance with the Association's by-laws, each vacation interval owner is subject to basic, special and personal charge assessments by the Association.

### Note 2 – Summary of Significant Accounting Policies

#### Basis of accounting

The financial statements of the Association have been prepared on the accrual basis of accounting. Accordingly, all significant receivables, revenues and gains are recognized when earned and expenses, liabilities and losses are recognized when incurred.

#### Fund accounting

The Association uses fund accounting, which requires that funds, such as operating funds and replacement funds be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the Board of Directors and Association management. Disbursements from the replacement fund generally may be made only for designated purposes.

#### Accounting standards codification

During the year ended December 31, 2009, the Association adopted updates issued by the FASB to the authoritative hierarchy of U.S. GAAP. The changes established the FASB Accounting Standards Codification (ASC) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the

preparation of financial statements in conformity with U.S. GAAP. Other than the manner in which new accounting guidance is referenced, the adoption of these changes had no impact on the Association's financial statements.

### Cash equivalents

The Association considers all highly liquid temporary investments with original maturities generally of three months or less when purchased to be cash equivalents. Cash equivalents include investments in money market funds held with a brokerage firm.

### Concentration of credit risk

The Association maintains deposit accounts with a bank that participates in the FDIC's Transaction Account Guarantee Program, which fully guarantees these deposits until June 30, 2010. As of January 1, 2010, this bank will no longer participate in the FDIC Transaction Account Guarantee Program and these accounts will be insured up to \$250,000. The Association also maintains money market accounts with a brokerage firm that does not participate in FDIC or SIPC insurance programs. Therefore, all money market accounts are uninsured. The Association has not experienced any losses in such accounts. Management believes the Association is not exposed to significant credit risk relating to cash or money market accounts.

### Assessments and deferred assessments

For the year ended December 31, 2009, each annual vacation membership owner was generally assessed \$812 for a two bedroom unit, \$741 for a one bedroom unit and \$668 for a studio unit, inclusive of the replacement fund assessment. Biennial vacation membership assessments are one-half of the annual membership assessment amount and under this program, units within the unit type originally purchased can be used once every two years.

The 2010 annual assessments are \$812, \$741 and \$668, inclusive of replacement fund assessment, and are included in deferred assessments until earned.

### Allowance for doubtful accounts

Assessments receivable at December 31, 2009 consist principally of advance assessment billings for the year ending December 31, 2010. Accordingly, an allowance for doubtful accounts has not been established as of December 31, 2009.

All assessments are due and payable within ten days after the interval owner is billed. Interest, at rates determined by the Board, is charged on delinquent assessments. The Association may suspend rights and privileges of interval owners with delinquent assessments as defined in the by-laws. The Association's policy is to write-off all unpaid assessment receivables not collected by December 31st of the year in which the assessment pertains. Subsequent collection is recognized as bad debt recovery in the year received,

which is netted with provision for doubtful accounts on the statement of revenues, expenses and changes in fund balance (deficit).

### Property and equipment

Ownership of the commonly owned assets is vested directly and indirectly in the interval owners, and those assets are not titled in the Association's name. As a result, commonly owned assets are not presented in the Association's financial statements.

### Replacement fund assessments

The Association has designated certain amounts as replacement funds to provide for the payment of future repair and rehabilitation expenditures, as specifically approved by the Association's Board of Directors. The Association's replacement fund program is subject to a reserve analysis study. The most recent study available conducted in 2010 and was prepared by Hughes Reserves, who specializes in the preparation of reserve studies. The preparation of the reserve analysis is based upon certain assumptions in regards to existing reserve fund balances, inflation and investment rate factors, the estimated life span and the current cost of the reserve items. Furthermore, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Based on the study and the estimates contained in the underlying report, Association management believes the existing replacement funding program together with the future business plan is adequate to meet future repair and rehabilitation expenditures. Should such funds not be adequate, or if additional funds are needed, the Association has the right, subject to certain limitations, to increase the annual assessments, pass special assessments, or delay the expenditures until funds are available.

### Presentation of certain taxes

The Association collects various taxes, generally occupancy taxes, and remits these amounts to applicable taxing authorities. The Association's accounting policy is to exclude these taxes from revenues and expenses.

### Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported as assets, liabilities, revenues, expenses and related disclosures. Actual results could differ from these estimates.

### Subsequent events

Subsequent events are events or transactions that occur after the statement of assets, liabilities and fund balance (deficit) date but before the financial statements are available to be issued. The Association

evaluates all subsequent events and transactions to determine whether any transaction needs to be recognized or disclosed. The Association has evaluated all subsequent events through April 30, 2010, which is the date the financial statements are available to be issued, and has determined no events or transactions need to be recognized or disclosed in these financial statements, except as disclosed in Note 2 (replacement fund assessments).

### Note 3 – Developer Subsidy

Effective January 1, 2000, the Developer, Sierra Tahoe Partners, LP (STP), a California limited partnership, formerly known as GPR Grant Wolf Financial Company, LLC, is responsible for assessments pertaining to unpurchased vacation plans. At December 31, 2009, there were 8 unsold vacation intervals. At December 31, 2009, the Board released the Developer of its assessment receivable owed to the Association, and the Association accepted a deed in lieu of all Developer inventory.

### Note 4 – Related Party

The Association retains Grant Wolf & Associates (GW&A), an affiliate of STP for printing services. Printing expenses incurred were \$26,052 for the year ended December 31, 2009 and are included with administration expenses. At December 31, 2009, the Association owed GW&A \$1,562 for services provided.

### Note 5 – Management Fee

The Association is operated under a management agreement with a professional property management company, Grand Pacific Resort Services, L.P., (GPRS), a California limited partnership. The Association's management fee budget is within guidelines established by the California Department of Real Estate. Management fees under this agreement were \$96,926 for the year ended December 31, 2009, of which, \$85,213 is allocated as fixed expenses under the operating fund and \$11,713 is allocated as repairs, replacements and maintenance under the replacement fund.

In addition, the Association shall compensate GPRS and other affiliated companies for other services provided, including but not limited to assessment billing and collection, accounting and computer services, file and reservation system maintenance, owner relations service and Board of Directors and members meetings coordination. The Association also reimburses GPRS for any out of pocket expenses paid. At December 31, 2009, the Association owed GPRS and other affiliated companies \$15,866 for

services provided.

### Note 6 - Income Taxes

For federal tax purposes, the Association is taxed under Internal Revenue Code Section 528 as an exempt organization. The Association is taxed on its non-exempt income less expenses directly connected with the production of the non-exempt income. Exempt function income is not subject to tax. Income tax is calculated at 32% of taxable income.

For state tax purposes, the Association is organized as a non-exempt membership organization and is taxed on its excess nonmember income (principally interest and usage by nonmembers) at the normal corporate tax rates.

Federal and state income taxes for 2009 were \$0 and \$800, respectively.

### Uncertain Tax Positions

In 2009, the Association adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FASB ASC Topic 740-10), which requires the Association to identify and evaluate all uncertain tax positions to determine whether it is more-likely-than-not that an uncertain tax position will be sustained upon examination for all open tax years. For the year ended December 31, 2009, the Association does not have any uncertain tax positions that are more-likely-than-not to be sustained. The Association is no longer subject to U.S. federal or California income tax examinations by tax authorities for years before 2005.

### Note 7 – Operating Lease

Effective May 1, 1996, the Association has leased telecommunication equipment from GPRS. The Association has also granted GPRS the exclusive right to provide local and long distance services and operator assisted services. The term of the lease is ten years and is subsequently renewed for an additional five years, unless terminated in accordance with the lease agreement. The Association pays approximately \$876 per month (subject to annual increase of 10%) for the leased equipment and remits user charges in accordance with the agreement. Telephone expense of \$20,071 at December 31, 2009 included operating lease payments and charges incurred with long distance carriers.

Future minimum lease payments are as follows:

Year Ending December 31	
2010	\$11,460
2011	<u>4,202</u>
<b>Total</b>	<b><u>\$15,662</u></b>

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## Not Using your Timeshare Week? Don't Let It Go to Waste!

With the Grand Pacific Resorts Owner Rental Program, you can rent your week and earn CASH!  
If you're not looking to exchange or bank your week/s, our Owner Rental program is the perfect solution.

### YEARLY OWNER RENTAL AGREEMENT

PLEASE PRINT OR TYPE

Vacation Owner's Name: _____	Social Security # _____
(Spouse/Co-Owner): _____	Social Security # _____
<i>This Agreement will not be accepted unless Social Security number(s) is/are provided.</i>	
Address: _____	_____
(Street)	(City) (State) (Zip)
Telephone: Office (____) _____	Home(____) _____ Email Address: _____
Resort Name: _____	Owner Number: _____ Unit Type: _____ Week #: _____ Year of Rental: _____
Arrival Date: _____	Departure Date: _____

I, the undersigned Owner of the above described Vacation Ownership week ("VO" or "Use Week"), hereby authorize Grand Pacific Resort Management, ("GPRM") to rent such VO on my behalf, upon the following conditions:

### TERMS AND CONDITIONS

**1. TERM.** This Agreement is intended to be an annual contract, to be in effect from the date of execution through the date of occupancy for the Use Week that is the subject of the Agreement. After the date of occupancy has passed, a new agreement must be submitted should Owner wish to participate in the GPRM rental program for the next year. Each separate Use Week that the Owner wishes to rent through GPRM must be the subject of a separate Agreement. This Agreement encompasses solely the Use Week identified above.

**2. PURPOSE.** This Agreement shall govern the rights and obligations of the parties with respect to the rental of Owner's VO during any year that Owner desires to participate in GPRM rental program and so notifies the Central Reservations Department in writing. Rental Agreements will be accepted up to one year in advance of the occupancy date for the Use Week to be rented.

**3. EXCLUSIVE AGENCY.** By executing this Agreement, Owner forfeits the right to concurrently employ another rental agent or to commit the VO to any exchange organization, such as RCI or Interval International.

**4. OWNER RESERVATION.** Owner is required to advise the Central Reservations Department of his/her intention to participate in the GPRM rental program at least six (6) weeks in advance of occupancy date, and as early as 18 months in advance for best results. When entering into the rental agreement, Owner acknowledges that we reserve the right to change unit numbers in order to accommodate various guests. Should Owner utilize a portion of the use week, Owner is guaranteed a unit type but will not be guaranteed unit number owned.

**5. NON-GUARANTEED RENTAL.** Owner acknowledges that GPRM can neither guarantee that Owner's VO will be rented, in whole or part, nor rented at an established rate. GPRM agrees to use best efforts to rent the entire VO at the best possible rate, but reserves the right to rent less than the entire VO and to quote rates less than suggested rates.

GPRM'S DECISION AS TO NUMBER OF DAYS RENTED AND BEST POSSIBLE RATE FOR ALL PURPOSES OF THIS AGREEMENT SHALL BE AT THE SOLE DISCRETION OF GPRM AND FINAL.

**6. SALE OR TRANSFER OF VO.** In the event that the VO is sold, Owner agrees that sale shall be made subject to any and all pending rental reservation(s) under this Agreement and Owner shall immediately notify the Resort and Central Reservations Department of the sale.

**7. NOTIFICATION OF NON-RENTAL.** Owner Rental Department will provide notification of rental status 30 days prior to check in and again seven (7) days prior to check. Phone calls will NOT be accepted to inquire as to status of rental. All requests must be in writing by either email at OwnerRentals@GrandPacificResorts.com or faxed to (760) 828-4243.

**8. QUESTIONS AND REQUESTS FOR INFORMATION.** Owner acknowledges that all questions and requests for information, including accounting, which may arise in connection with this Agreement, shall be directed via email to OwnerRentals@GrandPacificResorts.com, faxed to (760) 828-4243 or call (800) 831-3027.

**9. INDEMNIFICATION BY OWNER.** Owner shall indemnify Homeowners Association ("Association") and GPRM holding them harmless from any losses or damages that the Association or GPRM may incur as a result of this Agreement or any failure by Owner to perform its obligations hereunder. Association or GPRM may withhold any rental received to partially protect itself against loss.

#### 10. DEDUCTION BREAKDOWN FROM RENTAL PROCEEDS.

**A. Administrative Fee.** Owner hereby expressly authorizes GPRM to deduct 40% of the gross rent as a fee payable after any applicable credit card surcharges and or package fulfillment have been deducted.

**1. Administrative/Operations/Sales & Marketing.** Administrative fees will cover all expenses incurred as a result of staff, salaries and wages for reservations, payables, receivables, telephone, operating supplies, marketing (ie; mailings, collateral material and online and offline advertising).

**B. Homeowners Association Supplemental Contribution.** Reservation fee of five percent (5%) will be deducted from the GPRM proceeds portion which will be payable to your resort Homeowners Association.

**C. Travel Agencies at Commissionable Rates.** Owner Rental Department is hereby authorized by Owner to utilize all travel-related agencies such as ResorTime.com at industry-wide commissionable rates. Commissions shall be deducted from the gross rent prior to any revenue split between the GPRM and Owner.

**11. ADVANCE PAYMENT.** Payment in full will be required for all weekly rentals at least seven (7) days prior to arrival date. The disposition of any refund request by renter will be at sole discretion of the Manager of the Resort where the VO is located.

**12. CANCELLATIONS/FORFEITURE OF DEPOSITS.** In the event a reservation cancellation is received by GPRM more than seven (7) days prior to check-in for weekly rentals and seven (7) days prior to check-in for nightly rentals, the reservation deposit shall be refunded to prospective renter in full. Any cancellations received after the noted cancellation periods will result in forfeiture of the deposit collected with 60% paid to Owner and 40% to GPRM. Based on Management's discretion, we reserve the right to allow cancellations of rental guest within seven (7) days based on extenuating circumstances that may need to be confidential.

**13. ACCOUNTING.** All accounting required under this Agreement will be completed within twenty one (21) days of the last day of interval rented. If Use Week falls within two (2) separate monthly periods, then two (2) separate checks will be sent within twenty one (21) days of interval rented. All inquiries regarding the status of rental, commissions or any other accounting related function must be submitted via email at OwnerRentals@GrandPacificResorts.com or faxed to (760)828-4243.

**14. IN-HOUSE AUTOMATED BANKING PROGRAM.** UPON PROVIDING MY CONSENT AS INDICATED BELOW, Grand Pacific Resort Management, Central Reservations Department shall deposit my week into the Grand Pacific Exchange Program (GPX) 14-30 days prior to the start date of the Use Week (If my week has not rented for a minimum of three (3) nights.) Owners will have two (2) years from date of deposit to redeem an exchange week directly through GPX. Owner will not be required to pay any membership fees in connection with said exchange, and will, however, be subject to associated exchange fee: \$169 Domestic, \$189 International (rates subject to change). GPX is an internal GPR exchange program.

**Please select one of the following by Initialing in Space Provided (Required)**

\_\_\_\_\_ I want to automatically bank my week with GPX if fewer than three (3) nights have been rented and the start date is within 14-30 days, depending on demand and season. I understand I will not receive any rental income if my week is banked with GPX.

\_\_\_\_\_ I do NOT want to have my week automatically banked with GPX and will take full responsibility for utilizing other options for my week should any part not be rented.

**15. TERMINATION.** Pursuant to the provisions of this Paragraph, this Agreement may be terminated should Owner wish to terminate to; rent, use or bank his/her Use Week with any other exchange company. Owner must submit request in writing to have the Use Week removed from GPRM's rental program. The request will be granted only if, the VO has not already been rented or reserved, in whole or in part. It is agreed that it would be impractical and/or extremely difficult to fix or establish the actual damage sustained as a result of termination more than thirty days prior to the occupancy date for the Use Week that is the subject of this Agreement. Consequently, it is agreed that a \$50 fee will be assessed for any requests more than 30 days prior to the start date of the Use Week. The fee is intended to compensate GPRM for the marketing and/or administrative costs associated with efforts to rent the VO. No fee will be assessed for terminations less than thirty days prior to the date of occupancy for any Use Week that at the time of termination has not been rented, in whole or in part. **Please Initial Here:** \_\_\_\_\_

**16. TAXES.** All GPRM resorts are located within a governmental jurisdiction that imposes a tax, based on any rental revenues, and such tax shall be collected from the renter by GPRM.

**17. BEST EFFORTS.** GPRM agrees to make every reasonable effort to rent Owner's VO. Owner agrees to indemnify and hold the Association, its Board of Directors and employees, Grand Pacific Resort Management, its officers and employees, harmless against and from any and all claims, demands, and liabilities which may arise in connection with the rental of Owner's VO. Owner specifically relieves GPRM from any liability in connection with non-rental of Owner's VO.

**18. LOSS OF RENTAL RIGHTS.** In the event Owner shall become delinquent in the payment of any money owed to the Association prior to the rental dates and such delinquency shall remain unpaid as of the first day of the rental period, Owner shall lose the right to any rental income generated, which rental income shall be deposited into the Association's operating account, less the Administrative Fee paid to GPRM.

Under these circumstances, neither GPRM nor the Association shall have any obligation to apply any portion of the rental income to Owner's delinquent account.

**19. PROPER AUTHORITY.** Owner warrants that it possesses the requisite power and authority to enter into and perform its obligations under this Agreement on behalf of all persons in title of Owner's VO. If Owner owns multiple VOs, Owner must execute and submit a separate Rental Agreement for each VO.

**20. TELEMARKETING CONSENT.** By executing this Agreement, Owner acknowledges a business relationship with Grand Pacific Resorts, Inc., Grand Pacific Resort Management, and ResorTime.com L.P. (all of whom may be involved in one way or another in the effort to rent the VO that is the subject of this Agreement.) By executing this Agreement, Owner provides express consent, permission and authorization to be contacted by telephone by any of the entities above with regard to product and/or service offerings, at the phone number listed above, until such consent is revoked by request to be placed on the company specific "Do-Not-Call List" maintained by each separate company.

*Note:* Such a request must be directed to each separate company; a request to one company will not result in your being placed on any other company's specific "Do-Not-Call" list.

**21. CHARGE BACKS.** GPRM now offers the ability for Owners to eliminate risk of losing confirmed rental income due to rental guest credit card chargebacks or insufficient funds.

**Please select one of the following (required)**

\_\_\_\_\_ I wish to OPT IN to the Optional Rental Income Guarantee and will not be responsible in the event of a charge back by the guest(s) who rent my week. **Enclosed is my payment for \$24.95.**

\_\_\_\_\_ I wish to OPT OUT of the Optional Rental Income Guarantee and take full responsibility in the event of a charge back which may result in my rental income being forfeited and/or paid back to my home resort.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

***This Agreement will not be accepted unless Social Security number is provided. Please send one copy to us and make one for your records.***

Grand Pacific Resort Management Owner Rental Department, 5900 Pasteur Court, Suite 105, Carlsbad, CA 92008

**Toll free 800-831-3027**

**OwnerRentals@GrandPacificResorts.com**