



Red Wolf Lodge at Squaw Valley

A NEWSLETTER FOR RED WOLF LODGE AT SQUAW VALLEY HOMEOWNERS AND GUESTS

SPRING 2011

Greetings from Greg

As a matter of introduction, my name is Greg Veal and this past December I became your new Resort Manager. I am very excited to be a part of the team here at the Red Wolf Lodge in beautiful Squaw Valley. And let me add, my timing could not have been better as we have just experienced one of the most amazing winter seasons in Squaw Valley history!



I have made it a point to focus on enhancing the vacation experience of our Owners and Guests and providing everyone with superior customer service, both of which I consider to be vacation ownership essentials.

It is my privilege to work with such a great staff, including some who have been here for more than 10 years. Together, it is our goal to provide an atmosphere that is friendly, accommodating and comfortable, just as your home-away-from-home should be. I look forward to meeting all of you in person here at the Red Wolf Lodge at Squaw Valley, where it is our pleasure to assist you!

Sincerely,

Greg Veal
Resort Manager



Photo courtesy of Squaw Valley USA; Nathan Kendall

"Lots of Great Things Goin' On!"

As my headline states, there are so many exciting things taking place here at the Red Wolf and in Squaw Valley, so I'll get right to it.....

Squaw Valley Sets All-Time Snowfall Record

It's official, Squaw Valley received over 800 inches of snow for the 2010/2011 ski season, shattering the old record of 691 inches! Skiers have enjoyed an unusually long season, beginning over six months ago in early November and continued until May 30th. And there are rumors Squaw will reopen for skiing July 4th weekend! Truly, a winter for the record books (thank goodness for my old reliable snow blower!).

(Continued on page 2)

"Lots of Great Things Goin' On!" (Continued from page 1)

KSL To Announce Improvement Plans For 2011/2012

As we reported in our last newsletter, this past fall Squaw Valley USA (the ski area), the Squaw Valley Village and over 100 acres of surrounding land was purchased by KSL Capital Partners, based out of Denver, CO, resulting in only the second ownership of our legendary mountain since its founding 61 years ago. At the time of purchase, KSL committed to investing \$50 million in capital improvements and got off to a quick start with more than \$5 million invested just this past ski season. In the next few months, KSL will announce their improvement plans for the upcoming year and it promises to include numerous improvements to lifts, restaurants, service areas and more... close to \$20 million in all. We'll keep you posted as we learn more.

Red Wolf Continues To Please

For the twelfth year in a row, the Red Wolf Lodge at Squaw Valley has received Interval International's coveted Five-Star Premier rating, the highest resort rating awarded in the vacation ownership industry. Additionally, three years ago the Red Wolf affiliated with Resort Condominiums International (RCI), and each year since has received their highest accreditation, the Gold Crown Award. These lofty accolades, more than just a nicety, are extremely important as they ensure that our Owners will experience the very highest level of exchange opportunities for their Red Wolf ownership. Congratulations to our superb management and staff for providing such an excellent vacation experience for our Owners and Guests.



Now Offering... HOA Foreclosure Weeks for Purchase!

Lowest prices ever available to our Red Wolf Owners!
Call Harvey Kornhaber for details at 530-559-5880.



Photo courtesy of Squaw Valley USA; Tom O'Neill

Options For Exchange Grow And Improve

And speaking of exchange, the world of international exchange options for our Owners is only getting bigger (and better!). As I mentioned, recently the Red Wolf affiliated with Resort Condominiums International, and now Interval International has recently announced the launching of their new Points based exchange program. Created to provide unparalleled exchange flexibility, the new II Points exchange will provide options for nightly stays and multiple vacation opportunities to all of II's luxury-branded lineup including Marriott, Hyatt and Starwood, just to name a few. We will be providing you with more detailed information on the new II Points program in the very near future.

Ownership Has Never Been More Affordable

Even though the Red Wolf sold out of the original developer inventory a number of years ago, we have a limited number of Homeowner Association-owned weeks that are available at the very lowest prices ever offered and they come with very attractive incentives such as guaranteed resort reservations, and an additional bonus week for use at the resort or for exchange. And, these low-priced intervals are available to your friends or family members. Please contact me for details.

As you can see, no exaggeration, there really is much to be excited about here at Red Wolf and in Squaw Valley. Remember, I am always happy to answer any questions you might have about what's going on here in the High Sierras or about Red Wolf ownership.

You can reach me at 530-559-5880 or hkintruckee@sbcglobal.net.



Best regards,

Harvey Kornhaber

Employee of the Year

Congratulations to Diana Ambrosie, who is our Red Wolf Lodge at Squaw Valley 2010 Employee of the Year. Diana has only been a member of the front office team for a little more than a year, but has proven to be an invaluable asset. Diana embraces her front office responsibilities with skill and enthusiasm and receives numerous accolades every week through our comment card reporting system. Diana speaks five languages which has proven to be very useful when welcoming Guests from around the world to beautiful Squaw Valley.

Thank you, Diana, and keep up the great work!



Diana Ambrosie



Board Meeting Highlights

January 25, 2011

President Peter Grant called the meeting to order at 10:05am. Board members in attendance were Peter Grant, Patrick Fernane, Tom Granville, Robert Field and Deborah McNeal. Representing Management was Nigel Lobo, Vice President of Resort Operations; Jay Anderson, Area Manager and Greg Veal, Resort Manager. Owner Bonnie Reifel was also present. Hayley Hughes took the minutes.

The following actions took place:

- The Board approved the Minutes of the November 16, 2010 Board of Directors' Meeting.
- An overview of front desk operations, housekeeping, maintenance, administration and fiscal performance was presented.
- The Board discussed the new reserve study.
- The meeting adjourned at 11am.

March 29, 2011

President Peter Grant called the meeting to order at 10:01am. Board members in attendance were Peter Grant, Patrick Fernane, Tom Granville, Robert Field and Deborah McNeal. Representing Management was Jay Anderson, Area Manager and Greg Veal, Resort Manager. Owner Bonnie Reifel was also present. Lois Sklar took the minutes.

The following actions took place:

- The Board approved the Minutes of the January 25, 2011 Board of Directors' Meeting.
- An overview of front desk operations, housekeeping, maintenance, administration and fiscal performance was presented.
- The Board met in Executive Session to discuss third party contracts.
- The meeting adjourned at 11am.

Confirmation of Meeting Dates

- Tuesday, September 27, 2011
 - 10am at Red Wolf Lodge at Squaw Valley
- Tuesday, January 24, 2012
 - 10am at Red Wolf Lodge at Squaw Valley
- Tuesday, March 27, 2012
 - 10am at Red Wolf Lodge at Squaw Valley
- Saturday, June 9, 2012, Owners Meeting
 - 10am at Red Wolf Lodge at Squaw Valley
- Thursday, June 14, 2012
 - 10am at Red Wolf Lodge at Squaw Valley

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. 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.

Exchange Tips From Owner Services



As an Owner at Red Wolf Lodge Squaw Valley, one of your use options is to exchange your week with the exchange company of your choice. This allows you to access a wide variety of exciting vacation destinations!

If exchanging your week at Red Wolf Lodge Squaw Valley is part of your vacation plans, here are some quick, easy steps to get you started:

- Secure your week at your Home Resort.
- Each exchange company has different rules outlining the timeline in which you can deposit your week and the cutoff date that they will accept deposits. If you are unsure of your ownership type and the timeline for exchange, we will be happy to guide you through that process. You can contact Owner Services for more information.



- You can contact the exchange company of your choice to deposit your week either by phone or on line.

Don't forget that planning your vacation can be as much fun as getting there! Here are some general tips to think about:

- Focus on the vacation experience as well as the destination when exchanging. Think "what" before "where." With so many resorts in so many places and units and destinations not always available at all times, think about activities and experiences you would enjoy during your vacation.
- Take advantage of your vacation exchange representatives to assist you in finding the perfect destination.
- Advance planning pays off. Place your request as far as possible in advance of the dates you want to travel to maximize your chances of securing the vacation of your dreams.
- Be as flexible as possible when requesting travel dates and resort locations. Listing several options enhances your chance for a quick confirmation.
- Consider a trip in the off-season or visit a lesser known destination that offers a similar vacation experience.
- Remember that resorts may have more small units than large ones. If you are willing to accept a unit that accommodates the number of people traveling, regardless of the size of the unit you are relinquishing, you enhance your exchange opportunities.



For questions or help with your exchange, here is the contact information for our most popular exchange companies:

GPX: 866-325-6295 / www.gpxvacations.com
RCI Points: 888-968-7476 / www.rci.com
II: 800-282-8200 / www.intervalworld.com

And don't forget, if you have any questions regarding your ownership or the exchange process, your Grand Pacific Resorts Owner Services staff is always here to help at 888-477-6967.



Do We Have Your Current Email Address?

What is the fastest way of communicating with each other in this day and age? Email. Grand Pacific Resorts Management needs your email address; in fact you may have already received a call from resort staff asking for yours.

We'd love to be able to contact you instantly with exciting news about your resort, our yearly Owner Survey, special offers and newsletters. Not only is email an excellent way for you to stay in touch with the resort staff regarding your reservations and with questions about availability, it also saves you and the association money in telephone and postage expenses.

Please take the time to call **760-342-1485** or simply email RWSV@gpresorts.com to let us know your email address.

Have You Moved Recently?

Don't forget to notify us with your new address and contact information! Call Owner Services at **888-477-6967** or log on to www.grandpacificresorts.com/owners/address.aspx



Is Your Title Current? We Can Help

With more than 2,300 homeowners, we regularly receive inquiries from Owners needing assistance with title changes. Well, we can help. We offer a complete array of title services and can complete all of the work for you.

For complete information and to initiate title changes, please contact Tessa Debold by phone: **530-550-9993**; fax: **530-587-1815**; or email: tdebold@grantwolf.com.



Try Bonus Time... For Business Travel

Congratulations Ashley Yoder, Our Business Travel Ambassador and recipient of a Free 7 Night Vacation!

For Ashley Yoder, ResorTime.com's **Bonus Time Network**® Reservation Center has expanded her benefits of timeshare ownership well beyond luxury vacations.

Using the **Bonus Time Network** Reservation Center for all her business travel, Ashley has saved thousands of dollars staying in centrally located, amenity-rich timeshare properties. Who knew that timeshare rentals would be such an ideal and convenient way to eat in, sprawl out and unwind at the end of a long business day?

Ashley has been traveling on business so much she hasn't taken a real vacation in 10 years! Find us at **facebook.com/ResorTime** to share your favorite vacation idea for Ashley. If Ashley selects your vacation idea, you too will **WIN A FREE 7 NIGHT VACATION!**

32 Business Trips in 2010 Alone!

MEMBER: Ms. Ashley Yoder
LOCATED IN: Burbank, CA
OWNS AT: Grand Pacific Palisades
LOYAL MEMBER SINCE: 2009
USES THE BONUS TIME NETWORK RESERVATION CENTER FOR: Business Travel

"I always deal directly with Ruth in the GPR Bonus Time Network Reservation Center...Whether I'm going to Vegas or Chicago, ResorTime.com is always there to book the best in business travel!"

Friend us on Facebook, and be first in line for our latest contests, promotions and giveaways. Or become one of our Bonus Time Ambassadors by sharing your travel advice and experience with others!

2 WAYS TO BOOK Nightly Bonus Time Rentals

1. Online: **www.ResorTime.com/GPR**
2. Call: **877-879-6805**

Bonus Time Network is a registered service mark of ResorTime.com L.P., a California limited liability partnership.

Banking Too Many Weeks? Try Renting!

Use your existing banked weeks to find your dream vacation and consider renting your future weeks through the GPR Owner Rental Department.

Rental Program Benefits:

- No upfront fees
- Receive payment two weeks after your checkout date.
- Set it and forget it! Opt-in to have your week banked with GPX if it doesn't rent. Exchange your week later for only \$99!

Listing your week for rent is easy! Simply confirm your reservation dates and submit a rental agreement online. We'll do the rest.

Visit **www.gpresorts.com/rentmyweek** for details or call **800-831-3027** to speak to an agent today.



GPX Launches New Interactive Website

On March 2, 2011 GPX launched a brand new interactive website! EXCLUSIVE to GPR Owners, this site allows them to deposit, search and exchange 24/7, all online.

Meet Our First Owner to Exchange Using GPX's New Interactive Website!

OWNER: Gary Copeland
LOCATED IN: Tucson, AZ
OWNS AT: Mountain Retreat (2 weeks)
GPX MEMBER SINCE: March 2011
USES GPX FOR: Timeshare Exchanges

"I found the GPX website easy and painless, user friendly and very straightforward. The menu-driven search feature allowed me to narrow down my destination and travel dates. I appreciate the fact that GPX does not charge membership fees."

3 EASY STEPS

To Register Your Ownership TODAY!

1. Visit **www.gpxvacations.com/login.html**
2. Complete your Free Registration
3. Receive your user name and password and start searching!

For Assistance call 866-325-6295

Hours: Mon-Fri: 8am-6pm/Sat: 8am-4pm

Calendar of Local Events

July 1-3, 2011 – 2nd Annual Squaw Valley 4th of July Fine Arts and Crafts Festival

The intimate setting allows individuals to meet with more than 50 award-winning artists from throughout the west and features a wide variety of artwork including photography, watercolors and oil paintings, ceramics, jewelry, sculpture and more. www.pacificfinearts.com



July 15 - August 21, 2011 – Lake Tahoe Shakespeare Festival

This summer the Festival returns to traditional Shakespeare...Twelfth Night. Expect a lavish production with gorgeous costumes and sets and beautiful music, performed with wit and clarity by one of the best professional acting companies in the West. Held on the sandy beach at Sand Harbor, NV. www.laketahoeshaakespeare.com

July 16-17, 2011 – 10th Annual Art, Wine & Music Festival

Squaw Valley's base village will burst with color, taste, and sound as fine artists, crafts makers, performers and musicians come to participate in this fun, two-day annual event. The event features two performance stages, restaurants and shops, and walkways lined with fine art booths and exhibits. www.squaw.com

July 23-24, 2011 – Wild West Weekend at High Camp

Pony rides for children, petting zoo and live music are all FREE with a Cable Car ticket. Mosey on down to the paintball corral and have a shoot out with your closest buddies to see who has the fastest gun in the Sierra. www.squaw.com

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

Red Wolf Lodge at Squaw Valley

2000 Squaw Loop Road
Olympic Valley, CA 96146
530-583-7226
www.redwolfsquaw.com

Owner Services

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

**International Owners 760-827-4100*

Grand Pacific Resort Management

5900 Pasteur Ct., Ste. 200
Carlsbad, CA 92008
760-431-8500

Assessment, Billing & Collection

800-234-6222

ResorTime.com

Your Bonus Time
Network Reservation Center
877-879-6805

ResorTime.com/GPR

RETURN SERVICE REQUESTED

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FIRST-CLASS MAIL
U.S. POSTAGE PAID
Reno, NV
Permit No. 379

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





SQUAW TAHOE RESORT TIME INTEREST OWNERS' ASSOCIATION
AND HOFBRAU CONDOMINIUM HOMEOWNERS ASSOCIATION

2000 Squaw Loop Rd., Olympic Valley, CA 96146

Financial Statements

December 31, 2010

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PKF

Accountants and
business advisers



Independent Auditor's Report

The Board of Directors and Owners Squaw Tahoe Resort Time Interest Owners' Association and Hofbrau Condominium Homeowners Association

We have audited the accompanying statement of assets, liabilities and fund balance (deficit) of Squaw Tahoe Resort Time Interest Owners' Association and Hofbrau Condominium Homeowners Association as of December 31, 2010, and the related statements of revenues and expenses and changes in fund balance (deficit), and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Squaw Tahoe Resort Time Interest Owners' Association and Hofbrau Condominium Homeowners Association at December 31, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The supplementary information on future major repairs and replacements on page 7 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 applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

PKF
Certified Public Accountants
A Professional Corporation

April 21, 2011



SQUAW TAHOE RESORT TIME INTEREST OWNERS' ASSOCIATION
AND HOFBRAU CONDOMINIUM HOMEOWNERS ASSOCIATION

Statement of Assets, Liabilities and Fund Balance (Deficit)

December 31, 2010

	Operating Fund	Replacement Fund	Total
Assets			
Cash and cash equivalents	\$317,032	\$221,181	\$538,213
Assessments and other receivable	977,274	110,964	1,088,238
Unit week inventory	4,000	-	4,000
Prepaid expenses	49,305	-	49,305
Due from (to) other fund	(33,452)	33,452	-
Total assets	<u>\$1,314,159</u>	<u>\$365,597</u>	<u>\$1,679,756</u>
Liabilities and Fund Balance (Deficit)			
Accounts payable and accrued liabilities	\$75,128	\$ -	\$75,128
Due to related parties - net	18,481	-	18,481
Deferred assessments	1,225,003	155,095	1,380,098
Total liabilities	<u>1,318,612</u>	<u>155,095</u>	<u>1,473,707</u>
Fund balance (deficit)	(4,453)	210,502	206,049
Total liabilities and fund balance (deficit)	<u>\$1,314,159</u>	<u>\$365,597</u>	<u>\$1,679,756</u>



SQUAW TAHOE RESORT TIME INTEREST OWNERS' ASSOCIATION
AND HOFBRAU CONDOMINIUM HOMEOWNERS ASSOCIATION

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

Year Ended December 31, 2010

	Operating Fund	Replacement Fund	Total
Revenues			
Assessments	\$1,202,113	\$104,009	\$1,306,122
Interest	1,855	1,104	2,959
Front desk and other income	282,023	-	282,023
Total revenues	<u>1,485,991</u>	<u>105,113</u>	<u>1,591,104</u>
Expenses			
Front office	140,336	-	140,336
Housekeeping	188,256	-	188,256
Owner relations/guest activities	45,605	-	45,605
Administration	227,476	2,467	229,943
Repairs, replacements and maintenance	127,639	49,043	176,682
Telephone and utilities	137,631	-	137,631
Fixed expenses	351,524	-	351,524
Provision for income taxes	800	-	800
Provision for doubtful accounts	152,638	12,876	165,514
Total expenses	<u>1,371,905</u>	<u>64,386</u>	<u>1,436,291</u>
Excess of revenues over expenses	114,086	40,727	154,813
Fund balance (deficit) - beginning of year	<u>(118,539)</u>	<u>169,775</u>	<u>51,236</u>
Fund balance (deficit) - end of year	<u>\$(4,453)</u>	<u>\$210,502</u>	<u>\$206,049</u>

See notes to the financial statements



SQUAW TAHOE RESORT TIME INTEREST OWNERS' ASSOCIATION
AND HOFBRAU CONDOMINIUM HOMEOWNERS ASSOCIATION

Statement of Cash Flows

Year Ended December 31, 2010

	Operating Fund	Replacement Fund	Total
Cash flows from operating activities			
Excess of revenues over expenses	\$114,086	\$40,727	\$154,813
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities			
(Increase) decrease in operating assets			
<i>Assessments and other receivable</i>	(49,326)	(42,223)	(91,549)
<i>Unit week inventory</i>	3,000	-	3,000
<i>Prepaid expenses</i>	7,900	-	7,900
<i>Due from (to) other fund</i>	(22,890)	22,890	-
Increase (decrease) in operating liabilities			
<i>Accounts payable and accrued liabilities</i>	15,992	(3,239)	12,753
<i>Due to related parties - net</i>	8,734	(324)	8,410
<i>Deferred assessments</i>	(978)	57,260	56,282
Net cash provided by operating activities	<u>76,518</u>	<u>75,091</u>	<u>151,609</u>
Net increase in cash and cash equivalents	76,518	75,091	151,609
Cash and cash equivalents - beginning of year	<u>240,514</u>	<u>146,090</u>	<u>386,604</u>
Cash and cash equivalents - end of year	<u>\$317,032</u>	<u>\$221,181</u>	<u>\$538,213</u>
Supplemental disclosure of cash flow information:			
Cash paid for income taxes			<u>\$800</u>

See notes to the financial statements

Notes to the Financial Statements

December 31, 2010

Note 1 - Association and membership

Squaw Tahoe Resort Time Interest Owners' Association (the Association) was incorporated on March 29, 1984, 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 Squaw Tahoe Resort in Olympic Valley, California. The Association is comprised of Class A memberships for vacation interval owners, and Class B memberships for vacation intervals owned by the project's developer. Annual memberships are entitled to two votes, and biennial memberships are entitled to one vote.

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

Hofbrau Condominium Homeowners Association (Hofbrau), was incorporated on March 1, 1985 as a California nonprofit mutual benefit corporation and is a master association with the specific purpose of promoting interests and welfare of homeowners in the Squaw Tahoe Resort. The fund balances of Hofbrau, formerly reflected in separate books and records, are included in these combined financial statements. Hofbrau is currently inactive.

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 the operating fund and replacement fund, 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.

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 a money market fund held with a brokerage firm.

Concentration of credit risk

The Association's interest bearing deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 through December 31, 2012. At December 31, 2010, the Association has balances in excess of insured limits. 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, 2010, each annual vacation interval owner was generally assessed \$816, inclusive of the replacement fund assessment. Biennial vacation membership assessments are one-half of the annual membership assessment amount. Under this program, units within the unit type originally purchased can be used once every two years.

The 2011 annual assessment is \$816, inclusive of replacement fund assessment, and is included in deferred assessments until earned.

Allowance for doubtful accounts

Assessments receivable at December 31, 2010 consist principally of advance assessment billings for the year ending December 31, 2011. Accordingly, an allowance for doubtful accounts has not been established as of December 31, 2010.

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 after all efforts to collect have been exhausted. Subsequent collection is recognized as bad debt recovery in the year received, which is netted with the 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 conducted in 2010 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 sales and occupancy 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 21, 2011, 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.

Note 3 - Developer assessments

On November 12, 1999, HAC Tahoe, Inc., (the Developer), an Alabama corporation and Sierra Tahoe Partners, LP (STP), a California limited partnership, formerly known as GPR Grant Wolf Financial Company, LLC, entered into a broker and development agreement wherein the Developer granted to STP the exclusive right to sell the vacation intervals. Under the terms of the agreement, STP assumed the Developer's subsidy obligations incurred after January 1, 2000. Effective January 1, 2003, STP elected out of subsidy and became responsible for the assessments pertaining to unpurchased vacation intervals. As of December 31, 2010, there were 16 unsold units out of a total of 1,632 units.

Note 4 - Related parties

The Association retains Grant Wolf & Associates (GW&A), an affiliate of STP and the Association for printing services. Printing expenses incurred were \$22,123 for the year ended December 31, 2010 and are included with administration expenses. At December 31, 2010, the Association owed GW&A \$783 for services provided.

Management agreement

The Association is operated under a management agreement with a professional property management company, Grand Pacific Resort Services, L.P., (GPRS). The term of the agreement is three years with Squaw-Tahoe and one year with Hofbrau, and is automatically renewable for successive one-year periods, unless terminated in accordance with the management agreement. The Association's management fee budget is within guidelines established by the California Department of Real Estate. Management fees under this agreement were \$113,247 for the year ended December 31, 2010, of which \$108,788 is allocated as fixed expenses under the operating fund and \$4,459 is allocated as repairs, replacements and maintenance under the replacement fund.

The Association compensates 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, Board of Directors and owners meetings coordination, owner relations and guest activity services. The Association also reimburses GPRS for any out of pocket expenses paid. At December 31, 2010, the Association owed GPRS and other affiliated companies \$18,481 for services provided, inclusive of the amounts owed to GW&A, as noted above.

Note 5 - Income taxes

For federal tax purposes, the Association and Hofbrau file separately and are taxed under Internal Revenue Code Section 528 as exempt organizations. The Association and Hofbrau are taxed on their 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 and Hofbrau file separately and are organized as non-exempt membership organizations. They are taxed on their excess nonmember income (principally interest and usage by nonmembers) at the normal corporate tax rates.

Federal and state income taxes for 2010 totaled \$0 and \$800, respectively.

Uncertain tax positions

The Association is required 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. At December 31, 2010, the Association is not aware of 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 2007 and 2006, respectively.

Supplementary Information on Future Major Repairs and Replacements

December 31, 2010 (Unaudited)

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. Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study, the date that the components will require repair or replacement or the costs incurred since the date of the study. During 2010, the Association conducted repairs and replacements totaling \$49,043.

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 the inflation rate and interest rate are 3% and 1.5%, respectively.

<u>Components</u>	<u>Estimated Remaining Life in Years</u>	<u>Estimated Current Replacement Costs</u>	<u>Recommended 2010 Funding Requirement</u>
Buildings	0-18	\$1,795,466	\$88,215
Furniture and fixtures	0-6	604,559	29,703
Totals		<u>\$2,400,025</u>	<u>\$117,918</u>