



PTVO OWNERS ASSOCIATION, INC.
2021 ANNUAL MEETING
June 9, 2021
1:30PM (ET)

**PTVO OWNERS ASSOCIATION, INC.
2021 ANNUAL MEETING & ELECTION OF DIRECTORS**

JUNE 9, 2021

AGENDA

1. Call to Order / Certification of Quorum
2. Introductions
3. Proof of Notice
4. Approval of 2020 Annual Meeting Minutes (Page 4)
5. Financial Report (Page 6)
6. Club Management Report
7. Election of Directors (Page 21)
8. Adjournment
9. Q&A Forum

BOARD OF DIRECTORS

Dave Evans, President (Owner Elected by Owners)

Peter Gianini, Vice President

Jodi Rogers, Secretary & Treasurer

OTHER OFFICERS & MANAGEMENT STAFF

Amy Bornmann, Assistant Secretary & Association Manager

Richard Scinta, VP of Club & Association Governance

2021 PTVO Owners Association Annual Meeting Zoom Log-in / Dial-in Information

Time: Jun 9, 2021 01:30 PM Eastern Time (US and Canada)

To Join Zoom Meeting from your computer or mobile device, click the following link:

<https://wyndham.zoom.us/j/93992695131?pwd=QlVmc1JmNkOvSjN0K2pVcHUwcVgrZz09>

Passcode: 423245

One tap mobile

+17207072699,,93992695131# US (Denver)

Passcode: 423245

Dial by your location

+1 720 707 2699 US

+1 647 374 4685 Canada

Meeting ID: 939 9269 5131

Passcode: 423245

Find your local number: <https://wyndham.zoom.us/j/93992695131?pwd=QlVmc1JmNkOvSjN0K2pVcHUwcVgrZz09>

From the Zoom app on your computer or mobile device, enter the following meeting info:

Meeting ID: 939 9269 5131

Passcode: 423245

PTVO OWNERS ASSOCIATION, INC.

ANNUAL MEETING & ELECTION OF DIRECTORS

JUNE 9, 2020 – CLUB WYNDHAM BONNET CREEK RESORT – ORLANDO, FL

MINUTES

The Annual Meeting and Election of Directors (the “Meeting”) of PTVO Owners Association, Inc. (the “Association”) was called to order by President Dave Evans at 1:30 PM (ET). Due to the ongoing COVID-19 pandemic, all members participated online or by telephone via Zoom. The following members of the Board of Directors and Management Staff were present:

Board: Dave Evans, President; Peter Gianini, Vice President; Jodi Rogers, Secretary & Treasurer

Management Staff: Richard Scinta, VP Club & Association Governance; Amy Bornmann, Director Club & Association Governance (Assistant Secretary); Sanela Djokovic, Director Club Management; Kevin Maciulewicz, Sr. Vice President of Resort Operations; Annie Roberts, Sr. Vice President of Club & Owner Services

Certification of Quorum

With 16.57% of the voting interests present by proxy, quorum was achieved.

Approval of Prior Minutes

A copy of the draft minutes of the 2019 Annual Meeting was distributed to those in attendance prior to the start of the Meeting. Mr. Gianini motioned to dispense with their reading and approve the minutes of the 2019 Annual Meeting as presented. The motion was seconded and carried unanimously.

Reports

Ms. Jodi Rogers presented the Financial Report.

Ms. Sanela Djokovic presented the Club Update.

Election of Directors

At this year’s Meeting, there was an election of ONE director, which was to be elected by all of the Association voting interests, including the Developer. Twelve owners submitted their nomination and all twelve names were placed on the ballot. Each member in good standing has a voting weight equal to their total points owned in the Association. Upon tallying of the votes, it was determined that Ms. Jodi Rogers was elected for a three-year term. A breakdown of the votes is as follows:

PTVO OWNERS ASSOCIATION, INC.
2020 ANNUAL MEETING & ELECTION OF DIRECTORS
June 9, 2020

CERTIFICATION OF QUORUM	COUNT	WEIGHT
ELIGIBLE WEIGHTED VOTES AVAILABLE		48,912,541,049
ONLINE PROXIES RECEIVED:	3971	6,802,247,477
PAPER PROXIES RECEIVED:	4317	1,302,308,000
MEETING PROXIES RECEIVED:	0	0
TOTAL VOTING INTERESTS PRESENT IN PERSON OR BY PROXY:	8288	8,104,555,477
WEIGHT REQUIRED FOR QUORUM (10% OF TOTAL):		4,891,254,105
TOTAL % VOTING INTERESTS PRESENT IN PERSON OR BY PROXY:		16.57%

ELECTION TALLY	COUNT	WEIGHT
Jodi Rogers**	2135	6,246,496,278
RDML Dale Baugh, USN (ret)	1838	579,103,000
James Hicks	736	231,532,500
Susan Nokleby	702	199,854,499
Amy Houle Caruso	576	186,960,500
Rev. Michael Schmidt	533	164,950,700
John Lenarz	291	88,438,500
Tom Ellis	234	61,431,500
Kimberly Kerr	181	47,497,000
Michael Walter	172	44,065,000
Jacqueline Schwartz	93	27,679,000
Kenneth Ploch	42	11,099,000

Adjournment

There being no further business, Ms. Rogers motioned to adjourn the Meeting. The motion was seconded and carried unanimously. The meeting was adjourned at 2:05 PM (ET).

Owner Forum

Management responded to Owner questions related to COVID-19 impacts on the resorts and their Club Wyndham Plus membership.

Recorded by:

Amy Bornmann, Assistant Secretary

PTVO OWNERS ASSOCIATION, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020



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CONSULTING**

**PTVO OWNERS ASSOCIATION, INC.
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YEAR ENDED DECEMBER 31, 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
PTVO Owners Association, Inc.
Las Vegas, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of PTVO Owners Association, Inc., which comprise the balance sheet as of December 31, 2020, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair representation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PTVO Owners Association, Inc. as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of future major repairs and replacements on page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



CliftonLarsonAllen LLP

Bellevue, Washington
April 29, 2021

PTVO OWNERS ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2020

	Operating Fund	Replacement Fund	Total All Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,849,828	\$ 3,841,362	\$ 5,691,190
Investments	-	14,351,727	14,351,727
Assessments Receivable, Net of Allowance	6,992,935	-	6,992,935
Net Receivable from Related Parties	4,493,373	-	4,493,373
Prepaid Expenses and Other	33,782,662	-	33,782,662
Due from Operating Fund	-	2,366,732	2,366,732
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 47,118,798</u>	<u>\$ 20,559,821</u>	<u>\$ 67,678,619</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Maintenance Fees Payable	\$ 16,203,368	\$ -	\$ 16,203,368
Other Accrued Expenses	3,025,181	-	3,025,181
Deferred Revenue	2,563,170	-	2,563,170
Due to Replacement Fund	2,366,732	-	2,366,732
Total Liabilities	<u>24,158,451</u>	<u>-</u>	<u>24,158,451</u>
FUND BALANCE			
	<u>22,960,347</u>	<u>20,559,821</u>	<u>43,520,168</u>
Total Liabilities and Fund Balance	<u>\$ 47,118,798</u>	<u>\$ 20,559,821</u>	<u>\$ 67,678,619</u>

See accompanying Notes to Financial Statements.

PTVO OWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2020

	Operating Fund	Replacement Fund	Total All Funds
REVENUES			
Maintenance Fee Assessments	\$ 309,046,218	\$ 6,134,915	\$ 315,181,133
Developer Conversion Fees	3,575,579	-	3,575,579
Other Revenue	793,418	175,229	968,647
Total Revenues	<u>313,415,215</u>	<u>6,310,144</u>	<u>319,725,359</u>
EXPENSES			
Maintenance Fees	252,236,829	-	252,236,829
Unit Expenses	28,935,060	3,244,299	32,179,359
Bad Debt	29,255,482	-	29,255,482
Management Fees	2,199,048	-	2,199,048
Collections	1,164,116	-	1,164,116
Accounting	713,106	-	713,106
Taxes, Insurance, and Trustee Fees	312,570	-	312,570
Administrative Fees	369,771	150	369,921
Total Expenses	<u>315,185,982</u>	<u>3,244,449</u>	<u>318,430,431</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(1,770,767)	3,065,695	1,294,928
Fund Balance - Beginning of Year	<u>24,731,114</u>	<u>17,494,126</u>	<u>42,225,240</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 22,960,347</u></u>	<u><u>\$ 20,559,821</u></u>	<u><u>\$ 43,520,168</u></u>

See accompanying Notes to Financial Statements.

PTVO OWNERS ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

	Operating Fund	Replacement Fund	Total All Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (Deficit) of Revenues Over Expenses	\$ (1,770,767)	\$ 3,065,695	\$ 1,294,928
Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Provided by Operating Activities:			
Bad Debt	29,255,482	-	29,255,482
Changes in Operating Assets and Liabilities:			
Assessments Receivable	(29,400,243)	-	(29,400,243)
Net of Receivable from and Payable to Related Parties	(4,879,847)	-	(4,879,847)
Prepaid Expenses and Other	3,408,433	-	3,408,433
Maintenance Fees Payable	1,071,466	-	1,071,466
Other Accrued Expenses	1,517,927	-	1,517,927
Deferred Revenue	(10,325,101)	-	(10,325,101)
Due to/from Operating/Replacement Fund	528,747	(528,747)	-
Net Cash Provided (Used) by Operating Activities	(10,593,903)	2,536,948	(8,056,955)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Purchases of Investments	-	(2,350,245)	(2,350,245)
Net Cash Used by Investing Activities	-	(2,350,245)	(2,350,245)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,593,903)	186,703	(10,407,200)
Cash and Cash Equivalents - Beginning of Year	12,443,731	3,654,659	16,098,390
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,849,828</u>	<u>\$ 3,841,362</u>	<u>\$ 5,691,190</u>

See accompanying Notes to Financial Statements.

**PTVO OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

PTVO Owners Association, Inc. (the Association) is a nonstock, nonprofit corporation, organized and existing under the laws of the state of Delaware for the purpose of administering the property that is subject to the Declaration of Covenants, Conditions and Restrictions, and Grant and Reservation of Easements for the Club Wyndham Access (CWA) Vacation Ownership Club (the Club) dated January 3, 2008. The Association is a perpetual club-based timeshare association that was created to represent the membership interests in the resort inventory. Wyndham Vacation Resorts (WVR or the Developer) is the developer of the Club and deeds resort inventory into the Club in exchange for points that represent ownership in the deeds and membership interest in the Association. The Developer may either deed in fractional timeshare inventory or whole unit accommodations not subject to a timeshare regime. In 2020, no new whole units were deeded into the Association. As of December 31, 2020, the Developer had deeded a total of 708 units into the Association. The property in the Club is held by the Association. The points represent a membership interest in the Association, which includes the perpetual right to participate in the Club and related timeshare property. Members in the Association purchase an allotment of CWA points from WVR. The Club allows members advance reservation priority at multiple Wyndham Vacation Resorts that are a part of the Club. As of December 31, 2020, the property in the Club held by the Association equaled a point value of 50,984,421,449, of which WVR owned 8,893,153,968; the other points had been sold to other members. The Association has an affiliation agreement with the Fairshare Vacation Plan Use Management Trust (the Trust) to provide billing, collection, and reservation services on behalf of the Association.

Fund Accounting

To ensure and facilitate the fiduciary responsibility required of the Association regarding restrictions placed on the use of resources available to it, the accounts are maintained in accordance with the principles of fund accounting. The purpose of the various funds and the restrictions on the use of their assets are as follows:

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund – This fund represents funds collected by the Association from the members to fund future replacement, major repairs, and purchases of commonly owned assets.

Cash and Cash Equivalents

The Association considers all highly liquid investments with an original maturity of one to three months when purchased to be cash equivalents.

PTVO OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The investment account reflects certificates of deposit and U.S. Treasury bills with a maturity of one to 12 months.

Fair Value of Financial Instruments

The carrying amounts of the Association's financial instruments, including cash, cash equivalents, receivables, prepaid expenses, accounts payable and accrued expenses, approximate fair value due to the immediate or short-term maturity of these instruments.

Property and Equipment

In conformity with industry practice, the Association's policy for recognizing common property as assets in its balance sheet is to recognize: (a) common personal property and (b) real property to which it has title and that it can dispose of for cash while retaining the proceeds or that is anticipated to generate significant cash flows from members on the basis of usage or from nonmembers. The Association defines as common property, property where the title or other evidence of ownership is held directly by a common interest realty association. All timeshare property is held by the Association because the Developer transfers the real and personal property directly to the Association when it is placed in service.

The primary purpose of the timeshare property is for use by members. The timeshare property is not held for sale by the Association, nor does it generate significant cash flows on the basis of usage for the Association.

Accordingly, timeshare property transferred from the Developer, and the related furnishings, are not recorded in the financial statements because of the restrictions imposed by the bylaws related to disposal of common properties. The bylaws specify that the board of directors may exchange a timeshare property for another provided that the properties are comparable and there is no dilution of members' rights.

Revenue Recognition

The Association collects maintenance fees from each member to fund the operations of the Association. Fees are recognized ratably over the assessment period. Any amounts received in advance of the due date are deferred until due. The Financial Accounting Standards Board issued Accounting Standards Code 606 requiring deferral of the recognition of income until the services are rendered. The Association has determined ASC 606 does not apply to the Association as no customer relationship exists as it is defined by the Code. The Association does not defer the recognition of any portion of revenue as a contract liability.

PTVO OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Other Revenue consists mainly of housekeeping income and is recognized as the related performance obligation is satisfied. The Association's performance obligation related to its housekeeping income, which is to provide additional cleaning services in a given week for lodging accommodations, is satisfied over time and revenue is recognized on a daily basis as the accommodations are occupied. As compensation for providing additional housekeeping services, the Association receives a cleaning fee which is received after checkout of the guest.

Maintenance Fees

The Association is responsible for paying all maintenance fees and assessments to the property owners associations (POA) that represent the real estate interests deeded to the Association as part of CWA. The Association pays these maintenance fees and assessments as they become due to the POA. All maintenance fees are expensed and paid monthly, except for maintenance fees for fixed week inventory where the fees are paid annually and amortized over the period of available property use.

Income Taxes

The Association files as a homeowners' association in accordance with Internal Revenue Code (IRC) Section 528, using Form 1120-H. Under that Section, the Association excludes from taxation exempt function income, which generally consists of revenue from uniform assessments to owners. The Association's nonexempt income was subject to tax.

Additional Developer Assessments

WVR deeds fixed week timeshare resort inventory into the Club during the year in exchange for points that represent membership interests in the Association. Once the points are issued a monthly membership based on 1/12th of the annual maintenance fee is billed to the owner of the inventory. The Club has a year-to-year agreement with WVR that provides that WVR will pay a conversion fee to the Association upon conversion from fixed week timeshare inventory to points that is intended to supplement the cash needed to pay the next annual maintenance fee to the POA when it comes due. The conversion fee is determined by approximating the difference between the subsequent year maintenance fee cost, on such fixed week timeshare units transferred to the Club, and the membership assessments that will be paid to the Association for the remainder of the year in which the inventory is deeded. The Association recognizes the fee charged to WVR under this agreement as a Developer conversion fee within revenues in the accompanying statement of revenues, expenses, and changes in fund balance.

The Association's performance obligation related to Developer conversion fees is satisfied as the expense related to the next annual maintenance fee to the underlying POA comes due. All revenues recognized for the year ended December 31, 2020 relate to inventory converted from fixed week timeshare inventory to points during 2019.

**PTVO OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS

As defined by accounting principles generally accepted in the United States of America, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Based on the observability of the inputs used in the valuation techniques, the Association is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities. The certificates of deposit and U.S. Treasury bills held by the Association are Level 1.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities. The Association has no Level 2 assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. The Association has no Level 3 assets or liabilities.

PTVO OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The Association holds investments in multiple certificates of deposit at various banks throughout the United States as well as US Treasury bonds. Rates of return range from 0.05% to 1.94% during the year ended December 31, 2020. The fair value of investments included in the balance sheet at December 31, 2020 is summarized as follows:

Certificates of Deposit and US Treasury Bonds:	
Maturities 1 to 3 Months	\$ 5,111,269
Maturities 4 to 12 Months	9,240,458
Total	<u>\$ 14,351,727</u>

NOTE 3 ASSESSMENTS RECEIVABLE

Assessments receivable consists primarily of amounts due from members for member assessments and other fees for services. The Association does not permit a member to make a reservation if their account is delinquent. A valuation allowance is provided for all receivables for the amount the Association does not expect to collect based on past collection experience and current economic conditions. Management analyzed the Association's past collection experience and determined the likelihood expressed as a percentage that the Association will ultimately collect receivables by the number of months outstanding. Management uses these percentages to determine the allowance for the aged receivables. The allowance for bad debt as of December 31, 2020 is summarized as follows:

Allowance - Beginning of Year	\$ 20,790,307
Bad Debt	29,255,482
Receivables Charged Off	(14,752,074)
Allowance - End of Year	<u>\$ 35,293,715</u>

NOTE 4 RELATED PARTY TRANSACTIONS

The Developer serves as the Club manager and provides accounting and other administrative services for the Association. The Association recorded expenses of \$6,422,473 related to these services during the year ended December 31, 2020.

The Association bills the Developer a member's assessment on any CWA points that are unsold each month at the same rate as any other member. The Association recognized revenue of \$45,984,193 related to these assessments during the year ended December 31, 2020.

PTVO OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 RELATED PARTY TRANSACTIONS (CONTINUED)

The Association also received Developer conversion fees related to resort inventory that the Developer deeded into CWA, in the amount of \$3,575,579 for the year ended December 31, 2020. These funds are received in the year the inventory is deeded and recorded as revenues in the subsequent year to offset the additional maintenance fee expense created by the new fixed week inventory. Amounts included in deferred revenue for these fees were \$2,283,641 at December 31, 2020.

The Fairshare Vacation Plan Use Management Trust (the Trust), an affiliate of WVR, provides collection and reservation services for the Association. During the year ended December 31, 2020, the Association recorded net expenses of \$1,164,116 related to these services.

The net due to related parties as of December 31, 2020 consisted of the following:

Payable to Related Parties:

Payable to Trust - Estimated Maintenance Fees	
Collected by the Trust	\$ (30,055)
Payable to Trust - Administrative Servicing Fees	(388,039)

Receivable from Related Parties:

Receivable from Developer - Maintenance Fees	4,198,133
Assessments on Delinquent Inventory	156,411
Receivable from Developer - Conversion Fees	443,559
Receivable from Trust - Other Revenues	113,364
Total Net Receivable from Related Parties	<u>\$ 4,493,373</u>

NOTE 5 INCOME TAXES

The Association has elected to take advantage of the tax benefits provided by IRC Section 528 by filing as a Homeowners Association for the year ended December 31, 2020. As a result of the 2020 filing election, no income tax benefits have been recognized during the year ended December 31, 2020.

The Association did not have any material unrecognized tax benefits under ASC 740, *Income Taxes*, as of December 31, 2020. The Association does not anticipate any material change in the total amount of unrecognized tax benefits to occur within the next 12 months.

NOTE 6 CONCENTRATIONS

Cash and cash equivalents are maintained at various financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The Association places its funds with high credit quality financial institutions and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

PTVO OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 RISKS AND UNCERTAINTIES

During the year ended December 31, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Association, COVID-19 has impacted various parts of its 2020 operations and financial results. Management believes the Association is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and still developing.

NOTE 8 REPLACEMENT FUND

The Association's replacement fund is utilized to accumulate funds for future major repairs and replacements, by an allocation of the assessment charged to each member, and specifically designated for the fund in the annual budget. The Association uses the cash flow method to develop its reserve funding plan. Deductions from the fund are recorded at cost, as incurred, which are determined by the board of directors to meet the objective for which the fund was established. The Association's policy is to retain the investment income earned on such funds in the replacement fund. The 2021 proposed budgeted funding is \$6,917,762, as shown in the unaudited supplementary information. The components' actual replacement costs, useful lives, and investment income may vary from the estimated amounts and the variation may be material. Therefore, the Association's replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The internal analysis shown in the unaudited supplementary information was prepared by management as of March 5, 2021.

NOTE 9 SUBSEQUENT EVENTS

The Club has evaluated subsequent events through April 29, 2021, the date the financial statements were available to be issued. There were no subsequent events that required recognition or disclosure.

PTVO OWNERS ASSOCIATION, INC.
FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2020
(UNAUDITED)
(SEE INDEPENDENT AUDITORS' REPORT)

The following table is based on an internal analysis that was prepared as of March 5, 2021, and it presents an estimated breakout by resort for unit interiors to be funded through reserves as well as exteriors for Owls III, Kestrels, and Tamaracks VII. Amounts are based on normal operation and without the effect of potential catastrophic occurrences. All expenditures require board review and approval to ensure project scope and cost comply with the established reserve model.

<u>CWA Unit Location</u>	<u>Average Estimated Useful Life</u>	<u>Average Estimated Remaining Useful Life</u>	<u>Estimated Current Replacement Costs</u>
Anaheim	13 Years	8 Years	\$ 2,256,561
Angels Camp	13 Years	4 Years	4,679,430
Austin	15 Years	12 Years	11,671,511
Bison Ranch	12 Years	8 Years	1,989,161
Desert Blue	14 Years	13 Years	3,992,613
Galena	14 Years	5 Years	2,804,746
Grand Lake	13 Years	10 Years	3,523,914
Indio	13 Years	6 Years	12,022,962
Kestrels	17 Years	5 Years	1,299,232
Lake of the Ozarks	13 Years	6 Years	3,003,500
Las Vegas Tropicana	13 Years	6 Years	4,272,892
Owls III	14 Years	10 Years	3,953,683
Pinetop	13 Years	4 Years	2,455,469
Portland	13 Years	6 Years	1,299,232
Rancho Vistoso	13 Years	1 Years	2,577,389
Reunion	13 Years	10 Years	7,797,573
Steamboat Springs	14 Years	10 Years	3,207,133
Tamaracks VII	16 Years	9 Years	1,831,072
Taos	13 Years	8 Years	3,069,914
Total			<u>\$ 77,707,987</u>

The 2021 Proposed Budgeted Funding is \$6,917,762. Estimated current replacement costs are based on the assumption that the rate of investment income earned on replacement funds is reinvested, and that the rate of inflation is 3.0%

PTVO OWNERS ASSOCIATION, INC.
2021 CANDIDATE STATEMENTS

*CANDIDATES ARE LISTED IN ALPHABETICAL ORDER BY LAST NAME. **DENOTES INCUMBENT*

Floyd Coles, Jr. - Pittsburgh, PA

I have served on many boards including Elks, Masons, and Boy Scouts. I currently serve on Cluster IV - a neighborhood improvement body that has made Pittsburgh a more livable city by brighter streetlights, ramp curbs for wheelchair accessibility and planting trees and shrubs to curb drainage issues

Kerry Coxen - St. Albert, Alberta

I am interested in participating as a member of the Board of Directors. I believe my experience would be a benefit to the organization. I started out in the career of a public-school teacher and principal. Through thirty-five years I served on many professional committees and boards. I performed the duties of all the traditional positions (President, Secretary, Treasurer, Communications Officer) during these commitments. Just before I retired, I joined the board of the Oak Hill Boy's Ranch. This organization worked to help troubled boys get back on track. We ran a home for boys. After retirement my wife and I bought a condominium and I immediately volunteered for the board. I spent the first year as the secretary and the last five years as president. During my time on the condominium board, I have learned several things. We must balance the need to maintain our property in order to keep the property value up with the need to keep our monthly condo fee reasonable. While doing this it is not possible to keep everyone happy as there are always owners who feel they have a better way of doing things. My philosophy is to do what is right. As a board we have different views and we must listen to others and be respectful of their opinions. In the end we will make decisions and those decisions must be supported by all members of the board once we leave the meeting. Only in unity will we succeed.

Daniel Dawe - Howell, MI

I am interested in becoming a member of the Board of Directors to assure fiscal responsibility, while maintaining an enjoyable and rewarding experience for members who use Club Wyndham Access. I am a retired public safety professional whose job responsibilities, beyond public safety, included purchase of medical supplies, maintenance supplies, and personal protective equipment. I worked with vendors to not only provide the best equipment possible, but to provide it at a reasonable cost. The "lowest bid" is only acceptable if the quality is high. Wyndham has been known as a quality brand, and its owners should expect quality accommodations and amenities. The costs associated with this type of quality still require fiscal responsibility, and as a member of the Board I will work to provide both.

Thomas Ezzo - Pompano Beach, FL

With my background in Property Management as well having held licenses in Florida as well as Holding CMCA qualifications I think I could contribute to the welfare of the organization.

Sias Geerdes - West Point, IA

I am currently on the board for Wyndham Meadows II in Branson, MO. The reason for me wanting to serve on the board is to maintain the cost of the maintenance fees for the owners. Also give insight on the way the boards of the the resorts operate to the current members of PVTO owners and provide support to the association. I have been an owner with Wyndham for 20 years. I own deeds in the following locations

Wyndham Meadows I, Meadows II, and Wyndham Waikiki Beach walk. I would feel honored to serve on this board and support all the owners and management.

Peter Gianini - Orlando, FL (INCUMBENT)**

I currently serve as Vice President of the PTVO Owners Association. I first joined Wyndham in March, 2008 as a Regional Vice-President of Resort Operations and was promoted to my current position of Vice President of Resort Operations in 2011. I bring an extensive background in the hotel and vacation resort management industry, with broad experience at all levels of leadership in hospitality and association operations through my 30+ year career. I currently reside in Orlando, Florida with my wife and son. I look forward to continuing to serve you on the PTVO board.

Jutarut Godinho - Chicago, IL

Hello - my name is Judy Godinho and I have been a proud owner of Club Wyndham since 2018. I would like to serve on the Board to contribute to the governance of this excellent association and to support the ongoing management of the Club Wyndham Access program. I have had many years of experience on a homeowner's association on finance projects (budgets and insurance) and other development projects (security, gym enhancement and hiring). I currently service on a non-profit board of a Chicago based charity and am also part of the Finance and Diversity, Equity and Inclusion Committees. I would appreciate the opportunity to bring these skills coupled with my extensive background in the investment to the PTVO Owners Association and hope you would consider voting for me. Thank you.

Kimberly Jones - Bel Air, MD

I have been a Wyndham Owner since 2013. I am a corporate legal assistant. It would be a pleasure to serve on the Board.

Harry Ong - Los Angeles, CA

Born in the Philippines, I've worked as a computer software nerd for over 20 years now and still counting. I just want to experience something new and perhaps attain a new kind of inspiration in the business of leisure by humbly contributing to the Association. I am hoping that I would have a chance to apply my computer knowledge to give some kind of new experiences to the members, perhaps an exchange travel program, points sharing, social media pertaining to group traveling and alike. Thank you and I hope we can make traveling fun in spite of pandemics and all sorts of disturbances. Stay positive!

Rodney Pittman - Washington, DC

Having experience with co-founding a non-profit, I think my skill set will be of use to the members. I currently own and operate a Health & Wellness company in the Washington D.C Metro area and I enjoy motivating my clients to reach their goals. I would thrive on motivating the board to do what is in the best interest of the member!

Michael Schmidt – Green Bay, WI

I have watched the Fairfield/Wyndham grow from its infancy to the world timeshare leadership position it currently holds. This growth has incorporated various types and levels of ownership within Wyndham, such as, fixed weeks, points, PTVO, and various VIP levels. These various types and levels of ownership lead to multiple boards with varying responsibilities. Being selected for the PTVO Board level would allow me to learn how this Board functions within the bigger picture. Through my past board and working experience I have gained knowledge in the areas of planning for projects and missions, setting goals for budgets,

supervising workers and meeting goals. I am currently President (2 Yr.) and prior Secretary Treasurer (2 Yr.) on the Fairways Townhouse Assn., Inc. Board at Fairfield Bay, Arkansas (a resort included in the PTVO Wyndham resorts) where we still own our second week of timeshare. My experience and skills include Treasurer of Brown County Homeless and Housing Coalition, Treasurer of St. John's Homeless Shelter, and member of Brown County Corrections Board. Twenty-four years US Army Reserve retired as Lieutenant Colonel; eight years plant management; sixteen years full-time Deacon in charge of Social Concerns at Catholic Parish of 3,000 families. It is important that the PTVO Board assist member resorts in maintaining the high quality of vacation Wyndham offers. As a retired individual I now have time to dedicate to this opportunity to serve and learn. I thank you for your time and would appreciate your vote.

James South - Fort Worth, TX

I would like to serve on the Board of Directors to serve the members that the Association represents with accurate and responsible compliance of adopted and future statutes. To offer counsel and leadership on proposals, administration and all other matters of the Board.

Dennis Sterling - Galion, OH

I wish to serve on the Board of Directors for Wyndham Resorts. I have been an owner for many years and along with my family, we utilize different resorts and are proud of what we see and the way we are treated at the different resorts. I enjoy working with people of different backgrounds, and as an unofficial ambassador for the Wyndham Resorts. My intention is to help to keep the resorts and company moving forward providing an excellent product and services to members and potential future members. I have a background in public safety and labor relations, along with service sector activity. I would consider this an honor and privilege to serve my Wyndham community and family.

Marcia Taylor - Ellendale, TN

I would like to serve on the board in order to utilize my skill sets from having served on hospital boards, musing school boards, and non-profit organizations. I have learned in corporate America, that an often forgotten treasure is that of travel and families having experiences and creating memories. Prior to COVID-19 impacting our world, I had just begun to thoroughly enjoy traveling with my family. I have also learned from other families the importance of travel and vacation. I would like to be able to impact experiences at Wyndham.

Rev. William Teng - Lake Suzy, FL

My wife and I have been purchasing and enjoying time share units since the early 90s and are glad to be now associated with Wyndham Vacation. Since I'm now retired, I've found myself with more time on hand and would like to offer to the Board my past experiences and management skills.

James Thompson - Seaford, DE

I would like to become a Director of the PTVO Owners Association, Inc. Based on my analysis, the expenses are projected to increase ten percent next year. The present owners will begin to have concerns about keeping their properties or transferring to relatives in the future. Keeping the properties maintained is an absolute necessity and in many cases cannot be reduced. This area needs to be reviewed for reductions.

No one wants to see these expenses increase to a point that we cannot transfer them to other people. Our properties need to be such that others would desire to keep the property by inheritance or sale. We have all heard of companies offering to help sell these properties at additional cost to the owners just to remove

them because of the added expense. Getting a plan for Wyndham to take these properties back at some nominal price would benefit some of the older resident owners who would like to sell or discontinue using them.

Darrel Tucker - Clinton, IL

I feel I can provide a new perspective and insight to the Board. Being a share owner for about 20 years I have observed some good things and bad things that have impacted the ownership. I would like to be able to help the organization from a owner, Veteran and technical viewpoint. Being active in various nonprofit Veteran and business organizations from raising funds through state and federal grants has given me a broad experience in funding such organizations as elaborated in the Background and Experience section. My life experiences of growing up in a one room log cabin in Idaho, serving my country in the Air Force, working to obtain an Electrical Engineering degree, and working in the complex nuclear power industry is a true reflection of my hard working ethics. Also understanding the IRS nonprofit processes at the grass roots level and working on both simple and complex budgets in both the nonprofit and large business entities has given me a diverse insight of finances. I am a team player and like to listen and learn before jumping into a project or communication.

Mark Vanlerberghe - Brentwood, CA

Drawing upon my over 30 years of experience serving on boards of directors and governing committees of not for profit entities as well as homeowner associations, I feel my extensive financial management and administrative skills, could be an asset to the Members and the Board of PTVO Owners' Association, Inc.

Ela Wardowski – Sterling Heights, MI

As a Club Wyndham member, I am interested in serving on the Board of Directors to better understand the direction of Club Wyndham and to affect decisions that best represent the interest of its members. As a business professional, I find that it is critical to understand the “why” behind recommendations as well as to have diverse points of view from stakeholders to enable good decisions. As a Board Member, my goal will be to review recommendations and proposals through the lense of both an owner and business professional, providing Wyndham leadership with feedback to enable decisions that will be in the best interest of Club Wyndham members.

FAQs

Q: What does “PTVO” stand for?

A: It stands for **Property Trust Vacation Owners**. Initially, the association name was going to be Property Trust Vacation Owners Association, Inc. Somewhere along the way between the initial plan and the filing of the Articles of Incorporation, the name was changed to PTVO Owners Association, Inc. PTVO Owners Association, Inc. is an independent third-party entity, not a subsidiary or affiliate of Wyndham Destinations.

Q: How are the annual maintenance fees determined?

A: The Club Wyndham® Access (“CWA”) budget is developed on an annual basis and always starts with first determining what our expected expenses are for the upcoming year. Expenses for CWA consist of maintenance fees on intervals and points owned by CWA, unit related costs associated with units wholly owned by CWA as well as administrative costs (i.e. management and accounting fees, annual meeting election and correspondence costs, trustee fee, taxes, audit and tax preparation fees, reservations, and insurance) for management of CWA.

Over 90% of those expenses are related to the costs associated with the maintenance fees on the intervals and points owned by CWA and the unit expenses related to maintaining and servicing our members at those resorts that CWA owns whole units. All of the intervals / points / units that make up the CWA plan are located in resorts which have an underlying owners association. Just like a deeded owner at those resorts, CWA is charged a maintenance fee on the intervals / points / units in each of those underlying associations. (It should be noted that CWA pays the same maintenance fee as any other deeded owner for each interval / point / unit that is part of CWA.) *For example, if CWA has 10 weeks at a specific property and the maintenance fee passed by that property’s board of directors is \$500 per week, CWA pays \$5000 to that underlying association.* In addition to the pass through maintenance fees of the underlying associations, the CWA maintenance fee includes reserves contributions for repairs and replacements of the assets associated with the whole units that are part of CWA (those units wherein all 52 weeks are part of CWA).

Once we determine the total expenses for the next year, we offset those costs with any ancillary revenues that CWA generates (i.e. conversion, reservation, housekeeping and interest income). The Net Expense (Total Expenses – Ancillary Revenues) is divided by the total number of points divided by 1000, to arrive at the maintenance fee amount paid by our members. For example the 2021 CWA Maintenance Fee was calculated as follows:

Total Expenses - \$337,393,362

Total Ancillary Revenues – \$2,655,967

Total Reserves Contribution - \$6,917,762

Total Points – 51,686,105,449 (includes sold and unsold points committed to CWA)

Calculation:

$\$337,393,362$ (Total Expenses) - $\$2,655,967$ (Ancillary Revenues) + $\$6,917,762$ (Reserves) = $\$341,645,157$ (Total Net Expenses)

$\$341,645,157 / (51,686,105,449 \text{ (Points)})/1000 = \6.61

It should be noted that all owners of CWA points, including Wyndham on its unsold points, pay the same maintenance fee per 1,000 points.

Q: What is the “Bad Debt” line item of the budget?

A: The Bad Debt line item of the budget is the estimated amount of annual maintenance fees that won't be paid by CWA owners. As you are aware, every owner, Wyndham included, pays an annual maintenance fee based on the number of points owned. (Wyndham pays the same maintenance fee as any other CWA owner, which is currently \$6.61 per thousand points.) The association is a not-for-profit, which means the association's budgeted revenue is equal to its budgeted expenses. So, when owners don't pay, it creates a shortfall. Rather than face a shortfall, which could result in a dreaded special assessment, most boards budget for unpaid maintenance fees through a Bad Debt line item. In a perfect world, every owner would pay their annual maintenance fees and bad debt would not occur. Since that is not a realistic expectation, the board continues to work with management on ways to offset the bad debt expense, up to and including cancelation/foreclosure.

Q: How is Club Wyndham Access related to Club Wyndham Plus?

A:

