

Summer
2012



Newsletter

www.villagewestresort.com

www.sunrisecove.com

E-Mail Address: fun@villagewestresort.com

SUNRISE COVE BOARD OF DIRECTORS

Mike Hoepfner, President

Dale F. Goodman, Treasurer

Rod Black, Secretary

Tom Underwood, Vice President
Term Expires 2012

Dr. Jack Belitz, Vice President
Term Expires 2013

Any input or comments regarding Association matters should be mailed to the Association President at:

**Sunrise Cove
c/o Association President
20785 170th Street
Spirit Lake, IA 51360**

ELECTION RESULTS

Our congratulations are extended to **Dr. Jack Belitz** who was re-elected at the Annual Meeting as a Sunrise Cove Representative to the Board of Directors. Mr. Belitz will serve another two (2) year term.

2012 BOARD MEETINGS

Thursday, May 10, 2012
Thursday, August 2, 2012
Saturday, October 20, 2012
Annual Meeting
Saturday, October 20, 2012

2012

| Week Number | Friday to Friday | Saturday to Saturday | Sunday to Sunday |
|-------------|------------------|----------------------|------------------|
| 1 | Jan.6-Jan.13 | Jan.7-Jan.14 | Jan.1-Jan.8 |
| 2 | Jan.13-Jan.20 | Jan.14-Jan.21 | Jan.8-Jan.15 |
| 3 | Jan.20-Jan.27 | Jan.21-Jan.28 | Jan.15-Jan.22 |
| 4 | Jan.27-Feb.3 | Jan.28-Feb.4 | Jan.22-Jan.29 |
| 5 | Feb.3-Feb.10 | Feb.4-Feb.11 | Jan.29-Feb.5 |
| 6 | Feb.10-Feb.17 | Feb.11-Feb.18 | Feb.5-Feb.12 |
| 7 | Feb.17-Feb.24 | Feb.18-Feb.25 | Feb.12-Feb.19 |
| 8 | Feb.24-Mar.2 | Feb.25-Mar.3 | Feb.19-Feb.26 |
| 9 | Mar.2-Mar.9 | Mar.3-Mar.10 | Feb.26-Mar.4 |
| 10 | Mar.9-Mar.16 | Mar.10-Mar.17 | Mar.4-Mar.11 |
| 11 | Mar.16-Mar.23 | Mar.17-Mar.24 | Mar.11-Mar.18 |
| 12 | Mar.23-Mar.30 | Mar.24-Mar.31 | Mar.18-Mar.25 |
| 13 | Mar.30-Apr.6 | Mar.31-Apr.7 | Mar.25-Apr.1 |
| 14 | Apr.6-Apr.13 | Apr.7-Apr.14 | Apr.1-Apr.8 |
| 15 | Apr.13-Apr.20 | Apr.14-Apr.21 | Apr.8-Apr.15 |
| 16 | Apr.20-Apr.27 | Apr.21-Apr.28 | Apr.15-Apr.22 |
| 17 | Apr.27-May 4 | Apr.28-May 5 | Apr.22-Apr.29 |
| 18 | May 4-May 11 | May 5-May 12 | Apr.29-May 6 |
| 19 | May 11-May 18 | May 12-May 19 | May 6-May 13 |
| 20 | May 18-May 25 | May 19-May 26 | May 13-May 20 |
| 21 | May 25-Jun.1 | May 26-Jun.2 | May 20-May 27 |
| 22 | Jun.1-Jun.8 | Jun.2-Jun.9 | May 27-Jun.3 |
| 23 | Jun.8-Jun.15 | Jun.9-Jun.16 | Jun.3-Jun.10 |
| 24 | Jun.15-Jun.22 | Jun.16-Jun.23 | Jun.10-Jun.17 |
| 25 | Jun.22-Jun.29 | Jun.23-Jun.30 | Jun.17-Jun.24 |
| 26 | Jun.29-Jul.6 | Jun.30-Jul.7 | Jun.24-Jul.1 |
| 27 | Jul.6-Jul.13 | Jul.7-Jul.14 | Jul.1-Jul.8 |
| 28 | Jul.13-Jul.20 | Jul.14-Jul.21 | Jul.8-Jul.15 |
| 29 | Jul.20-Jul.27 | Jul.21-Jul.28 | Jul.15-Jul.22 |
| 30 | Jul.27-Aug.3 | Jul.28-Aug.4 | Jul.22-Jul.29 |
| 31 | Aug.3-Aug.10 | Aug.4-Aug.11 | Jul.29-Aug.5 |
| 32 | Aug.10-Aug.17 | Aug.11-Aug.18 | Aug.5-Aug.12 |
| 33 | Aug.17-Aug.24 | Aug.18-Aug.25 | Aug.12-Aug.19 |
| 34 | Aug.24-Aug.31 | Aug.25-Sep.1 | Aug.19-Aug.26 |
| 35 | Aug.31-Sep.7 | Sep.1-Sep.8 | Aug.26-Sep.2 |
| 36 | Sep.7-Sep.14 | Sep.8-Sep.15 | Sep.2-Sep.9 |
| 37 | Sep.14-Sep.21 | Sep.15-Sep.22 | Sep.9-Sep.16 |
| 38 | Sep.21-Sep.28 | Sep.22-Sep.29 | Sep.16-Sep.23 |
| 39 | Sep.28-Oct.5 | Sep.29-Oct.6 | Sep.23-Sep.30 |
| 40 | Oct.5-Oct.12 | Oct.6-Oct.13 | Sep.30-Oct.7 |
| 41 | Oct.12-Oct.19 | Oct.13-Oct.20 | Oct.7-Oct.14 |
| 42 | Oct.19-Oct.26 | Oct.20-Oct.27 | Oct.14-Oct.21 |
| 43 | Oct.26-Nov.2 | Oct.27-Nov.3 | Oct.21-Oct.28 |
| 44 | Nov.2-Nov.9 | Nov.3-Nov.10 | Oct.28-Nov.4 |
| 45 | Nov.9-Nov.16 | Nov.10-Nov.17 | Nov.4-Nov.11 |
| 46 | Nov.16-Nov.23 | Nov.17-Nov.24 | Nov.11-Nov.18 |
| 47 | Nov.23-Nov.30 | Nov.24-Dec.1 | Nov.18-Nov.25 |
| 48 | Nov.30-Dec.7 | Dec.1-Dec.8 | Nov.25-Dec.2 |
| 49 | Dec.7-Dec.14 | Dec.8-Dec.15 | Dec.2-Dec.9 |
| 50 | Dec.14-Dec.21 | Dec.15-Dec.22 | Dec.9-Dec.16 |
| 51 | Dec.21-Dec.28 | Dec.22-Dec.29 | Dec.16-Dec.23 |
| 52 | Dec.28-Jan.4 | Dec.29-Jan.5 | Dec.23-Dec.30 |
| 53 | | | Dec.30-Jan.6 |

Dear Sunrise Cove Members:

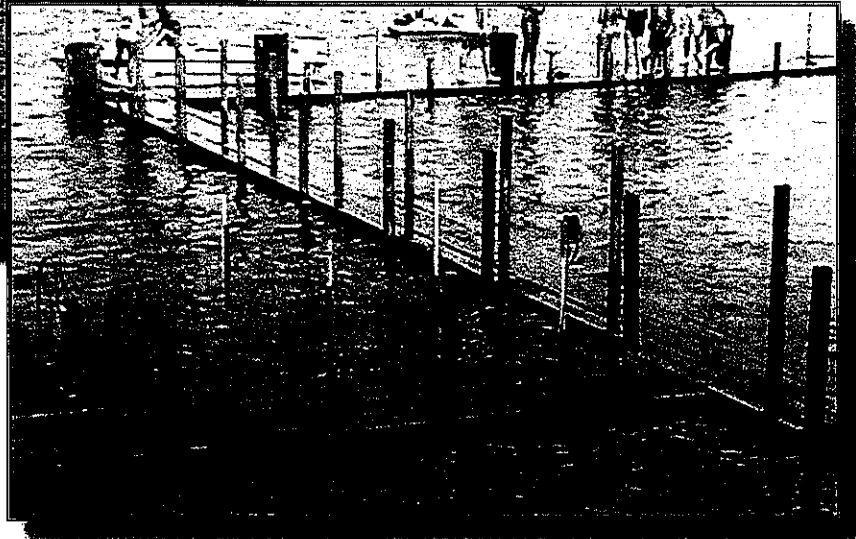
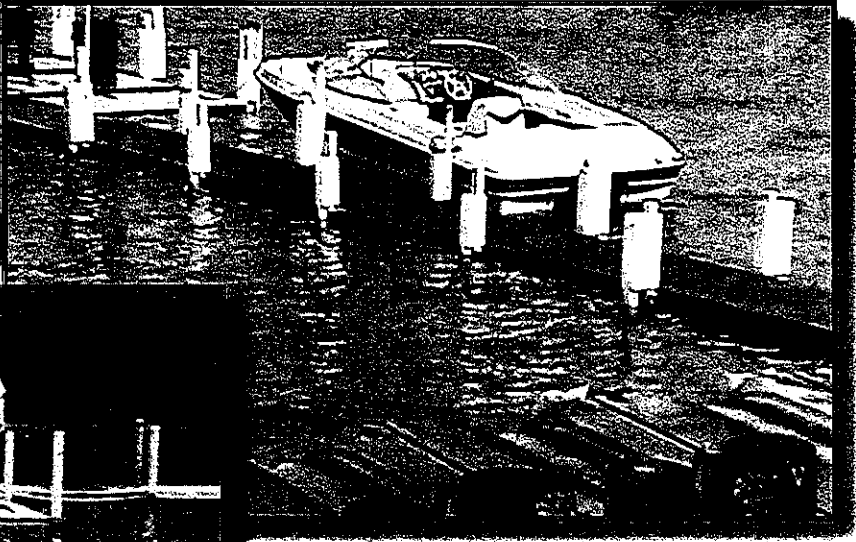
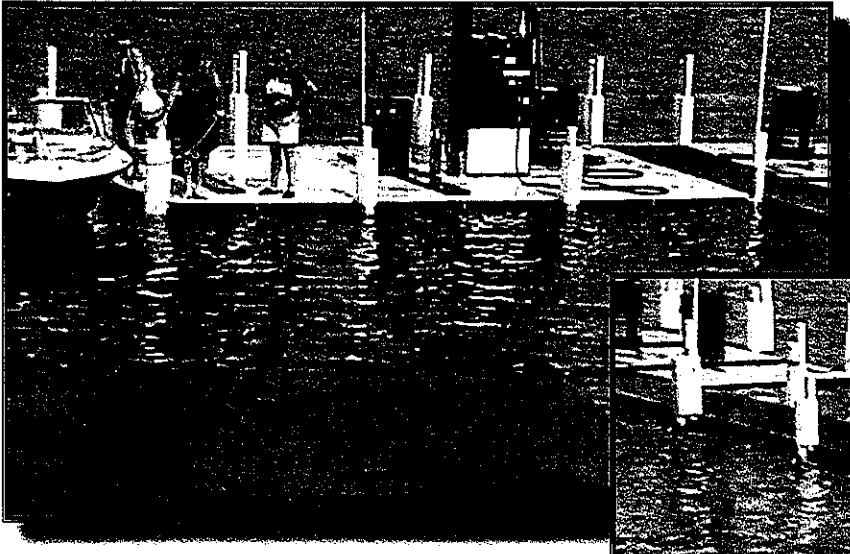
It's been another interesting year at the resort with the challenge of increasing costs and the strange weather. As I write this letter for over a month the ice has been off the lake. In March we had 80 degree days and the lake is down about 18 inches from this time last year. I have enclosed some photos of the docks last year as the water was so high it almost covered them. However the grass is green and the crews are working hard to get the huge mess that the winter leaves cleaned up. As with every spring there are many projects underway outside due to fairly good weather. There were some pretty major projects started in the fall and the weather changed. Those projects will be worked on this spring so be patient if you are here. I would like to "THANK" those of you that have seen things going on that shouldn't be and called the front desk. It does make a difference and I want you to know I appreciate it. As I inspected units last fall, I just shake my head and ask myself why. Why are there members that plain and simple have no respect for the inside of their unit. I can tell you there are a half dozen units that will be watched very close this summer. I can assure you the majority of the members are sick of the few destroying the unit during their stay. I guess for the few only increasing the price of damage and destruction will get their attention until they stop it. There are those that don't understand with 70 to 80 thousand people going through the resort a year, it takes everyone doing their part to keep costs down.

A FEW REMINDERS FOR A FEW MEMBERS:

- *You are responsible for your guests and renters
- *The curfew of 11:00 is still in effect for those under the age of 18
- *There are no fires on the beach unless supervised by a Resort employee
- *Quiet time is still 11:00 PM
- *Due to zoning there are no tents allowed or sleeping in campers (includes horse trailers)
- * All trailers are to be parked in the boat and trailer west lot, it doesn't take two or three hours to unload.
- * Docks are private docks, some are dedicated to the tenant at the boat house, do not park behind hoists, no overnight tie up, no gas cans on docks or next to units, stay out of others boats unless invited, docks are made to drop off and pick up, no bikes, no skate boards and so on. In other words, use common sense while on the docks. Any boats in violation may be untied or fined.
- *Check-in: Check in is after 4:00 PM or as the units are cleaned for your use. If you choose to yell and scream in the lobby you will be removed and your check-in packet will be brought to you outside.
- *If you have had a bad trip don't take it out on the employees when you get here, they all work very hard to keep the place together so you can enjoy it. Good employees are hard to find.
- *Paying your maintenance fee does not give you the right to damage or destroy property, resort privileges will be taken away.

As I have said in the past, after about thirty minutes of the news I feel fortunate that a place like Okoboji still exists. As you read this I hope you and your families are all doing well and I look forward to see you around the resort this season.

Sincerely,
Michael D. Hoepfner



BOARD OF DIRECTORS MEETING MINUTES
SUNRISE COVE TIME-SHARE ASSOCIATION, INC.

August 4, 2011 at 4:00 p.m.

A meeting of the Sunrise Cove Board of Directors was held at Village West Resort & Hotel on the 4th day of August, 2011.

Directors in attendance were Mike Hoepner, Tom Underwood and Dr. Jack Belitz. Recording the meeting was Danielle Osgerby, Administrative Assistant.

The meeting was called to order by Mike Hoepner at 4:15 p.m. in the Conference Room at Village West Resort & Hotel.

Mr. Hoepner stated that a quorum of Board of Directors were present.

Mr. Hoepner discussed resort operations:

- Slow start to season due to cooler than normal weather.
- Computer for Lobby came in and details being worked out.

Mr. Hoepner discussed the towel exchange procedure and noted that the outside units are bringing in their towels for the resort to clean. The outside units have washer/dryer units in them. Mr. Hoepner stated that it creates an additional cost to staff and supply product. Mr. Hoepner will add this issue to the agenda for the Annual Meeting to be held October 22, 2011.

Mr. Hoepner noted that the policy which states guests cannot check in before 4:00 p.m. is again being abused. Mr. Hoepner and the Board discussed this issue and will address at the next board meeting.

Mr. Hoepner stated that the toiletries in the units are being taken home with the members causing the resort to incur more costs purchasing toiletries. Mr. Hoepner suggested charging the owners who are taking the items. He will place this on the agenda for the Annual Meeting.

Mr. Hoepner noted that one of the L units has been severely damaged. Mr. Hoepner discussed the policy currently set in place for extreme damage charging the owners. This issue will also be discussed at the Annual Meeting. The Board did not object and made the motion to proceed with discussion at Annual Meeting.

Motion to adjourn made by Mr. Underwood. Seconded by Mr. Belitz. Motion approved. Meeting adjourned at 4:40 p.m.

MINUTES OF THE ANNUAL MEETING
OF THE MEMBERSHIP OF SUNRISE COVE
TIME-SHARE ASSOCIATION, INC.

The Annual Meeting of the Membership of the Sunrise Cove Time-Share Association, Inc., an Iowa non-profit corporation, was held on the 22nd day of October, 2011. The meeting was called to order by Mike Hoepfner at 3:00 p.m. in the Convention Center at Village West Resort & Hotel in Spirit Lake, Iowa.

Mr. Hoepfner introduced himself as the Developer and President of the Homeowners Association, Presiding Officer and acting Chair Person of the Annual Meeting of the Membership.

Mr. Hoepfner delivered the quorum report.

The presence of the following members in combination with the Developer's interests constituted a quorum, as required by the Association by-laws in order to conduct further business:

- | | | |
|-----------------------------|------------------------------|------------------|
| 1. Pat & Duane Fossum | 23. Ron & Mary Klein | 45. Doug Mozehte |
| 2. Larry & Carol Gorder | 24. Andy & Betty Sattro | |
| 3. Mary's VanAartsen | 25. Richard & Sally Henke | |
| 4. Bob & Elaine Mayde | 26. Phyllis McCall | |
| 5. Cindy Hintz Rush | 27. Keith & Al Kern | |
| 6. Joann & Kenny Dubois | 28. Ralph Bower | |
| 7. Karren Stephens | 29. Russ & Kay Halst | |
| 8. Sam & Ardyce McCormack | 30. Henry VanAartsen | |
| 9. Rodger Bosshart | 31. Norman & Betty ThoeI | |
| 10. Jim & Dorothy Gmyrek | 32. Meredith Hinn | |
| 11. Harlan Rademacher | 33. Sandy & Lori Fetterman | |
| 12. Ed & Arlene Meerdink | 34. Dexter & Joan Schuhnecut | |
| 13. Don & Deb Johnson | 35. Roger & Deb Meyer | |
| 14. Bill & Wilma Heymen | 36. Rick Houseman | |
| 15. Diana & Maurice Heilman | 37. Robert & Gayle Petersen | |
| 16. Beulah Imming | 38. Norman Tvedte | |
| 17. Fred & Cindy Brougl | 39. Harold & Marlyce Bauer | |
| 18. Marilyn Grice | 40. Glen & Donna Skalisky | |
| 19. Donna Kekich | 41. Rich & Nora Biegler | |
| 20. Bob & Elaine Mayden | 42. Steve Rome | |
| 21. Phyllis Hintz | 43. Tom Roseke | |
| 22. Julia & Paul Crutcher | 44. Mary Rosenberg | |

Proof of notice of the meeting was submitted by Michael Hoepfner. Mrs. Stephens confirmed that the notice of meeting was received. Proof of quorum was also submitted by Michael Hoepfner.

Mr. Hoepfner reported that the 2010 Annual Meeting minutes were submitted in the newsletter. Mrs. Wellendorf made the motion to waive readings of the minutes from the Annual Meeting held on the 23rd day of October, 2010 and approve them as written. Motion seconded. All Ayes. Motion approved.

Mr. Hoepfner proceeded to the election. The Association sent a call for candidates in the newsletter and only Mr. Jack Belitz, the incumbent and the Vice President of the Association responded. The Association avoided the expense of printing, mailing and return postage of completed proxies because of the single candidate. The Association dispensed with the proxy process for this year. The motion was made to elect Mr. Belitz by acclamation. Motion seconded. All Ayes. Motion approved.

Mr. Hoepfner continued with the order of business for the meeting. Mr. Hoepfner reported that the Resort Operations report was contained in a question and answer form provided to members.

Mr. Hoepfner reported that the audit of financial operations of the Sunrise Cove Time-Share Association, Inc., would be furnished to members upon completion.

New Business:
None

Unfinished Business:
No open items from the 2010 Annual Meeting.

Conclusion of the formal meeting.

Mr. Hoepfner moved to discussions of Resort Operations:

Mr. Hoepfner informed the members that the siding on the town homes has been replaced at no cost to Village West Resort. The grassy areas next to the townhomes will be re-seeded this fall. He also noted that another route may have to be taken if the grass does not grow.

Mr. Hoepfner noted that the resort is now providing a computer in the Lobby for the guests to use. He stated that the internet does continue to go down and when that happens the Front Desk needs to be informed so the system can be reset.

Mr. Hoepfner stated that due to the extremely heavy rains there was some flooding and sand that went into the lake. May need to run tile in some areas in case of flooding this season as previously done in years prior. Mr. Hoepfner noted that several rocks had been shoved into the tile by the lake units and could have caused serious problems. He asks that anyone seeing any suspicious activity report it to the Front Desk.

Mr. Hoepfner explained to the members that if there are open units and the reservation department states Village West has no open rooms, it is due to RCI owning those rooms for that time period. Village West cannot occupy that unit while it is booked with RCI.

Mr. Hoepfner also stated that there will be at least a 10% increase in utilities and about a 2% increase in gas this year. He noted that it will take a few months to see how this will affect our cost.

Mr. Hoepfner discussed a situation that occurred last year when a guest had to be taken to the police department because he had no ID, was intoxicated and did not know where his unit was. Mr. Hoepfner stated that he would like a motion to put all guests that are staying in a room on the room list so he could identify who was staying in the rooms in case of an emergency or in cases like this one. Mr. Bettin made the motion to approve this new policy. Mrs. Jacobsen seconded. All Ayes. Motion approved.

Mr. Hoepfner stated that the toiletries are disappearing out of the units when guests leave and the resort is incurring the cost to replace them. He noted that this was getting expensive and asked for a motion to put stock the units one time and if toiletries run out on your stay you will be responsible for replacing them. A member made the motion. Roger Meyer seconded. All Ayes. Motion approved.

Mr. Hoepfner discussed the laundry service provided by the resort and noted that this policy is also being abused. After a lengthy discussion among members, a member made a motion to limit towel exchange to Monday and Wednesday from 8-12 p.m. Motion seconded. All Ayes. Motion approved.

Mr. Hoepfner noted that severe damage has been done to several units in the past. He stated that he will charge those causing the damage if he can prove the persons involved. If this continues he may have to charge the damage cost to each owner of the unit. Mr. Hoepfner asked that if anyone sees someone not respecting the units to please report this.

Mr. Hoepfner reminded members that Bonus time is for them and their family only.

Mr. Hoepfner noted that people are not making use of the tunnel during tornado warnings. This tunnel is here for your safety and he encouraged everyone to help get other members and guests to the tunnel during bad weather.

Mr. Hoepfner reported on continuing projects:

- Refurbishing continues throughout units in the off season.
- AC/Heat filters being replaced.
- Carpet being replaced on as needed basis.
- New furniture purchased for replacement in units as needed.
- Appliances being priced and replaced as needed.

There being no further business the 2011 Annual Meeting of the Membership was adjourned at 4:54 p.m.

2012 Member Reminders & Updates

1. If you are unsure of your arrival and departure dates, please call ahead to verify your week with the Reservations Department.
2. The Reservations Department requires at least a two(2) week notification to Bonus Pool your week(s). We do not allow LATE BANKINGS! Deadline to Bonus Pool is fourteen (14) days prior to arrival date of member week.
3. Maintenance Fees must be paid in full prior to usage or bonus pooling.
4. Maintenance fees must be paid by due date or any weeks that have been previously bonus pooled will be removed from the members account. Credits will not be reinstated for any reason.
5. No private party will be allowed to check-in under the members account unless the member has made arrangements prior to arrival date. You must contact the Reservations Department for confirmation.
6. Individuals must be twenty one (21) to check-in and stay. The person checking in must be staying for the entire visit.
7. A credit card is required to check-in. No cash or check deposits!
8. Bonus Time Requests, Member Inquiry or Bonus Pooling must call ext. 451.
9. The number of persons in each unit cannot exceed the maximum occupancy due to fire and safety codes.
10. Resort policy does not allow any pets on property. Guests in violation will be charged and pet must be removed immediately. If you see a pet, report it to the Front Desk please!
11. Check-out procedures are posted on the front of your check-in envelope as well as in your Guest Directory. Please follow the procedures to avoid additional charges. Any charges due to excessive disarray, stains and late check-outs will be billed directly to your account.
12. Check-out time is at 10:00 a.m. All persons and belongings must be out of unit at this time. We do not permit any late check-outs!
13. When using credits in the Village West Hotel, bookings can be made only fourteen (14) days in advance. Paying discounted member rate in the Hotel may be booked several months in advance by calling the Reservations Department.

2012 Rental Rates for Timeshare Units
Red Weeks (21-39) May through September/25 - 33 (preferred & most rentable)

| <u>Unit</u> | <u>Weekly Rental</u> | <u>Owner Amount</u> |
|------------------|-------------------------------------|---------------------|
| Mansion | \$3175.00 (+10% IA tax) = \$3492.50 | \$2143.00 |
| Rustic | \$3300.00 (+10% IA tax) = \$3630.00 | \$2227.00 |
| 4 BD Lockout | \$4225.00 (+10% IA tax) = \$4647.50 | \$2851.00 |
| 2 BD Lockout | \$2550.00 (+10% IA tax) = \$2805.00 | \$1552.00 |
| 2&3 BD Townhouse | \$2300.00 (+10% IA tax) = \$2530.00 | \$1552.00 |
| One Bedroom | \$1500.00 (+10% IA tax) = \$1650.00 | \$1012.00 |
| Spa Studio | \$1350.00 (+10% IA tax) = \$1485.00 | \$ 911.00 |
| Studio | \$1175.00 (+10% IA tax) = \$1292.58 | \$ 793.00 |

White/Blue Weeks (1-20 & 40-52) Sept. - May/Off Season (weeks more difficult to rent)

| <u>Unit</u> | <u>Weekly Rental</u> | <u>Owner Amount</u> |
|------------------|-------------------------------------|---------------------|
| Mansion | \$1670.00 (+10% IA tax) = \$1837.00 | \$1169.00 |
| Rustic | \$1735.00 (+10% IA tax) = \$1908.50 | \$1214.50 |
| 4 BD Lockout | \$2200.00 (+10% IA tax) = \$2420.00 | \$1540.00 |
| 2 BD Lockout | \$1335.00 (+10% IA tax) = \$1468.50 | \$ 934.50 |
| 2&3 BD Townhouse | \$1200.00 (+10% IA tax) = \$1320.00 | \$ 840.00 |
| One Bedroom | \$ 770.00 (+10% IA tax) = \$ 847.00 | \$ 539.00 |
| Spa Studio | \$ 700.00(+10% IA tax) = \$ 770.00 | \$ 490.00 |
| Studio | \$ 600.00(+10% IA tax) = \$ 660.00 | \$ 420.00 |

BOARD SEAT ELECTION FOR 2012

*There will be a seat election on the Sunrise Cove Board of Directors in 2012.
 All Candidate Profiles MUST be received before August 31, 2012.*

Please send profile to:
 Village West Resort & Hotel
 20785 170th Street
 Spirit Lake, Iowa 51360
 Attn: Candidate Profile

2012 Sunrise Cove Maintenance Fee Schedule

| | Studio | 1 Bed | 1 Bed Spa | Townhouse | Lockout 1 Bed B | Lockout 1 Bed A | Lockout AB | Rustic | Mansion 2 Bed | Lockout 4 Bed | Lockout |
|---------------------|----------|----------|-----------|-----------|--------------------|--------------------|---------------|----------|------------------|------------------|-----------|
| Administration | \$52.39 | \$52.39 | \$52.39 | \$52.39 | \$52.39 | \$52.39 | \$52.39 | \$52.39 | \$52.39 | \$52.39 | \$52.39 |
| Maintenance | \$45.62 | \$67.47 | \$65.28 | \$75.52 | \$54.49 | \$72.61 | \$83.36 | \$111.20 | \$109.20 | \$76.83 | \$116.93 |
| Recreation | \$12.38 | \$12.38 | \$12.38 | \$12.38 | \$12.38 | \$12.38 | \$12.38 | \$12.38 | \$12.38 | \$12.38 | \$12.38 |
| Recreation License | \$26.46 | \$26.46 | \$26.46 | \$26.46 | \$26.46 | \$26.46 | \$26.46 | \$26.46 | \$26.46 | \$26.46 | \$26.46 |
| Insurance | \$18.28 | \$18.28 | \$18.28 | \$18.28 | \$18.28 | \$18.28 | \$18.28 | \$18.28 | \$18.28 | \$18.28 | \$18.28 |
| Utilities | \$66.74 | \$106.64 | \$102.65 | \$121.34 | \$71.84 | \$99.54 | \$135.65 | \$186.47 | \$182.83 | \$123.73 | \$226.77 |
| Front Desk | \$35.91 | \$35.91 | \$35.91 | \$35.91 | \$35.91 | \$35.91 | \$35.91 | \$35.91 | \$35.91 | \$35.91 | \$35.91 |
| Housekeeping | \$31.00 | \$63.17 | \$59.95 | \$75.03 | \$41.86 | \$67.20 | \$86.57 | \$127.56 | \$124.62 | \$76.96 | \$142.38 |
| Annual Audit | \$2.50 | \$2.50 | \$2.50 | \$2.50 | \$2.50 | \$2.50 | \$2.50 | \$2.50 | \$2.50 | \$2.50 | \$2.50 |
| Contract Labor | \$18.88 | \$36.97 | \$35.16 | \$43.64 | \$26.21 | \$41.19 | \$50.14 | \$73.19 | \$71.53 | \$44.73 | \$82.57 |
| Bad Debt | \$36.81 | \$36.81 | \$36.81 | \$36.81 | \$36.81 | \$36.81 | \$36.81 | \$36.81 | \$36.81 | \$36.81 | \$36.81 |
| Repairs/Replacement | \$40.86 | \$55.47 | \$54.00 | \$60.85 | \$45.06 | \$56.28 | \$76.09 | \$94.71 | \$93.37 | \$71.73 | \$107.58 |
| Consulting Fee | \$16.48 | \$24.20 | \$23.42 | \$27.04 | \$18.50 | \$24.30 | \$29.81 | \$39.64 | \$38.94 | \$27.50 | \$44.34 |
| Real Estate Tax | \$15.99 | \$62.11 | \$52.98 | \$79.89 | \$34.39 | \$63.61 | \$112.48 | \$138.37 | \$134.47 | \$77.17 | \$129.17 |
| Maintenance Fee | \$420.30 | \$600.76 | \$578.17 | \$668.04 | \$477.08 | \$609.46 | \$758.83 | \$955.87 | \$939.69 | \$683.38 | \$1034.47 |

**Does your family
 need more room?**

Summer is here!! We still have choice weeks and various sizes available! Special discounts and pricing are available.
 For more information call:
 (712) 337-3223 Ext. 887

**Address or phone number
 change?**

If anyone has a new phone number or change of address, please notify the resort at (712) 337-3223 Ext. 875 or email marne@villagewestresort.com

FAMILY USAGE CARD

BONUS TIME USAGE is for Gold Card Members in good standing (current on Maintenance Fees and Loan Payments) and/or their IMMEDIATE FAMILY (spouse, children, parents, grandparents or grandchildren).

Last Name _____

First Name _____

Owner No. _____

Unit No. _____

Week _____

PLEASE LIST YOUR IMMEDIATE FAMILY NAMES FOR USE OF UNIT

Identification will be required upon check in at Village West Resort. Bonus Time Reservations are to be made by members only. Guest name will be required at this time for their easy check in.

SUNRISE COVE REFERRAL PROGRAM

If one of your referrals purchases

you will receive the following:

| | |
|-----------------------|----------------|
| \$200.00 Pre-Red | \$100.00 White |
| \$150.00 Shoulder Red | \$50.00 Blue |

Member Name

Member Number

Friend's Name and Address

Phone Number

Friend's Name and Address

Phone Number

Due to the DO NOT CALL law we can not call the names given as referrals. Any referrals that are interested can phone us directly at 1-800-677-4561 to book a stay or information will be sent to them to contact us. Please make sure addresses are filled out completely.

GOLD CARD USAGE & REGULATIONS

The Gold Card is a PRIVILEGE.

If this privilege is abused it will be taken away from violators.

1. Gold card usage & benefits are limited to: **Sunrise Cove Members & Immediate Family**
(Registered names on member information on file at resort)
RCI Guests
(Any guests of Gold Card members will pay a fee)
2. Gold Card holders receive discounts on a year round basis however usage may be limited.
3. Gold Card discounts are not available on alcoholic beverages.
4. For all discounts Gold Cards **MUST** be shown at time of purchase or check-in, whether card holders are paying or charging to their unit.
5. Discounts will not be applied at check-out.

All Gold Card members are required to comply with Resort rules.

Reservation Policies & Guidelines

Any member of Sunrise Cove that is NOT checking in MUST inform the Reservations Department of who their guest will be. This would include any Bonus Time Reservation or Members week. *If this information is not provided* your guest will not be permitted to check in. Any internal RCI Exchange requires a "Guest Certificate" if someone other than the RCI Member will be checking in and/or staying in that unit.

When using credits in the Village West Hotel you may book *two (2) weeks prior* to your requested arrival date. If a Member is paying the discounted rate in the Hotel, then this may be booked well in advance.

Updated BONUS TIME GUIDELINES

Bonus Time is a benefit allowing Sunrise Cove Members to rent timeshare units from the Homeowners' Association at reduced rates for usage in addition to any week(s) owned. The following guidelines govern the Bonus Time Program:

Usage

Bonus Time is for Gold Card Members in good standing (current on maintenance fees and loan payments) and/or their immediate family (including spouses, children, parents, grandparents and grandchildren). It does NOT include aunts, uncles, nieces, nephews, cousins or friends. Person(s) checking in and staying must be at least 21 years old.

Availability

Bonus Time is based on usage of "Designated Weeks" (seven blue weeks from each unit), and/or Weeks or Days deposited in the Bonus Time Pool by Members. Bonus Time availability is NOT guaranteed.

Requests

Only Members may request Bonus Time. Only one (1) request *per member account* may be pending at a time. Bonus Time requests are taken no sooner than two (2) weeks (1-14 days) prior to usage. Requests are satisfied on a first come, first served or space available basis. Requests for multiple units are satisfied upon reservation availability ten days prior to arrival date. Bonus Time Reservations *using credits* MUST be made during hours. No bonus time credits will be used unless the reservation is made during these hours.

Confirmations

The reservation must be guaranteed by a credit card at the time the request is made to receive a reservation number. Any confirmed reservations (one or more nights) must be cancelled 72 hours prior to date of arrival. If a reservation is cancelled after the 72 hour deadline, they will incur a charge, equal to bonus time nightly rate for the unit type reserved and/or bonus time credits will be lost. Also, please keep in mind that one CANNOT change the original bonus time reservation arrival date if it was booked 14 days prior to arrival. A member can make changes at the end of a bonus time reservation but not at the beginning. If one needs to change the arrival date, a new reservation will have to be made according to the "first come, first served" policy. If members are on a wait list, they will be called first when cancellation occurs. Any other changes such as converting credits to bonus time rate or vice versa, need to be changed prior to date of arrival with the Reservations Department. They cannot be changed at the Front Desk upon check-in or check-out.

Bonus Time Rates (State Tax Included) Effective January 1, 2006 to current.

| | | | |
|------------------|-------------|----------------------|-------------|
| Studio Suite | \$45/night | L Row B Studio | \$45/night |
| Executive Studio | \$65/night | L Row B One Bedroom | \$60/night |
| Studio Spa Suite | \$65/night | L Row B Two Bedroom | \$90/night |
| One Bdrm Suite | \$60/night | L Row A One Bedroom | \$60/night |
| One Bdrm Spa | \$75/night | L Row A Two Bedroom | \$90/night |
| Two Bed Townhse | \$70/night | L Row AB Two Bedroom | \$90/night |
| Three Bd Townhse | \$95/night | L Row AB Four Bdrm | \$175/night |
| Mansion | \$115/night | Rustic | \$125/night |

Payments

Advance payments by credit card, check or money order is accepted but not required. Advance payments are refunded if reservations are cancelled 72 hours prior to check-in. Total lodging charges are not reduced upon early departure. Full payment is required at check-out. Gold Card lodging discounts DO NOT apply to Bonus Time usage.

Updated SPLIT WEEK GUIDELINES

Split week usage is a Gold Card benefit which allows members to take their week or weeks and split them into several vacations at Sunrise Cove. The following guidelines govern the split week option for members in good standing.

Split Week Pooling

Members in good standing may deposit 1 to 7 days of their week or weeks in the bonus time pool in exchange for credit to be used at a different time, *subject to availability*. Bonus pooled credits are good for two years starting from the year they were pooled and will expire on the day before your week begins. Example- If the week pooled was 2007, they would expire in 2009. If you have a week 16 and it starts on April 18 in 2009, your 2007 credits would expire on April 17, 2009 (the day before you would check-in).

Split and pooled time must be done *no later* than 2 weeks prior to the start of your week. This time may be used by family members or friends. Also, the reservation can **ONLY** be made by the **OWNER** of the time-share.

Credits are redeemed at the rental rate of the size of the unit deposited (or smaller) and applied to the rental rate of the unit reserved. Reserving larger units than what is deposited require upgrade costs per night (the difference between the sizes of the units). No refunds are granted when credits are redeemed in a smaller unit than what is deposited.

The maintenance fee you pay per year allows you one complete cleaning of your unit. If you split your week, your first usage is a part of your annual maintenance fee. Your second or third visit will have a modest cleaning fee per stay (not per night) to compensate your Member's Association for the additional cleans.

Split Week Cleaning Fees (State Tax Included) Effective January 1, 2006 to current.

| | | | |
|------------------|---------|-----------------------|----------|
| Studio | \$26.75 | L Row B Studio | \$26.75 |
| Executive Studio | \$32.25 | L Row B One Bedroom | \$41.50 |
| Studio Spa | \$35.00 | L Row B Two Bedroom | \$56.00 |
| One Bedroom | \$41.50 | L Row A One Bedroom | \$41.50 |
| One Bedroom Spa | \$44.50 | L Row A Two Bedroom | \$56.00 |
| 2 Bedroom Twnhse | \$51.00 | L Row AB Two Bedroom | \$75.00 |
| 3 Bedroom Twnhse | \$55.00 | L Row AB Four Bedroom | \$100.00 |
| Mansion/Rustic | \$83.50 | | |

Sunrise Cove Bonus Time Reservation Hours:

On Season

Monday – Friday:

8 am to 4 pm

Saturday:

9 am to 12 pm

Sunday:

CLOSED

Off Season

Monday – Friday:

8 am to 4 pm

Saturday & Sunday:

CLOSED

| | |
|--|---|
| <p>Village West Boat House</p> <p>Daily & Weekly Boat Hoist Rentals</p> <p>(712) 337-3223 ext. 239</p> | <p>Make-A-Wake Watersports</p> <p>Boat & Jet Ski Rentals... plus so much more! <i>*ask about our 8 hour special!</i></p> <p>(712) 337-3223 ext. 238</p> |
| <p>Ron's Guide Service</p> <p>Specializing in Walleye Fishing</p> <p>(712) 337-3223 ext. 463</p> <p>roncarson4@hotmail.com</p> <p><i>All fishing & Bait Equipment Furnished!</i></p> | <p><i>Boathouse Bakery</i></p> <p><i>Come enjoy the view of West Lake while grabbing a bite Or enjoying our home made goodies & fresh coffee!</i></p> <p>(712) 337-3223 ext. 331</p> |
| <p>Betsy's Diner</p> <p>Open Daily from 8 to 2!</p> <p><i>Enjoy our Breakfast Buffet!</i></p> | <p>Main Event Bar & Eatery</p> <p>Enjoy our nightly food & drink specials!</p> <p>Serving food from 5:00 to 10:00 p.m.</p> <p>Eat in or carry out!</p> |
| <p>Stone's Throw Gift Shop</p> <p>We have something for everyone!</p> <p>(712) 337-3223 ext. 297</p> | <p>Decked Out</p> <p>Men & Women's Fashion.....plus So much more!</p> <p><i>Located at: East Oaks Mall</i></p> <p>(712) 332-6480</p> |

Financial Statements - Year Ended December 31, 2011

Report of Independent Auditors

Board of Directors
Sunrise Cove Time Share Association, Inc.

We have audited the accompanying balance sheet of *Sunrise Cove Time Share Association, Inc.* as of December 31, 2011, and the related statements of revenue, expenses and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of *Sunrise Cove Time Share Association, Inc.*'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of *Sunrise Cove Time Share Association, Inc.*'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 *Sunrise Cove Time Share Association, Inc.* as of December 31, 2011, 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.

Management has omitted the supplementary information on future major repairs and replacement that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Dixon Hughes Goodman LLP

Newport News, Virginia
May 4, 2012

Sunrise Cove Time Share Association, Inc.

Balance Sheet

| December 31, 2011 | Operating Fund | Replacement Fund | Total |
|---------------------------------------|-------------------|---------------------|--------------|
| Assets | | | |
| Cash | \$ 137,084 | \$ 116,732 | \$ 253,816 |
| Certificate of deposit | - | 100,305 | 100,305 |
| Certificate of deposit - restricted | - | 424,613 | 424,613 |
| Maintenance fees receivable - net | 15,195 | - | 15,195 |
| Prepaid expenses | 12,927 | - | 12,927 |
| Building - net | 342,568 | - | 342,568 |
| Interfund balances | (582,899) | 582,899 | - |
| | \$ (75,125) | \$ 1,224,549 | \$ 1,149,424 |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable and accrued expenses | \$ 283,800 | \$ - | \$ 283,800 |
| Deferred maintenance fees | 257,424 | - | 257,424 |
| Note payable | 284,358 | - | 284,358 |
| Total liabilities | 825,582 | - | 825,582 |
| Fund balance (deficit) | (900,707) | 1,224,549 | 323,842 |
| | \$ (75,125) | \$ 1,224,549 | \$ 1,149,424 |

Statement of Revenue, Expenses and Changes in Fund Balances

| Year Ended December 31, 2011 | Operating Fund | Replacement Fund | Total |
|--|-----------------------|-------------------------|-------------------|
| Revenue | | | |
| Maintenance fee assessments | \$ 2,521,138 | \$ 264,373 | \$ 2,785,511 |
| Bonus time | 77,493 | - | 77,493 |
| Finance charges | 59,004 | - | 59,004 |
| Other income | 11,532 | - | 11,532 |
| Village Princess | 5,403 | - | 5,403 |
| Total revenue | 2,674,570 | 264,373 | 2,938,943 |
| Expenses | | | |
| Housekeeping and rooms | 743,303 | - | 743,303 |
| Utilities | 435,010 | - | 435,010 |
| Repairs and maintenance | 416,478 | - | 416,478 |
| Bad debt | 300,823 | 31,578 | 332,401 |
| Recreation | 209,219 | - | 209,219 |
| Replacement fund expenses | - | 162,245 | 162,245 |
| Management and consulting fees | 149,712 | - | 149,712 |
| Administrative and general | 147,358 | - | 147,358 |
| Real estate taxes | 141,162 | - | 141,162 |
| Insurance | 52,289 | - | 52,289 |
| Telephone | 22,737 | - | 22,737 |
| Village Princess | 13,862 | - | 13,862 |
| Total expenses | 2,631,953 | 193,823 | 2,825,776 |
| Excess of revenue over expenses before other income (expense) | 42,617 | 70,550 | 113,167 |
| Other income (expense) | | | |
| Interest income | - | 7,721 | 7,721 |
| Depreciation | (18,069) | - | (18,069) |
| Interest expense | (10,174) | - | (10,174) |
| Total other income (expense) | (28,243) | 7,721 | (20,522) |
| Excess of revenue over expenses | 14,374 | 78,271 | 92,645 |
| Fund balance (deficit) - beginning of year | (915,081) | 1,146,278 | 231,197 |
| Fund balance (deficit) - end of year | \$ (900,707) | \$ 1,224,549 | \$ 323,842 |

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

| Year Ended December 31, 2011 | Operating Fund | Replacement Fund | Total |
|---|-----------------------|-------------------------|-------------------|
| Cash flows from operating activities | | | |
| Excess of revenue over expenses | \$ 14,374 | \$ 78,271 | \$ 92,645 |
| Adjustments to reconcile to net cash from operating activities: | | | |
| Bad debt | 269,245 | 31,578 | 300,823 |
| Depreciation | 18,069 | - | 18,069 |
| Change in: | | | |
| Maintenance fees receivable | (316,018) | - | (316,018) |
| Accounts receivable - other | 25,717 | - | 25,717 |
| Prepaid expenses | 3,299 | - | 3,299 |
| Interfund balances | 24,151 | (24,151) | - |
| Accounts payable and accrued expenses | (46,016) | - | (46,016) |
| Deferred maintenance fees | (48,148) | - | (48,148) |
| Net cash from operating activities | (55,327) | 85,698 | 30,371 |
| Cash flows from investing activities | | | |
| Reinvestment in certificates of deposit | - | (6,048) | (6,048) |
| Cash flows from financing activities | | | |
| Principal payments on note payable | (43,743) | - | (43,743) |
| Net change in cash | (99,070) | 79,650 | (19,420) |
| Cash - beginning of year | 236,154 | 37,082 | 273,236 |
| Cash - end of year | \$ 137,084 | \$ 116,732 | \$ 253,816 |
| Supplemental disclosures of cash flow information | | | |
| Interest paid in cash | | | \$ 10,174 |

Sunrise Cove Time Share Association, Inc.

Notes to Financial Statements

December 31, 2011

1. Description of the Association and Related Parties

The Association

Sunrise Cove Time Share Association, Inc. (Association) is a not-for-profit Iowa Corporation organized to operate, govern, administer and manage the property and affairs of the Sunrise Cove Timeshare Association at Village West Resort (Resort).

The Association is organized to act as the governing association, within the meaning of the Iowa Timeshare Act (Chapter 557A, Iowa Code, (1988)) for the Sunrise Cove at Village West Resort, located on West Lake Okoboji, Iowa. The Association is incorporated in the State of Iowa under the provisions of the Iowa Non-Profit Corporation Act (Chapter 504A, Iowa Code, (1988)) and, therefore, shall not be operated for profit and shall make no distribution of income to its members, directors or officers.

The members of the Association are the owners of the unit weeks committed to interval ownership. Each unit week shall be entitled to one vote in voting by the membership.

The majority of the members of the Board of Directors shall be elected by the Developer (as hereinafter defined) until three months after 85% of the timeshare estates that have been, or ultimately could be, operated by the Association have been conveyed to purchasers of the unit weeks. The remaining directors shall be elected to the Board of Directors by the membership in accordance with the Association's Articles of Incorporation and By-Laws. At December 31, 2011, the Developer had not turned over control of the Association's Board of Directors to the unit week owners.

The Resort

The Resort consists of free standing and multi-unit timeshare buildings and timeshare units that were converted from hotel rooms. The Developer has committed several phases comprising 129 units (and representing 5,805 unit-weeks). The existing units are configured as studios, executive style suites, and as one, two, and three bedrooms. Each unit is subdivided into 45 use periods and seven bonus weeks. All sales to date have been sold on a fixed-time use basis. The Developer may add additional units on adjacent property.

The Developer

Iowa Resort Holding, L.L.C. (Developer), an Iowa limited liability corporation is the owner and Developer of the Resort. The Developer maintains recreation facilities and common area amenities, and marketing and sales facilities on-site. The Developer holds title to all real estate on which all the existing units are built. The type of units added in any expansion will be at the discretion of the Developer. The timeshare program may be terminated or amended at any time at the sole discretion of the Developer. See discussion regarding this relationship and related transactions and balances at Notes 6 and 7.

The Consultant

Goodmanagement, L.L.C. (Consultant), a Virginia limited liability company. The Consultant provides supervision, management and operational support for the timeshare program and provides the necessary accounting services for the Association. The consulting and accounting agreement provides for automatic one-year renewals. See additional discussion regarding this relationship and related transactions and balances at Note 7.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Association prepares its financial statements on the accrual basis of accounting. Separate fund balances are maintained for the operating fund and replacement fund based on different funding and statutory policies.

The operating fund reflects the operating assessments paid by unit week owners to meet the regular, recurring costs of operations. Expenditures from this fund are for those items connected with the Association's day-to-day activities and for real estate property taxes.

The replacement fund is comprised of all assessments paid by unit week owners to fund the future replacement, major repair and purchase of commonly owned assets. Expenditures from this fund are restricted to those items for which assessments were paid.

Maintenance fees receivable at December 31, 2011, represents member assessments outstanding related to unit weeks sold. This receivable is collateralized by a warranty deed on the unit week.

Cash Equivalents

The Association considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Real Property and Equipment

As stated in the timeshare ownership documents, real property and common areas and related improvements to such property are not recorded in the Association's financial statements because interests in these properties are conveyed to the individual unit week owners in common, and not to the Association. Additions to these assets are accounted for as expenditures in the replacement fund.

In accordance with prevailing industry standards and practices, personal property acquired by the Association, to which it has title, has not been capitalized in the accompanying financial statements. Accordingly, there is no provision for depreciation for these items in the Association's financial statements.

The Association owns 52 weeks of a single timeshare unit. Depreciation is applied on a straight-line basis over the estimated useful life of 27.5 years.

Revenue and Deferred Maintenance Fees

The Association assesses an annual maintenance fee based on the annual budget as determined by the Board of Directors. Each Association member is a unit week owner and a proportionate amount of the maintenance fees is assessed for each unit week. Members are billed in November of each year for the succeeding year's fees. Any such billings collected prior to the beginning of the succeeding year are included in deferred maintenance fees on the balance sheet.

Expense Allocations

With the exception of consulting fees, all expenses, including real estate taxes, are allocated to the Association from the Consultant and the Developer based on invoices received for the entire resort. These allocations vary based on the type of expense.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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 those estimates and assumptions.

Real estate taxes accrued of \$174,581 are included in accounts payable and accrued expenses on the accompanying balance sheet. This accrual was estimated based on prior real estate tax bills. The Association estimates that receivables greater than 60 days old are uncollectible. For the year ended December 31, 2011, the Association has estimated an allowance for doubtful accounts of \$1,070,083.

Income Taxes

For 2011, the Association filed its federal income tax return as a regular corporation. As a regular corporation, in determining taxable income, nonmembership income, net of related expenses is taxed at regular corporate rates. Maintenance fee expenses are deducted from maintenance fee revenues, and reserve assessments for future replacements are not treated as taxable income in accordance with revenue rulings issued by the Internal Revenue Service. For 2011, the Association had no federal and state income tax expense. The Association has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2011. Fiscal years ending on or after December 31, 2008, remain subject to examination by federal and state tax authorities.

Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of interest-bearing cash on deposit with a financial institution. Interest-bearing accounts at this financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2011, the financial institution's collected funds exceeded the FDIC limit by \$570,314.

With respect to maintenance fees receivable, the Association establishes an allowance for doubtful accounts based upon factors surrounding the credit of specific members, historical trends and other information. At December 31, 2011, the Association's allowance for doubtful accounts was \$1,070,083.

Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 4, 2012, the date the financial statements were available to be issued.

3. Certificate of Deposit

In 2009, the Association invested in two certificates of deposit with a local financial institution, both earning interest at 1.1%. Both certificates of deposit matured on February 5, 2010, but have not been redeemed at December 31, 2011. One of the certificates is collateralizing the note payable as described in Note 5.

4. Building

Building consists of the following:

| | |
|---------------------------------|-------------------|
| One timeshare unit | \$ 496,910 |
| Less - accumulated depreciation | (154,342) |
| | <u>\$ 342,568</u> |

5. Note Payable

The note payable is due to United Community Bank which requires minimum scheduled payments of principal and interest of \$4,500 per month, with interest accruing at a variable rate. At December 31, 2011, the variable interest rate was 3.1%. The note matures in February 2014 and bears interest at 2% above the bank's 12 month certificate of deposit rate. The interest rate will be adjusted annually. The note is due on demand but if no demand is made then monthly payments of \$4,500 are due, with a balloon payment in February 2014. The note is secured by one of the Association's certificate of deposits with the bank.

Future minimum principal payments required under the note are as follows:

| | |
|------|-------------------|
| 2012 | \$ 44,460 |
| 2013 | 46,083 |
| 2014 | <u>193,815</u> |
| | <u>\$ 284,358</u> |

Interest expense on this note payable was \$10,174 in 2011.

6. Recreational License and Related Fees

The Association has entered into a recreational license with the Developer. The Developer owns the recreational facilities and meeting space as well as all real estate and common areas on which the existing units are built. A fee is paid by timeshare owners for the use of existing recreational facilities at Village West Resort, and collected through the maintenance assessment. The fee is determined by the cost incurred by the Developer. These amenities include a 9-hole miniature golf course, docks, one tennis court, three swimming pools, a health club, beach and other common recreational space.

7. Related Party Agreements, Transactions and Balances

As disclosed in Note 1, Goodmanagement, L.L.C. (Consultant), a related party, due to the fact that the President and majority owner of the Consultant is also a member of the Board of Directors, provides supervision and consulting as well as the necessary accounting services for the Association. Under the terms of the consulting management agreement, the Consultant was granted the authority to provide consulting services to the Association, through employees and experts retained by it, incidental to the consulting and operations of the Resort. The fees paid to the Consultant under this agreement are made up of two components: a consulting fee, which equals 7% of all funds the Consultant is required to collect pursuant to the budget, and a financial services fee of \$1,458 per month plus out of pocket expenses which is in consideration for information, services, and financial reports. Amounts due to the Consultant of \$38,157 are included in accounts payable and accrued expenses on the balance sheet at December 31, 2011. The Association paid the Consultant \$131,148 for consulting fees and \$18,564 for financial services fees, and such fees are included in management and consulting fees on the statement of revenue, expenses and changes in fund balances.

As disclosed in Note 6, the Association has entered into a recreational license with the Developer, a related party. The Association also contracts a third party owned by the Developer for on-site facility sales and further contracts all employees through another Developer owned entity. Amounts due to the Developer of \$20,448 are included in accounts payable and accrued expenses on the balance sheet at December 31, 2011. The Association paid the Developer \$342,822 for maintenance of recreation facilities and common area amenities, \$42,664 for on-site facility sales and \$215,592 for contracted labor which is included in repairs and maintenance and recreation, administrative and general, and throughout other expense accounts on the statement of revenue, expenses and changes in fund balances.

8. Future Repairs and Replacements

The Association has established a replacement fund for future repairs and replacements. The cash in the fund is maintained in a nonoperating account with a bank. It is the Association's policy to retain interest earned on such funds in the replacement fund.

In 2011, \$162,245 was expended by the replacement fund. This amount was approved by the Board of Directors. In the event that a replacement or major repair is necessary, the Association has the authority to assess unit owners for the cost of such expenditures at the time the expenditures are made. Actual expenditures may vary from estimated future expenditures and variations may be material.



Sunrise Cove at Village West Resort
20785 170th Street
Spirit Lake, IA 51360

ANNUAL MEETING NOTICE

We hereby notify all members that the
Annual Meeting of the Members
will be held on
Saturday, October 20, 2012 at 3:00 p.m.
Dinner and Entertainment will follow

For reservations for Annual Meeting, please call 712-337-
3223 ext. 257
For room reservations for Annual Meeting please call 712-
337-3223 ext. 451

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