

**Grand Colorado on Peak 8 Owners Association Inc.**

**Financial Report**

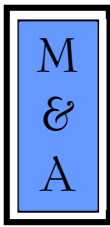
**December 31, 2021**



**Grand Colorado on Peak 8 Owners Association Inc.**  
**(A Colorado Non-Profit Corporation)**  
**December 31, 2021**  
**(With comparative totals for 2020)**

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Grand Colorado on Peak 8 Owners Association Inc.  
Breckenridge, CO**

### ***Opinion***

We have audited the financial statements of Grand Colorado on Peak 8 Owners Association Inc., which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of revenues and expenses, changes in fund balances, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Grand Colorado on Peak 8 Owners Association Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Grand Colorado on Peak 8 Owners Association Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Grand Colorado on Peak 8 Owners Association Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

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**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**Grand Colorado on Peak 8 Owners Association Inc.**

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the financial statement audit.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental budget schedule on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**Grand Colorado on Peak 8 Owners Association Inc.**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements on page 15 – 16 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

*McMahan and Associates, L.L.C.*  
**McMahan and Associates, L.L.C.**  
**April 4, 2022**

**Grand Colorado on Peak 8 Owners Association Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Balance Sheets**  
**December 31, 2021**  
**(With Comparative Totals for 2020)**

	<b>2021</b>			<b>2020</b>
	<b>Operating Fund</b>	<b>Common Reserve Fund</b>	<b>Unit Reserve Fund</b>	<b>Total</b>
<b>Assets:</b>				
Cash in banks	771,775	-	565	772,340
Investments	-	5,999,625	1,324,729	7,324,354
Member assessments receivable (net of allowance for doubtful accounts of \$73,753 in 2021 and \$86,830 in 2020)	128,204	-	-	128,204
Accounts receivable - Other	20,327	-	-	20,327
Unit supplies inventory	45,353	-	-	45,353
Prepaid expenses	82,316	-	-	82,316
Due from (to) Gold Point	-	-	-	491
Due from (to) Grand Timber Lodge	-	-	-	1,196
Due from (to) Grand Lodge on Peak 7	-	-	-	1,473
Due from (to) other funds	2,913,730	(4,184,866)	1,271,136	-
Fixed assets (net of accumulated depreciation of \$89,882 in 2021 and \$54,661 in 2020)	86,221	-	-	86,221
<b>Total Assets</b>	<b>4,047,926</b>	<b>1,814,759</b>	<b>2,596,430</b>	<b>8,459,115</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	248,310	-	-	248,310
Accounts payable - Other	-	-	-	89,629
Deferred assessment revenue	266,863	-	-	266,863
Property taxes payable	822,162	-	-	822,162
Due to (from) Management Companies	428,141	-	-	428,141
Reserve study payable	-	-	-	3,000
<b>Total Liabilities</b>	<b>1,765,476</b>	<b>-</b>	<b>-</b>	<b>1,765,476</b>
<b>Fund Balances (Deficit)</b>	<b>2,282,450</b>	<b>1,814,759</b>	<b>2,596,430</b>	<b>6,693,639</b>
<b>Total Liabilities and Fund Balances (Deficit)</b>	<b>4,047,926</b>	<b>1,814,759</b>	<b>2,596,430</b>	<b>8,459,115</b>

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

**Grand Colorado on Peak 8 Owners Association Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Statements of Revenues, Expenses and Changes in Fund Balances**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

	2021			2020	
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total	Total
<b>Revenues:</b>					
Assessments, net of discounts	11,277,710	973,016	844,696	13,095,422	11,807,714
Developer subsidy	-	-	-	-	257,058
Developer stop gap	-	-	-	-	85,575
Investment income (loss)	849	-	(32,775)	(31,926)	64,630
Late fee revenue	96,910	-	-	96,910	103,242
Ski locker income	30,544	-	-	30,544	6,429
Natural gas reimbursement	44,240	-	-	44,240	61,656
Vacation experience fee	68,120	-	-	68,120	33,815
Rental resort fee	924,477	-	-	924,477	434,711
Deed in lieu income	428	-	-	428	3,273
Miscellaneous income	18,925	-	-	18,925	12,964
<b>Total Revenues</b>	<u>12,462,203</u>	<u>973,016</u>	<u>811,921</u>	<u>14,247,140</u>	<u>12,871,067</u>
<b>Expenses:</b>					
Activities	51,647	-	-	51,647	65,994
Assessment servicing fees	70,170	-	-	70,170	63,062
Bad debt expense	32,427	-	-	32,427	69,874
BGV Operations	121,159	-	-	121,159	108,048
BMMA dues	4,400	-	-	4,400	7,907
Board and annual meetings	1,817	-	-	1,817	633
Cable TV	35,695	-	-	35,695	27,916
Cell booster	39,492	-	-	39,492	31,362
Common area amenities	140,340	-	-	140,340	157,133
COVID equipment	18,875	-	-	18,875	196,210
COVID safety	9,943	-	-	9,943	78,986
Credit card fees	59,379	-	-	59,379	53,703
Depreciation	35,221	-	-	35,221	30,704
Dues and subscriptions	27,489	-	-	27,489	22,513
Elevator maintenance	78,918	-	-	78,918	53,770
Employee housing reimbursement	55,608	-	-	55,608	72,096
Engineering	1,144,573	-	-	1,144,573	957,638
Fire alarm maintenance	25,713	-	-	25,713	12,605
GC8 Operations	287,664	-	-	287,664	241,719
Guest services	1,017,697	-	-	1,017,697	871,025
Hot tub and pool maintenance	74,782	-	-	74,782	49,647
Housekeeping	3,336,305	-	-	3,336,305	2,098,490
Income tax expense	-	-	-	-	116
Insurance	809,112	-	-	809,112	270,185
Landscaping	22,422	-	-	22,422	15,915
Management fee	1,308,456	-	-	1,308,456	1,233,660
Owner relations fee	960,260	-	-	960,260	760,812
Printing and key fobs	65,218	-	-	65,218	62,897
Professional fees	11,212	-	-	11,212	12,080
Property tax expense	792,504	-	-	792,504	871,286
Short term rental tax	500	-	-	500	500
Snow removal	9,869	-	-	9,869	31,990
Stable lot rent	203,969	-	-	203,969	209,824
Trash removal	53,551	-	-	53,551	41,167
Unit electric	428,497	-	-	428,497	356,411
Unit gas	286,778	-	-	286,778	247,376
Unit telephones	7,173	-	-	7,173	5,765
Unit Wi-Fi	54,900	-	-	54,900	48,891
Water and sanitation	209,887	-	-	209,887	207,735
Common reserve - Building exterior	-	243,958	-	243,958	99,855
Common reserve - Common area finishes	-	370,802	-	370,802	137,887
Common reserve - Mechanical systems	-	1,767	-	1,767	818
Common reserve - Future equipment	-	-	-	-	89,629
Unit reserve - Furniture	-	-	144,713	144,713	76,761
Unit reserve - Finishes	-	-	5,855	5,855	9,068
Unit reserve - Appliances	-	-	48,727	48,727	19,794
Unit reserve - Inventory replacement	-	-	2,066	2,066	2,619
<b>Total Expenses</b>	<u>11,893,622</u>	<u>616,527</u>	<u>201,361</u>	<u>12,711,510</u>	<u>10,084,076</u>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	568,581	356,489	610,560	1,535,630	2,786,991
<b>Beginning Fund Balances (Deficit)</b>	<u>1,713,869</u>	<u>1,458,270</u>	<u>1,985,870</u>	<u>5,158,009</u>	<u>2,371,018</u>
<b>Ending Fund Balances (Deficit)</b>	<u>2,282,450</u>	<u>1,814,759</u>	<u>2,596,430</u>	<u>6,693,639</u>	<u>5,158,009</u>

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

**Grand Colorado on Peak 8 Owners Association Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Statements of Cash Flows**  
**For the Year Ended December 31, 2021**  
**(With Comparative Totals for 2020)**

	2021			2020	
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total	Total
<b>Cash Flows From Operating Activities:</b>					
Cash received from assessments	11,453,126	973,016	844,696	13,270,838	11,895,390
Interest received	849	-	79	928	8,002
Cash received from other sources	1,086,306	-	-	1,086,306	892,208
Cash transfers from (to) other funds	(5,089,433)	5,040,150	49,283	-	-
Cash payments for goods and services	(10,694,838)	(706,156)	(201,361)	(11,602,355)	(9,254,324)
Cash paid for property taxes	(879,543)	-	-	(879,543)	(504,456)
Interest paid	-	-	-	-	-
<b>Net Cash Provided (Used) By Operating Activities</b>	<u>(4,123,533)</u>	<u>5,307,010</u>	<u>692,697</u>	<u>1,876,174</u>	<u>3,036,820</u>
<b>Cash Flows From Investing Activities:</b>					
Sale (purchases) of investments	-	(5,709,269)	(1,078,616)	(6,787,885)	245,000
Purchase of equipment	-	-	-	-	(101,774)
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>-</u>	<u>(5,709,269)</u>	<u>(1,078,616)</u>	<u>(6,787,885)</u>	<u>143,226</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(4,123,533)	(402,259)	(385,919)	(4,911,711)	3,180,046
<b>Cash and Cash Equivalents - Beginning of Year</b>	4,895,308	402,259	386,484	5,684,051	2,504,005
<b>Cash and Cash Equivalents - End of Year</b>	<u>771,775</u>	<u>-</u>	<u>565</u>	<u>772,340</u>	<u>5,684,051</u>
<b>Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:</b>					
Excess (deficiency) of revenues over expenses	568,581	356,489	610,560	1,535,630	2,786,991
<b>Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:</b>					
Depreciation	35,221	-	-	35,221	30,704
Unrealized (gain) loss on investments	-	-	32,854	32,854	(59,530)
(Increase) decrease in assessments receivable	3,046	-	-	3,046	(94,266)
Increase (decrease) in allowance for doubtful accounts	(13,077)	-	-	(13,077)	43,963
(Increase) decrease in accrued interest	-	-	-	-	2,902
(Increase) decrease in other receivables	6,202	-	-	6,202	2,988
(Increase) decrease in inventory	23,604	-	-	23,604	(39,933)
(Increase) decrease in prepaid expenses	(9,161)	-	-	(9,161)	(60,085)
Cash transfers from (to) other funds	(5,089,433)	5,040,150	49,283	-	-
Increase (decrease) in accounts payable	65,212	(89,629)	-	(24,417)	120,217
Increase (decrease) in accounts payable - other	-	-	-	-	89,629
Increase (decrease) in deferred assessment revenue	75,032	-	-	75,032	75,428
Increase (decrease) in property taxes payable	(84,039)	-	-	(84,039)	365,946
Increase (decrease) in due to related parties	298,279	-	-	298,279	(229,134)
Increase (decrease) in income taxes payable	(3,000)	-	-	(3,000)	1,000
<b>Total Adjustments</b>	<u>(4,692,114)</u>	<u>4,950,521</u>	<u>82,137</u>	<u>340,544</u>	<u>249,829</u>
<b>Net Cash Provided (Used) By Operating Activities</b>	<u>(4,123,533)</u>	<u>5,307,010</u>	<u>692,697</u>	<u>1,876,174</u>	<u>3,036,820</u>

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



**Grand Colorado on Peak 8 Owners Association Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(With Comparative Totals for 2020)**

**1. Organization**

Grand Colorado on Peak 8 Owners Association Inc., (the "Association") is a condominium association organized as a Colorado non-for-profit corporation for the purposes of maintaining and preserving common property of the Association. The Association, which is located in Breckenridge, Colorado, was incorporated on May 30, 2014. The Association began operations on January 1, 2017.

The property was developed by the Declarant, Peak 8 Properties, L.L.C. In accordance with the Association's declarations and the provisions of the Colorado Common Interest Ownership Act, the period of Declarant control commenced upon filing the Articles of Incorporation and terminates when one of the following events occur:

- a. Sixty days after conveyance of 75% of the units that may be created to owners other than the Declarant;
- b. Two years after the last conveyance of a unit by a Declarant in the ordinary course of business;
- c. Two years after any right to add new units was last exercised,

The Association remained under Declarant control at December 31, 2021.

At December 31, 2021, the Association consisted of 268 units, which included 253 timeshare units and 15 commercial units, representing the maximum number of units permitted in the Association's declarations.

**2. Summary of Significant Accounting Policies**

**A. Fund Accounting**

The Association uses fund accounting, which requires that funds be classified separately for accounting and reporting purposes.

As of December 31, 2021, the Association had the following funds:

Operating – Disbursements from this fund are generally at the discretion of the Board of Directors (the "Board") and the property manager.

Common Reserve – Disbursements from this fund generally may be made only for designated purposes.

Unit Reserve – Disbursements from this fund are designated for the replacement of unit furniture.

**B. Investment Income Allocation**

Interest income is recorded in the fund holding the underlying source of investment income.

**Grand Colorado on Peak 8 Owners Association Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(With Comparative Totals for 2020)**

**2. Summary of Significant Accounting Policies (continued)**

**C. Recognition of Assets**

The Association recognizes as assets on its financial statements:

- (a) common personal property and;
- (b) common real property to which it has title and that it can dispose of for cash, while retaining the proceeds thereto.

These assets are recorded at cost and are depreciated using the straight-line method over estimated useful lives of five years.

**D. Basis of Accounting**

These financial statements have been prepared on the accrual basis of accounting which recognizes revenues when assessed or earned and expenses when incurred.

**E. Cash and Cash Equivalents**

All checking and money market savings accounts are considered cash equivalents by the Association for the purpose of the Statement of Cash Flows since all funds are highly liquid with no stated maturities.

**F. Investments**

The Association has invested certain excess funds in certificates of deposit. Because these certificates of deposits are intended to fund Replacement Fund expenditures and may provide a ready source of cash when so required, these investments are classified as trading. Accordingly, these investments are reported on these financial statements at fair value, and all realized and unrealized gains and losses are included in current year earnings.

**G. Revenues and Revenue Recognition**

Common assessments are the primary source of revenue for the Association. The Board, together with the Managing Agent, prepares an annual budget to estimate the annual expenses of maintaining the Association's common elements. On an annual basis, members of the Association are assessed for their respective pro-rata share of these estimated expenses.

The Association has determined that the relationship of the members to the Association is not that of a customer as defined in generally accepted accounting principles, since the members control the governance of the Association, and it is not possible to separate the members from the Association itself. Further, the nature of the Association's governing documents as it relates to the billing and collection of member assessments does not meet the definition of a contract under generally accepted accounting principles. Consequently, all assessment revenues are recognized as revenue by the Association when levied, as determined by the Board-approved annual budget.

The Association also recognizes revenues from various administrative fees and fines as earned upon provision of the underlying goods or service. All such revenues are non-refundable.

**Grand Colorado on Peak 8 Owners Association Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(With Comparative Totals for 2020)**

**2. Summary of Significant Accounting Policies (continued)**

**G. Revenues and Revenue Recognition (continued)**

Since the Association is designed only to operate as a conduit to collect assessments and pay operating expenses on behalf of members, any excess or deficiency of revenues over expenses is repaid to or recovered from the members in a subsequent year by reducing or increasing assessments or, with approval of the membership, transferred to the Replacement Fund.

**H. Due To/From Other Funds**

The Association has chosen to record all accounts receivable and accounts payable in the Operating Fund. In accordance with generally accepted accounting principles, the differences in the individual funds caused by this accounting policy results in interfund asset and liability accounts on the financial statements.

**I. Allowance for Uncollectible Accounts – Assessments**

The Association utilizes the allowance method of recognizing the future potential uncollectibility of owner assessments receivable. This reserve is calculated based on the estimated percentage of potentially uncollectible accounts 90 or more days overdue. The Association's policy is to charge late fees to owner accounts that are 60 or more days overdue. For the year ended December 31, 2021, the Association incurred \$32,427 in bad debt expense and wrote off accounts totaling \$45,504 (net of recoveries). For the year ended December 31, 2020, the Association incurred \$69,874 in bad debt expense and wrote off accounts totaling \$25,911 (net of recoveries).

**J. Inventory**

Housekeeping supply inventory is valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The cost of inventory is recorded as an expense when consumed rather than when purchased.

**K. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**L. Deferred Assessment Revenue**

Deferred revenue represents prepaid assessments, and is composed of payments received in advance of the assessment billings of the next fiscal year.

**M. Subsequent Events**

Management has evaluated subsequent events through April 4, 2022, the date these financial statements were available to be issued.

**Grand Colorado on Peak 8 Owners Association Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(With Comparative Totals for 2020)**

**3. Income Taxes**

While the Association has been organized under Colorado non-profit statutes as a corporation without capital stock or shareholders, the Association is not a tax-exempt organization. Consequently, the Association is subject to Federal and state income taxes on net income derived from investments and other non-membership sources.

The income tax returns of the Association are subject to examination by the Internal Revenue Service and the Colorado Department of Revenue. The Association's returns are not subject to examination for tax years three years prior by the Internal Revenue Service and for tax years for four years prior by the Colorado Department of Revenue. The Association submitted an initial tax return for the year ending December 31, 2017.

**4. Investments**

The Association's investments were comprised of the following certificates of deposit at December 31, 2021.

	<b>12/31/21</b>	<b>12/31/20</b>
U.S. Treasurer Bills, bearing interest at .05%, maturing on March 31, 2022	\$ 6,296,589	\$ -
Market linked Certificates of Deposit maturing prior in 2028		
Certificates of deposit linked to the Dow Jones Industrial Average, maturing on January 3, 2024	1,027,765	273,925
Certificates of deposit linked to the Standard and Poor's 500 index, maturing on January 6, 2025	-	295,400
<b>Total Investments</b>	<b>\$ 7,324,354</b>	<b>569,325</b>

Included in the Association's investment income for the fiscal year ending December 31, 2021 and December 31, 2020 are unrealized gains (losses) totaling (\$32,854) and \$59,530, respectively.

**5. Fixed Assets**

Fixed assets are summarized below:

<b>Description</b>	<b>12/31/21</b>	<b>12/31/20</b>
Equipment	\$ 146,890	\$ 146,890
Vehicles	29,214	29,214
Less: Accumulated depreciation	(89,883)	(54,661)
<b>Net Fixed Assets</b>	<b>\$ 86,221</b>	<b>\$ 121,443</b>

Depreciation expense is computed on a straight-line basis and was \$35,221 and \$30,704 for the years ended December 31, 2021 and 2020.

**Grand Colorado on Peak 8 Owners Association Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(With Comparative Totals for 2020)**

**6. Revenue from Contracts with Customers**

For the year ended December 31, 2021, revenues recognized for goods transferred or performance obligations were \$14,247,140. Revenues may be affected by general economic conditions and inflationary pressures. Revenues are primarily collected from members of the Association.

**7. Significant Agreements and Transactions**

On January 1, 2018, Peak 8 Properties, L.L.C. entered into an agreement with the Association to purchase all inventory units from the Association (which may be obtained as a result of foreclosure proceedings to collect past due assessments) for the consideration of payment of Association past dues, transfer costs, and any Association dues until resale and otherwise in accordance with the term and conditions of the agreement. This agreement may be terminated by either party by giving ninety days advance written notice. During the year ended December 31, 2021, the Association did not receive any amount from Peak 8 Properties, L.L.C. for the purchase of inventory units. At December 31, 2021, the Association did not own any inventory units.

Peak 8 Properties, L.L.C. pays assessments relating to its owned unit weeks throughout the year. The Association earned \$4,698,256 of 2021 revenue from Peak 8 Properties, L.L.C through assessments. Peak 8 Properties, L.L.C's assessments excluded cleaning fees of \$394,556 related to services not incurred in unoccupied units. The Association earned 33% of its total 2021 revenue from Peak 8 Properties, L.L.C.

Effective August 15, 2015, the Association entered into an agreement with Breckenridge Grand Vacations ("Manager"), which is owned and operated by the Peak 8 Properties, L.L.C., to provide all services and personnel required to administer the affairs of the Association. The initial term of the management agreement was for 10 years and later extended to 2030. The management fee is equal to 2.5% of the Association annual budget during the initial two years, and after the initial two years will increase up to 5% at the beginning of each following annual budget year; provided, however, that in the event the Project is expanded to include additional phases four and five the annual management fee shall automatically be increased to 10% of the Association annual budget for any such budget year upon closing of the real property required for the additional phases four and five of the Project and shall thereafter increase up to 5% at the beginning of each following annual budget year; provided, however, in no event shall the management fee exceed 15% during the initial two years or any renewal term. After the initial term, the agreement automatically renews for five year periods, under the same terms and conditions as the original agreement, unless cancelled by either party. This agreement may be terminated by the Association for cause, as defined in the agreement. Breckenridge Grand Vacations may resign as manager with or without cause. However, Breckenridge Grand Vacations cannot resign until the Association obtains a substitute managing agent or until 180 days from the resignation notification date.

**Grand Colorado on Peak 8 Owners Association Inc.**  
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**Notes to the Financial Statements**  
**December 31, 2021**  
**(With Comparative Totals for 2020)**

**7. Significant Agreements and Transactions (continued)**

During the year ended December 31, 2021, the Association incurred various expenses that were payable to Breckenridge Grand Vacations and Peak 8 Properties, L.L.C. (collectively referred to as "Management Companies"). The following is a schedule of transactions between the Association and the Management Companies for the year ended December 31, 2021.

	<u>2021</u>	<u>2020</u>
Activities	\$ 51,647	\$ 65,994
Cleaning	3,336,304	2,098,490
Employee housing reimbursement	55,608	72,096
Engineering	1,144,573	957,638
Guest services	1,017,697	871,025
GC8 operations	287,664	241,719
BGV operations	121,159	108,048
Management fees	1,308,456	1,233,660
Owner relations fee	960,260	760,812
<b>Total Expenses</b>	<u>\$ 8,283,368</u>	<u>\$ 6,409,482</u>

Approximately 65% of the Association's total 2021 expenses were related to services provided by related parties. The net amount that the Association owed to related parties was \$428,141 at December 31, 2021 and \$133,021 at December 31, 2020.

On October 25, 2016, the Association entered into an agreement with Concord Servicing Corporation to perform billings of assessments. The initial term began from the date of the agreement and is automatically renewed for 12 month terms until written notice of termination. The fee may increase annually by 1.5 times the increase in the Consumer Price Index. For the years ended December 31, 2021 and 2020, the Association paid \$37,883 and \$33,524, respectively, for services provided by Concord Servicing Corporation.

**8. Future Major Repairs and Replacements**

The Association's governing documents require that funds be accumulated for future repairs, replacements and maintenance. Accumulated funds are held in separate money market accounts and are generally not available for expenses for normal operations.

The Association has an external reserve study performed every 5 years to update estimates for future repairs and replacements and maintenance. In addition to the formal study Management also performs an annual internal inspection to update these estimates.

**Grand Colorado on Peak 8 Owners Association Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(With Comparative Totals for 2020)**

**8. Future Major Repairs and Replacements (continued)**

A Level I – Full Service Reserve Study was completed in 2011 and estimated the remaining useful lives and replacement costs of the components of the unit and common property. During the year ending December 31, 2021, an internal review and update was performed, as well as an external review conducted by OAC Management. The internal and external reviews ascertained future replacement cost from industry standard estimating manuals and the engineering firm's experience with similar projects. The life expectancy of all components was ascertained from visual inspections made during the study.

In accordance with industry guidelines, it is the Association's primary duty to maintain and preserve the common property of the owners. Therefore, it is the Association's responsibility to determine a method for funding the costs of future major repairs and maintenance by assessing owners for anticipated costs, and accumulating funds in reserve to meet the future funding requirements. The Board has chosen to fund major repairs and replacements over the remaining useful lives of the components, based on the study's estimates of current replacement costs and considering amounts previously accumulated in the Replacement Funds. Assessments of \$973,016 and \$844,696 for the Common Reserve Fund and the Unit Reserve Fund, respectively, were reported during the year ended December 31, 2021. Assessments of \$972,875 and \$827,833 for the Common Reserve Fund and the Unit Reserve Fund, respectively, were reported during the year ended December 31, 2020.

Funds being accumulated in the Common Reserve Fund and Units Reserve Funds are based on estimated costs for repairs and replacements of common property components. Actual expenditures and investment incomes may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated 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.

**9. New Accounting Standard**

Effective January 1, 2020, the Association implemented Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), issued by the Financial Accounting Standards Board ("FASB"), and all subsequent amendments. ASU 2014-09 requires enhanced disclosures of the Association's revenue recognition policies. The implementation of ASU 2014-09 has been applied retrospectively to all periods presented, with no effect to net assets or previously issued financial statements.

**Grand Colorado on Peak 8 Owners Association Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Operating Fund**  
**Budget (Non-GAAP Basis) to Actual Comparison**  
**With Reconciliation to GAAP Basis**  
**For the Year Ended December 31, 2021**  
**(With Comparative Actual Amounts for 2020)**

	2021		Variance Favorable (Unfavorable)	2020
	Budget (Unaudited)	Actual		Actual
<b>Revenues:</b>				
Assessments, net of discounts	11,096,824	11,277,710	180,886	10,007,006
Developer subsidy	-	-	-	257,058
Developer stop gap	-	-	-	85,575
Interest income	6,148	849	(5,299)	1,927
Late fee revenue	114,913	96,910	(18,003)	103,242
Ski locker income	26,068	30,544	4,476	6,429
Natural gas reimbursement	57,500	44,240	(13,260)	61,656
Vacation experience fee income	84,950	68,120	(16,830)	33,815
Rental resort fee	553,718	924,477	370,759	434,711
Deed in lieu income	1,866	428	(1,438)	3,273
Miscellaneous income	24,000	18,925	(5,075)	12,964
<b>Total Revenues</b>	<b>11,965,987</b>	<b>12,462,203</b>	<b>496,216</b>	<b>11,007,656</b>
<b>Expenses:</b>				
Activities	12,140	51,647	(39,507)	65,994
Assessment servicing fees	106,646	70,170	36,476	63,062
Bad debt expense	75,403	32,427	42,976	69,874
BMMA Dues	7,940	4,400	3,540	7,907
BGV operations	121,159	121,159	-	108,048
Board and annual meetings	12,992	1,817	11,175	633
Cable tv	34,140	35,695	(1,555)	27,916
Cell booster	36,744	39,492	(2,748)	31,362
Common area amenities	107,000	140,340	(33,340)	157,133
COVID equipment	10,000	18,875	(8,875)	196,210
COVID safety	60,000	9,943	50,057	78,986
Credit card fees	83,437	59,379	24,058	53,703
Dues and subscriptions	25,303	27,489	(2,186)	22,513
Elevator maintenance	78,862	78,918	(56)	53,770
Employee housing reimbursement	55,606	55,606	-	72,096
Engineering	1,183,172	1,144,575	38,597	957,638
Fire alarm maintenance	27,184	25,713	1,471	12,605
GC8 operations	277,870	287,664	(9,794)	241,719
Guest services	1,328,663	1,017,697	310,966	871,025
Hot tub and pool maintenance	56,748	74,782	(18,034)	49,647
Income tax expense	-	-	-	116
Insurance	309,146	809,112	(499,966)	270,185
Keys, postage and printing	43,905	65,218	(21,313)	62,897
Landscaping	21,000	22,422	(1,422)	15,915
Management fee	1,308,456	1,308,456	-	1,233,660
Owner relations fee	960,260	960,260	-	760,812
Professional fees	33,723	11,212	22,511	12,080
Property tax expense	1,113,788	792,504	321,284	871,286
Resort cleaning	3,181,585	3,336,305	(154,720)	2,098,490
Short term rental tax	12,024	500	11,524	500
Snow removal	20,000	9,869	10,131	31,990
Stables lot rent	217,156	203,969	13,187	209,824
Trash removal	68,325	53,551	14,774	41,167
Unit electric	418,617	428,497	(9,880)	356,412
Unit gas	263,949	286,778	(22,829)	247,376
Unit telephones	7,800	7,173	627	5,765
Unit wi-fi	57,934	54,900	3,034	48,891
Water and sanitation	227,310	209,887	17,423	207,734
<b>Total Expenses</b>	<b>11,965,987</b>	<b>11,858,401</b>	<b>107,586</b>	<b>9,616,941</b>
<b>Excess (Deficiency) of Revenue Over Expenses - Budget Basis</b>	<b>-</b>	<b>603,802</b>	<b>603,802</b>	<b>1,390,715</b>
<b>Adjustments to Budget Basis:</b>				
Depreciation expense		(35,221)		(30,704)
<b>Total Adjustments</b>		<b>(35,221)</b>		<b>(30,704)</b>
<b>Excess (Deficiency) of Revenues Over Expenses - GAAP Basis</b>		<b>568,581</b>		<b>1,360,011</b>

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



**Grand Colorado on Peak 8 Owners Association Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Supplementary Information on Future Major Repairs and Replacements**  
**Common Reserve Fund**  
**December 31, 2021**  
**(Unaudited)**

A Level I – Full Service Reserve Study was completed in 2016 and estimated the remaining useful lives and replacement costs of the components of the unit and common property. During the year ending December 31, 2021, an internal review and update was performed, as well as an external review conducted by OAC Management. The internal and external reviews ascertained future replacement cost from industry standard estimating manuals and the engineering firm’s experience with similar projects. The life expectancy of all components was ascertained from visual inspections made during the study.

The balance of the Common Reserve Fund at December 31, 2021, has not been designated by the Board for specific components of common property.

The following table is based on the study and presents significant information about the components of common property.

<b>Components</b>	<b>Estimated Remaining Useful Lives (Years)</b>	<b>Estimated Future Replacement Costs</b>	<b>Components of Fund Balance at December 31, 2021</b>
Amenity	0 - 29	\$1,727,735	
Aquatics	2 - 19	1,533,243	
Bellman	0 - 4	26,568	
Boilers	4 - 29	2,216,671	
Other projects	0 - 1	60,000	
Doors	2 - 24	4,039,623	
Electronics	3 - 14	89,596	
Elevators	4 - 29	4,715,831	
Equipment	2 - 13	366,518	
Flooring	0 - 19	806,209	
Furnishing	0 - 19	491,701	
Furnishings	1 - 9	166,108	
Housekeeping	0 - 4	47,536	
HVAC	3 - 29	1,616,669	
IT	0 - 7	526,997	
Lighting	11 - 19	697,379	
Resurfacing	0 - 10	592,596	
Par	1 - 5	23,269	
Remodel	16 - 19	1,207,942	
Roof	0 - 25	2,273,343	
Safety	2 - 14	22,960	
Signs	10 - 19	294,850	
Stonework	6 - 9	85,179	
Theaters	1 - 16	481,223	
Trim	3 - 7	225,286	
Windows	2 - 32	8,448,326	
<b>Total</b>		<u><u>32,783,358</u></u>	<u><u>1,814,759</u></u>

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

**Grand Colorado on Peak 8 Owners Association Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Supplementary Information on Future Major Repairs and Replacements**  
**Unit Reserve Fund**  
**December 31, 2021**  
**(Unaudited)**

A Level I – Full Service Reserve Study was completed in 2016 and estimated the remaining useful lives and replacement costs of the components of the unit and common property. During the year ending December 31, 2021, an internal review and update was performed, as well as an external review conducted by OAC Management. The internal and external reviews ascertained future replacement cost from industry standard estimating manuals and the engineering firm’s experience with similar projects. The life expectancy of all components was ascertained from visual inspections made during the study.

The balance of the Unit Reserve Fund at December 31, 2021, has not been designated by the Board for specific components of common property.

The following table is based on the study and presents significant information about the components of common property.

<b>Components</b>	<b>Estimated Remaining Useful Lives (Years)</b>	<b>Estimated Future Replacement Costs</b>	<b>Components of Fund Balance at December 31, 2021</b>
Appliance	0 - 28	\$1,518,365	
Contingency	0 - 1	50,000	
Doors	21 -28	1,782,508	
Drywall	21 -28	736,697	
Electrical	21 -28	263,272	
Electronics	1 - 4	421,014	
Flooring	1 -28	4,498,413	
Furnishing	0 -28	9,562,547	
HVAC	11 - 28	2,583,439	
Insulation	21 -28	325,354	
IT	4	319,449	
Labor	21 - 28	4,292,935	
Lighting	1 - 6	657,049	
Paint	21 -28	954,270	
PAR	0 - 4	206,261	
Permit	21 - 28	518,264	
Plumbing	21 - 28	1,941,653	
Safety	1 - 9	101,737	
Trim	21 - 28	2,801,519	
<b>Total</b>		<b>\$33,534,746</b>	<b>2,596,430</b>

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