GRAND TIMBER LODGE OWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023

(With Comparative Totals for 2022)

Grand Timber Lodge Owners Association, Inc.
(A Colorado Non-Profit Corporation)
December 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Grand Timber Lodge Owners Association, Inc
Breckenridge, Colorado

Opinion

We have audited the accompanying financial statements of Grand Timber Lodge Owners Association, Inc. (the "Association"), which comprise the balance sheet as of December 31, 2023, and the related statement of revenues, expenses, and changes in fund balances, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Grand Timber Lodge Owners Association, Inc. as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Grand Timber Lodge 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 opinion.

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 the Grand Timber Lodge Owners Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 audit.

Report on Summarized Comparative Information and Restatement of Prior Year Balances

We have audited Grand Timber Lodge Owners Association, Inc.'s December 31, 2022 financial statements, and expressed an unmodified opinion on those financial statements in out report dated March 28, 2023. During the 2023 audit, it was determined that the 2022 balances required restatement. See Note 10 to the financial statements for additional details on this restatement. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, except as described in Note 10, is consistent, in all material respects, with the audited financial statements from which it has been derived.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Grand Timber Lodge Owners Association, Inc.

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 the 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.

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.

McNurlin, Hitchcock & Associates, P.C.

McNurlin, Hitchcock & Associates, P.C.
April 11, 2024

Grand Timber Lodge Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Balance Sheets
December 31, 2023 and 2022

	2023				2022 (Restated)			
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total
Assets:								
Current Assets:								
Cash in banks	$ 1,495,942	$ 20,592	$ 7,602	$ 1,524,136	$ 455,004	$ 20,486	$ 6,830	$ 482,320
Restricted cash	-	-	250,000	250,000	-	-	250,000	250,000
Investments	-	1,328,236	761,199	2,089,435	-	950,747	726,260	1,677,007
Member assessments receivable (net of allowance for credit losses of $158,713 and $170,816 in 2023 and 2022)	1,469,594	-	-	1,469,594	1,425,539	-	-	1,425,539
Due from (to) Grand Lodge on Peak 7	(874)	-	-	(874)	4,244	-	-	4,244
Due from (to) Grand Colorado on Peak 8	142	-	-	142	2,673	-	-	2,673
Accounts receivable - other	-	-	-	-	25,858	-	-	25,858
Due from GPLR	470,049	-	-	470,049	235,474	-	-	235,474
Note receivable	-	50,527	-	50,527	-	101,052	-	101,052
Unit supplies inventory	73,418	-	-	73,418	54,567	-	-	54,567
Prepaid expenses	340,920	-	-	340,920	435,110	-	-	435,110
Total Current Assets	3,849,191	1,399,355	1,018,801	6,267,347	2,638,469	1,072,285	983,090	4,693,844
Non-Current Assets:								
Fixed assets (net of accumulated depreciation of $212,362 and $208,561 in 2023 and 2022)	1,694	-	-	1,694	5,495	-	-	5,495
Total Non-Current Assets	1,694	-	-	1,694	5,495	-	-	5,495
Total Assets	$ 3,850,885	$ 1,399,355	$ 1,018,801	$ 6,269,041	$2,643,964	$ 1,072,285	$ 983,090	$4,699,339
Liabilities and Fund Balances								
Liabilities:								
Current Liabilities:								
Accounts payable	$ 126,904	$ -	$ -	$ 126,904	$ 143,211	$ -	$ -	$ 143,211
Due to (from) other funds	802,752	(118,811)	(683,941)	-	14,852	(14,852)	-	-
Deferred assessment revenue	546,953	-	-	546,953	352,490	-	-	352,490
Income taxes payable	50,000	-	-	50,000	-	-	-	-
Property taxes payable	701,712	-	-	701,712	515,069	-	-	515,069
Reserve study payable	1,500	-	-	1,500	1,500	-	-	1,500
Due to Management Companies	896,923	-	-	896,923	691,090	-	-	691,090
Total Current Liabilities	3,126,744	(118,811)	(683,941)	2,323,992	1,718,212	(14,852)	-	1,703,360
Other Liabilities:								
Note payable	-	90,226	-	90,226	-	180,449	-	180,449
Total Other Liabilities	-	90,226	-	90,226	-	180,449	-	180,449
Fund Balances	724,141	1,427,940	1,702,742	3,854,823	925,752	906,688	983,090	2,815,530
Total Liabilities and Fund Balances	$ 3,850,885	$ 1,399,355	$ 1,018,801	$ 6,269,041	$2,643,964	$ 1,072,285	$ 983,090	$4,699,339

See accompanying notes to the financial statements and independent auditors' report.

Grand Timber Lodge Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Statement of Revenues, Expenses and Changes in Fund Balances
For the Year Ended December 31, 2023 and 2022

	2023				2022 (Restated)			
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total
Revenues:								
Assessments, net of discounts	$11,240,224	$1,371,376	$1,463,059	$14,074,659	$10,221,900	$1,202,385	$1,393,161	$12,817,446
Late fee revenue	125,091	-	-	125,091	160,655	-	-	160,655
Investment income (loss)	70,912	140,460	38,275	249,647	1,081	(17,553)	(74,256)	(90,728)
Vacation experience fee	295,142	-	-	295,142	302,871	-	-	302,871
Rental resort fee	566,534	-	-	566,534	516,325	-	-	516,325
Deed in lieu income	34,027	-	-	34,027	10,484	-	-	10,484
Miscellaneous income	65,273	-	-	65,273	44,180	-	-	44,180
Total Revenues	12,397,203	1,511,836	1,501,334	15,410,373	11,257,496	1,184,832	1,318,905	13,761,233
Expenses:								
Operations	5,718,242	-	-	5,718,242	5,041,369	-	-	5,041,369
Maintenance	1,504,983	-	-	1,504,983	1,353,680	-	-	1,353,680
Resort cleaning	3,442,068	-	-	3,442,068	3,065,319	-	-	3,065,319
Utilities	896,003	-	-	896,003	881,051	-	-	881,051
Taxes and fees	1,033,717	-	-	1,033,717	653,856	-	-	653,856
Capital	3,801	-	-	3,801	9,504	-	-	9,504
Common reserve expenses	-	990,584	-	990,584	-	1,051,261	-	1,051,261
Unit reserve expenses	-	-	781,682	781,682	-	-	1,434,580	1,434,580
Total Expenses	12,598,814	990,584	781,682	14,371,080	11,004,779	1,051,261	1,434,580	13,490,620
Revenues Over (Under) Expenses	(201,611)	521,252	719,652	1,039,293	252,717	133,571	(115,675)	270,613
Beginning Fund Balances	925,752	906,688	983,090	2,815,530	673,035	773,117	1,098,765	2,544,917
Ending Fund Balances	$ 724,141	$1,427,940	$1,702,742	$ 3,854,823	$ 925,752	$ 906,688	$ 983,090	$ 2,815,530

See accompanying notes to the financial statements and independent auditors' report.

Grand Timber Lodge Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Statements of Cash Flows
For the Year Ended December 31, 2023 and 2022

	2023				2022 (Restated)			
	Operating Fund	Common Reserve Fund	Reserve Fund	Total	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total
Cash Flows From Operating Activities:								
Cash received from owners	$12,510,206	$ 1,421,901	$1,463,059	$ 15,395,166	$11,187,015	$ 1,252,910	$ 1,393,161	$13,833,086
Interest received	70,912	141,890	20,022	232,824	1,081	6,639	3,462	11,182
Cash paid for property taxes	(1,033,717)	-	-	(1,033,717)	(653,856)	-	-	(653,856)
Cash transfers from (to) other funds	787,900	(103,959)	(683,941)	-	(893,340)	856,913	36,427	-
Cash payments for goods and services	(11,294,363)	(990,584)	(781,682)	(13,066,629)	(10,630,335)	(1,051,261)	(1,434,580)	(13,116,176)
Net Cash Provided (Used) By Operating Activites	1,040,938	469,248	17,458	1,527,644	(989,435)	1,065,201	(1,530)	74,236
Cash Flows From Financing Activities:								
Payments on the note payable	-	(90,223)	-	(90,223)	-	(90,224)	-	(90,224)
Net Cash Used by Financing Activities	-	(90,223)	-	(90,223)	-	(90,224)	-	(90,224)
Cash Flows From Investing Activities:								
(Purchase) sale of investments	-	(378,919)	(16,686)	(395,605)	699,956	(974,939)	1,773	(273,210)
Net Cash Provided (Used) by Investing Activities	-	(378,919)	(16,686)	(395,605)	699,956	(974,939)	1,773	(273,210)
Net Increase (Decrease) in Cash and Cash Equivalents	1,040,938	106	772	1,041,816	(289,479)	38	243	(289,198)
Net Cash and Cash Equivalents - Beginning	455,004	20,486	6,830	482,320	744,483	20,448	6,587	771,518
Net Cash and Cash Equivalents - Ending	$ 1,495,942	$ 20,592	$ 7,602	$ 1,524,136	$ 455,004	$ 20,486	$ 6,830	$ 482,320
Reconciliation of Revenues Over (Under) Expenses to Net Cash Provided (Used) By Operating Activities								
Revenues Over (Under) Expenses	$ (201,611)	$ 521,252	$ 719,652	$ 1,039,293	$ 252,717	$ 133,571	$ (115,675)	$ 270,613
Adjustments to Reconcile Revenue Over (Under) Expenses to Net Cash Provided (Used) By Operating Activities:								
Depreciation	3,801	-	-	-	9,504	-	-	-
Unrealized (gain) loss on investments	-	1,430	(18,253)	(16,823)	-	24,192	77,718	101,910
Increase (decrease) in interfund balances	787,900	(103,959)	(683,941)	-	(893,340)	856,913	36,427	-
(Increase) decrease in assessments receivable	(56,158)	-	-	(44,055)	(60,483)	-	-	(198,235)
(Increase) decrease in other accounts receivable	25,858	50,525	-	25,858	98,589	50,525	-	98,589
(Increase) decrease in due to Grand Lodge on Peak 7	7,649	-	-	7,649	(6,917)	-	-	(6,917)
Increase (decrease) in allowance for credit losses	12,103	-	-	12,103	(137,752)	-	-	(137,752)
(Increase) decrease in prepaid expenses	94,190	-	-	94,190	(329,511)	-	-	(329,511)
(Increase) decrease in inventory	(18,851)	-	-	(18,851)	(8,368)	-	-	(8,368)
(Increase) decrease in due from GPLR	(234,575)	-	-	(234,575)	-	-	-	-
Increase (decrease) in due to Management Companies	205,833	-	-	205,833	54,773	-	-	54,773
Increase (decrease) in accounts payable	(16,307)	-	-	(16,307)	(3,717)	-	-	(3,717)
Increase (decrease) in taxes payable	236,643	-	-	236,643	(3,593)	-	-	(3,593)
Increase (decrease) in reserve study payable	-	-	-	-	1,500	-	-	1,500
Increase (decrease) in deferred assessment revenue	194,463	-	-	194,463	37,163	-	-	37,163
Total Adjustments	1,242,549	(52,004)	(702,194)	446,128	(1,242,152)	931,630	114,145	(394,158)
Net Cash Provided (Used) By Operating Activities	$ 1,040,938	$ 469,248	$ 17,458	$ 1,485,421	$ (989,435)	$ 1,065,201	$ (1,530)	$ (123,545)

See accompanying notes to the financial statements and independent auditors' report.

1. Organization

Grand Timber Lodge Owners Association, Inc. (the "Association") is a condominium association organized as a Colorado not-for-profit corporation for the purposes of maintaining and preserving common property of the Association. The Association consists of 164 units, which include 159 timeshare units, 2 whole ownership units, and 3 commercial units. The Association, which is located in Breckenridge, Colorado, was incorporated on February 22, 1999.

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, 2023 and 2022, the Association had the following funds:

Operating - Disbursements from this fund are generally at the discretion of the Board of Managers (the “Board”) and 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

Investment income is recorded in the fund holding the underlying sources of investment income.

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 three to 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.

2. Summary of Significant Accounting Policies (Continued)

E. Cash and Cash Equivalents

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

F. Investments

The Association has invested certain excess funds in various fixed income securities. Because these investments 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. Revenue 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.

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 the approval of the Board, transferred to the Replacement Funds.

H. Due To/From Other Funds

The Association has chosen to record accounts receivable and accounts payable in the Operating Fund. In accordance with generally accepted accounting principles, these differences in the individual funds are shown as interfund asset and liability accounts.

2. Summary of Significant Accounting Policies (Continued)

I. Assessments Receivable, Credit Losses, and Allowance for Credit Losses

On January 1, 2023, the Association adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326), on a modified retrospective basis. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost. Financial assets measured at amortized cost, which for the Association are assessments receivable and other receivables, are presented at the net amount expected to be collected by using an allowance for credit losses. No significant changes to credit losses were incurred by the Association as a result of adopting ASU 2016-13.

The Association calculates the allowance for credit losses based on the estimated percentage of uncollectible accounts 90 or more days overdue. Owners may be charged late fees and interest on delinquent balances, as determined based on the collection policies of the Association, along with any applicable laws and regulations. The Association has the right to pursue legal action in collecting delinquent balances, including placing a lien on the underlying title to the property. For the year ended December 31, 2023, the Association incurred $59,840 in credit loss expense and wrote off accounts totaling $274,316 (net of recoveries). For the year ended December 31, 2022, the Association incurred $72,292 in credit loss expense and wrote off accounts totaling $198,010 (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 amount 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 primarily composed of payments received in advance for the billing of the next fiscal year.

M. Subsequent Events

Management has evaluated subsequent events through the date on the audit report, which is the date these financial statements were available to be issued.

3. Investments

The Association's investments were comprised of the following securities at December 31, 2023 and 2022, respectively:

	2023	2022
US Treasury Bills (less than one year maturity)	$ 1,425,060	$ 1,034,920
Market indexed certificates of deposit, maturing in five to seven years	664,375	642,087
Total Investments	$ 2,089,435	$ 1,677,007

Included in the Association's investment income for the fiscal years ended December 31, 2023 and 2022 are unrealized and realized gains (losses) totaling $16,823 and ($101,910) and interest income of $232,824 and $11,182, respectively.

4. 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. Homeowner associations may be taxed either as homeowner associations under Internal Revenue Code Section 528 or as regular corporations under Internal Revenue Code Section 277. For the year ended December 31, 2023, the Association was taxed as a regular corporation and filed Form 1120. As a regular corporation the Association qualifies under Section 277 of the Internal Revenue Code. According to Internal Revenue Service (IRS) regulations, any excess "common" revenues over "common" expenses can be applied to future assessments. However, any net income unrelated to member assessments is considered to be taxable income and will be taxed according to Internal Revenue Service regulations. The Association recognized income tax expense of $50,000 for the year ended December 31, 2023, and a corresponding income tax payable of $50,000, as no estimates were paid during 2023. For the year ended December 31, 2022, no income tax was paid or owed.

The Federal income tax returns of the Association are subject to examination by the Internal Revenue Service and Colorado Department of Revenue. The Association has assessed its tax positions for all open tax years and has concluded that there are currently no significant unrecognized tax benefits or liabilities to be recognized.

5. Fixed Assets

Fixed assets for the past two fiscal years are summarized below:

Description	2023	2022
Equipment	$ 102,254	$ 102,254
Vehicles	34,946	34,946
Computer software	76,856	76,856
Less: accumulated depreciation	(212,362)	(208,561)
Net Fixed Assets	$ 1,694	$ 5,495

Depreciation expense is computed on the straight-line basis and was $3,801 and $9,504 for the years ended December 31, 2023, and 2022, respectively.

6. Significant Agreements and Transactions

On October 27, 2020, the Association entered into an agreement with Breckenridge Grand Vacations ("Manager"), which is owned and operated by Peak 8 Properties, L.L.C., to be effective January 1, 2021. The agreement is for an initial period of 10 years and will automatically renew for successive 5-year periods.

Manager shall provide the services required of it hereunder, for which services the Association shall pay to the Manager an annual management fee equal to not more than five percent (5.0%) of the Association annual budget during the first year of the Initial Term and shall thereafter increase by up to five percent (5.0%) of the Association annual budget at the beginning of each following annual budget year; provided, however, in no event shall the management fee exceed fifteen percent (15%) during the Initial Term or any renewal term of this Agreement. Payment of the annual management fee shall be in addition to any other reimbursable expenses paid to the Manager by the Association pursuant to the terms of this Agreement.

During its fiscal year, 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 years ended December 31, 2023, and 2022, respectively:

	2023	2022
Owner relations	$ 1,599,660	$ 1,401,827
Guest services	1,012,284	893,471
Employee housing reimbursement	28,692	30,817
Activities	59,587	62,827
Resort operations	453,639	422,335
BGV operations	240,504	208,880
Engineering	1,245,217	1,101,010
Management fee	951,744	697,059
Shuttle	278,536	265,077
Resort cleaning	3,442,068	3,065,319
Total Expenses	$ 9,311,931	$ 8,148,622

Approximately 64% of the Association's total 2023 and 2022 expenses were related to services provided by related parties. The net amount owed by the Association to the Management Companies for these services was $426,874 and $691,090 for the years ended December 31, 2023 and 2022, respectively.

Effective January 1, 2019, the Association entered into a Purchase and Resale Agreement with Gold Point Lodging and Realty ("GPLR"), whereby GPLR has the option to purchase inventory units from the Association (which may be obtained as a result of foreclosure proceedings to collect past due assessments) for payment of any Association past dues for such property, excluding late fees, fines, and interest charges, and including payment of 50% of the costs incurred by the Association directly as a result of obtaining the property through foreclosure proceedings and payment of any applicable transfer tax. During the years ended December 31, 2023 and 2022, the Association received $47,408 and $28,142, respectively from GPLR for the purchase of inventory units. At December 31, 2023 and 2022, the Association did not own any inventory units. During early 2024, the Association and Management determined that accurate payments had not been made on these transactions and a receivable was recorded by the Association for past amounts owed to the Association. See Note 10 for further details.

6. Significant Agreements and Transactions (Continued)

GPLR pays assessments relating to its owned unit weeks throughout the fiscal year. This amount totaled $365,875 and $289,857, during the years ended December 31, 2023 and 2022, respectively. The Association earned approximately 2% and 2% of its revenue from GPLR in 2023 and 2022, respectively.

On October 1, 2012, the Association entered into an agreement with Concord Servicing Corporation to perform billing of assessments. The initial term began in October 2012 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 Consumer Price Index. For the years ending December 31, 2023 and 2022, the Association paid $75,553 and $61,080, respectively, for services provided by Concord Servicing Corporation.

7. 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 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.

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 external update of the reserve study was completed by OAC Management. During the year ending December 31, 2023, management performed the annual internal inspection to update the estimate. 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. The tables included in the unaudited Supplementary Information on Future Major Repairs and Replacements are based on the external study and internal update. The information has been broken down into common reserve and unit reserve components of common property.

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 when funds are needed or by anticipating costs over extended time periods, assessing owners for the anticipated costs, and accumulating funds in reserves 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, net of discounts, of $1,371,376 and $1,463,059 for the Common Reserve Fund and Unit Reserve Fund, respectively, were reported during the year ended December 31, 2023. During the year ended December 31, 2022, the Association levied assessments, net of discounts, of $1,202,385 and $1,393,161 for the Common Reserve Fund and Unit Reserve Fund, respectively. The Association's Common Reserve Expenses for 2023 and 2022 were incurred primarily for refurbishments of the building's exterior and other common area refurbishments. The Association's Unit Reserve Expenses for 2023 and 2022 were incurred for furniture, appliance, and flooring replacements in units, along with other unit refurbishments.

7. Future Major Repairs and Replacements (Continued)

Funds being accumulated in the Common Reserve and Unit 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, the 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.

8. Restricted Cash

For the years ended December 31, 2023 and 2022, the Association has a deposit account of $250,000 in an interest-bearing account at a bank which can be liquidated by the Association at any time without penalty, but this deposit balance must first be funded by the developer. This Association deposit relationship with the bank is satisfying a deposit requirement for a signed loan agreement between the bank and the developer. The deposit is not collateral for this loan with the bank.

9. Note Payable and Related-Party Participation Agreement

In September 2018, the Association obtained a line of credit with a financial institution to fund a construction project. The Association was advanced $451,125, through construction draws, with an interest rate of 2% over the prime rate. After the construction project was completed, no additional draws were available on this line of credit. The note requires monthly payments of all accrued interest and five annual principal payments of $90,225, beginning on March 1, 2020. All remaining interest and principal are due March 1, 2024.

GPLR agreed to help fund these construction improvements, according to the terms of a participation agreement. GPLR agreed to pay 56% of the cost of this construction project. During the years ended December 31, 2023, and 2022, GPLR reimbursed the Association $50,526 and $50,526 of the principal portion paid on the note payable. As of December 31, 2023, the Association had a receivable amount due from GPLR totaling $50,527. Interest expense on the note payable totaled $10,870 and $13,411 during the years ended December 31, 2023, and 2022, respectively, of which GPLR reimbursed the Association $6,087, and $7,510, in accordance with the participation agreement.

10. Restatement of Prior Year Balances and Receivable Owed Under Purchase and Resale Agreement

The financial statements, as of December 31, 2022, and for the year ended December 31, 2022 (including the beginning Fund Balances), have been restated to include a receivable owed to the Association under the Purchase and Resale Agreement (see Note 6). GPLR had been purchasing properties from the Association and paying for these purchases using a calculation that did not agree with the defined calculation in the agreement. The Association and Management determined this error in early 2024 and calculated the additional amount owed by GPLR to the Association. The Association has recorded a receivable of $235,474 and a corresponding increase to Operating Fund balances for 2022. During the year ended December 31, 2023, the Association has recorded an additional receivable amount of $202,374, for a total receivable balance owed from GPLR due to this error of $437,848.

11. Concentration

During the years ended December 31, 2023, and 2022, the Association maintained funds at a financial institution that at times were in excess of FDIC insurance limits.

Grand Timber Lodge Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Operating Fund - Budget (Non-GAAP Basis) to Actual With Reconciliation to GAAP Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for December 31, 2022)

	2023			2022 (Restated)
Revenues:	Budget (Unaudited)	Actual	Variance Favorable (Unfavorable)	Actual
Assessments, net of discounts	$ 11,287,778	$ 11,240,224	$ (47,554)	$ 10,221,900
Late fee revenue	176,155	125,091	(51,064)	160,655
Investment income (loss)	2,310	70,912	68,602	1,081
Vacation experience fee	321,617	295,142	(26,475)	302,871
Rental resort fee	523,215	566,534	43,319	516,325
Deed in lieu income	8,000	34,027	26,027	10,484
Miscellaneous income	50,108	65,273	15,165	44,180
Total Revenues	12,369,183	12,397,203	28,020	11,257,496
Expenses:				
Operations:				
Assessment service fees	193,881	123,933	69,948	114,237
Common area amenities	17,400	21,269	(3,869)	26,658
Credit card fees	91,128	99,711	(8,583)	92,434
Credit losses	120,000	59,840	60,160	72,292
Dues and subscriptions	42,341	37,117	5,224	36,504
Technology / internet	44,520	48,441	(3,921)	79,271
Insurance	614,999	624,026	(9,027)	559,108
Management fee	951,747	951,744	3	697,059
Newsletter printing and guest receptions	62,544	45,681	16,863	58,125
Owner relations fee	1,599,665	1,599,660	5	1,401,827
Guest services	1,001,018	1,012,284	(11,266)	893,471
Activities	68,523	59,587	8,936	62,827
Resort operations	449,740	453,639	(3,899)	422,335
BGV operations	240,509	240,504	5	208,880
Employee housing reimbursement	28,688	28,692	(4)	30,817
Professional fees	33,550	30,265	3,285	13,763
Shuttle service	268,088	278,536	(10,448)	265,077
Board and annual meetings	6,231	3,313	2,918	6,684
Subtotal - Operations	5,834,572	5,718,242	116,330	5,041,369
Maintenance:				
Elevator maintenance	53,721	58,518	(4,797)	46,180
Fire alarm maintenance	51,620	41,446	10,174	43,758
Hot tub and pool maintenance	75,418	77,623	(2,205)	85,309
Landscaping	73,917	75,530	(1,613)	73,917
Snow removal	10,140	6,649	3,491	3,506
Resort maintenance	1,217,548	1,245,217	(27,669)	1,101,010
Subtotal - Maintenance	1,482,364	1,504,983	(22,619)	1,353,680
Resort Cleaning				
Resort cleaning	3,571,655	3,442,068	129,587	3,065,319
Subtotal - Resort Cleaning	3,571,655	3,442,068	129,587	3,065,319
Utilities:				
Television	67,200	79,849	(12,649)	25,877
Trash removal	61,873	50,197	11,676	58,568
Unit telephones	3,600	3,082	518	5,804
Resort utilities	594,920	555,564	39,356	594,464
Water and sanitation	196,229	207,311	(11,082)	196,338
Subtotal - Utilities	923,822	896,003	27,819	881,051
Taxes				
Income tax expense	-	50,000	(50,000)	-
Property tax expense	573,220	702,347	(129,127)	515,705
Short term rental taxes and fees	158,550	281,370	(122,820)	138,151
Subtotal - Taxes	731,770	1,033,717	(301,947)	653,856
Total Expenses	12,544,183	12,595,013	(50,830)	10,995,275
Revenues Over (Under) Expenses - Budget Basis	$ (175,000)	(197,810)	$ (22,810)	262,221
Adjustments to Budget Basis:				
Depreciation expense		(3,801)		(9,504)
Total Adjustments		(3,801)		(9,504)
Revenues Over (Under) Expenses - (GAAP) Basis		$ (201,611)		$ 252,717

See accompanying notes to the financial statements and independent auditors' report.

Grand Timber Lodge Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Supplementary Information on Future Major Repairs and Replacements
Common Reserve Fund
December 31, 2023
(Unaudited)

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, 2023, an internal review and update was performed, and an external review conducted by OAC Management was completed in 2021. 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, 2023, has not been designated by the Board for specific components of common property.

The following table is management's presentation based on the internal and external studies and presents significant information about the components of common property:

Components	Estimated Remaining Useful Lives (Years)	Estimated Future Replacement Costs	Actual Fund Balance at December 31, 2023
Activities Center	1	$ 7,533	
Amenity	0 - 10	554,661	
Aquatics	0 - 11	531,073	
Contingency	0 - 1	40,000	
Doors	0 - 19	2,054,550	
Electronics	0 - 1	19,441	
Flooring	0 - 17	831,685	
Furnishing	0 - 16	693,771	
HVAC	0 - 22	3,391,074	
IT	9	78,286	
Lighting	0 - 11	312,733	
Painting	0 - 5	507,554	
PAR	0 - 7	141,513	
Roofing	2 - 8	1,451,541	
Safety	1 - 17	1,395,426	
Signs	0 - 9	145,917	
Theater	0 - 5	146,775	
Trim	2 - 16	282,173	
Update	0 - 19	2,402,746	
Vehicle	0 - 3	434,627	
Windows	1 - 25	9,963,739	
Total		$ 25,386,818	$ 1,427,940
Percent of Estimated Future Replacement Costs			5.6%

Grand Timber Lodge Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Supplementary Information on Future Major Repairs and Replacements
Unit Reserve Fund
December 31, 2023
(Unaudited)

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, 2023, an internal review and update was performed, and an external review conducted by OAC Management was completed in 2021. 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.

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The following table is management's presentation based on the internal and external studies and presents significant information about the components of common property:

Components	Estimated Remaining Useful Lives (Years)	Estimated Future Replacement Costs	Actual Fund Balance at December 31, 2023
Contingency	0 - 1	$ 20,000	
Electrical	10	46,634	
Electronics	5 - 14	308,445	
Furnishings	0 - 13	5,375,495	
IT	5 - 19	156,553	
Resurfacing	9 - 24	4,172,302	
PAR	0 - 4	530,740	
Safety	1	25,716	
Unit refresh	0 - 8	12,137,223	
Total		$ 22,773,108	$ 1,702,742
Percent of Estimated Future Replacement Costs			7.5%