Grand Colorado on Peak 8 Owners Association, Inc.

Financial Report

December 31, 2024

(With Comparative Totals for 2023)

GRAND COLORADO
ON PEAK EIGHT

Grand Colorado on Peak 8 Owners Association, Inc.
(A Colorado Non-Profit Corporation)
December 31, 2024
(With comparative totals for 2023)

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Grand Colorado on Peak 8 Owners Association, Inc. (the "Association"), which comprise the balance sheet as of December 31, 2024, 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 Colorado on Peak 8 Owners Association, Inc. as of December 31, 2024, 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 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 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 Colorado on Peak 8 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.

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 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 Comparative Information

We have also audited Grand Colorado on Peak 8 Owners Association, Inc.'s December 31, 2023 financial statements, and expressed an unmodified opinion on those financial statements in our report dated April 30, 2024. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2023, 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 Colorado on Peak 8 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 15 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.

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 16 - 17 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 16, 2025

Grand Colorado on Peak 8 Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Balance Sheets
December 31, 2024
(With Comparative Totals for 2023)

	2024				2023
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total	Total
Assets:					
Cash in banks	$ 3,373,814	$ -	$ -	$ 3,373,814	$ 1,418,895
Investments	-	2,962,971	2,647,089	5,610,060	7,176,449
Member assessments receivable (net of allowance for credit losses of $98,777 in 2024 and $81,655 in 2023)	268,654	-	-	268,654	201,559
Accounts receivable - other	7,347	-	-	7,347	20,949
Unit supplies inventory	39,791	-	-	39,791	41,889
Prepaid expenses	294,007	-	-	294,007	318,509
Due from (to) other funds	(5,201)	(167,895)	173,096	-	-
Right of use asset (Stables Garage)	503,337	-	-	503,337	652,011
Fixed assets (net of accumulated depreciation of $171,587 in 2024 and $151,232 in 2023)	4,517	-	-	4,517	24,872
Total Assets	$ 4,486,266	$ 2,795,076	$ 2,820,185	$ 10,101,527	$ 9,855,133
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 151,280	$ -	$ -	$ 151,280	$ 559,850
Deferred assessment revenue	913,381	-	-	913,381	473,790
Income taxes payable	87,159	-	-	87,159	90,000
Property taxes payable	1,029,179	-	-	1,029,179	1,048,435
Lease liability (Stables Garage)	503,337	-	-	503,337	652,011
Reserve study payable	6,000	-	-	6,000	4,500
Due to (from) Management Companies	830,851	-	-	830,851	625,385
Total Liabilities	3,521,187	-	-	3,521,187	3,453,971
Fund Balances	965,079	2,795,076	2,820,185	6,580,340	6,401,162
TOTAL LIABILITIES AND FUND BALANCES	$ 4,486,266	$ 2,795,076	$ 2,820,185	$ 10,101,527	$ 9,855,133

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, 2024
(With Comparative Totals for 2023)

	2024				2023
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total	Total
Revenues:					
Assessments, net of discounts	$ 13,352,557	$ 1,046,462	$ 905,783	$ 15,304,802	$ 13,947,944
Investment income (loss)	222,467	132,404	167,773	522,644	484,953
Late fee revenue	139,090	-	-	139,090	115,523
Ski locker income	67,750	-	-	67,750	89,250
Natural gas reimbursement	47,796	-	-	47,796	47,677
Vacation experience fee	85,350	-	-	85,350	77,685
Rental resort fee	911,929	-	-	911,929	901,032
Deed in lieu income	3,832	-	-	3,832	2,152
Miscellaneous income	79,058	-	-	79,058	84,027
Total Revenues	14,909,829	1,178,866	1,073,556	17,162,251	15,750,243
Expenses:					
Activities	19,839	-	-	19,839	6,843
Assessment servicing fees	99,288	-	-	99,288	79,260
BGV Operations	201,560	-	-	201,560	191,352
BMMA dues	6,852	-	-	6,852	13,300
Board and annual meetings	4,272	-	-	4,272	2,751
Cable TV	61,350	-	-	61,350	37,197
Cell booster	37,191	-	-	37,191	37,737
Common area amenities	160,047	-	-	160,047	180,357
Credit card fees	97,910	-	-	97,910	93,065
Credit losses	82,030	-	-	82,030	58,696
Depreciation	20,355	-	-	20,355	26,882
Dues and subscriptions	46,325	-	-	46,325	44,583
Elevator maintenance	86,062	-	-	86,062	123,370
Employee housing reimbursement	54,923	-	-	54,923	35,412
Engineering	1,381,757	-	-	1,381,757	1,239,430
Fire alarm maintenance	44,290	-	-	44,290	29,858
GC8 Operations	530,090	-	-	530,090	497,136
Guest services	1,151,386	-	-	1,151,386	1,114,973
Hot tub and pool maintenance	83,029	-	-	83,029	120,065
Housekeeping	4,136,264	-	-	4,136,264	3,730,294
Income tax expense	57,543	-	-	57,543	90,000
Insurance	1,068,411	-	-	1,068,411	976,318
Landscaping	28,025	-	-	28,025	23,000
Management fee	1,815,582	-	-	1,815,582	1,675,080
Owner relations fee	1,309,166	-	-	1,309,166	1,273,992
Printing and key fobs	81,461	-	-	81,461	71,179
Professional fees	12,509	-	-	12,509	23,582
Property tax expense	999,994	-	-	999,994	1,017,720
Short term rental taxes and fees	213,547	-	-	213,547	204,343
Snow removal	22,905	-	-	22,905	15,385
Stables garage rent	212,343	-	-	212,343	214,465
Trash removal	78,455	-	-	78,455	64,860
Unit electric	432,197	-	-	432,197	471,853
Unit gas	274,538	-	-	274,538	284,661
Unit telephones	8,563	-	-	8,563	9,358
Unit Wi-Fi	40,141	-	-	40,141	34,443
Water and sanitation	256,033	-	-	256,033	228,506
Common reserve - outdoor furniture/grills	-	63,922	-	63,922	96,333
Common reserve - building exterior	-	6,957	-	6,957	35,039
Common reserve - common area finishes	-	558,989	-	558,989	875,617
Common reserve - contingency	-	33,013	-	33,013	77,104
Common reserve - engineering		237,894		237,894	-
Common reserve - hot tub and pool		87,543		87,543	-
Unit reserve - furniture	-	-	681,162	681,162	778,010
Unit reserve - flooring	-	-	-	-	128,776
Unit reserve - appliances	-	-	59,194	59,194	86,748
Unit reserve - inventory replacement	-	-	-	-	20,598
Unit reserve - contingency	-	-	38,166	38,166	11,891
Total Expenses	15,216,233	988,318	778,522	16,983,073	16,451,422
Revenues Over (Under) Expenses	(306,404)	190,548	295,034	179,178	(701,179)
Beginning Fund Balances	1,271,483	2,604,528	2,525,151	6,401,162	7,102,341
Ending Fund Balances	$ 965,079	$ 2,795,076	$ 2,820,185	$ 6,580,340	$ 6,401,162

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

Grand Colorado on Peak 8 Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Statements of Cash Flows
For the Year Ended December 31, 2024
(With Comparative Totals for 2023)

	2024				2023
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total	Total
Cash Flows From Operating Activities:					
Cash received from assessments	$ 13,867,975	$ 1,046,462	$ 905,783	$ 15,820,220	$ 14,157,893
Interest received	222,467	148,547	149,988	521,002	402,273
Cash received from other sources	1,205,485	-	-	1,205,485	1,323,458
Cash transfers from (to) other funds	2,051,971	(3,169,476)	1,117,505	-	-
Cash payments for goods and services	(14,392,985)	(988,318)	(778,522)	(16,159,825)	(14,767,748)
Cash paid for property taxes	(999,994)	-	-	(999,994)	(1,017,720)
Net Cash Provided By (Used In) Operating Activities	1,954,919	(2,962,785)	1,394,754	386,888	98,156
Cash Flows From Investing Activities:					
Sale (purchase) of investments	-	2,962,785	(1,394,754)	1,568,031	388,932
Net Cash Provided By (Used In) Investing Activities	-	2,962,785	(1,394,754)	1,568,031	388,932
Net Increase (Decrease) in Cash and Cash Equivalents	1,954,919	-	-	1,954,919	487,088
Net Cash and Cash Equivalents - Beginning	1,418,895	-	-	1,418,895	931,807
Net Cash and Cash Equivalents - Ending	$ 3,373,814	$ -	$ -	$ 3,373,814	$ 1,418,895
Reconciliation of Revenues Over (Under) Expenses to Net Cash Provided By (Used In) Operating Activities:					
Revenues over (under) expenses	$ (306,404)	$ 190,548	$ 295,034	$ 179,178	$ (701,179)
Adjustments to Reconcile Revenues Over Under Expenses to Net Cash Provided By (Used In) Operating Activities:					
Depreciation	20,355	-	-	20,355	26,882
Unrealized (gain) loss on investments	-	16,143	(17,785)	(1,642)	(82,680)
(Increase) decrease in assessments receivable	(84,305)	-	-	(84,305)	(71,839)
Increase (decrease) in allowance for credit losses	17,210	-	-	17,210	17,210
(Increase) decrease in other receivables	13,602	-	-	13,602	123,787
(Increase) decrease in inventory	2,098	-	-	2,098	8,434
(Increase) decrease in prepaid expenses	24,502	-	-	24,502	(36,764)
(Increase) decrease in right of use asset	148,674	-	-	148,674	140,073
Cash transfers from (to) other funds	2,051,971	(3,169,476)	1,117,505	-	-
Increase (decrease) in accounts payable	(408,570)	-	-	(408,570)	122,939
Increase (decrease) in deferred assessment revenue	439,591	-	-	439,591	146,903
Increase (decrease) in property taxes payable	(2,841)	-	-	(2,841)	90,000
Increase (decrease) in income taxes payable	(19,256)	-	-	(19,256)	283,727
Increase (decrease) in lease liability	(148,674)	-	-	(148,674)	(140,073)
Increase (decrease) in reserve study payable	1,500	-	-	1,500	1,500
Increase (decrease) in due to related parties	205,466	-	-	205,466	169,236
Total Adjustments	2,261,323	(3,153,333)	1,099,720	207,710	799,335
Net Cash Provided By (Used In) Operating Activities	$ 1,954,919	$ (2,962,785)	$ 1,394,754	$ 386,888	$ 98,156

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

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. The Association transitioned from Declarant control to non-Declarant control on December 31, 2023.

At December 31, 2024, 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, 2024, the Association had the following funds:

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

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

<u>Unit Reserve</u> – 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.

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.

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 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 and treasury bonds. Because these investments are intended to fund Replacement Fund expenditures and may provide a ready source of cash when 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.

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.

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, 2024, the Association incurred $82,030 in credit losses and wrote off accounts totaling $64,908 (net of recoveries). For the year ended December 31, 2023, the Association incurred $58,696 in credit losses and wrote off accounts totaling $41,486 (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 the date of the audit report, the date these financial statements were available to be issued.

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. 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, 2024, 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 $57,543 for the year ended December 31, 2024. For the year ended December 31, 2023, the Association recognized a tax expense of $90,000.

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.

4. Investments

The Association’s investments were comprised of the following fixed income securities on December 31, 2024.

	2024	2023
US Treasury Bills (less than one year maturity)	$ 4,472,141	$ 6,098,603
Market indexed certificates of deposit, maturing in four to six years	1,137,919	1,077,846
Total Investments	$ 5,610,060	$ 7,176,449

Included in the Association’s investment income for the fiscal years ending December 31, 2024 and December 31, 2023 are unrealized gains (losses) totaling $1,642 and $82,536, interest and dividend income totaling $495,971 and $402,273, and realized gains totaling $25,911 and $144, respectively.

5. Fixed Assets

Fixed assets are summarized below:

Description		2024		2023
Equipment	$	146,890	$	146,890
Vehicles		29,214		29,214
Less: accumulated depreciation		(171,587)		(151,232)
Net Fixed Assets	$	4,517	$	24,872

Depreciation expense is computed on a straight-line basis and was $20,355 and $26,882 for the years ended December 31, 2024 and 2023.

6. 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, 2024 and 2023, the Association received $64,812 and $41,702, respectively, from Peak 8 Properties, L.L.C. for the purchase of inventory units. At December 31, 2024, 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 $3,073,312 and $3,267,835 of revenue from Peak 8 Properties, L.L.C through assessments for the years ended December 31, 2024 and 2023. Peak 8 Properties, L.L.C's assessments excluded cleaning fees of $183,551 for the year ended December 31, 2023, related to services not incurred in unoccupied units. No cleaning fees were excluded from Peak 8 Properties, L.L.C's assessments for the year ended December 31, 2024. For the years ended December 31, 2024 and 2023, the Association earned 18% and 21% of its total 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 was equal to 2.5% of the Association annual budget during the initial two years, and after the initial two years was increased 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 by 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.

6. Significant Agreements and Transactions (Continued)

During the year ended December 31, 2024, 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, 2024, and 2023.

	2024	2023
Activities	$ 19,839	$ 6,843
Cleaning	4,136,264	3,730,293
Employee housing reimbursement	54,923	35,412
Engineering	1,381,757	1,239,430
Guest services	1,151,386	1,114,973
GC8 operations	530,090	497,136
BGV operations	201,560	191,352
Management fee	1,815,582	1,675,080
Owner relations fee	1,309,166	1,273,992
Total Expenses	$ 10,600,567	$ 9,764,511

Approximately 62% of the Association's total 2024 expenses were related to services provided by related parties. The net amount that the Association owed to related parties was $830,851 on December 31, 2024 and $625,385 at December 31, 2023.

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, 2024, and 2023, the Association paid $79,864 and $54,640, 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.

7. Future Major Repairs and Replacements (Continued)

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 update of the reserve study was completed by OAC Management. During the year ending December 31, 2024, 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 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 $1,046,462 and $905,783 for the Common Reserve Fund and the Unit Reserve Fund, respectively, were reported during the year ended December 31, 2024. Assessments of $1,036,951 and $899,995 for the Common Reserve Fund and the Unit Reserve Fund, respectively, were reported during the year ended December 31, 2023. The Association's Common Reserve Expenses for 2024 and 2023 were incurred primarily for refurbishments of the building's exterior, mechanical systems updates, and other common area projects. The Association's Unit Reserve Expenses for 2024 and 2023 were incurred for furniture, appliance, and flooring replacements in units, along with other unit refurbishments.

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, 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. Operating Lease

Effective January 1, 2022, the Association adopted FASB ASC 842, Leases, which requires the recognition of operating leases as an asset and a liability on the Balance Sheets. Operating lease right-of-use ("ROU") assets represent the Association's right to use an underlying asset for the lease term. Operating lease liabilities represent the Association's obligation to make lease payments arising from the lease. This guidance was adopted on a modified retrospective method, which allows the Association to present comparative periods under the legacy guidance in ASC 840, Leases.

8. Operating Lease (Continued)

The Association determines if a contract contains a lease at the inception of the lease based on whether or not the Association has the right to control the asset during the contract period and other facts and circumstances. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. Leases with a lease term of 12 months or less at inception are not recorded on the Balance Sheets and are expensed on a straight-line basis over the lease term in the Statements of Revenue, Expenses, and Changes in Fund Balances. The Association's leases do not provide an implicit interest rate. As such, the Association's incremental borrowing rate at the time of renewal of the lease has been used to determine the present value of future payments.

The Association leases real property (the Stables Garage) under a lease agreement, which was renewed effective January 1, 2023, and extends through the end of December 31, 2027. The lease agreement requires monthly payments of $15,312 over the five-year term. At the end of the lease term, the lease has one renewal term of five years.

Future minimum lease payments under the operating lease described above are:

Year	Amount
2025	$ 183,744
2026	183,744
2027	183,744
	$ 551,232

9. Concentration

During the years ended December 31, 2024 and 2023, the Association maintained funds at a financial institution that at times were in excess of FDIC insurance limits.

Grand Colorado on Peak 8 Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Operating Fund Budget to Actual Comparison
For the Year Ended December 31, 2024
(With Comparative Actual Amounts for 2023)

	2024			2023
	Budget (Unaudited)	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Assessments, net of discounts	$ 13,494,014	$ 13,352,557	$ (141,457)	$ 12,010,998
Investment income (loss)	13,476	222,467	208,991	70,920
Late fee revenue	119,193	139,090	19,897	115,523
Ski locker income	68,500	67,750	(750)	89,250
Natural gas reimbursement	51,000	47,796	(3,204)	47,677
Vacation experience fee	79,810	85,350	5,540	77,685
Rental resort fee	1,012,311	911,929	(100,382)	901,032
Deed in lieu income	6,000	3,832	(2,168)	2,152
Miscellaneous income	81,284	79,058	(2,226)	84,027
Total Revenues	14,925,588	14,909,829	(15,759)	13,399,264
Expenses:				
Activities	(15,272)	19,839	(35,111)	6,843
Assessment servicing fees	87,183	99,288	(12,105)	79,260
BGV Operations	201,560	201,560	-	191,352
BMMA dues	10,251	6,852	3,399	13,300
Board and annual meetings	7,420	4,272	3,148	2,751
Cable TV	45,600	61,350	(15,750)	37,197
Cell booster	40,740	37,191	3,549	37,737
Common area amenities	134,313	160,047	(25,734)	180,357
Credit card fees	95,026	101,991	(6,965)	93,065
Credit losses	87,000	82,030	4,970	58,696
Depreciation expense	-	20,355	(20,355)	26,882
Dues and subscriptions	55,836	46,325	9,511	44,583
Elevator maintenance	83,761	86,062	(2,301)	123,370
Employee housing reimbursement	54,923	54,923	-	35,412
Engineering	1,376,967	1,381,757	(4,790)	1,239,430
Fire alarm maintenance	27,074	44,290	(17,216)	29,858
GC8 Operations	532,056	530,090	1,966	497,136
Guest services	1,225,811	1,151,386	74,425	1,114,973
Hot tub and pool maintenance	101,000	83,029	17,971	116,647
Housekeeping	4,296,663	4,136,264	160,399	3,730,294
Income tax expense	-	57,543	(57,543)	90,000
Insurance	1,084,309	1,068,411	15,898	976,318
Landscaping	27,750	28,025	(275)	23,000
Management fee	1,815,582	1,815,582	-	1,675,080
Owner relations fee	1,309,166	1,309,166	-	1,273,992
Printing and key fobs	62,580	81,461	(18,881)	71,179
Professional fees	13,282	20,072	(6,790)	23,582
Property tax expense	1,007,178	999,994	7,184	1,017,720
Short term rental taxes and fees	203,368	201,903	1,465	204,343
Snow removal	25,000	22,905	2,095	15,385
Stables garage rent	226,957	212,343	14,614	214,465
Trash removal	83,034	78,455	4,579	64,860
Unit electric	486,000	432,197	53,803	471,853
Unit gas	316,234	274,538	41,696	284,661
Unit telephones	6,900	8,563	(1,663)	9,358
Unit Wi-Fi	37,800	40,141	(2,341)	34,443
Water and sanitation	242,536	256,033	(13,497)	228,506
Total Expenses	15,395,588	15,216,233	179,355	14,337,888
Revenues Over (Under) Expenses	$ (470,000)	$ (306,404)	$ 163,596	$ (938,624)

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

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, 2024
(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, 2024, an internal review and update was performed, and an external review conducted by OAC Management was updated 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 Common Reserve Fund at December 31, 2024 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, 2024
Amenity	0 - 26	$ 1,097,044	
Aquatics	0 - 16	1,571,099	
Boilers	1 - 26	1,668,547	
Contingency	1	70,000	
Doors	2 - 25	3,768,923	
Electronics	0 - 5	179,447	
Elevators	2 - 26	2,779,976	
Equipment	0 - 11	443,954	
Flooring	0 - 16	1,259,474	
Furnishing	0 - 16	1,650,181	
Housekeeping	0 - 4	32,891	
HVAC	0 - 26	1,036,493	
IT	0 - 4	761,524	
Lighting	1 - 6	61,595	
Exterior refurbishment	0 - 8	714,549	
PAR	1	221,078	
Remodel	13 - 16	1,097,643	
Roof	0 - 22	2,087,164	
Safety	1 - 6	37,078	
Signs	7 - 16	268,553	
Stonework	1 - 3	81,777	
Theaters	1 - 13	275,723	
Trim	0 - 29	120,000	
Windows	4 - 24	6,817,544	
Total		$ 28,102,257	$ 2,795,076
Percent of Estimated Future Replacement Costs			9.9%

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, 2024
(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, 2024, an internal review and update was performed, and an external review conducted by OAC Management was updated 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, 2024 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, 2024
Appliance	1	$ 100,587	
Contingency	1	50,000	
Electrical	1	10,150	
Electronics	0 - 5	403,987	
Flooring	1 - 5	696,911	
Furnishings	0 - 15	6,965,594	
HVAC	1	121,800	
IT	1	57,480	
Lighting	0 - 4	367,853	
Refresh	18 - 25	20,441,235	
Safety	4 - 7	98,892	
Total		$ 29,314,489	$ 2,820,185
Percent of Estimated Future Replacement Costs			9.6%