

Grand Colorado on Peak 8 Owners Association, Inc.

Financial Report

December 31, 2025

(With Comparative Totals for 2024)



GRAND COLORADO
ON PEAK EIGHT

Grand Colorado on Peak 8 Owners Association, Inc.
(A Colorado Non-Profit Corporation)
December 31, 2025
(With comparative totals for 2024)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1-3
Balance Sheets.....	4
Statement of Revenues, Expenses and Changes in Fund Balances.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements	7-14
Supplementary Information:	
Operating Fund – Budget (Non-GAAP Basis) to Actual Comparison.....	15
Supplementary Information on Future Major Repairs and Replacements – Common Reserve Fund.....	16
Supplementary Information on Future Major Repairs and Replacements – Unit Reserve Fund	17



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, 2025, 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, 2025, 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, 2024 financial statements, and expressed an unmodified opinion on those financial statements in our report dated April 16, 2025. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2024, 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.

MHC

MHC
Certified Public Accountants
April 13, 2026

Grand Colorado on Peak 8 Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Balance Sheets
December 31, 2025
(With Comparative Totals for 2024)

	<u>2025</u>			<u>2024</u>	
	<u>Operating Fund</u>	<u>Common Reserve Fund</u>	<u>Unit Reserve Fund</u>	<u>Total</u>	<u>Total</u>
Assets:					
Cash in banks	\$ 3,761,661	\$ -	\$ -	\$ 3,761,661	\$ 3,373,814
Investments	-	2,755,664	1,524,864	4,280,528	5,610,060
Member assessments receivable (net of allowance for credit losses of \$180,812 in 2025 and \$98,777 in 2024)	302,161	-	-	302,161	268,654
Accounts receivable - other	18,604	-	-	18,604	7,347
Unit supplies inventory	41,653	-	-	41,653	39,791
Prepaid expenses	399,361	-	-	399,361	294,007
Due from (to) other funds	-	8,789	535,132	543,921	-
Right of use asset (Stables Garage)	345,493	-	-	345,493	503,337
Fixed assets (net of accumulated depreciation of \$176,104 in 2025 and \$171,587 in 2024)	-	-	-	-	4,517
Total Assets	<u>\$ 4,868,933</u>	<u>\$ 2,764,453</u>	<u>\$ 2,059,996</u>	<u>\$ 9,693,382</u>	<u>\$ 10,101,527</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 222,132	\$ -	\$ -	\$ 222,132	\$ 151,280
Deferred assessment revenue	822,839	-	-	822,839	913,381
Income taxes payable	-	-	-	-	87,159
Property taxes payable	1,195,185	-	-	1,195,185	1,029,179
Lease liability (Stables Garage)	345,493	-	-	345,493	503,337
Reserve study payable	7,500	-	-	7,500	6,000
Due to other funds	543,921	-	-	543,921	-
Due to Management Companies	1,101,077	-	-	1,101,077	830,851
Total Liabilities	<u>4,238,147</u>	<u>-</u>	<u>-</u>	<u>4,238,147</u>	<u>3,521,187</u>
Fund Balances	<u>630,786</u>	<u>2,764,453</u>	<u>2,059,996</u>	<u>5,455,235</u>	<u>6,580,340</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,868,933</u>	<u>\$ 2,764,453</u>	<u>\$ 2,059,996</u>	<u>\$ 9,693,382</u>	<u>\$ 10,101,527</u>

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 Revenues, Expenses and Changes in Fund Balances
For the Year Ended December 31, 2025
(With Comparative Totals for 2024)

	2025			2024	
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total	Total
Revenues:					
Assessments, net of discounts	\$ 14,447,125	\$ 1,082,753	\$ 937,296	\$ 16,467,174	\$ 15,304,802
Investment income	211,325	122,115	130,959	464,399	522,644
Late fee revenue	156,868	-	-	156,868	139,090
Ski locker income	69,000	-	-	69,000	67,750
Natural gas reimbursement	53,969	-	-	53,969	47,796
Vacation experience fee	89,135	-	-	89,135	85,350
Rental resort fee	839,766	-	-	839,766	911,929
Deed in lieu income	3,611	-	-	3,611	3,832
Miscellaneous income	84,932	-	-	84,932	79,058
Total Revenues	<u>15,955,731</u>	<u>1,204,868</u>	<u>1,068,255</u>	<u>18,228,854</u>	<u>17,162,251</u>
Expenses:					
Activities	41,925	-	-	41,925	19,839
Assessment servicing fees	119,850	-	-	119,850	99,288
BGV Operations	168,948	-	-	168,948	201,560
BMMA dues	4,161	-	-	4,161	6,852
Board and annual meetings	4,265	-	-	4,265	4,272
Cable TV	68,583	-	-	68,583	61,350
Cell booster	37,098	-	-	37,098	37,191
Common area amenities	158,609	-	-	158,609	160,047
Credit card fees	113,356	-	-	113,356	97,910
Credit losses	112,808	-	-	112,808	82,030
Depreciation	4,517	-	-	4,517	20,355
Dues and subscriptions	34,264	-	-	34,264	46,325
Elevator maintenance	58,236	-	-	58,236	86,062
Employee housing reimbursement	46,104	-	-	46,104	54,923
Engineering	1,471,955	-	-	1,471,955	1,381,757
Fire alarm maintenance	29,209	-	-	29,209	44,290
GC8 Operations	557,605	-	-	557,605	530,090
Guest services	1,184,657	-	-	1,184,657	1,151,386
Hot tub and pool maintenance	98,090	-	-	98,090	83,029
Housekeeping	4,439,211	-	-	4,439,211	4,136,264
Income tax expense	30,538	-	-	30,538	57,543
Insurance	1,108,139	-	-	1,108,139	1,068,411
Landscaping	29,545	-	-	29,545	28,025
Management fee	1,978,980	-	-	1,978,980	1,815,582
Owner relations fee	1,328,268	-	-	1,328,268	1,309,166
Printing and key fobs	114,795	-	-	114,795	81,461
Professional fees	36,167	-	-	36,167	12,509
Property tax expense	1,157,890	-	-	1,157,890	999,994
Short term rental taxes and fees	204,345	-	-	204,345	213,547
Snow removal	27,310	-	-	27,310	22,905
Stables garage rent	218,522	-	-	218,522	212,343
Trash removal	89,288	-	-	89,288	78,455
Unit electric	492,076	-	-	492,076	432,197
Unit gas	389,980	-	-	389,980	274,538
Unit telephones	11,037	-	-	11,037	8,563
Unit Wi-Fi	47,705	-	-	47,705	40,141
Water and sanitation	271,988	-	-	271,988	256,033
Common reserve - outdoor furniture/grills	-	1,293	-	1,293	63,922
Common reserve - building exterior	-	22,280	-	22,280	6,957
Common reserve - common area finishes	-	783,383	-	783,383	558,989
Common reserve - contingency	-	10,129	-	10,129	33,013
Common reserve - elevator	-	55,732	-	55,732	-
Common reserve - engineering	-	179,215	-	179,215	237,894
Common reserve - hot tub and pool	-	183,459	-	183,459	87,543
Unit reserve - furniture	-	-	1,498,025	1,498,025	681,162
Unit reserve - flooring	-	-	223,456	223,456	-
Unit reserve - appliances	-	-	79,060	79,060	59,194
Unit reserve - contingency	-	-	27,903	27,903	38,166
Total Expenses	<u>16,290,024</u>	<u>1,235,491</u>	<u>1,828,444</u>	<u>19,353,959</u>	<u>16,983,073</u>
Revenues Over (Under) Expenses	(334,293)	(30,623)	(760,189)	(1,125,105)	179,178
Beginning Fund Balances	965,079	2,795,076	2,820,185	6,580,340	6,401,162
Ending Fund Balances	<u>\$ 630,786</u>	<u>\$ 2,764,453</u>	<u>\$ 2,059,996</u>	<u>\$ 5,455,235</u>	<u>\$ 6,580,340</u>

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, 2025
(With Comparative Totals for 2024)

	2025			2024	
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total	Total
Cash Flows From Operating Activities:					
Cash received from assessments	\$ 14,483,555	\$ 1,082,753	\$ 937,296	\$ 16,503,604	\$ 15,820,220
Interest received	211,325	113,121	61,096	385,542	521,002
Cash received from other sources	1,125,545	-	-	1,125,545	1,205,485
Cash transfers from (to) other funds	538,720	(176,684)	(362,036)	-	-
Cash payments for goods and services	(14,715,708)	(1,235,491)	(1,828,444)	(17,779,643)	(16,102,282)
Cash paid for income taxes	(97,700)	-	-	(97,700)	(57,543)
Cash paid for property taxes	(1,157,890)	-	-	(1,157,890)	(999,994)
Net Cash Provided By (Used In) Operating Activities	387,847	(216,301)	(1,192,088)	(1,020,542)	386,888
Cash Flows From Investing Activities:					
Sale of investments	-	216,301	1,192,088	1,408,389	1,568,031
Net Cash Provided By Investing Activities	-	216,301	1,192,088	1,408,389	1,568,031
Net Increase in Cash and Cash Equivalents	387,847	-	-	387,847	1,954,919
Net Cash and Cash Equivalents - Beginning	3,373,814	-	-	3,373,814	1,418,895
Net Cash and Cash Equivalents - Ending	\$ 3,761,661	\$ -	\$ -	\$ 3,761,661	\$ 3,373,814
Reconciliation of Revenues Over (Under) Expenses to Net Cash Provided By (Used In) Operating Activities:					
Revenues over (under) expenses	\$ (334,293)	\$ (30,623)	\$ (760,189)	\$ (1,125,105)	\$ 179,178
Adjustments to Reconcile Revenues Over Under Expenses to Net Cash Provided By (Used In) Operating Activities:					
Depreciation	4,517	-	-	4,517	20,355
Unrealized (gain) loss on investments	-	(8,994)	(69,863)	(78,857)	(1,642)
(Increase) decrease in assessments receivable	(115,542)	-	-	(115,542)	(84,305)
Increase (decrease) in allowance for credit losses	82,035	-	-	82,035	17,210
(Increase) decrease in other receivables	(11,257)	-	-	(11,257)	13,602
(Increase) decrease in inventory	(1,862)	-	-	(1,862)	2,098
(Increase) decrease in prepaid expenses	(105,354)	-	-	(105,354)	24,502
(Increase) decrease in right of use asset	157,844	-	-	157,844	148,674
Change in interfund balances	538,720	(176,684)	(362,036)	-	-
Increase (decrease) in accounts payable	70,852	-	-	70,852	(408,570)
Increase (decrease) in deferred assessment revenue	(90,542)	-	-	(90,542)	439,591
Increase (decrease) in income taxes payable	(87,159)	-	-	(87,159)	(2,841)
Increase (decrease) in property taxes payable	166,006	-	-	166,006	(19,256)
Increase (decrease) in lease liability	(157,844)	-	-	(157,844)	(148,674)
Increase (decrease) in reserve study payable	1,500	-	-	1,500	1,500
Increase (decrease) in due to related parties	270,226	-	-	270,226	205,466
Total Adjustments	722,140	(185,678)	(431,899)	104,563	207,710
Net Cash Provided By (Used In) Operating Activities	\$ 387,847	\$ (216,301)	\$ (1,192,088)	\$ (1,020,542)	\$ 386,888

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

Grand Colorado on Peak 8 Owners Association Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2025
(With Comparative Totals for 2024)

1. Organization

Grand Colorado on Peak 8 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, 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, 2025, 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, 2025, 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.

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.

See accompanying independent auditors’ report.

Grand Colorado on Peak 8 Owners Association Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2025
(With Comparative Totals for 2024)

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 Common Reserve and Unit Reserve 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's 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.

See accompanying independent auditors' report.

Grand Colorado on Peak 8 Owners Association Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2025
(With Comparative Totals for 2024)

2. Summary of Significant Accounting Policies (Continued)

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

The Association has adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). 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.

The Association’s management estimates expected credit losses based on historical collection experience, current delinquency trends, and management’s assessment of future economic conditions affecting owners’ ability to pay. 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, 2025, the Association incurred \$112,808 in credit losses and wrote off accounts totaling \$30,773. For the year ended December 31, 2024, the Association incurred \$82,030 in credit losses and wrote off accounts totaling \$64,908.

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.

See accompanying independent auditors’ report.

Grand Colorado on Peak 8 Owners Association Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2025
(With Comparative Totals for 2024)

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, 2025, 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 \$30,538 for the year ended December 31, 2025. For the year ended December 31, 2024, the Association recognized a tax expense of \$57,543.

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, 2025.

	2025	2024
US Treasury Bills (less than two years to maturity)	\$ 3,046,250	\$ 4,472,141
Market indexed certificates of deposit, maturing in three to four years	1,234,278	1,137,919
Total Investments	\$ 4,280,528	\$ 5,610,060

Included in the Association’s investment income for the fiscal years ending December 31, 2025 and December 31, 2024 are unrealized gains totaling \$78,857 and \$1,642, interest and dividend income totaling \$384,194 and \$495,971, and realized gains totaling \$1,349 and \$25,911, respectively.

Grand Colorado on Peak 8 Owners Association Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2025
(With Comparative Totals for 2024)

5. Fixed Assets

Fixed assets are summarized below:

Description	2025	2024
Equipment	\$ 146,890	\$ 146,890
Vehicles	29,214	29,214
Less: accumulated depreciation	(176,104)	(171,587)
Net Fixed Assets	\$ -	\$ 4,517

Depreciation expense is computed on a straight-line basis and was \$4,517 and \$20,355 for the years ended December 31, 2025 and 2024.

6. Significant Agreements and Transactions

On January 1, 2018, Peak 8 Properties, L.L.C. entered into an agreement with the Association for 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 the consideration of payment of Association past dues, transfer costs, and any Association dues until resale and otherwise in accordance with the terms 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, 2025 and 2024, the Association received \$79,499 and \$64,812, respectively, from Peak 8 Properties, L.L.C. for the purchase of inventory units. At December 31, 2025, 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 \$2,522,032 and \$3,073,312 of revenue from Peak 8 Properties, L.L.C. through assessments for the years ended December 31, 2025 and 2024. For the years ended December 31, 2025 and 2024, the Association earned 15% and 18% of its total revenue from Peak 8 Properties, L.L.C.

Effective August 15, 2015, the Association entered into an agreement with Peak Resorts Management, LLC, d/b/a 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. The Manager may resign as manager with or without cause. However, the Manager cannot resign until the Association obtains a substitute managing agent or until 180 days from the resignation notification date.

See accompanying independent auditors’ report.

Grand Colorado on Peak 8 Owners Association Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2025
(With Comparative Totals for 2024)

6. Significant Agreements and Transactions (Continued)

During the year ended December 31, 2025, the Association incurred various expenses that were payable to the Manager 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, 2025, and 2024.

	2025	2024
Activities	\$ 41,925	\$ 19,839
Cleaning	4,439,211	4,136,264
Employee housing reimbursement	46,104	54,923
Engineering	1,471,955	1,381,757
Guest services	1,184,657	1,151,386
GC8 operations	557,605	530,090
BGV operations	168,948	201,560
Management fee	1,978,980	1,815,582
Owner relations fee	1,328,268	1,309,166
Total Expenses	\$ 11,217,653	\$ 10,600,567

Approximately 58% of the Association’s total 2025 expenses were related to services provided by related parties. The net amount that the Association owed to related parties was \$1,101,077 on December 31, 2025 and \$830,851 at December 31, 2024.

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, 2025, and 2024, the Association paid \$119,850 and \$79,864, 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, replacements and maintenance. In addition to the formal study, management also performs an annual internal inspection to update these estimates.

See accompanying independent auditors’ report.

Grand Colorado on Peak 8 Owners Association Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2025
(With Comparative Totals for 2024)

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, 2025, 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 \$1,082,753 and \$937,296 for the Common Reserve Fund and the Unit Reserve Fund, respectively, were reported during the year ended December 31, 2025. 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. The Association's Common Reserve Expenses for 2025 and 2024 were incurred primarily for refurbishments of the building's exterior and interior, a new golf simulator, the deck sealing project, mechanical systems updates, major hot tub and pool repairs and other common area projects. The Association's Unit Reserve Expenses for 2025 and 2024 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.

Grand Colorado on Peak 8 Owners Association Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2025
(With Comparative Totals for 2024)

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 \$15,313 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:

<u>Year</u>	<u>Amount</u>
2026	\$ 183,744
2027	183,744
	<u>\$ 367,488</u>

9. Concentration

During the years ended December 31, 2025 and 2024, 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, 2025
(With Comparative Actual Amounts for 2024)

	2025		Variance Favorable (Unfavorable)	2024
	Budget (Unaudited)	Actual		Actual
Revenues:				
Assessments, net of discounts	\$ 14,445,329	\$ 14,447,125	\$ 1,796	\$ 13,352,557
Investment income	234,624	211,325	(23,299)	222,467
Late fee revenue	145,146	156,868	11,722	139,090
Ski locker income	58,000	69,000	11,000	67,750
Natural gas reimbursement	63,892	53,969	(9,923)	47,796
Vacation experience fee	101,742	89,135	(12,607)	85,350
Rental resort fee	913,058	839,766	(73,292)	911,929
Deed in lieu income	4,000	3,611	(389)	3,832
Miscellaneous income	101,255	84,932	(16,323)	79,058
Total Revenues	16,067,046	15,955,731	(111,315)	14,909,829
Expenses:				
Activities	11,758	41,925	(30,167)	19,839
Assessment servicing fees	94,576	119,850	(25,274)	99,288
BGV Operations	192,082	168,948	23,134	201,560
BMMA dues	10,764	4,161	6,603	6,852
Board and annual meetings	2,550	4,265	(1,715)	4,272
Cable TV	52,095	68,583	(16,488)	61,350
Cell booster	39,240	37,098	2,142	37,191
Common area amenities	140,681	158,609	(17,928)	160,047
Credit card fees	115,577	113,356	2,221	101,991
Credit losses	91,350	112,808	(21,458)	82,030
Depreciation expense	-	4,517	(4,517)	20,355
Dues and subscriptions	57,662	34,264	23,398	46,325
Elevator maintenance	83,710	58,236	25,474	86,062
Employee housing reimbursement	46,109	46,104	5	54,923
Engineering	1,467,113	1,471,955	(4,842)	1,381,757
Fire alarm maintenance	31,028	29,209	1,819	44,290
GC8 Operations	524,328	557,605	(33,277)	530,090
Guest services	1,196,371	1,184,657	11,714	1,151,386
Hot tub and pool maintenance	102,000	98,090	3,910	83,029
Housekeeping	4,561,945	4,439,211	122,734	4,136,264
Income tax expense	88,600	30,538	58,062	57,543
Insurance	1,382,057	1,108,139	273,918	1,068,411
Landscaping	30,500	29,545	955	28,025
Management fee	1,978,984	1,978,980	4	1,815,582
Owner relations fee	1,328,269	1,328,268	1	1,309,166
Printing and key fobs	64,250	114,795	(50,545)	81,461
Professional fees	23,850	36,167	(12,317)	20,072
Property tax expense	1,017,256	1,157,890	(140,634)	999,994
Short term rental taxes and fees	204,345	204,345	-	201,903
Snow removal	25,000	27,310	(2,310)	22,905
Stables garage rent	216,306	218,522	(2,216)	212,343
Trash removal	83,958	89,288	(5,330)	78,455
Unit electric	390,982	492,076	(101,094)	432,197
Unit gas	436,246	389,980	46,266	274,538
Unit telephones	6,900	11,037	(4,137)	8,563
Unit Wi-Fi	39,300	47,705	(8,405)	40,141
Water and sanitation	269,304	271,988	(2,684)	256,033
Total Expenses	16,407,046	16,290,024	117,022	15,216,233
Revenues Under Expenses	\$ (340,000)	\$ (334,293)	\$ 5,707	\$ (306,404)

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, 2025
(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, 2025, 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, 2025 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, 2025
Amenity	0 - 25	\$ 1,098,841	
Aquatics	0 - 15	1,364,677	
Boilers	0 - 25	1,681,210	
Contingency	0 - 1	70,000	
Doors	2 - 24	3,738,935	
Electronics	1 - 7	239,412	
Elevators	0 - 25	2,547,276	
Equipment	1 - 10	440,320	
Flooring	0 - 15	1,160,368	
Furnishing	1 - 15	1,370,238	
Housekeeping	0 - 3	32,968	
HVAC	0 - 25	1,010,454	
IT	0 - 11	511,416	
Lighting	0 - 2	16,139	
PAR	0 - 2	239,592	
Refurbishment	0 - 9	803,718	
Remodel	12 - 15	1,065,672	
Roof	0 - 21	2,026,790	
Safety	0 - 5	88,271	
Signs	6 - 15	260,731	
Stonework	1 - 2	52,144	
Theaters	0 - 12	259,364	
Trim	19 - 28	210,421	
Windows	3 - 23	6,808,948	
Total		<u>\$ 27,097,905</u>	<u>\$ 2,764,453</u>
Percent of Estimated Future Replacement Costs			<u>10.2%</u>

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
Unit Reserve Fund
December 31, 2025
(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, 2025, 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, 2025 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, 2025
Appliance	0 - 1	\$ 100,587	
Contingency	0 - 1	50,000	
Electrical	0 - 1	10,150	
Electronics	1 - 10	498,094	
Flooring	0 - 4	676,613	
Furnishing	0 - 14	7,643,876	
HVAC	0 - 1	121,800	
IT	0 - 9	909,699	
Lighting	0 - 4	361,777	
Refresh	17 - 24	20,441,258	
Safety	3 - 6	96,011	
Total		\$ 30,909,865	\$ 2,059,996
Percent of Estimated Future Replacement Costs			6.7%

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