

**GRAND TIMBER LODGE OWNERS ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2025**

**(With Comparative Totals for 2024)**



**Grand Timber Lodge Owners Association, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**December 31, 2025 and 2024**

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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, 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 Timber Lodge 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 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.

**INDEPENDENT AUDITORS' REPORT**  
**To the Board of Directors**  
**Grand Timber Lodge 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 Summarized Comparative Information***

We have audited Grand Timber Lodge 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 summarized 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 AUDITORS' 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.

MHC

MHC  
*Certified Public Accountants*  
April 13, 2026

**Grand Timber Lodge Owners Association, Inc.**  
**(A Colorado Non-Profit Corporation)**

**Balance Sheets**

**December 31, 2025 and 2024**

	<u>2025</u>				<u>2024</u>			
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total
<b>Assets:</b>								
<b>Current Assets:</b>								
Cash in banks	\$ 1,639,447	\$ -	\$ 25,871	\$ 1,665,318	\$ 1,641,301	\$ -	\$ 15,977	\$ 1,657,278
Restricted cash	-	-	250,000	250,000	-	-	250,000	250,000
Investments	-	929,078	1,373,190	2,302,268	-	1,245,240	2,762,315	4,007,555
Member assessments receivable (net of allowance for credit losses of \$678,330 and \$347,256 in 2025 and 2024)	1,847,100	-	-	1,847,100	1,656,044	-	-	1,656,044
Due from other funds	-	494,222	114,308	608,530	-	266,088	-	266,088
Due from (to) Grand Lodge on Peak 7	-	-	-	-	(192)	-	-	(192)
Due from (to) Grand Colorado on Peak 8	927	-	-	927	(3,057)	-	-	(3,057)
Due from GPLR	24,462	-	-	24,462	33,148	-	-	33,148
Unit supplies inventory	45,074	-	-	45,074	41,083	-	-	41,083
Prepaid expenses	462,216	309,517	962,502	1,734,235	338,411	-	-	338,411
<b>Total Current Assets</b>	<u>4,019,226</u>	<u>1,732,817</u>	<u>2,725,871</u>	<u>8,477,914</u>	<u>3,706,738</u>	<u>1,511,328</u>	<u>3,028,292</u>	<u>8,246,358</u>
<b>Non-Current Assets:</b>								
Fixed assets, net	-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 4,019,226</u>	<u>\$ 1,732,817</u>	<u>\$ 2,725,871</u>	<u>\$ 8,477,914</u>	<u>\$ 3,706,738</u>	<u>\$ 1,511,328</u>	<u>\$ 3,028,292</u>	<u>\$ 8,246,358</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
<b>Current Liabilities:</b>								
Accounts payable	\$ 457,283	\$ -	\$ -	\$ 457,283	\$ 248,942	\$ -	\$ -	\$ 248,942
Due to other funds	608,530	-	-	608,530	84,500	-	181,588	266,088
Deferred assessment revenue	654,909	-	-	654,909	750,323	-	-	750,323
Income taxes payable	-	-	-	-	55,737	-	-	55,737
Property taxes payable	681,879	-	-	681,879	685,645	-	-	685,645
Reserve study payable	4,500	-	-	4,500	3,000	-	-	3,000
Due to Management Companies	1,175,415	-	-	1,175,415	1,075,784	-	-	1,075,784
<b>Total Current Liabilities</b>	<u>3,582,516</u>	<u>-</u>	<u>-</u>	<u>3,582,516</u>	<u>2,903,931</u>	<u>-</u>	<u>181,588</u>	<u>3,085,519</u>
<b>Fund Balances</b>	<u>436,710</u>	<u>1,732,817</u>	<u>2,725,871</u>	<u>4,895,398</u>	<u>802,807</u>	<u>1,511,328</u>	<u>2,846,704</u>	<u>5,160,839</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,019,226</u>	<u>\$ 1,732,817</u>	<u>\$ 2,725,871</u>	<u>\$ 8,477,914</u>	<u>\$ 3,706,738</u>	<u>\$ 1,511,328</u>	<u>\$ 3,028,292</u>	<u>\$ 8,246,358</u>

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, 2025 and 2024**

	2025				2024			
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total
<b>Revenues:</b>								
Assessments, net of discounts	\$ 12,696,176	\$ 1,721,682	\$ 1,808,134	\$ 16,225,992	\$ 12,282,220	\$ 1,409,108	\$ 1,626,497	\$ 15,317,825
Late fee revenue	231,377	-	-	231,377	202,494	-	-	202,494
Investment income	158,232	40,476	88,765	287,473	203,052	111,811	81,412	396,275
Vacation experience fee	309,620	-	-	309,620	272,453	-	-	272,453
Rental resort fee	562,542	-	-	562,542	632,602	-	-	632,602
Deed in lieu income	40,507	-	-	40,507	45,218	-	-	45,218
Miscellaneous income	62,947	-	-	62,947	63,079	-	-	63,079
<b>Total Revenues</b>	<u>14,061,401</u>	<u>1,762,158</u>	<u>1,896,899</u>	<u>17,720,458</u>	<u>13,701,118</u>	<u>1,520,919</u>	<u>1,707,909</u>	<u>16,929,946</u>
<b>Expenses:</b>								
Operations	6,531,671	-	-	6,531,671	6,328,503	-	-	6,328,503
Maintenance	1,713,587	-	-	1,713,587	1,600,457	-	-	1,600,457
Resort cleaning	4,170,024	-	-	4,170,024	3,762,886	-	-	3,762,886
Utilities	1,005,027	-	-	1,005,027	904,073	-	-	904,073
Taxes and fees	1,007,189	-	-	1,007,189	1,026,533	-	-	1,026,533
Common reserve expenses	-	1,540,669	-	1,540,669	-	1,437,531	-	1,437,531
Unit reserve expenses	-	-	2,017,732	2,017,732	-	-	563,947	563,947
<b>Total Expenses</b>	<u>14,427,498</u>	<u>1,540,669</u>	<u>2,017,732</u>	<u>17,985,899</u>	<u>13,622,452</u>	<u>1,437,531</u>	<u>563,947</u>	<u>15,623,930</u>
<b>Revenues Over (Under) Expenses</b>	(366,097)	221,489	(120,833)	(265,441)	78,666	83,388	1,143,962	1,306,016
<b>Beginning Fund Balances</b>	802,807	1,511,328	2,846,704	5,160,839	724,141	1,427,940	1,702,742	3,854,823
<b>Ending Fund Balances</b>	<u>\$ 436,710</u>	<u>\$ 1,732,817</u>	<u>\$ 2,725,871</u>	<u>\$ 4,895,398</u>	<u>\$ 802,807</u>	<u>\$ 1,511,328</u>	<u>\$ 2,846,704</u>	<u>\$ 5,160,839</u>

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, 2025 and 2024**

	2025				2024			
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total
<b>Cash Flows From Operating Activities:</b>								
Cash received from owners	\$ 13,612,523	\$ 1,721,682	\$ 1,808,134	\$ 17,142,339	\$ 13,517,503	\$ 1,459,635	\$ 1,626,497	\$ 16,603,635
Interest received	158,232	50,797	82,895	291,924	203,052	44,288	89,824	337,164
Cash paid for property taxes	(1,007,189)	-	-	(1,007,189)	(1,026,533)	-	-	(1,026,533)
Cash paid for income taxes	(56,526)	-	-	(56,526)	(55,737)	-	-	(55,737)
Cash transfers from (to) other funds	524,030	(228,134)	(295,896)	-	(718,252)	(147,277)	865,529	-
Cash payments for goods and services	(13,232,924)	(1,850,186)	(2,980,234)	(18,063,344)	(11,774,674)	(1,437,531)	(563,947)	(13,776,152)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>(1,854)</b>	<b>(305,841)</b>	<b>(1,385,101)</b>	<b>(1,692,796)</b>	<b>145,359</b>	<b>(80,885)</b>	<b>2,017,903</b>	<b>2,082,377</b>
<b>Cash Flows From Financing Activities:</b>								
Payments on the note payable	-	-	-	-	-	(90,226)	-	(90,226)
<b>Net Cash Used by Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(90,226)</b>	<b>-</b>	<b>(90,226)</b>
<b>Cash Flows From Investing Activities:</b>								
(Purchase) sale of investments	-	305,841	1,394,995	1,700,836	-	150,519	(2,009,528)	(1,859,009)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>-</b>	<b>305,841</b>	<b>1,394,995</b>	<b>1,700,836</b>	<b>-</b>	<b>150,519</b>	<b>(2,009,528)</b>	<b>(1,859,009)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,854)</b>	<b>-</b>	<b>9,894</b>	<b>8,040</b>	<b>145,359</b>	<b>(20,592)</b>	<b>8,375</b>	<b>133,142</b>
<b>Net Cash and Cash Equivalents - Beginning</b>	<b>1,641,301</b>	<b>-</b>	<b>15,977</b>	<b>1,657,278</b>	<b>1,495,942</b>	<b>20,592</b>	<b>7,602</b>	<b>1,524,136</b>
<b>Net Cash and Cash Equivalents - Ending</b>	<b>\$ 1,639,447</b>	<b>\$ -</b>	<b>\$ 25,871</b>	<b>\$ 1,665,318</b>	<b>\$ 1,641,301</b>	<b>\$ -</b>	<b>\$ 15,977</b>	<b>\$ 1,657,278</b>
<b>Reconciliation of Revenues Over (Under) Expenses to Net Cash Provided (Used) By Operating Activities</b>								
Revenues Over (Under) Expenses	\$ (366,097)	\$ 221,489	\$ (120,833)	\$ (265,441)	\$ 78,666	\$ 83,388	\$ 1,143,962	\$ 1,306,016
<b>Adjustments to Reconcile Revenue Over (Under) Expenses to Net Cash Provided (Used) By Operating Activities:</b>								
Depreciation	-	-	-	-	1,694	-	-	1,694
Unrealized (gain) loss on investments	-	10,321	(5,870)	4,451	-	(67,523)	8,412	(59,111)
Increase (decrease) in interfund balances	524,030	(228,134)	(295,896)	-	(718,252)	(147,277)	865,529	-
(Increase) decrease in assessments receivable	(522,130)	-	-	(522,130)	(357,266)	-	-	(357,266)
(Increase) decrease in other accounts receivable	-	-	-	-	-	50,527	-	50,527
(Increase) decrease in due to Grand Lodge on Peak 7	(4,176)	-	-	(4,176)	2,517	-	-	2,517
Increase (decrease) in allowance for credit losses	331,074	-	-	331,074	170,816	-	-	170,816
(Increase) decrease in prepaid expenses	(123,805)	(309,517)	(962,502)	(1,395,824)	2,509	-	-	2,509
(Increase) decrease in inventory	(3,991)	-	-	(3,991)	32,335	-	-	32,335
(Increase) decrease in due from GPLR	8,686	-	-	8,686	436,901	-	-	436,901
Increase (decrease) in due to Management Companies	99,631	-	-	99,631	178,861	-	-	178,861
Increase (decrease) in accounts payable	208,341	-	-	208,341	122,038	-	-	122,038
Increase (decrease) in taxes payable	(59,503)	-	-	(59,503)	(10,330)	-	-	(10,330)
Increase (decrease) in reserve study payable	1,500	-	-	1,500	1,500	-	-	1,500
Increase (decrease) in deferred assessment revenue	(95,414)	-	-	(95,414)	203,370	-	-	203,370
<b>Total Adjustments</b>	<b>364,243</b>	<b>(527,330)</b>	<b>(1,264,268)</b>	<b>(1,427,355)</b>	<b>66,693</b>	<b>(164,273)</b>	<b>873,941</b>	<b>776,361</b>
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ (1,854)</b>	<b>\$ (305,841)</b>	<b>\$ (1,385,101)</b>	<b>\$ (1,692,796)</b>	<b>\$ 145,359</b>	<b>\$ (80,885)</b>	<b>\$ 2,017,903</b>	<b>\$ 2,082,377</b>

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

**Grand Timber Lodge Owners Association, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2025 and 2024**

**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, 2025 and 2024, 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.

**Grand Timber Lodge Owners Association, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2025 and 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 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 Common Reserve and Unit Reserve 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.

**Grand Timber Lodge Owners Association, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2025 and 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 \$367,447 in credit loss expense and wrote off accounts totaling \$36,373 (net of recoveries). For the year ended December 31, 2024, the Association incurred \$262,766 in credit loss expense and wrote off accounts totaling \$74,222 (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.

See accompanying auditors’ report.

**Grand Timber Lodge Owners Association, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2025 and 2024**

**3. Investments**

The Association's investments were comprised of the following securities at December 31, 2025 and 2024, respectively:

	<b>2025</b>	<b>2024</b>
US Treasury Bills (less than two years to maturity)	\$ 1,548,150	\$ 3,294,013
Market indexed certificates of deposit, maturing in three to four years	754,118	713,542
<b>Total Investments</b>	<b>\$ 2,302,268</b>	<b>\$ 4,007,555</b>

Investment income for the fiscal years ended December 31, 2025, and 2024 includes unrealized losses of \$(5,117) and unrealized gains of \$59,111, realized losses of \$(8,411) and realized gains of \$11,002, and interest income of \$301,001 and \$326,162.

**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, 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 \$43,940 for the year ended December 31, 2025. For the year ended December 31, 2024, the Association recognized \$59,518 of income tax expense.

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:

<b>Description</b>	<b>2025</b>	<b>2024</b>
Equipment	\$ 102,253	\$ 102,253
Vehicles	34,946	34,946
Computer software	76,856	76,856
Less: accumulated depreciation	(214,055)	(214,055)
Net Fixed Assets	\$ -	\$ -

As of December 31, 2025 and 2024, the Association had fully depreciated property and equipment that remained in service with an original cost of \$214,055.

See accompanying auditors' report.

**Grand Timber Lodge Owners Association, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2025 and 2024**

**6. Significant Agreements and Transactions**

On October 27, 2020, the Association entered into an agreement with Peak Resorts Management, LLC, d/b/a 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.

The 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 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, respectively:

	<u>2025</u>	<u>2024</u>
Activities	\$ 64,084	\$ 73,653
BGV operations	212,349	253,344
Employee housing reimbursement	38,304	44,779
Engineering	1,404,470	1,311,082
Guest services	1,155,268	1,100,088
Management fee	1,168,776	1,002,383
Owner relations	1,530,600	1,645,868
Resort cleaning	4,170,024	3,762,886
Resort operations	553,099	530,398
Shuttle	276,402	286,027
<b>Total Expenses</b>	<u>\$ 10,573,376</u>	<u>\$ 10,010,508</u>

Approximately 60% of the Association’s total 2025 and 2024 expenses were related to services provided by related parties. The net amount owed by the Association to the Management Companies for these services was \$1,150,953 and \$1,042,636 for the years ended December 31, 2025 and 2024, 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, 2025 and 2024, the Association received \$217,012 and \$193,781, respectively, from GPLR for the purchase of inventory units. At December 31, 2025 and 2024, 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.

See accompanying auditors’ report.

**Grand Timber Lodge Owners Association, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2025 and 2024**

**6. Significant Agreements and Transactions (Continued)**

GPLR pays assessments relating to its owned unit weeks throughout the fiscal year. This amount totaled \$369,512 and \$377,872 during the years ended December 31, 2025 and 2024, respectively. The Association earned approximately 2% and 2% of its revenue from GPLR in 2025 and 2024, 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, 2025 and 2024, the Association paid \$160,251 and \$141,256, 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, 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 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 \$1,721,682 and \$1,808,134 for the Common Reserve Fund and Unit Reserve Fund, respectively, were reported during the year ended December 31, 2025. During the year ended December 31, 2024, the Association levied assessments, net of discounts, of \$1,409,108 and \$1,626,497 for the Common Reserve Fund and Unit Reserve Fund, respectively. The Association's Common Reserve Expenses for 2025 and 2024 were incurred primarily for refurbishments of the building's exterior, major pool and spa repairs, equipment upgrades, mechanical systems maintenance and updates, carpet replacement, door renovations, and other common area refurbishments. The Association's Unit Reserve Expenses for 2025 and 2024 were incurred for furniture and appliance replacements, unit remodels along with other unit refurbishments.

See accompanying auditors' report.

**Grand Timber Lodge Owners Association, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2025 and 2024**

**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, 2025 and 2024, 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 were paid during the year ended December 31, 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, 2025, and 2024, GPLR reimbursed the Association \$0 and \$50,526 of the principal portion paid on the note payable. As of December 31, 2024, the Association collected the full amount due from GPLR for the construction improvements. Interest expense on the note payable totaled \$0 and \$1,580 during the years ended December 31, 2025, and 2024, respectively, of which GPLR reimbursed the Association \$0, and \$885, in accordance with the participation agreement.

**10. Receivable Owed Under Purchase and Resale Agreement**

In early 2024, the Association and Management determined that 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. For the year ended December 31, 2023, the Association recorded a total receivable of \$437,848 owed from GPLR due to this error. This balance was paid to the Association in full by GPLR during the year ended December 31, 2024.

**11. 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 Timber Lodge Owners Association, Inc.**  
**(A Colorado Non-Profit Corporation)**  
**Operating Fund - Budget - to - Actual**  
**For the Year Ended December 31, 2025**  
**(With Comparative Actual Amounts for December 31, 2024)**

	2025		Variance Favorable (Unfavorable)	2024
	Budget (Unaudited)	Actual		Actual
<b>Revenues:</b>				
Assessments, net of discounts	\$ 12,645,778	\$ 12,696,176	\$ 50,398	\$ 12,282,220
Late fee revenue	207,003	231,377	24,374	202,494
Investment income	269,462	158,232	(111,230)	203,052
Vacation experience fee	386,943	309,620	(77,323)	272,453
Rental resort fee	649,268	562,542	(86,726)	632,602
Deed in lieu income	26,558	40,507	13,949	45,218
Miscellaneous income	59,032	62,947	3,915	63,079
<b>Total Revenues</b>	<b>14,244,044</b>	<b>14,061,401</b>	<b>(182,643)</b>	<b>13,701,118</b>
<b>Expenses:</b>				
<b>Operations:</b>				
Assessment service fees	146,054	160,251	(14,197)	141,256
Common area amenities	23,590	26,163	(2,573)	25,107
Credit card fees	108,906	111,439	(2,533)	96,363
Credit losses	150,000	367,447	(217,447)	262,766
Depreciation expense	-	-	-	1,694
Dues and subscriptions	40,314	22,667	17,647	38,150
Technology / internet	47,200	40,708	6,492	36,890
Insurance	880,944	704,674	176,270	679,952
Management fee	1,168,778	1,168,776	2	1,002,383
Newsletter printing and guest receptions	59,350	63,391	(4,041)	75,099
Owner relations fee	1,530,596	1,530,600	(4)	1,645,868
Guest services	1,094,824	1,155,268	(60,444)	1,100,088
Activities	55,635	64,084	(8,449)	73,653
Resort operations	566,036	553,099	12,937	530,398
BGV operations	241,431	212,349	29,082	253,344
Employee housing reimbursement	38,298	38,304	(6)	44,779
Professional fees	37,638	28,610	9,028	28,373
Shuttle service	255,895	276,402	(20,507)	286,027
Board and annual meetings	6,924	7,439	(515)	6,313
<b>Subtotal - Operations</b>	<b>6,452,413</b>	<b>6,531,671</b>	<b>(79,258)</b>	<b>6,328,503</b>
<b>Maintenance:</b>				
Elevator maintenance	65,669	68,183	(2,514)	55,061
Fire alarm maintenance	58,500	48,215	10,285	44,941
Hot tub and pool maintenance	86,576	90,823	(4,247)	85,457
Landscaping	91,140	94,222	(3,082)	92,235
Snow removal	11,036	7,674	3,362	11,681
Resort maintenance	1,373,168	1,404,470	(31,302)	1,311,082
<b>Subtotal - Maintenance</b>	<b>1,686,089</b>	<b>1,713,587</b>	<b>(27,498)</b>	<b>1,600,457</b>
<b>Resort Cleaning</b>				
Resort cleaning	3,941,200	4,170,024	(228,824)	3,762,886
<b>Subtotal - Resort Cleaning</b>	<b>3,941,200</b>	<b>4,170,024</b>	<b>(228,824)</b>	<b>3,762,886</b>
<b>Utilities:</b>				
Television	84,036	84,948	(912)	84,030
Trash removal	63,969	70,619	(6,650)	61,376
Unit telephones	3,000	3,426	(426)	3,420
Resort utilities	689,178	605,317	83,861	506,217
Water and sanitation	283,539	240,717	42,822	249,030
<b>Subtotal - Utilities</b>	<b>1,123,722</b>	<b>1,005,027</b>	<b>118,695</b>	<b>904,073</b>
<b>Taxes</b>				
Income tax expense	49,500	43,940	5,560	59,518
Property tax expense	709,750	681,879	27,871	685,645
Short term rental taxes and fees	281,370	281,370	-	281,370
<b>Subtotal - Taxes</b>	<b>1,040,620</b>	<b>1,007,189</b>	<b>33,431</b>	<b>1,026,533</b>
<b>Total Expenses</b>	<b>14,244,044</b>	<b>14,427,498</b>	<b>(183,454)</b>	<b>13,622,452</b>
<b>Revenues Over (Under) Expenses</b>	<b>\$ -</b>	<b>\$ (366,097)</b>	<b>\$ (366,097)</b>	<b>\$ 78,666</b>

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, 2025**  
**(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, 2025, 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, 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
Activities Center	4 - 9	\$ 8,435	
Amenity	1 - 14	353,390	
Aquatics	0 - 9	487,997	
Contingency	0 - 1	40,000	
Doors	0 - 14	2,396,566	
Electronics	4 - 5	21,359	
Flooring	0 - 15	814,506	
Furnishings	0 - 19	883,955	
HVAC	4 - 20	3,137,884	
IT	6 - 8	123,730	
Lighting	0 - 10	303,484	
PAR	0 - 8	245,730	
Refurbishment	0 - 4	497,573	
Roof	0 - 5	2,263,422	
Safety	0 - 20	1,338,030	
Signs	0 - 7	137,656	
Theater	0 - 4	162,997	
Trim	0 - 5	227,877	
Update	0 - 20	2,284,109	
Vehicle	0 - 3	471,163	
Window	0 - 24	10,020,970	
<b>Total</b>		<b>\$ 26,220,833</b>	<b>\$ 1,732,817</b>
<b>Percent of Estimated Future Replacement Costs</b>			<b>6.6%</b>

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**  
**Unit Reserve Fund**  
**December 31, 2025**  
**(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, 2025, 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, 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
Contingency	0 - 1	\$ 20,000	
Electrical	8	43,957	
Furnishings	0 - 11	6,229,431	
IT	3 - 8	55,272	
Kitchen remodel	7 - 13	6,494,178	
Refurbishment	7 - 22	3,932,796	
PAR	0 - 4	539,349	
Remodel	0 - 5	14,610,459	
Safety	4	29,484	
<b>Total</b>		<b>\$ 31,954,926</b>	<b>\$ 2,725,871</b>
<b>Percent of Estimated Future Replacement Costs</b>			<b>8.5%</b>

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