

The Grand Lodge on Peak 7 Owners Association, Inc.

Financial Report

December 31, 2025

(With Comparative Totals for 2024)



The Grand Lodge on Peak 7 Owners Association, Inc.
(A Colorado Non-Profit Corporation)
December 31, 2025
(With Comparative Totals for 2024)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Grand Lodge on Peak 7 Owners Association, Inc.
Breckenridge, Colorado

Opinion

We have audited the accompanying financial statements of The Grand Lodge on Peak 7 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 Lodge on Peak 7 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 Lodge on Peak 7 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 Lodge on Peak 7 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
The Grand Lodge on Peak 7 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 The Grand Lodge on Peak 7 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 AUDITORS' REPORT
To the Board of Directors
The Grand Lodge on Peak 7 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 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 pages 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

The Grand Lodge on Peak 7 Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Balance Sheets
December 31, 2025
(With Comparative Totals for 2024)

	2025			2024	
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total	Total
Assets:					
Cash in banks	\$ 1,709,476	\$ -	\$ 33,235	\$ 1,742,711	\$ 1,689,067
Restricted cash	-	-	250,000	250,000	250,000
Investments	-	1,267,438	3,427,931	4,695,369	4,147,662
Member assessments receivable (net of allowance for credit losses of \$245,025 and \$90,396 in 2025 and 2024)	585,945	-	-	585,945	510,657
Accrued interest receivable	-	-	-	-	-
Accounts receivable - other	19,899	-	-	19,899	23,675
Unit supplies inventory	45,644	-	-	45,644	54,622
Prepaid expenses	297,448	-	-	297,448	337,699
Due from (to) other funds	458,054	34,617	-	492,671	-
Fixed assets, net	-	-	-	-	-
Total Assets	\$ 3,116,466	\$ 1,302,055	\$ 3,711,166	\$ 8,129,687	\$ 7,013,382
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 371,627	\$ -	\$ -	\$ 371,627	\$ 79,686
Accounts payable - other	40,071	-	-	40,071	24,105
Deferred assessment revenue	641,312	-	-	641,312	658,930
Income taxes payable	-	-	-	-	71,169
Property taxes payable	949,110	-	-	949,110	803,061
Reserve study payable	4,000	-	-	4,000	3,000
Due to other funds	-	-	492,671	492,671	-
Due to (from) Grand Timber Lodge	-	-	-	-	(192)
Due to (from) Grand Colorado on Peak 8	(18,491)	-	-	(18,491)	363
Due to Management Companies	1,192,671	-	-	1,192,671	977,998
Total Liabilities	3,180,300	-	492,671	3,672,971	2,618,120
Fund Balances (Deficit)	(63,834)	1,302,055	3,218,495	4,456,716	4,395,262
Total Liabilities and Fund Balances	\$ 3,116,466	\$ 1,302,055	\$ 3,711,166	\$ 8,129,687	\$ 7,013,382

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

The Grand Lodge on Peak 7 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	\$ 12,715,933	\$ 938,832	\$ 1,014,391	\$ 14,669,156	\$ 13,513,560
Deed in lieu income	6,896	-	-	6,896	11,504
Vacation experience fee	165,525	-	-	165,525	171,390
Investment income	160,895	54,628	186,248	401,771	425,157
Late fee revenue	180,396	-	-	180,396	163,747
Miscellaneous income	73,156	-	-	73,156	72,245
Rental resort fee	528,825	-	-	528,825	544,982
Total Revenues	13,831,626	993,460	1,200,639	16,025,725	14,902,585
Expenses:					
Activities	79,491	-	-	79,491	74,979
Assessment servicing fees	144,145	-	-	144,145	129,249
Cleaning	4,136,122	-	-	4,136,122	3,874,993
Common area amenities	114,937	-	-	114,937	132,118
Credit card fees	108,801	-	-	108,801	101,349
Credit losses	173,500	-	-	173,500	35,505
Dues and subscriptions	25,305	-	-	25,305	26,152
Elevator maintenance	77,865	-	-	77,865	61,971
Employee housing reimbursement	41,136	-	-	41,136	46,901
Fire alarm maintenance	21,433	-	-	21,433	24,799
Guest services	1,122,134	-	-	1,122,134	1,045,619
BGV operation fee	156,252	-	-	156,252	186,423
Hot tub and pool maintenance	111,191	-	-	111,191	89,032
Income tax expense	61,032	-	-	61,032	56,453
Insurance	738,646	-	-	738,646	711,675
Landscaping	22,831	-	-	22,831	21,552
Management fee	1,340,964	-	-	1,340,964	1,126,213
Master Association dues	77,413	-	-	77,413	102,408
Owner relations fee	1,346,580	-	-	1,346,580	1,208,820
Printing and key fobs	81,470	-	-	81,470	84,078
Professional fees	36,998	-	-	36,998	28,799
Property tax expense	949,110	-	-	949,110	803,060
Resort operation fee	598,124	-	-	598,124	576,846
Short term rental taxes and fees	185,555	-	-	185,555	185,555
Snow removal	12,361	-	-	12,361	420
Television	32,567	-	-	32,567	30,621
Trash removal	61,285	-	-	61,285	45,913
Travel and entertainment	2,681	-	-	2,681	6,075
Unit maintenance	1,323,711	-	-	1,323,711	1,212,562
Unit telephones and Wi-Fi	50,087	-	-	50,087	45,850
Unit utilities	556,867	-	-	556,867	458,070
Water and sanitation	220,428	-	-	220,428	201,637
Common reserve - building exterior	-	10,021	-	10,021	193,895
Common reserve - common area finishes	-	781,370	-	781,370	1,058,282
Common reserve - elevators	-	-	-	-	2,172
Common reserve - vehicles and equipment	-	75,959	-	75,959	-
Common reserve - pools and spas	-	74,114	-	74,114	55,790
Unit reserve - appliances	-	-	21,881	21,881	96,134
Unit reserve - furniture	-	-	716,706	716,706	107,141
Unit reserve - contingency	-	-	273,198	273,198	34,841
Total Expenses	14,011,022	941,464	1,011,785	15,964,271	14,283,952
Revenues Over (Under) Expenses	(179,396)	51,996	188,854	61,454	618,633
Beginning Fund Balances	115,562	1,250,059	3,029,641	4,395,262	3,776,629
Ending Fund Balances	\$ (63,834)	\$ 1,302,055	\$ 3,218,495	\$ 4,456,716	\$ 4,395,262

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

The Grand Lodge on Peak 7 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	\$12,623,027	\$ 938,832	\$ 1,014,391	\$14,576,250	\$ 13,623,419
Interest received	160,895	53,880	128,160	342,935	366,442
Cash received from other sources	958,574	-	-	958,574	954,429
Cash transfers from (to) other funds	(315,876)	(26,252)	342,128	-	-
Cash payments for goods and services	(12,353,285)	(941,464)	(1,011,785)	(14,306,534)	(13,326,803)
Cash paid for income taxes	(79,600)	-	-	(79,600)	(73,952)
Cash paid for property taxes	(949,110)	-	-	(949,110)	(803,060)
Net Cash Provided By (Used In) Operating Activities	44,625	24,996	472,894	542,515	740,475
Cash Flows From Investing Activities:					
Purchase of investments	-	(25,996)	(462,875)	(488,871)	(777,255)
Net Cash Provided By (Used In) Investing Activities	-	(25,996)	(462,875)	(488,871)	(777,255)
Net Increase (Decrease) in Cash and Cash Equivalents	44,625	(1,000)	10,019	53,644	(36,780)
Net Cash and Cash Equivalents - Beginning	1,664,851	1,000	23,216	1,689,067	1,725,847
Net Cash and Cash Equivalents - Ending	\$ 1,709,476	\$ -	\$ 33,235	\$ 1,742,711	\$ 1,689,067
Reconciliation of Revenues Over (Under) Expenses to Net Cash Provided By (Used In) Operating Activities					
Revenues over (under) expenses	\$ (179,396)	\$ 51,996	\$ 188,854	\$ 61,454	\$ 618,633
Adjustments to Reconcile Revenues Over (Under) Expenses to Net Cash Provided By (Used In) Operating Activities:					
Unrealized gain on investment	-	(748)	(58,088)	(58,836)	(58,715)
(Increase) decrease in assessments receivable	(229,917)	-	-	(229,917)	(91,649)
Increase (decrease) in allowance for credit losses	154,629	-	-	154,629	9,142
(Increase) decrease in other receivables	3,776	-	-	3,776	(9,439)
(Increase) decrease in inventory	8,978	-	-	8,978	(5,234)
(Increase) decrease in prepaid expenses	40,251	-	-	40,251	5,503
Change in interfund balances	(315,876)	(26,252)	342,128	-	-
Increase (decrease) in accounts payable	291,941	-	-	291,941	(79,593)
Increase (decrease) in other payables	15,966	-	-	15,966	24,105
Increase (decrease) in deferred assessment revenue	(17,618)	-	-	(17,618)	192,366
Increase (decrease) in income taxes payable	(71,169)	-	-	(71,169)	1,169
Increase (decrease) in property taxes payable	146,049	-	-	146,049	(12,954)
Increase (decrease) in due to related parties	214,673	-	-	214,673	146,072
Increase (decrease) in due to other associations	(18,662)	-	-	(18,662)	69
Increase (decrease) in reserve study payable	1,000	-	-	1,000	1,000
Total Adjustments	224,021	(27,000)	284,040	481,061	121,842
Net Cash Provided By (Used In) Operating Activities	\$ 44,625	\$ 24,996	\$ 472,894	\$ 542,515	\$ 740,475

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

The Grand Lodge on Peak 7 Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2025
(With Comparative Totals for 2024)

1. Organization

The Grand Lodge on Peak 7 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 April 20, 2007. The Association began operations on June 1, 2009.

At December 31, 2025, the Association consisted of 240 units, which included 230 timeshare units, 3 whole owned units, 6 commercial units, and 1 parking unit.

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 costs and are depreciated using the straight-line method over estimated useful lives of five years.

D. Basis of Accounting

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

E. Cash and Cash Equivalents

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

See accompanying independent auditors’ report.

The Grand Lodge on Peak 7 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)

F. Investments

The Association has invested certain excess funds in various fixed-income securities. Because these securities 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 the current year's 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 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 the accounting policy result in interfund asset and liability accounts on the financial statements.

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.

See accompanying independent auditors' report.

The Grand Lodge on Peak 7 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 (continued)

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 \$173,500 in credit losses and wrote off accounts totaling \$18,871 (net of recoveries). For the year ended December 31, 2024, the Association incurred \$35,505 in credit losses and wrote off accounts totaling \$26,363 (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 amount 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 composed of payments received in advance of the assessment billing of the next fiscal year.

M. Subsequent Events

Management has evaluated subsequent events through the date of the audit report, which is 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, 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 \$61,032 for the year ended December 31, 2025. For the year ended December 31, 2024, the Association recognized \$56,453 in tax expense.

See accompanying independent auditors' report.

The Grand Lodge on Peak 7 Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2025
(With Comparative Totals for 2024)

3. Income Taxes (Continued)

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 at December 31, 2025 and 2024, respectively:

	2025	2024
US Treasury Bills (less than two years to maturity)	\$ 3,556,012	\$ 3,096,180
Market indexed certificates of deposit, maturing in three to four years	1,139,357	1,051,482
Total Investments	\$ 4,695,369	\$ 4,147,662

Included in the Association's investment income for the years ending December 31, 2025 and 2024, are unrealized gains totaling \$58,836 and \$58,715, interest income of \$319,938 and \$342,970, and realized gains totaling \$22,997 and \$23,472 respectively.

5. Fixed Assets

Fixed assets are summarized below:

Description	2025	2024
Equipment	\$ 206,265	\$ 206,265
Less: accumulated depreciation	(206,265)	(206,265)
Net Fixed Assets	\$ -	\$ -

Depreciation expense is computed on the straight-line basis. No depreciation expense was recognized in the years ended December 31, 2025 and 2024.

6. 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.

See accompanying independent auditors' report.

The Grand Lodge on Peak 7 Owners Association, Inc.
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Notes to the Financial Statements
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7. Significant Agreements and Transactions

On January 1, 2018, Peak 7, L.L.C. entered into a renegotiated 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 term and conditions of the agreement. This agreement may be terminated by either party by giving ninety days advance written notice. During the years ended December 31, 2025 and 2024 the Association received \$61,859 and \$91,049 from Peak 7 L.L.C for the purchase of inventory units. At December 31, 2025 and 2024, the Association did not own any inventory units.

Peak 7 L.L.C. pays assessments relating to its owned unit weeks throughout the year. The Association earned \$384,497 and \$283,873 of 2025 and 2024 revenue from Peak 7 L.L.C. through assessments. The Association earned approximately 2% and 2% of its total 2025 and 2024 revenue, respectively from Peak 7 L.L.C.

Effective January 1, 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 the Peak 8 Properties, L.L.C., to manage and operate the project and the timeshare program as contemplated by the Declarations. The Association will reimburse the Manager for any and all costs incurred by the Manager in connection with the performance of its duties under the agreement. The initial term of the agreement is for ten years and will elapse on December 31, 2029.

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 three percent (3%) of the Association annual budget during the first year of the Initial Term and shall thereafter increase by up to five percent (5%) 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.

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 have elapsed from the resignation notification date.

The Grand Lodge on Peak 7 Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2025
(With Comparative Totals for 2024)

7. Significant Agreements and Transactions (Continued)

During the fiscal 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 respectively:

	2025	2024
Activities	\$ 79,491	\$ 74,979
BGV operations	156,252	186,423
Cleaning	4,136,122	3,874,993
Employee housing reimbursement	41,136	46,901
Grotto concierge	46,681	41,326
Guest services	1,122,134	1,045,619
Maintenance	1,323,711	1,212,562
Management fee	1,340,964	1,126,213
Owner relations fee	1,346,580	1,208,820
Resort operations	598,124	576,846
Total Expenses	\$ 10,191,195	\$ 9,394,682

Approximately 64% 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 \$1,192,671 and \$977,998 at December 31, 2025 and 2024, respectively.

The Association is a member of the Breckenridge Mountain Master Association (the “Master Association”). The Association paid dues of \$77,413 and \$102,408 during 2025 and 2024, and had a prepaid balance of \$54,180 and \$51,902 at December 31, 2025 and 2024, respectively. The purpose of the Master Association is to maintain all common grounds and to govern the community in accordance with the provisions of its legal documents.

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 \$144,145 and \$91,641, respectively for services provided by Concord Servicing Corporation.

8. Future Major Repairs and Replacements

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

The Association has an external reserve study review 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.

See accompanying independent auditors’ report.

The Grand Lodge on Peak 7 Owners Association, Inc.
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2025
(With Comparative Totals for 2024)

8. Future Major Repairs and Replacements (Continued)

A Level I - Full-Service Reserve Study was completed in 2011 and estimated the remaining useful lives and replacement costs of the components of the unit and common property. During the year ending December 31, 2021, an 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 of \$938,832 and \$1,014,391 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 of \$935,949 and \$1,010,832 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 and other common area refurbishments and the addition of a golf simulator. The Association's Unit Reserve Expenses for 2025 and 2024 were incurred primarily for furniture, appliance, and flooring replacements in units, along with other unit refurbishments.

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.

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.

See accompanying independent auditors' report.

The Grand Lodge on Peak 7 Owners Association, Inc.
(a Colorado Non-Profit Corporation)
Operating Fund Budget to Actual Comparison
For the Year Ended December 31, 2025
(With Comparative Totals for 2024)

	2025		Variance Favorable (Unfavorable)	2024
	Budget (Unaudited)	Actual		Actual
Revenues:				
Assessments, net of discounts	\$ 12,678,106	\$ 12,715,933	\$ 37,827	\$ 11,692,187
Deed in lieu income	7,728	6,896	(832)	11,504
Vacation experience fee	222,133	165,525	(56,608)	171,390
Interest income	200,451	160,895	(39,556)	184,997
Late fee revenue	170,657	180,396	9,739	163,747
Miscellaneous income	70,222	73,156	2,934	72,245
Rental resort fee	540,186	528,825	(11,361)	544,982
Total Revenues	13,889,483	13,831,626	(57,857)	12,841,052
Expenses:				
Activities	24,587	79,491	(54,904)	74,979
Assessment servicing fees	133,356	144,145	(10,789)	129,249
BGV operations	177,657	156,252	21,405	186,423
Cleaning	4,223,737	4,136,122	87,615	3,874,993
Common area amenities	125,847	114,937	10,910	132,118
Credit card fees	110,243	108,801	1,442	101,349
Credit losses	90,300	173,500	(83,200)	35,505
Dues and subscriptions	27,965	25,305	2,660	26,152
Elevator maintenance	76,283	77,865	(1,582)	61,971
Employee housing reimbursement	41,136	41,136	-	46,901
Fire alarm maintenance	29,582	21,433	8,149	24,799
Guest services	1,108,658	1,122,134	(13,476)	1,045,619
Hot tub and pool maintenance	81,197	111,191	(29,994)	89,032
Income tax expense	69,300	61,032	8,268	56,453
Insurance	908,192	738,646	169,546	711,675
Landscaping	20,656	22,831	(2,175)	21,552
Management fee	1,340,969	1,340,964	5	1,126,213
Master Association dues	107,528	77,413	30,115	102,408
Owner relations fee	1,346,578	1,346,580	(2)	1,208,820
Printing and key fobs	55,655	81,470	(25,815)	84,078
Professional fees	44,910	36,998	7,912	28,799
Property tax expense	813,973	949,110	(135,137)	803,060
Resort operations	574,331	598,124	(23,793)	576,846
Short term rental taxes and fees	185,555	185,555	-	185,555
Snow removal	2,625	12,361	(9,736)	420
Television	29,646	32,567	(2,921)	30,621
Trash removal	56,106	61,285	(5,179)	45,913
Travel and entertainment	6,100	2,681	3,419	6,075
Unit maintenance	1,286,524	1,323,711	(37,187)	1,212,562
Unit telephones and Wi-Fi	43,997	50,087	(6,090)	45,850
Unit utilities	525,589	556,867	(31,278)	458,070
Water and sanitation	220,701	220,428	273	201,637
Total Expenses	13,889,483	14,011,022	(121,539)	12,735,697
Revenues Over (Under) Expenses	\$ -	\$ (179,396)	\$ (179,396)	\$ 105,355

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

The Grand Lodge on Peak 7 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 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
Amenity	0 - 14	\$ 1,456,254	
Aquatics	0 - 16	587,940	
Boilers	1 - 14	1,417,971	
Contingency	0 - 1	60,000	
Doors	0 - 14	2,299,250	
Electronics	4 - 14	206,351	
Elevator	14	267,983	
Elevators	2 - 19	3,936,046	
Flooring	0 - 16	1,879,207	
Furnishings	0 - 7	279,627	
Housekeeping	0 - 29	163,643	
HVAC	0 - 22	751,283	
IT	0 - 5	403,700	
Lighting	0 - 16	159,598	
PAR	0 - 2	101,447	
Phone system	7	30,747	
Refurbishment	0 - 7	525,975	
Roof	0 - 12	1,827,430	
Safety	0 - 7	210,425	
Siding	1	36,060	
Signs	1 - 15	170,104	
Theaters	0 - 8	256,838	
Update	0 - 10	135,037	
Vehicle	0 - 8	386,397	
Windows	0 - 18	5,318,432	
Total		\$ 22,867,745	\$ 1,302,055
Percent of Estimated Future Replacement Costs			5.7%

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

The Grand Lodge on Peak 7 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 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	3	\$ 12,944	
Contingency	0 - 1	30,000	
Electronics	0 - 6	435,560	
Flooring	0 - 4	656,412	
Furnishings	0 - 14	4,060,606	
HVAC	9 - 18	440,580	
IT	3	327,818	
Lighting	0 - 3	287,702	
PAR	0 - 4	824,509	
Refurbishment	13 - 17	570,551	
Safety	1	9,528	
Unit	1 - 18	15,971,779	
Total		\$ 23,627,989	\$ 3,218,495
Percent of Estimated Future Replacement Costs			13.6%

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