

Grand Colorado on Peak 8

Financial Report

December 31, 2017



**Grand Colorado on Peak 8
(A Colorado Non-Profit Corporation)
December 31, 2017**

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
Balance Sheets	3
Statements of Revenues, Expenses and Changes in Fund Balances	4
Statements of Cash Flow	5
Notes to the Financial Statements	6 - 11
Supplementary Information:	
Operating Fund – Budget (Non-GAAP Basis) to Actual Comparison	12
Supplementary Information on Future Major Repairs And Replacements – Common Reserve Fund	13
Supplementary Information on Future Major Repairs And Replacements – Unit Reserve Fund	14



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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Grand Colorado on Peak 8
Breckenridge, CO**

Report on the Financial Statements

We have audited the accompanying financial statements of Grand Colorado on Peak 8 (the "Association"), a Colorado non-profit corporation, which comprise the balance sheets as of December 31, 2017, and the related statements of revenues, expenses, and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibilities

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Colorado on Peak 8 as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Grand Colorado on Peak 8
Breckenridge, CO

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's 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, except for that portion marked "unaudited", on which we express no opinion, is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Future Major Repairs and Replacements on pages 14 – 15 be presented to supplement the basic financial statements. Such information, 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.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
April 23, 2018

Grand Colorado on Peak 8
(A Colorado Non-Profit Corporation)
Balance Sheets
December 31, 2017

	2017			
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total
Assets:				
Cash in banks	578,446	2,509	2,508	583,463
Investments	-	286,832	286,832	573,664
Member assessments receivable (net of allowance for doubtful accounts of \$2,338 in 2017)	30,332	-	-	30,332
Unit supplies inventory	13,248	-	-	13,248
Prepaid expenses	1,276	-	-	1,276
Due from (to) other funds	76,969	(30,693)	(46,276)	-
Fixed assets (net of accumulated depreciation of \$752 in 2017)	4,891	-	-	4,891
Total Assets	<u>705,162</u>	<u>258,648</u>	<u>243,064</u>	<u>1,206,874</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	49,869	-	-	49,869
Accounts payable - Other	-	-	-	-
Deferred assessment revenue	153,079	-	-	153,079
Property taxes payable	193,211	-	-	193,211
Due to (from) Management Companies	96,359	-	-	96,359
Income taxes payable	1,000	-	-	1,000
Total Liabilities	<u>493,518</u>	<u>-</u>	<u>-</u>	<u>493,518</u>
Fund Balances (Deficit)	<u>211,644</u>	<u>258,648</u>	<u>243,064</u>	<u>713,356</u>
Total Liabilities and Fund Balances (Deficit)	<u>705,162</u>	<u>258,648</u>	<u>243,064</u>	<u>1,206,874</u>

The accompanying notes are an integral part of these financial statements.

Grand Colorado on Peak 8
(A Colorado Non-Profit Corporation)
Statements of Revenues, Expenses and Changes in Fund Balances
For the Year Ended December 31, 2017

	2017			
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total
Revenues:				
Assessments, net of discounts	2,602,993	269,308	253,723	3,126,024
Developer subsidy	1,263,309	-	-	1,263,309
Interest income	-	(10,660)	(10,659)	(21,319)
Late fee revenue	34,434	-	-	34,434
Miscellaneous income	2,737	-	-	2,737
Total Revenues	<u>3,903,473</u>	<u>258,648</u>	<u>243,064</u>	<u>4,405,185</u>
Expenses:				
Accounting fees and I.T.	215,556	-	-	215,556
Activities	65,398	-	-	65,398
Assessment servicing fees	17,382	-	-	17,382
Bad debt expense	4,445	-	-	4,445
Common area amenities	105,791	-	-	105,791
Common area cleaning	362,671	-	-	362,671
Credit card fees	17,352	-	-	17,352
Depreciation	752	-	-	752
Elevator maintenance	6,430	-	-	6,430
Fire alarm maintenance	2,675	-	-	2,675
Front desk and reservation fees	700,137	-	-	700,137
Hot tub and pool maintenance	35,575	-	-	35,575
HR fees	136,066	-	-	136,066
Insurance	69,900	-	-	69,900
Landscaping	4,291	-	-	4,291
Operations	294,604	-	-	294,604
Printing and key fobs	35,993	-	-	35,993
Professional fees	1,452	-	-	1,452
Property tax expense	193,211	-	-	193,211
Security	101,402	-	-	101,402
Short term rental tax	7,225	-	-	7,225
Television	11,216	-	-	11,216
Trash removal	27,682	-	-	27,682
Board and annual meetings	4,770	-	-	4,770
Truck lease	20,639	-	-	20,639
Cleaning	469,695	-	-	469,695
Engineering	472,415	-	-	472,415
Unit telephones	43,797	-	-	43,797
Unit utilities	210,982	-	-	210,982
Water and sanitation	52,325	-	-	52,325
Total Expenses	<u>3,691,829</u>	<u>-</u>	<u>-</u>	<u>3,691,829</u>
Excess (Deficiency) of Revenues Over Expenses	211,644	258,648	243,064	713,356
Beginning Fund Balances (Deficit)	-	-	-	-
Ending Fund Balances (Deficit)	<u>211,644</u>	<u>258,648</u>	<u>243,064</u>	<u>713,356</u>

The accompanying notes are an integral part of these financial statements.

**Grand Colorado on Peak 8
(A Colorado Non-Profit Corporation)
Statements of Cash Flows
For the Year Ended December 31, 2017**

	2017			
	Operating Fund	Common Reserve Fund	Unit Reserve Fund	Total
Cash Flows From Operating Activities:				
Cash received from assessments	2,757,836	269,308	253,723	3,280,867
Interest received	-	8	9	17
Cash received from other sources	1,266,046	-	-	1,266,046
Cash transfers from (to) other funds	(76,969)	30,693	46,276	-
Cash payments for goods and services	(3,363,824)	-	-	(3,363,824)
Cash paid for property taxes	1,000	-	-	1,000
Net Cash Provided (Used) By Operating Activities	<u>584,089</u>	<u>300,009</u>	<u>300,008</u>	<u>1,184,106</u>
Cash Flows From Investing Activities:				
Purchases of investments	-	(297,500)	(297,500)	(595,000)
Purchase of equipment	(5,643)	-	-	(5,643)
Net Cash Provided (Used) by Investing Activities	<u>(5,643)</u>	<u>(297,500)</u>	<u>(297,500)</u>	<u>(600,643)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	578,446	2,509	2,508	583,463
Cash and Cash Equivalents - Beginning of Year	-	-	-	-
Cash and Cash Equivalents - End of Year	<u>578,446</u>	<u>2,509</u>	<u>2,508</u>	<u>583,463</u>
Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:				
Excess (deficiency) of revenues over expenses	211,644	258,648	243,064	713,356
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:				
Depreciation	752	-	-	752
Unrealized (gain) loss on investments	-	10,668	10,668	21,336
(Increase) decrease in assessments receivable	(32,670)	-	-	(32,670)
Increase (decrease) in allowance for doubtful accounts	2,338	-	-	2,338
(Increase) decrease in inventory	(13,248)	-	-	(13,248)
(Increase) decrease in prepaid expenses	(1,276)	-	-	(1,276)
Cash transfers from (to) other funds	(76,969)	30,693	46,276	-
Increase (decrease) in accounts payable	49,869	-	-	49,869
Increase (decrease) in deferred assessment revenue	153,079	-	-	153,079
Increase (decrease) in property taxes payable	193,211	-	-	193,211
Increase (decrease) in due to related parties	96,359	-	-	96,359
Increase (decrease) in income taxes payable	1,000	-	-	1,000
Total Adjustments	<u>372,445</u>	<u>41,361</u>	<u>56,944</u>	<u>470,750</u>
Net Cash Provided (Used) By Operating Activities	<u>584,089</u>	<u>300,009</u>	<u>300,008</u>	<u>1,184,106</u>

The accompanying notes are an integral part of these financial statements.

**Grand Colorado on Peak 8
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2017**

1. Organization

Grand Colorado on Peak 8, (the “Association”) is a condominium association organized as a Colorado non-for-profit corporation for the purposes of maintaining and preserving common property of the Association. The Association, which is located in Breckenridge, Colorado, was incorporated on May 30, 2014. The Association began operations on January 1, 2017.

The property was developed by the Declarant, Peak 8 Properties, L.L.C. In accordance with the Association’s declarations and the provisions of the Colorado Common Interest Ownership Act, the period of Declarant control commenced upon filing the Articles of Incorporation and terminate when one of the following events occur:

- a. Sixty days after conveyance of 75% of the units that may be created to owners other than the Declarant;
- b. Two years after the last conveyance of a unit by a Declarant in the ordinary course of business;
- c. Two years after any right to add new units was last exercised,

The Association remained under Declarant control at December 31, 2017.

At December 31, 2017, the Association consisted of 90 units, which included 90 timeshare units with 52 owners per unit. The maximum number of units permitted in the Association’s declarations is 160.

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, 2017, 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.

Grand Colorado on Peak 8
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2017

2. Summary of Significant Accounting Policies (continued)

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.

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. Because these certificates of deposits are intended to fund Replacement Fund expenditures and may provide a ready source of cash when so required, these investments are classified as trading. Accordingly, these investments are reported on these financial statements at fair value, and all realized and unrealized gains and losses are included in current year earnings.

G. Common Assessments

Common assessments are the primary source of revenue for the Association. An annual budget, which is approved by the Board, is prepared to estimate the annual expenses of maintaining the Association's common elements. Members of the Association are assessed for their pro-rata share of these estimated expenses.

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 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.

**Grand Colorado on Peak 8
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2017**

2. Summary of Significant Accounting Policies (continued)

I. Allowance for Uncollectible Accounts – Assessments

The Association utilizes the allowance method of recognizing the future potential uncollectibility of owner assessments receivable. This reserve is calculated based on the estimated percentage of potentially uncollectible accounts 90 or more days overdue. The Association's policy is to charge late fees to owner accounts that are 60 or more days overdue. For the year ended December 31, 2017, the Association incurred \$4,445 in bad debt expense and wrote off accounts totaling \$2,108 (net of recoveries totaling \$0).

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 April 23, 2018, 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. Consequently, the Association is subject to Federal and state income taxes on net income derived from investments and other non-membership sources.

The income tax returns of the Association are subject to examination by the Internal Revenue Service and the Colorado Department of Revenue. The Association's returns are not subject to examination for tax years three years prior by the Internal Revenue Service and for tax years for four years prior by the Colorado Department of Revenue. The Association will submit an initial tax return for the year ending December 31, 2017.

**Grand Colorado on Peak 8
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2017**

4. Investments

The Association's investments were comprised of the following certificates of deposit at December 31, 2017.

	12/31/17
Certificates of deposit, maturing within one year, bearing interest at 1.750% per annum	\$ 95,014
Certificates of deposit linked to the Industrea Acquisition Corp Class A, maturing on January 3, 2024	238,025
Certificates of deposit linked to the Standard and Poor's 500 index, maturing on January 6, 2025	240,625
Total Investments	\$ 573,664

Included in the Association's investment income for the fiscal year ending December 31, 2017 is unrealized gains (losses) totaling (\$10,668).

5. Fixed Assets

Fixed assets are summarized below:

Description	12/31/17
Equipment	\$ 5,643
Less: Accumulated depreciation	(752)
Net Fixed Assets	\$ 4,891

Depreciation expense is computed on a straight-line basis and was \$752 for the year ended December 31, 2017.

8. Significant Agreements and Transactions

On January 1, 2018, Peak 8 Properties, L.L.C. entered into an agreement with the Association to purchase all inventory units from the Association (which may be obtained as a result of foreclosure proceedings to collect past due assessments) for the consideration of payment of Association past dues, transfer costs, and any Association dues until resale and otherwise in accordance with the term and conditions of the agreement. This agreement may be terminated by either party by giving ninety days advance written notice. During the year ended December 31, 2017, the Association did not receive any amount from Peak 8 Properties, L.L.C. for the purchase of inventory units. At December 31, 2017, the Association did not own any inventory units.

**Grand Colorado on Peak 8
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2017**

8. Significant Agreements and Transactions (continued)

The Association's Declarations requires all owners to be assessed based upon the number of units completed (54) at the start of the fiscal year. Based upon the budget approved by the board of directors, the owners (with the exception of the commercial units) are actually being assessed as if all units were completed for the common area and amenity expenses. Based upon the approved budget, Peak 8 Properties, L.L.C. has agreed to pay the difference in the form of a developer subsidy.

Peak 8 Properties, L.L.C. pays assessments relating to its owned unit weeks throughout the year. The Association earned \$899,312 of 2017 revenue from Peak 8 Properties, L.L.C through assessments. Peak 8 Properties, L.L.C's assessments excluded cleaning fees of \$160,693 related to services not incurred in unoccupied units. Peak 8 Properties, L.L.C contributed an additional \$1,263,309 to the Association to help fund operations during the year ended December 31, 2017. The Association earned 49% of its total 2017 revenue from Peak 8 Properties, L.L.C.

Effective August 15, 2015, the Association entered into an agreement with Breckenridge Grand Vacations ("Manager"), which is owned and operated by the Peak 8 Properties, L.L.C., to provide all services and personnel required to administer the affairs of the Association. The management fee is equal to 2.5% of the Association annual budget during the initial two years, and after the initial two years will increase up to 5% at the beginning of each year. The initial term of the agreement is for ten years, and elapses on December 31, 2024. After the initial term, the agreement automatically renews for five year periods, under the same terms and conditions as the original agreement, unless cancelled by either party. This agreement may be terminated by the Association for cause, as defined in the agreement. Breckenridge Grand Vacations may resign as manager with or without cause. However, Breckenridge Grand Vacations cannot resign until the Association obtains a substitute managing agent or until 180 days from the resignation notification date.

During the year ended December 31, 2017, the Association incurred various expenses that were payable to Breckenridge Grand Vacations and Peak 8 Properties, L.L.C. (collectively referred to as "Management Companies"). The following is a schedule of transactions between the Association and the Management Companies for the year ended December 31, 2017.

	<u>2017</u>
Accounting fees and I.T.	\$ 215,556
Front desk and reservation fees	700,137
HR fees	136,066
Engineering	472,415
Cleaning	832,366
Security	101,402
Operations	294,604
Activities	65,398
Total Expenses	<u>\$ 2,752,546</u>

Approximately 75% of the Association's total 2017 expenses were related to services provided by related parties. The net amount that the Association owed to related parties was \$96,359 at December 31, 2017.

**Grand Colorado on Peak 8
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2017**

8. Significant Agreements and Transactions (continued)

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 year ended December 31, 2017, the Association paid \$16,405, for services provided by Concord Servicing Corporation.

9. 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.

During the year ended December 31, 2017, management performed an internal reserve study to estimate the remaining useful lives and replacement costs of the components of common property. The life expectancy of all components was ascertained from visual inspections made during the study.

The tables included in the unaudited supplementary information on Future Major Repairs and Replacements are based on the study. 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 \$269,308 and \$253,723 for the Common Reserve Fund and the Unit Reserve Fund, respectively, were reported during the year ended December 31, 2017.

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, 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.

10. Concentration

The Association's cash balances held with financial institutions were insured by the Federal Deposit Insurance Corporation (the "FDIC") at December 31, 2017 up to \$250,000 per depositor at each separately chartered FDIC-member financial institution. At December 31, 2017, the Association's uninsured cash balances totaled \$338,654.

Grand Colorado on Peak 8
(A Colorado Non-Profit Corporation)
Operating Fund
Budget (Non-GAAP Basis) to Actual Comparison
With Reconciliation to GAAP Basis
For the Year Ended December 31, 2017

	2017		
	Budget		Variance
	(Unaudited)	Actual	Favorable
			(Unfavorable)
Revenues:			
Assessments, net of discounts	2,727,555	2,602,993	(124,562)
Developer subsidy	1,428,048	1,263,309	(164,739)
Late fee revenue	20,000	34,434	14,434
Miscellaneous income	9,600	2,737	(6,863)
Total Revenues	4,185,203	3,903,473	(281,730)
Expenses:			
Accounting fees and I.T.	215,559	215,556	3
Activities	67,676	65,398	2,278
Assessment servicing fees	30,850	17,382	13,468
Bad debt expense	17,747	4,445	13,302
Common area amenities	91,501	105,791	(14,290)
Common area cleaning	341,768	362,671	(20,903)
Credit card fees	29,045	17,352	11,693
Elevator maintenance	8,500	6,430	2,070
Fire alarm maintenance	13,200	2,675	10,525
Front desk and reservation fees	758,724	700,137	58,587
Hot tub and pool maintenance	48,000	35,575	12,425
HR Fees	136,067	136,066	1
Insurance	111,450	69,900	41,550
Interest	1,508	-	1,508
Landscaping	9,000	4,291	4,709
Operations	306,053	294,604	11,449
Printing and key fobs	49,500	35,993	13,507
Professional fees	1,500	1,452	48
Property tax expense	253,508	193,211	60,297
Security	93,293	101,402	(8,109)
Short term rental tax	-	7,225	(7,225)
Snow removal	3,000	-	3,000
Television	9,600	11,216	(1,616)
Trash removal	38,800	27,682	11,118
Board and annual meetings	4,700	4,770	(70)
Truck lease	29,559	20,639	8,920
Cleaning	498,019	469,695	28,324
Engineering	530,293	472,415	57,878
Unit telephones	36,550	43,797	(7,247)
Unit utilities	374,790	210,982	163,808
Water and sanitation	67,447	52,325	15,122
Total Expenses	4,177,207	3,691,077	486,130
Excess (Deficiency) of Revenue			
Over Expenses - Budget Basis		212,396	
Adjustments to Budget Basis:			
Depreciation expense		(752)	
Total Adjustments		(752)	
Excess (Deficiency) of Revenues			
Over Expenses - GAAP Basis		211,644	

The accompanying notes are an integral part of these financial statements.

Grand Colorado on Peak 8
(A Colorado Non-Profit Corporation)
Supplementary Information on Future Major Repairs and Replacements
Common Reserve Fund
December 31, 2017
(Unaudited)

During the year ended December 31, 2017, management performed an internal reserve study to estimate the remaining useful lives and replacement costs of the components of common property. 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, 2017, has not been designated by the Board for specific components of common property.

The following table is based on the study and presents significant information about the components of common property.

Components	Estimated Remaining Useful Lives (Years)	Estimated Future Replacement Costs	Components of Fund Balance at December 31, 2017
Amenity	2 - 30	637,129	
Aquatics	3 - 19	1,200,297	
Boilers	6 - 11	1,727,678	
Contingency	1	20,557	
Doors	9 - 28	4,582,247	
Electronics	4 - 14	102,206	
Elevators	9 - 33	3,429,780	
Flooring	4 - 19	1,095,882	
Furnishing	4 - 19	247,243	
Furnishings	6 - 9	80,198	
Housekeeping	2 - 14	113,777	
HVAC	6 - 28	992,815	
IT	1 - 8	115,596	
Lighting	13 - 23	716,701	
Paint	9 - 14	891,709	
Plumbing	19	11,688	
Roof	23 - 28	2,753,234	
Safety	3 - 9	51,390	
Signs	22 - 29	252,271	
Stonework	10 - 14	97,757	
Theaters	4 - 19	441,554	
Trim	24 - 28	425,658	
Windows	5 - 33	9,012,163	
Total		28,999,530	258,648

The accompanying notes are an integral part of these financial statements.

Grand Colorado on Peak 8
(A Colorado Non-Profit Corporation)
Supplementary Information on Future Major Repairs and Replacements
Unit Reserve Fund
December 31, 2017
(Unaudited)

During the year ended December 31, 2017, management performed an internal reserve study to estimate the remaining useful lives and replacement costs of the components of common property. 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, 2017, has not been designated by the Board for specific components of common property.

The following table is based on the study and presents significant information about the components of common property.

Components	Estimated Remaining Useful Lives (Years)	Estimated Future Replacement Costs	Components of Fund Balance at December 31, 2017
Appliance	19 - 30	660,697	
Contingency	1	15,000	
Doors	19 - 30	605,500	
Drywall	19 - 30	287,650	
Electrical	19 - 30	102,825	
Electronics	4 - 8	714,808	
Flooring	5 - 30	2,279,490	
Furnishing	2 - 30	5,899,290	
HVAC	14 - 29	1,407,500	
Insulation	19 - 30	95,640	
IT	2 - 19	143,425	
Labor	19 - 30	1,675,972	
Lighting	4 - 30	441,575	
Paint	7 - 30	409,250	
PAR	3 - 8	279,925	
Permit	19 - 30	202,400	
Plumbing	19 - 30	758,272	
Safety	10 - 13	66,500	
Unit	6 - 7	147,000	
Total		16,192,719	243,064

The accompanying notes are an integral part of these financial statements.