



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

WEB SITE: WWW.McMAHANCPA.COM

MAIN OFFICE: (970) 845-8800

**To the Board of Directors
Breakaway West Association
1023 Lions Ridge Loop
Vail, CO 81657**

We have audited the financial statements of Breakaway West Association for the year ended June 30, 2025. Professional standards require that we provide you with the following information related to our audit.

Qualitative Aspects of Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Breakaway West Association are described in the Notes to the Financial Statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Estimate of allowance for credit losses : Management's estimate is based on historical revenue and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance and found that they are reasonable in relation to the financial statements taken as a whole.

Estimated useful lives for depreciation on fixed assets: Management's estimate is based on industry practice and experience. We evaluated the key factors and assumptions used to develop the useful lives used in determining depreciation and found that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Member: American Institute of Certified Public Accountants

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

As is required in an audit engagement we have requested certain representations from management that are included in the management representation letter.

In planning and performing our audit of the financial statements of Breakaway West Association as of and for the year ended June 30, 2025, we noted certain matters relating to opportunities for improvement of internal controls and day-to-day operations, which are presented for your consideration below:

Association Governing Documents

We noted that the Association currently budgets Operating and Replacement Fund assessments separately by anticipated expenses of each building, and then to the square footage of the unit within each building. We recommend that the Association consider amending its Declarations to align the pro-rata share of expenses with current practice. Additionally, interest percentages per the Declarations should be amended to match current calculations.

Reserve Study

As discussed in the notes to the Associations audited financial statements, the Association has not conducted a study to determine the remaining useful lives and components of common property and estimates of the costs of major repairs and replacements that may be required in the future. U.S. generally accepted accounting standards have determined that these estimates are required to supplement the basic financial statements. Generally, Associations complete and review annually a study of all the Associations common elements. The study includes a listing of all common elements for which the Association is responsible, their estimated useful lives, and their estimated requirements of such a study. Failure to prepare and annually consider such a study could impact the Board's liability as it relates to its fiduciary duty to maintain Association common elements. In accordance with U.S. generally accepted accounting principles, the Association's audit opinion has been modified to reflect that no such study has been prepared.

McMahan and Associates, L.L.C.
McMahan and Associates, L.L.C.
Avon, CO
January 29, 2026