Breakaway West Association

Financial Report

June 30, 2025

Breakaway West Association
(A Colorado Non-Profit Corporation)
June 30, 2025

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M & A

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Breakaway West Association
Vail, CO

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Breakaway West Association (the "Association"), which comprise the balance sheets as of June 30, 2025 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of June 30, 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 ("U.S. GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). 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 Association 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 Association's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 U.S. GAAS 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 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 U.S. GAAS, 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 financial statement audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental budgetary comparison schedule on page11 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 U.S. GAAS. In our opinion, the information, except for the 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.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Breakaway West Association
Vail, CO

Disclaimer of Opinion on Supplementary Information

The schedule of Replacement Funds by Building on page 12 is presented to supplement the basic financial statements. Such information is not a part of the basic financial statements and is presented for the purposes of additional analysis. 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.

Other Matter

The Association has not estimated the remaining useful lives and replacement costs of the common property and, therefore, has not presented the Schedule of Future Major Repairs and Replacements that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing 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 financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by the missing information.

McMahan and Associates, L.L.C.

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

Breakaway West Association
(A Colorado Non-Profit Corporation)
Balance Sheets
June 30, 2025

	Operating Funds	Replacement Funds	Total
Assets:			
Cash and cash equivalents	711,546	2,948,247	3,659,793
Accounts receivable	3,264	-	3,264
Prepaid expenses	17,018	-	17,018
Fixed assets	218,740	-	218,740
Accumulated depreciation	(105,582)	-	(105,582)
Due (to) from other fund	(616,539)	616,539	-
Total Assets	228,447	3,564,786	3,793,233
Liabilities and Equity:			
Liabilities:			
Accounts payable and accrued liabilities	190,598	-	190,598
Deferred revenue	61,500	-	61,500
Total Liabilities	252,098	-	252,098
Equity:			
Working capital	26,500	-	26,500
Investment in Manager's Unit	117,027	-	117,027
Fund balances	(167,178)	3,564,786	3,397,608
Total Equity	(23,651)	3,564,786	3,541,135
Total Liabilities and Equity	228,447	3,564,786	3,793,233

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

Breakaway West Association
(A Colorado Non-Profit Corporation)
Statements of Revenues, Expenses and Changes in Fund Balances
For the Year Ended June 30, 2025

	Operating Funds	Replacement Funds	Total
Revenues:			
Assessments	503,278	25,800	529,078
Special assessments	-	3,459,902	3,459,902
Television assessment	62,396	-	62,396
Interest income	1,810	-	1,810
Finance charges	1,848	-	1,848
Other	838	-	838
Total Revenues	570,170	3,485,702	4,055,872
Expenses:			
Accounting	12,144	-	12,144
Administrative	10,552	-	10,552
Manager's fee	44,670	-	44,670
Insurance	86,890	-	86,890
Legal - operating	948	-	948
Manager's unit	44,658	-	44,658
Pool maintenance	11,338	-	11,338
Pool - gas expense	7,223	-	7,223
Snow removal	24,917	-	24,917
Repairs and maintenance - project	179,211	-	179,211
Trash	30,493	-	30,493
Real estate taxes	1,522	-	1,522
Depreciation	3,870	-	3,870
Electric	29,766	-	29,766
Water and sewer	57,827	-	57,827
Landscaping	6,000	-	6,000
Gas/Heating	31,148	-	31,148
Repairs & maintenance - building	24,829	-	24,829
Elevator	12,698	-	12,698
Fire alarm building	9,680	-	9,680
Flood insurance	16,077	-	16,077
Cable television	62,504	-	62,504
Replacement expenses	-	222,171	222,171
Total Expenses	708,965	222,171	931,136
Excess (Deficiency) of Revenues Over Expenses	(138,795)	3,263,531	3,124,736
Fund Balances, (Deficit) Beginning of Year	115,144	301,255	416,399
Fund Balances, (Deficit) End of Year	(23,651)	3,564,786	3,541,135

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

Breakaway West Association
(A Colorado Non-Profit Corporation)
Statements of Cash Flows
For the Year Ended June 30, 2025

	Operating Funds	Replacement Funds	Total
Cash Flows From Operations:			
Cash received from owners	628,002	3,485,702	4,113,704
Cash received from other sources	2,686	-	2,686
Cash received for interest	1,810	-	1,810
Cash paid for goods and services	(533,605)	(222,171)	(755,776)
Transfer to (from) other funds	344,191	(344,191)	-
Net Cash (Used) by Operating Activities	443,084	2,919,340	3,362,424
Net (Decrease) in Cash	443,084	2,919,340	3,362,424
Cash and Cash Equivalents, Beginning of Year	268,462	28,907	297,369
Cash and Cash Equivalents, End of Year	711,546	2,948,247	3,659,793
Reconciliation of (Deficiency) of Revenues Over Expenses to Net Cash (Used) by Operating Activities:			
(Deficiency) of revenues over expenses	(138,795)	3,263,531	3,124,736
Adjustments:			
Depreciation	3,870	-	3,870
(Increase) decrease in accounts receivable	828	-	828
(Increase) decrease in prepaid expenses	(609)	-	(609)
Increase (decrease) in accounts payable	172,099	-	172,099
Increase (decrease) in deferred revenue	61,500	-	61,500
Increase (decrease) in due to (from) other fund	344,191	(344,191)	-
Total Adjustments	581,879	(344,191)	237,688
Net Cash (Used) By Operating Activities	443,084	2,919,340	3,362,424

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

Breakaway West Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2025

1. Organization

Breakaway West Association (the “Association") is a condominium owners' association located in Vail, Colorado. The Association was incorporated on November 24, 1972, to maintain the highest quality of life for all owners, residents, and guests; to maintain the value of properties; and to make the Breakaway West Condominiums a unique and desirable community. Breakaway West Condominiums is a five building, fifty-four unit condominium complex.

2. Summary of Significant Accounting Principles

A. Fund Accounting

The Association uses the fund method of accounting, which requires that funds, such as operating funds and funds for future major repairs and replacements, be classified separately for accounting and reporting purposes.

Fund accounting is helpful in segregating funds having restrictions on their use. Disbursements from the Operating Fund are at the discretion of the Association’s Board of Directors (the “Board"). Disbursements from the Replacement Fund may be made only for their designated purposes.

B. Basis of Accounting

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

C. Cash and Cash Equivalents

The Association considers all checking, money market and savings accounts to be cash equivalents for the purposes of the Statement of Cash Flows, since all such funds are highly liquid investments which have a maturity of 3 months or less, or can be readily converted to cash.

D. Accounts Receivable

The Association utilizes the allowance method of recognizing the future potential uncollectibility of delinquent accounts receivable. Accounts receivable at June 30, 2025 comprised the following:

Accounts receivable - Owners	$ 3,264
Less: Allowance for credit losses	-
Accounts receivable (net)	$ 3,264

2. Summary of Significant Accounting Principles (continued)

E. Recognition of Assets

The Association recognizes common real property not directly associated with units when (1) the Association has title or other evidence of ownership of the property; and (2) either of the following conditions are met: (a) the Association can dispose of the property, at the discretion of the Board of Directors, for cash or claims to cash, with the Association retaining the proceeds; or (b) the property is used by the Association to generate significant cash flows from members on the basis of usage or from nonmembers. This property includes community resource property that is not necessary for the primary use of the unit, although individual unit owners may benefit from its use. It is the Association's responsibility to preserve and maintain all common real property assets. All common real property assets are stated at cost.

These assets are depreciated using straight-line and accelerated methods over 30 to 39 years.

The Association recognizes common personal property, such as furnishings, recreational equipment, maintenance equipment, etc., that is used by the Association in operating, preserving, maintaining, repairing, and replacing common property and providing other services, as assets. It is the Association's responsibility to preserve and maintain all common real property assets. All common personal property assets are stated at cost.

These assets are depreciated using the straight-line and accelerated methods over 7 years.

F. 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.

G. Deferred Revenue

Deferred revenue represents prepaid assessments, and is composed of payments received in advance of the assessment billings of the next fiscal year.

H. Revenue and Revenue Recognition

Common assessments are the primary source of revenue for the Association. The Board, together with the Association's management, prepares an annual budget to estimate the annual expenses of maintaining the Association's common elements.

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.

2. Summary of Significant Accounting Principles (continued)

H. Revenue and Revenue Recognition (continued)

Members of the Association are assessed their pro-rata share of these estimated expenses by building, then based on square footage of units within the unit's building. 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 Fund.

I. Investment in Manager's Unit

The Association owns a unit that provides housing for the Association's property manager. Expenditures for the cost of the unit and subsequent renovations, are capitalized as an asset of the Operating Fund. The Association shows the net book value of the capitalized asset as a non-spendable balance of equity in the Operating Fund.

J. 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.

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 no longer subject to examination for tax years prior to 2022 by the Internal Revenue Service and for tax years prior to 2021 by the Colorado Department of Revenue.

4. Future Major Repairs and Replacements

The Declarations allow for the Association's assessment of members to accumulate funds for future major repairs and replacements. Accumulated funds are held in separate bank accounts and generally are not available for expenditures for normal operations.

The Association has not estimated the remaining useful lives and replacement costs of the common property and, therefore, has not presented the Schedule of Future Major Repairs and Replacements that U.S. generally accepted accounting principles require to be presented to supplement the financial statements. A portion of the monthly assessments is set aside for each building's reserve fund. Amounts accumulated in the Replacement Fund 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.

4. Future Major Repairs and Replacements (continued)

During the year ended June 30, 2025 the Association assessed a special assessments of $4,588,000, see note 7 for more information. The fund balance in the Replacement Fund at June 30, 2025 was $3,564,786

5. Subsequent Events

Management has evaluated subsequent events through **January 29, 2026**, the date these financial statements were available to be issued.

During the Association's October 28, 2025 meeting, the Association approved $1,526,000 to be billed in four monthly installments starting on December 2025 to March 2026 to fund the remaining cost of the Phase 1 project. Additionally, during the Associations' December 16, 2025, meeting, the Association approved of $2,256,000 to be billed in monthly installments starting on April 2026 to September 2026 for the budgeted amount for Phase 2 project.

6. Fixed Assets

The Association's fixed assets consist of the following:

	Cost	Accumulated Depreciation	Book Value	Estimated Useful Life
Manager's Unit	211,195	(98,037)	113,158	37
Furniture and Fixtures	7,545	(7,545)	-	5
Total	$ 218,740	$ (105,582)	$ 113,158	

Depreciation expense of $3,870 was recorded for the year ended June 30, 2025.

7. Special Assessment

During December 2024, the Association approved a special assessment totaling $4,588,000 to fund current and anticipated costs associated with maintenance and capital improvement projects, including garage, pool, hot tub, and green space. The special assessment is payable in eight monthly installments beginning in January 2025. As of June 30, 2025, the Association had collected six installments totaling $3,459,902, the remaining balance of $1,128,098 is expected to be billed and collected during the fiscal year ending June 30, 2026.

Breakaway West Association
(A Colorado Non-Profit Corporation)
Schedule of Operating Net Income - Budget and Actual
For the Year Ended June 30, 2025

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Assessments	503,278	503,278	-
Television assessment	62,398	62,396	(2)
Interest income	-	1,810	1,810
Finance charges	-	1,848	1,848
Other	-	838	838
Total Revenues	565,676	570,170	4,494
Expenses:			
Accounting	12,000	12,144	(144)
Administrative	10,000	10,552	(552)
Manager's fee	44,670	44,670	-
Insurance	93,096	86,890	6,206
Legal - operating	3,000	948	2,052
Manager's unit	7,786	44,658	(36,872)
Pool maintenance	15,000	11,338	3,662
Pool - gas expense	11,944	7,223	4,721
Snow removal	16,000	24,917	(8,917)
Repairs and maintenance - project	8,000	179,211	(171,211)
Fire alarm	4,000	-	4,000
Trash	25,162	30,493	(5,331)
Real estate taxes	1,525	1,522	3
Electric	32,241	29,766	2,475
Water and sewer	76,262	57,827	18,435
Landscaping	8,000	6,000	2,000
Gas/Heating	49,247	31,148	18,099
Repairs & maintenance - building	47,124	24,829	22,295
Elevator	6,667	12,698	(6,031)
Roof snow removal	4,000	-	4,000
Fire alarm building	5,000	9,680	(4,680)
504 Repairs and maintenance	1,000	-	1,000
Flood insurance	17,685	16,077	1,608
Cable television	62,398	62,504	(106)
Total Expenses	561,807	705,095	(143,288)
Net Income (Budget Basis)	3,869	(134,925)	(138,794)
Reconciliation from Budget Basis to GAAP Basis:			
Depreciation		(3,870)	
Net Income (GAAP Basis)		(138,795)	

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

Breakaway West Association
(A Colorado Non-Profit Corporation)
Schedule of Replacement Funds by Building
June 30, 2025
(Unaudited)

	Building 100/200	Building 300	Building 400	Building 500	Garage	Total
Revenues:						
Reserve assessments	800	-	-	25,000	-	25,800
Special assessments	739,500	1,092,147	690,002	834,752	103,501	3,459,902
Total Revenues	740,300	1,092,147	690,002	859,752	103,501	3,485,702
Expenses:						
Garage and pool deck	47,943	68,828	44,276	54,304	6,820	222,171
Total Expenses	47,943	68,828	44,276	54,304	6,820	222,171
Excess (Deficiency) of Revenues Over Expenses	692,357	1,023,319	645,726	805,448	96,681	3,263,531
Fund Balances, (Deficit) Beginning of Year	67,945	57,025	59,275	108,956	8,054	301,255
Fund Balances, (Deficit) End of Year	760,302	1,080,344	705,001	914,404	104,735	3,564,786

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