

Beaver Creek Resort Company of Colorado

Consolidated Financial Report

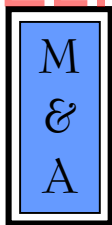
September 30, 2023 and 2022



**Beaver Creek Resort Company of Colorado
(A Colorado Non-Profit Corporation)
September 30, 2023 and 2022**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Beaver Creek Resort Company of Colorado**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Beaver Creek Resort Company of Colorado (the "Company"), a Colorado non-profit corporation, and its subsidiaries, which comprise the consolidated statement of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as of September 30, 2023 and 2022, and the changes in its net assets 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 Company 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 consolidated 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 consolidated 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 Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Member: American Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Beaver Creek Resort Company**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 Company'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 Company'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.

**McMahan and Associates, L.L.C.
Avon, Colorado**

PRELIMINARY DRAFT

Beaver Creek Resort Company of Colorado
(A Colorado Non-Profit Corporation)
Consolidated Statements of Financial Position
September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets:		
Current assets:		
Cash and cash equivalents	18,931,722	25,499,730
Investments	8,584,901	-
Accounts receivable:		
Real estate transfer assessments	112,361	57,380
Civic assessments	482,239	544,096
Recreation assessments	18,294	11,911
Related parties	153,467	163,856
Other	37,998	508
Prepaid transportation expense - Beaver Creek Metro	1,856,430	1,383,996
Prepaid expenses and insurance	202,734	150,230
Deposits	162,180	94,565
Inventory	28,510	-
Total Current Assets	<u>30,570,836</u>	<u>27,906,272</u>
Other Assets:		
Other assets - Sawmill Circle, LLC	1,650,000	-
Other assets - Rink Productions, Inc.	487	5,542
Total Other Assets	<u>1,650,487</u>	<u>5,542</u>
Fixed assets:		
Property and equipment, at cost	30,153,444	26,818,889
Accumulated depreciation	<u>(18,672,707)</u>	<u>(17,486,070)</u>
Net Fixed Assets	<u>11,480,737</u>	<u>9,332,819</u>
Total Assets	<u>43,702,060</u>	<u>37,244,633</u>
Liabilities and Net Assets:		
Current liabilities:		
Accounts payable - related parties	1,459,349	550,640
Accounts payable	1,446,308	621,180
Accrued payroll and related expenses	130,181	54,502
Deferred revenue	490	400
Deposits:		
Related parties	5,000	33,741
Design review board	1,337,306	1,541,790
Total Current Liabilities	<u>4,378,634</u>	<u>2,802,253</u>
Total Liabilities	<u>4,378,634</u>	<u>2,802,253</u>
Net Assets:		
Without restrictions	39,323,426	34,442,380
Total Net Assets	<u>39,323,426</u>	<u>34,442,380</u>
Total Liabilities and Net Assets	<u>43,702,060</u>	<u>37,244,633</u>

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

PRELIMINARY DRAFT

Beaver Creek Resort Company of Colorado
(A Colorado Non-Profit Corporation)
Consolidated Statements of Revenues, Expenses and Changes in Net Assets
For the Year Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues:		
Assessments:		
Civic assessments	9,885,964	9,754,051
Lodging civic assessments	927,124	935,031
Recreation and mountain assessments	6,461,201	8,070,352
Real estate transfer assessments	7,741,717	7,436,027
Other income:		
Design Review Board fees	70,256	61,965
Business licenses	128,283	57,139
Ice rink revenues	218,145	257,550
Investment income (loss)	809,076	(483,722)
Activities and events	911,281	681,199
Paid parking revenue	23,650	4,937
Other income	13,570	20,645
	<u>27,190,267</u>	<u>26,795,174</u>
Total Revenues		
	<u>27,190,267</u>	<u>26,795,174</u>
Expenses:		
Operating expenses:		
General and administration	1,746,480	1,399,779
Activities and special events	3,554,089	2,940,324
Vilar center contribution	1,825,940	1,593,685
Professional services	286,884	180,523
Marketing and promotions	3,469,530	3,344,958
Transportation	2,741,708	1,731,317
Property maintenance	3,373,924	2,959,906
Public safety	3,282,168	2,773,381
Design Review Board	245,861	227,318
Airline alliance	-	75,000
Vail valley partnership	62,000	42,500
Common consumption area	6,327	2,593
Insurance	258,082	220,767
Other expenses:		
Depreciation	1,430,296	1,354,524
Property taxes	25,932	24,500
Interest	-	5,833
Capital contributions	-	147,800
	<u>22,309,221</u>	<u>19,024,708</u>
Total Expenses		
	<u>22,309,221</u>	<u>19,024,708</u>
Change in Net Assets	4,881,046	7,770,466
Net Assets - Beginning of Year	<u>34,442,380</u>	<u>26,671,914</u>
Net Assets - End of Year	<u>39,323,426</u>	<u>34,442,380</u>

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

Beaver Creek Resort Company of Colorado
(A Colorado Non-Profit Corporation)
Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2023 and 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Expenses:						
General and administration	-	1,746,480	1,746,480	-	1,399,779	1,399,779
Activities and special events	3,553,931	158	3,554,089	2,940,324	-	2,940,324
Vilar center contribution	1,825,940	-	1,825,940	1,593,685	-	1,593,685
Professional services	286,884	-	286,884	180,523	-	180,523
Marketing and promotions	3,469,530	-	3,469,530	3,344,958	-	3,344,958
Transportation	2,741,708	-	2,741,708	1,731,317	-	1,731,317
Property maintenance	3,373,924	-	3,373,924	2,959,906	-	2,959,906
Public safety	3,282,168	-	3,282,168	2,773,381	-	2,773,381
Design Review Board	245,861	-	245,861	227,318	-	227,318
Airline alliance	-	-	-	75,000	-	75,000
Vail valley partnership	62,000	-	62,000	42,500	-	42,500
Common consumption area	6,327	-	6,327	2,593	-	2,593
Insurance	258,082	-	258,082	220,767	-	220,767
Depreciation	1,126,922	303,374	1,430,296	1,238,584	115,940	1,354,524
Property taxes	-	25,932	25,932	-	24,500	24,500
Interest	-	-	-	5,833	-	5,833
Capital contributions	-	-	-	147,800	-	147,800
Total Expenses	20,233,277	2,075,944	22,309,221	17,484,489	1,540,219	19,024,708
Percentages	91%	9%	100%	92%	8%	100%

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

Beaver Creek Resort Company of Colorado
(A Colorado Non-Profit Corporation)
Consolidated Statements of Cash Flows
For the Year Ended September 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities:		
Cash received from assessments	24,989,400	26,470,877
Cash received from other sources	1,370,239	1,083,435
Cash received from interest earnings	719,424	(483,722)
Cash (paid) for goods and services	(19,901,353)	(16,021,804)
Cash (paid) for interest	-	(5,833)
Net Cash Provided (Used) by Operating Activities	7,177,710	11,042,953
Cash Flows From Investing Activities:		
Cash received from sale of fixed assets	-	5,250
Cash received from sale of investments	-	9,258,973
Cash paid for fixed assets	(3,600,469)	(1,649,239)
Cash paid for investments	(10,145,249)	-
Net Cash Provided (Used) by Investing Activities	(13,745,718)	7,614,984
Net Increase (Decrease) in Cash and Cash Equivalents	(6,568,008)	18,657,937
Cash and Cash Equivalents - Beginning of Year	25,499,730	6,841,793
Cash and Cash Equivalents - End of Year	18,931,722	25,499,730
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in Net Assets	4,881,046	7,770,466
Change in assets and liabilities:		
Depreciation	1,430,296	1,354,524
Loss (gain) on disposal of fixed assets	22,255	1,936
Net (gain) loss on investments	(89,652)	-
(Increase) decrease in accounts receivable	(26,607)	275,416
(Increase) decrease in prepaid expenses	(524,938)	1,050,468
(Increase) decrease in deposits held by others	(67,615)	53,230
(increase) decrease in other assets	5,055	-
(Increase) decrease in inventory	(28,510)	249
Increase (decrease) in accounts payable	1,733,836	308,142
Increase (decrease) in accrued payroll	75,679	31,238
Increase (decrease) in deferred revenue	90	-
Increase (decrease) in deposit liability	(233,225)	197,284
Total change in assets and liabilities	2,296,664	3,272,487
Net Cash Provided (Used) by Operating Activities	7,177,710	11,042,953

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

**Beaver Creek Resort Company of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Consolidated Financial Statements
September 30, 2023 and 2022**

1. Company

Beaver Creek Resort Company of Colorado (“BCRC”) was incorporated as a Colorado not-for-profit corporation pursuant to Articles of Incorporation filed May 4, 1979, and subsequently amended. The BCRC’s members are businesses and individuals with real property interest in the Beaver Creek subdivision located in Eagle County, Colorado. BCRC’s bylaws, as modified in 1997, provide for a nine-member Board of directors (the “Board”). Four of the directors are appointed by Vail Resorts, Inc. (“Vail Resorts”). The remaining five directors are representatives of the residential, lodging, and commercial communities of the Beaver Creek subdivision. Because of its property ownership percentage, Vail Resorts has the power to elect one of the remaining five directors.

During 2005, BCRC established Rink Productions, Inc. (“RPI”) as a separate not-for-profit corporation for the primary purpose of hosting community events and making application for special event permits. RPI was incorporated, as a wholly owned subsidiary of BCRC, pursuant to Articles of Incorporation filed on May 12, 2005.

During 2023, BCRC created Sawmill Circle, LLC (“Sawmill Circle”), for the primary purpose of executing real estate transactions. Sawmill Circle was incorporated as a single member limited liability corporation pursuant to Articles of Company filed on June 21, 2023.

BCRC and its wholly owned subsidiaries, RPI and Sawmill Circle (collectively, the “Company”) provide various services related to the Beaver Creek area including marketing, security, transportation, architectural review, property maintenance, recreational activities, and various other support services.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

These consolidated financial statements include the accounts of BCRC and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in these consolidated financial statements.

The accompanying financial statements have been prepared on the accrual basis of accounting. All amounts recorded in the statements of activities result from unrestricted activity. There are no assets subject to donor restrictions.

B. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Company considers checking, money market savings, money market funds and investments with an original maturity of three months or less to be cash equivalents since these accounts are highly liquid or have no stated maturities.

Beaver Creek Resort Company of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Consolidated Financial Statements
September 30, 2023 and 2022
(continued)

2. Summary of Significant Accounting Policies (continued)

C. Investments

Investments in marketable equity and fixed income securities, with readily determinable fair values, are recorded at fair value as required by ASC 958, *Not-for-Profit Entities*. Gains and losses attributable to BCRC's investments are realized and reported upon sale or disposition of the investment. BCRC's investment policy allows investments in the following instruments:

- U.S. Government obligations, U.S. agency obligations, and U.S. Government instrumentality obligations.
- Bank / U.S. Government Repurchase Agreements
- Interest-bearing accounts or Certificates of Deposit (fully insured by FDIC)
- Commercial paper (rated A-1 and P-1, respectively, by S&P and Moody's)
- Investment-grade obligations of state and local governments
- Money Market Funds

D. Fair Value Measurement

The carrying amounts reported in the statement of financial position for cash and cash equivalents, prepaid and other assets, accounts payable and accrued liabilities, approximate fair value because of the immediate or short-term maturities of these financial instruments. BCRC adopted ASC 820, *Fair Value Measurement and Disclosure* as of January 1, 2008, which among other things requires enhanced disclosures about financial assets that are measured and reported at fair value on a recurring basis. ASC 820 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial assets at fair value. The hierarchy prioritizes the inputs into the following three levels:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level 1 include money-market funds, mutual funds, listed equities, listed derivatives, cash, and cash equivalents.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate and government bonds, less liquid and restricted equity securities and certain over-the-counter derivatives.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include limited partnership interests in corporate private equity and real estate funds, funds of hedge funds, and distressed debt.

E. Allowance for Uncollectible Accounts

The Company uses the allowance method for recognizing the future potential uncollectibility of accounts receivable. At September 30, 2023 and 2022, the Company had recorded an allowance for bad debts of \$0 and \$0, respectively.

**Beaver Creek Resort Company of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Consolidated Financial Statements
September 30, 2023 and 2022
(continued)**

2. Summary of Significant Accounting Policies (continued)

F. Revenues and Revenue Recognition

The Board prepares an annual budget to estimate the expenses of the Company. BCRC's Declarations empower the levying of the following assessments:

- (1) Civic Assessment:** A monthly Civic Assessment of 5.35% is assessed on sales of tangible personal property from businesses located in the Beaver Creek Resort area.
- (2) Lodging Civic Assessment:** A monthly Lodging Civic Assessment of .96% is assessed on short-term lodging revenue provided by businesses and individuals located in the Beaver Creek Resort area.
- (3) Recreation and Mountain Assessment:** A monthly assessment of 5% is assessed on gross receipts from the sale of recreational services, which include lift ticket sales, ski lessons, golf course greens fees, spa services, and equipment rentals.
- (4) Common Assessment:** An annual assessment may be levied based on the assessed valuation of all real property of each owner's site multiplied by the common assessment rate determined by the Board annually. The board did not levy a common assessment in fiscal years 2023 or 2022.
- (5) Real Estate Transfer Assessment:** An assessment of 2.375% is charged against the transferee upon the transfer of real property as defined in BCRC's bylaws.

BCRC has determined that the relationship with entities remitting assessments is not that of a customer as defined by generally accepted accounting principles, since the entities control the governance of BCRC. Further, the nature of BCRC's governing documents as it relates to the collection of assessments does not meet the definition of a contract under generally accepted accounting principles. Assessments are susceptible to accrual and are recognized as revenues of the current fiscal period and are non-refundable.

BCRC also recognizes revenue from the following sources:

- (1) Design Review Board fees:** The design review board ("DRB") collects an application fee to review construction plans within BCRC's boundaries, which is earned upon receipt of the application. The DRB also collects a deposit, based on the total value of the construction project, as collateral to ensure the project adheres to the plans the DRB approved. The deposit is recorded as a liability and may be refunded upon completion of the project or earned as revenue by BCRC upon determination if the project violated the approved plans.
- (2) Business license fees:** A yearly fee is paid by businesses and individuals within the Beaver Creek area. The fee is non-refundable and earned upon issuance of the license.

Beaver Creek Resort Company of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Consolidated Financial Statements
September 30, 2023 and 2022
(continued)

2. Summary of Significant Accounting Policies (continued)

F. Revenues and Revenue Recognition (continued)

(3) Ice rink revenues: Fees collected for goods and services at the ice rink, which are earned upon provision of the underlying goods or services.

(4) Activities and events: Fees collected for ticket sales, vendor registration and various administrative fees, which are earned upon provision of the underlying goods or services.

(5) Paid parking: Fee collected for use of BCRC parking lots, which are earned upon provision of the underlying service.

G. Prepaid Transportation Expense

Prepaid transportation expense consists of amounts paid to the Beaver Creek Metropolitan District in excess of expenses incurred as of September 30, 2023. See Note 9(A) for further discussion of this agreement to provide transportation services.

H. Income Taxes

For federal income tax purposes, as of October 1, 1997, BCRC has qualified as a tax-exempt Company under Section 501(c)(4) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes on its related income. However, income from activities not directly related to BCRCs tax-exempt purpose is subject to taxation as unrelated business income.

The transactions with Sawmill, LLC, a single-member LLC wholly controlled by BCRC is consolidated for the purposes of tax reporting as a disregarded entity within the requirements set forth in 170(c)(2) of the Internal Revenue Code.

Since RPI's activities are not considered to be within BCRC's tax-exempt purpose, RPI incurs Federal and State income taxes on its net income from operations.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Inventory

Inventory is valued at the lower of cost or market. Cost is determined on the first-in, first-out method.

**Beaver Creek Resort Company of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Consolidated Financial Statements
September 30, 2023 and 2022
(continued)**

2. Summary of Significant Accounting Policies (continued)

K. Fixed Assets

The Company capitalizes all expenditures in excess of \$1,000 for property and equipment at cost. Capitalized assets are depreciated using the straight-line method over estimated useful lives according to the following schedule.

<u>Asset</u>	<u>Estimated Useful Life</u>
Improvements	3-20
Buildings	10-30
Vehicles	2-10
Equipment	2-15
Furniture and Fixtures	5
Computers and Software	3-5

L. Method used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to the program or supporting functions of BCRC. These expenses include depreciation, general and administrative expenses, and property maintenance. Depreciation is allocated based on use of assets and location of assets. General and administrative expenses are allocated based on the function they support, including information technology, travel, and meetings. Property maintenance is based on use of property and location of property.

3. Investments

Investments are stated at their fair market values (see note 4). BCRC had the following investment categories at September 30, 2023 and 2022:

	Market Value	
	2023	2022
U.S Treasuries	\$ 8,584,901	\$ -
	\$ 8,584,901	\$ -

BCRC had an unrealized gain of \$89,652 for the year ended September 30, 2023 and an unrealized loss of \$0 for the year ended September 30, 2022.

Beaver Creek Resort Company of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Consolidated Financial Statements
September 30, 2023 and 2022
(continued)

4. Fair Value Measurements

The following table summarizes the valuation of BCRC's fair value of assets measured on a recurring basis by the ASC 820 fair value hierarchy levels as of September 30, 2023:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 18,931,722	\$ 18,931,722	\$ -	\$ -
Investments:				
U.S Treasuries	8,584,901	8,584,901	-	-
	<u>8,584,901</u>	<u>8,584,901</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 27,516,623</u>	<u>\$ 27,516,623</u>	<u>\$ -</u>	<u>\$ -</u>

The following table summarizes the valuation of BCRC's fair value of assets measured on a recurring basis by the ASC 820 fair value hierarchy levels as of September 30, 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 25,499,730	\$ 25,499,730	\$ -	\$ -
Total	<u>\$ 25,499,730</u>	<u>\$ 25,499,730</u>	<u>\$ -</u>	<u>\$ -</u>

5. Liquidity and Availability of Resources

BCRC's net assets consist of amounts with no restrictions by donors. Income each year is not restricted to specific purposes and therefore, is available for general expenditures. The investment policy for BCRC is structured around short-term investments to ensure financial assets are available as general expenditures become due. The financial assets available within one year from September 30, 2023 and September 30, 2022 are as follows:

	2023	2022
Cash and cash equivalents	\$ 18,931,722	\$ 25,499,730
Investments maturing within 1 year	8,584,901	-
Receivables	804,359	777,751
	<u>\$ 28,320,982</u>	<u>\$ 26,277,481</u>

Beaver Creek Resort Company of Colorado
(A Colorado Non-Profit Corporation)
Notes to the Consolidated Financial Statements
September 30, 2023 and 2022
(continued)

6. Fixed Assets

Fixed asset activity during fiscal year 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 937,071	\$ 3,045,102	\$ (2,292,610)	\$ 1,689,563
Artwork	301,947	-	-	301,947
Capital assets, being depreciated:				
Improvements	14,020,076	1,800,452	(163,816)	15,656,712
Buildings	8,007,715	-	-	8,007,715
Vehicles	418,469	-	-	418,469
Equipment	2,776,033	1,101,300	(159,050)	3,718,283
Furniture and fixtures	35,064	9,648	-	44,712
Computers and software	322,514	6,432	(12,903)	316,043
Total capital assets being depreciated	<u>26,818,889</u>	<u>5,962,934</u>	<u>(2,628,379)</u>	<u>30,153,444</u>
Less accumulated depreciation	<u>(17,486,070)</u>	<u>(1,430,296)</u>	<u>243,659</u>	<u>(18,672,707)</u>
Total capital assets, net	<u><u>\$ 9,332,819</u></u>	<u><u>\$ 4,532,638</u></u>	<u><u>\$ (2,384,720)</u></u>	<u><u>\$ 11,480,737</u></u>

Fixed asset activity during fiscal year 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 4,752	\$ 1,149,967	\$ (217,648)	\$ 937,071
Artwork	301,947	-	-	301,947
Capital assets, being depreciated:				
Improvements	13,540,832	479,244	-	14,020,076
Buildings	8,007,715	-	-	8,007,715
Vehicles	418,469	-	-	418,469
Equipment	2,699,485	186,047	(109,499)	2,776,033
Furniture and fixtures	35,064	-	-	35,064
Computers and software	279,041	51,629	(8,156)	322,514
Total capital assets being depreciated	<u>25,287,305</u>	<u>1,866,887</u>	<u>(335,303)</u>	<u>26,818,889</u>
Less accumulated depreciation	<u>(16,242,015)</u>	<u>(1,354,524)</u>	<u>110,469</u>	<u>(17,486,070)</u>
Total capital assets, net	<u><u>\$ 9,045,290</u></u>	<u><u>\$ 512,363</u></u>	<u><u>\$ (224,834)</u></u>	<u><u>\$ 9,332,819</u></u>

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7. Design Review Board (“DRB”) Deposit Liability

The Design Review Board (“DRB”) reviews construction plans prior to the start of any construction within BCRC’s boundaries in order to maintain a certain community architectural uniformity. The DRB collects a deposit, based on the total value of the construction project, as collateral to ensure the project adheres to the plans the DRB approved. Upon completion of the project, the DRB inspects the project and returns the deposit after its final approval. A fee is charged by the DRB for the review of architectural plans. The fee is based upon the size and type of construction. Interest earned on deposits is retained by the BCRC. At September 30, 2023 and 2022, BCRC had \$1,342,306 and \$1,575,531, respectively, of DRB deposits outstanding, which is reflected in cash and cash equivalents and the deposits liability on the Statements of Financial Position.

8. Line of Credit

In May 2009, BCRC entered into a promissory note with Alpine Bank for a line of credit not to exceed \$2,000,000. The outstanding principal accrues interest at a variable rate of 1.25% above the JP Morgan Chase Bank prime rate index, limited to a rate per annum between 5.00% and 24.00%. This note is secured by collection of assessments from BCRC members. BCRC executed a change in terms agreement during fiscal year 2021 to extend the maturity date to May 2022 and change the interest rate to a variable rate of 1.00% above the JP Morgan Chase Bank prime rate index, limited to a rate per annum between 5.00% and 24.00%. There was no outstanding principal at September 30, 2023 and 2022. The line of credit expired in May 2022 and was not renewed by BCRC.

9. Commitments and Contingencies

A. Beaver Creek Metropolitan District Transportation Agreement

BCRC entered into an agreement with Beaver Creek Metropolitan District (“BCMD”) during January 1999, to assign all of its rights and obligations in connection with providing transportation services within the Beaver Creek subdivision to BCMD. As such, since 1999, a common assessment previously collected by BCRC was being collected by BCMD. BCRC had agreed to fund BCMD for the total cost of operating the transportation system in excess of amounts collected from the common assessment.

During March 2013, BCRC and BCMD executed a Restated and Amended Transportation Agreement, which amends and restates the original agreement from 1999 in its entirety. This restated agreement requires BCMD funding for 2013 at \$2,850,000, which is annually adjusted by the lower of 3% and the percentage increase, if any, in the Denver-Boulder-Greeley, Colorado Consumer Price Index. Based on the agreement BCRC will fund all costs incurred by the District to operate and maintain the transportation system in excess of BCMD’s required annual funding.

For the fiscal year ended September 30, 2023 and 2022, BCRC paid \$2,585,820 and \$1,611,622, respectively, to BCMD for transportation costs.

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(continued)**

9. Commitments and Contingencies (continued)

B. Town of Avon Shuttle Bus Funding Agreement

BCRC entered into an agreement with the Town of Avon ("Avon") to provide shuttle bus services between the Town of Avon and Beaver Creek resort area. Pursuant to the agreement, Avon will provide shuttle services from November 1, 2022 through October 31, 2023. BCRC has agreed to make payment to Avon of \$155,888 in four equal installments, which are due on the 1st day of December, January, February and March. BCRC paid the Town of Avon \$119,695 in four equal installments, which are due on the 1st day of December, January, February and March for services from November 1, 2021 through October 31, 2022.

10. Related-Party Transactions

A. Vail Resorts

Effective November 1, 1981, BCRC entered into a management agreement with Vail Resorts, whereby Vail Resorts agreed to manage the business and operations of BCRC. The agreement provides for automatic one-year renewals, unless terminated under the terms of the agreement. As compensation for the services performed by Vail Resorts, a fixed management fee, approved in the annual budget of BCRC, is paid. The amount of the management fee can be amended by the board of directors of BCRC based upon changes in the services to be performed by Vail Resorts.

The agreement was amended effective January 28, 2021. As compensation for the services provided by Vail Resorts, BCRC will reimburse Vail Resorts actual costs of services, plus a 10% fee, but not in excess of the aggregate amount set forth in the approved budget of compensation of Vail Resorts actual costs, unless otherwise agreed to by BCRC. The amount of management fee's can be amended by the board of directors of BCRC based upon changes in the services to be performed by Vail Resorts.

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10. Related-Party Transactions (continued)

A. Vail Resorts (continued)

The management fee includes costs for payroll and general administrative expenses allocated to the BCRC. These allocations are based on Vail Resorts' best estimate of the costs of providing the service levels established by the BCRC. During fiscal year 2023 and 2022, BCRC received from and paid (to) Vail Resorts the following amounts:

	Net Received (Paid)	
	2023	2022
Civic assessments	\$ 1,655,332	\$ 1,597,978
Lodging civic assessments	137,845	167,834
Recreation and mountain assessments	6,206,948	7,836,022
Paid parking	23,650	4,937
Activities and events	66,660	-
Licenses and fees	22,117	1,938
Marketing and promotions	(2,245,453)	(2,337,560)
Public safety	(2,962,526)	(2,509,544)
Administration	(1,156,238)	(993,985)
Parking	(283,061)	(207,743)
Property maintenance	(2,048,066)	(1,559,574)
Design review board	(228,999)	(185,464)
Activities and events	(409,089)	(501,572)
Guest services	(22,000)	-
Common consumption	-	(2,593)
Total	\$ (1,242,880)	\$ 1,310,674

At September 30, 2023 and 2022 the Company had a net payable to Vail Resorts of \$1,189,201 and \$320,628, respectively. The Company was also holding \$5,000 and \$33,741 in design review deposits from Vail Resorts at September 30, 2023 and 2022, respectively. For fiscal year 2023 and 2022, two board members were also employees of Vail Resorts.

On July 7, 2016, BCRC entered into a revenue sharing and capital project agreement with Vail Resorts. Under the terms of this agreement, BCRC is responsible for the costs of certain capital improvements to parking lots and parking garages. Beginning on August 31, 2017, Vail Resorts will begin to reimburse BCRC for the costs associated with the capital improvements from the revenue generated from the parking lots for the previous twelve months, net of related parking lot operating expenses. Once BCRC has been repaid in full for the capital improvements, BCRC will receive 40% of the revenue going forward, with Vail Resorts retaining the other 60%. As of September 30, 2022, BCRC was fully repaid for capital expenses, which totaled \$1,311,838. For the years ended September 30, 2022 and 2023, BCRC received \$4,937 and \$23,650 of paid parking revenue, respectively.

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(continued)

10. Related-Party Transactions (continued)

B. Vilar Center for the Arts Foundation

A Facility Lease and Operations Agreement between VVF, the Arts Foundation and BCRC (the "Operation Agreement") was executed July 25, 2019. Pursuant to the Operation Agreement, BCRC shall donate \$1,141,000 (as adjusted annually by the lesser of 4.00% or CPI increase) to VVF for use in general operations of the Vilar Center. If, in any given fiscal year of BCRC, BCRC receives less than \$14,000,000 (as adjusted annually by the lesser of 4.00% or CPI increase) in aggregate assessments, BCRC and VVF will meet to discuss an appropriate reduction to the annual contribution. VVF will provide BCRC with a \$20,000 credit in the first year, which increases to \$25,000 in each successive year, to be used for purchase of tickets at available performances, as defined in the Operations Agreement.

The Operation Agreement stipulates that the Arts Foundation will cease its activities with respect to the Vilar Center (except for ownership of the Vilar Center) and lease the Vilar Center to VVF for operation. The Operation Agreement also transferred the power to appoint a majority of board members from BCRC to VVF. The Operation Agreement term is for an initial period of 10 years (ending July 25, 2029), and shall automatically renew for renewal periods of 10 years each unless terminated by either party.

As detailed in the Operation Agreement, BCRC shall make all annual donations under the BCRC RETA Revenue Agreement (the "RETA Agreement"), dated July 25, 2019, to VVF to be used on the Super Programming Series (as defined in the RETA Agreement). The RETA Agreement term is for a period of 10 years (ending July 25, 2029).

Effective June 1, 2021 the Operation Agreements with VVF were terminated and replaced with an Affiliation Agreement between the Vilar Center and VVF. The affiliation agreement stipulates that VVF will transfer property and business operations to the Vilar Center and provides VVF with governance rights to provide exclusive control of the management and operations of the Vilar Center. Pursuant to the Affiliation Agreement, BCRC shall donate \$1,174,800 (as adjusted annually by the lesser of 4.00% or CPI increase) to the Vilar Center for use in general operations. If, in any given fiscal year of BCRC, BCRC receives less than \$14,434,951 (as adjusted annually by the lesser of 4.00% or CPI increase) in aggregate assessments, BCRC and VVF will meet to discuss an appropriate reduction to the annual contribution. VVF will provide BCRC with a \$25,000 credit to be used for purchase of tickets at available performances, as defined in the Affiliation Agreement. The Affiliation Agreement also assigned the BCRC RETA Agreement from VVF to the Vilar Center.

The Affiliation Agreement term is for an initial period of 8 years (ending May 31, 2029), and shall automatically renew for periods of 10 years each unless terminated by either party.

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(continued)**

10. Related-Party Transactions (continued)

B. Vilar Center for the Arts Foundation (continued)

In fiscal 2023 and 2022, BCRC paid VVF 5% of RETA revenues, in addition to the required contribution, as adjusted annually by CPI increase.

During fiscal year 2023 and 2022, BCRC received from and paid (to) the Arts Foundation the following amounts:

<u>Net Revenue (Expense)</u>	Net Received (Paid)	
	2023	2022
Civic assessments and other	\$ 17,364	\$ 13,427
Recreation and mountain assessments	88,206	91,295
Activities and events	(11,900)	-
Property maintenance	(18,520)	(20,150)
Contributions	(1,825,940)	(1,593,685)
	\$ (1,750,790)	\$ (1,509,113)

At September 30, 2023, the Company had a net payable to the Arts Foundation of \$116,681. At September 30, 2022, the Company had a net payable to the Arts Foundation of \$0.

11. Revenue from Contracts with Customers

For the years ended September 30, 2023 and 2022, revenue recognized for goods transferred or performance obligations met at a point in time were \$1,365,185 and \$1,083,435, respectively. There were no revenues recognized for goods transferred or performance obligations met over time during the years ended September 30, 2023 and 2022.

12. Performance Based Incentive Plan

The Company offers a Performance Based Incentive Plan (the "Plan") which offers performance rewards of up to 30% of employees' base salaries. The performance rewards are based on the achievement of goals and objectives as defined in the Plan. During fiscal years 2023 and 2022 the Company had \$130,181 and \$54,502, respectively, of expense related to the plan.

13. Defined Contribution Plan

The Company has established a defined contribution plan for its managing director pursuant to Section 457 of the Internal Revenue Code. The managing director is fully vested in employer contributions. During fiscal year 2023 and 2022, BCRC made annual employer contributions of \$10,000 and \$17,500, respectively, to the plan.

14. Concentrations of Credit Risk

During the fiscal year ended 2015, BCRC entered into a Deposit Placement Agreement with Alpine Bank. Under the agreement, Alpine Bank will transfer funds into other depository institutions so all deposits are fully insured by the FDIC.

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15. Contributed Nonfinancial Assets

The Company participates in nonfinancial transactions in which the Company will receive certain goods or services in exchange for event sponsorships. The value of goods or services received by the Company is equal to the value of the sponsorships and these transactions are recorded at the fair value of the sponsorships and goods or services involved. For fiscal years 2023 and 2022, the Company recognized revenues and expenses of approximately \$28,083 and \$29,042, respectively, for nonmonetary transactions.