

Chautauqua Hotel Company, Inc.

Financial Statements
Years Ended December 31, 2025 and 2024

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Chautauqua Hotel Company, Inc.

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Independent Auditor's Report

The Board of Directors
Chautauqua Hotel Company, Inc.
Chautauqua, New York

Opinion

We have audited the financial statements of Chautauqua Hotel Company, Inc. (the Hotel) (wholly owned by Chautauqua Institution), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, stockholders' equity, and cash flows for the years 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 Hotel as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 Hotel and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hotel's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 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 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 Hotel'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 Hotel'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.

BDO USA, P.C.

May 4, 2026

Chautauqua Hotel Company, Inc.

Balance Sheets

December 31,	2025	2024
Assets		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 2,883,957	\$ 591,064
Accounts receivable (Note 2):		
Trade, net of allowance for credit losses of \$3,996 and \$2,930 for the years ended December 31, 2025 and 2024	30,611	14,152
Chautauqua Institution (Notes 1 and 8)	-	563,151
Other - Employee Retention Credit	-	733,293
Inventory, net (Note 2)	180,669	149,900
Refundable income taxes	11,228	11,228
Prepaid expenses and other assets	38,374	30,757
Total Current Assets	3,144,839	2,093,545
Property and Equipment, Net (Note 3)	6,682,490	6,708,295
Other Assets	25,000	24,000
Total Assets	\$ 9,852,329	\$ 8,825,840
Liabilities and Stockholder's Equity		
Current Liabilities		
Accounts payable:		
Trade	\$ 51,305	\$ 3,098
Chautauqua Institution (Notes 1 and 8)	5,975,681	5,374,615
Contract liabilities (Note 2)	443,462	354,839
Accrued payroll and payroll taxes	292,021	261,659
Accrued expenses	72,730	105,711
Total Liabilities	6,835,199	6,099,922
Commitments and Contingencies (Notes 4, 6, 8, 10, and 11)		
Stockholder's Equity		
Common stock, Class B, \$100 par - shares authorized	53,800	53,800
Additional paid-in capital	8,050,270	7,646,269
Retained deficit	(5,086,940)	(4,974,151)
Total Stockholder's Equity	3,017,130	2,725,918
Total Liabilities and Stockholder's Equity	\$ 9,852,329	\$ 8,825,840

See accompanying notes to financial statements.

Chautauqua Hotel Company, Inc.

Statements of Operations

<i>Year ended December 31,</i>	2025	2024
Revenues		
Operating revenues	\$ 9,031,859	\$ 8,258,827
Expenses		
Operating expenses	7,861,750	7,715,421
Income , before fixed expenses, other income, depreciation and provision for taxes	1,170,109	543,406
Fixed Expenses	965,705	898,866
Income (Loss) from Operations , before other income (expense) and depreciation	204,404	(355,460)
Other Income (Expense) and Depreciation		
Interest expense	(2,700)	(2,377)
Interest income on Employee Retention Credit	127,857	-
Other income, net	41,468	35,621
Loss on disposal of fixed assets	(35,933)	-
Depreciation expense	(447,885)	(405,777)
Total Other Income (Expense) and Depreciation	(317,193)	(372,533)
Net Loss , before provision for taxes	(112,789)	(727,993)
Provision for Taxes	-	(6,223)
Net Loss	(112,789)	(734,216)
Retained Deficit , beginning of year	(4,974,151)	(4,239,935)
Retained Deficit , end of year	\$ (5,086,940)	\$ (4,974,151)

See accompanying notes to financial statements.

Chautauqua Hotel Company, Inc.

Statements of Stockholder's Equity

	Common Stock	Additional Paid-in Capital	Retained Deficit	Total
Stockholder's Equity, December 31, 2023	\$ 53,800	\$ 7,346,269	\$ (4,239,935)	\$ 3,160,134
Net loss	-	-	(734,216)	(734,216)
Contributions	-	300,000	-	300,000
Stockholder's Equity, December 31, 2024	53,800	7,646,269	(4,974,151)	2,725,918
Net loss			(112,789)	(112,789)
Contributions		404,001		404,001
Stockholder's Equity, December 31, 2025	\$ 53,800	\$ 8,050,270	\$ (5,086,940)	\$ 3,017,130

See accompanying notes to financial statements.

Chautauqua Hotel Company, Inc.

Statements of Cash Flows

<i>Year ended December 31,</i>	2025	2024
Cash Flows from Operating Activities		
Net loss	\$ (112,789)	\$ (734,216)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	447,885	405,777
Loss on disposal of fixed asset	35,933	
Increase in reserve for credit losses	1,066	-
Changes in assets and liabilities:		
Accounts receivable	715,768	51,859
Accounts receivable - Chautauqua Institution	563,151	(389,875)
Inventory	(30,769)	87,333
Other assets	(1,000)	-
Prepaid expenses and deferred charges	(7,617)	246
Accounts payable - trade	48,207	(16,451)
Accounts payable - Chautauqua Institution	601,066	858,230
Contract liabilities	88,623	7,471
Accrued payroll and payroll taxes	30,362	60,787
Accrued expenses	(32,981)	(7,198)
Net Cash Provided by Operating Activities	2,346,905	323,963
Cash Flows from Investing Activities		
Capital expenditures	(458,013)	(294,522)
Net Cash Used in Investing Activities	(458,013)	(294,522)
Cash Flows from Financing Activities		
Capital contribution from Chautauqua Institution	404,001	300,000
Payments on long-term debt	-	(27,797)
Net Cash Provided by Financing Activities	404,001	272,203
Net Increase in Cash and Cash Equivalents	2,292,893	301,644
Cash and Cash Equivalents, beginning of year	591,064	289,420
Cash and Cash Equivalents, end of year	\$ 2,883,957	\$ 591,064
Supplemental Disclosure of Cash Flow Information		
Interest paid during year	\$ -	\$ 713

See accompanying notes to financial statements.

Chautauqua Hotel Company, Inc.

Notes to Financial Statements

1. Organization

Chautauqua Hotel Company, Inc. (the Hotel) operates the Heirloom restaurant, lodging, and conference facilities at the Athenaeum Hotel, the Brick Walk Cafe, Afterwords Cafes, Greene Family Commons (dormitory food service and conferencing), Soap Opera Laundry (coin-op and full-service laundry), ATruck, 3Taps, and the Double Eagle Patio. All facilities are located on the grounds of Chautauqua Institution (the Institution). All enterprises are in full operation during the nine-week summer season with extended operations pre- and post-season. The Soap Opera Laundry coin-op is operational from May through October. The Hotel is wholly owned by the Institution.

Financial Condition

For the years ended December 31, 2025 and 2024, the Hotel incurred net losses of approximately \$(112,000) and \$(734,000) and had a retained deficit of approximately \$(5,087,000) and \$(4,970,000), respectively. In addition, the Hotel has accumulated current liabilities in excess of current assets of approximately \$3,700,000 and \$4,000,000, respectively. Management of the Hotel has developed a plan for the upcoming fiscal year. The Institution has committed to providing financial support to the Hotel in order to continue operations and ensure the hotel remains a going concern.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financials of the Hotel are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Hotel considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Hotel maintains cash and cash equivalents at financial institutions, which periodically exceed federally insured amounts.

Accounts Receivable

Trade receivables include contractual receivables due within one year for hospitality items, such as nightly hotel room fees, that are due in less than one year. Receivables consist of amounts billed to various individuals who stay at the Hotel during the nine-week summer season. Accounts receivables are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Hotel separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the balance sheet date, the Hotel develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. At December 31, 2025, the Hotel determined that historic and future loss rates will be consistent during the next fiscal year and considered the need for any additional qualitative adjustments. The total allowance of expected credit losses for the years ended December 31, 2025 and 2024 was \$3,996 and \$2,930 respectively.

Chautauqua Hotel Company, Inc.

Notes to Financial Statements

Inventory

Inventory consists of food, beverage, and supplies for the Hotel's Brick Walk Café, Afterwards Café, and gift shop. Inventory is stated at the lower of cost or net realizable value determined by the first-in, first-out (FIFO) method. The total valuation reserve for obsolete inventory for the years ended December 31, 2025 and 2024 was \$19,000.

Property and Equipment, Net

Property and equipment are recorded at cost. All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that prolong the useful lives of assets are capitalized. Depreciation is computed using the straight-line method based on estimated useful lives of the related assets, and by accelerated methods for income tax purposes.

The estimated useful lives of the assets are as follows:

<u>Asset Category</u>	<u>Life (Years)</u>
Land, building, and leasehold improvements	10-40
Furniture, equipment and computer	3-15

Impairment of Long-Lived Assets

The Hotel follows the provisions of Accounting Standards Codification (ASC) 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which requires the Hotel to review long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the years ended December 31, 2025 and 2024, there have been no such losses.

Income Taxes

Deferred income taxes are provided on the difference in earnings determined for tax and financial reporting purposes.

Advertising

The Hotel's policy is to expense all advertising costs when incurred, which totaled \$18,891 and \$14,164 during the years ended December 31, 2025 and 2024, respectively.

Use of Estimates

In preparing financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting year. Actual results could differ from those estimates.

Chautauqua Hotel Company, Inc.

Notes to Financial Statements

Presentation of Sales Tax

The Hotel collects New York State sales taxes on food and beverage sales, lodging, and other taxable sales and remits amounts collected to the state. The Hotel's accounting policy is to exclude the tax collected and remitted to the state from revenues and operating costs and expenses.

Revenue Recognition

Hospitality Operations

Hospitality revenues primarily consist of hotel room sales, revenue from accommodations sold in conjunction with food and beverage sales, and other services (e.g., recreational services). The Hotel has performance obligations to provide accommodations and other ancillary services to hotel guests. As compensation for such goods and services, the Hotel is entitled to a fixed nightly fee for an agreed upon period and additional fixed fees for any ancillary services purchased. These fees are generally payable at the time the hotel guest checks out of the Hotel. The Hotel generally satisfies the performance obligations over time using the output method and recognizes the revenue from room sales and from other ancillary guest services on a daily basis, as the rooms are occupied, and when services have been rendered.

Revenue from food and beverage sales are recorded at the time of sale, net of discounts. Banquet and conference reservations represent a series of distinct goods or services provided over time, and revenue is recognized as each distinct good or service is provided, throughout the duration of the reservation using the output method. Payment terms typically align with when the goods and services are provided.

As a practical expedient, the Hotel utilizes the portfolio approach for analyzing the revenue contracts, in accordance with ASC Topic 606. The Hotel accounts for the contracts within each portfolio collectively, rather than individually, based on each revenue stream. The Hotel considers the similar nature and characteristics of the contract and customers in using the portfolio approach. The Hotel believes that the use of the portfolio approach to analyze contracts will not differ materially than if the contracts were analyzed individually.

Disaggregation of Revenues

The following table shows disaggregation of the Hotel's revenues by type of goods/services provided:

<i>December 31,</i>	2025	2024
Lodging	\$ 3,289,681	\$ 3,191,378
Food/beverage	5,391,778	4,648,923
Other	350,400	418,526
Total	\$ 9,031,859	\$ 8,258,827

Contract Liabilities

Accounts receivable represent the Hotel's unconditional right to receive consideration from a customer and are recorded at net invoiced amounts, less an estimated allowance for credit losses. Contract liabilities consist of advance deposits, which totaled \$443,462 and \$354,839 as of December 31, 2025 and 2024, respectively.

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Performance Obligations

The Hotel's performance obligations are satisfied when goods or services have been performed, generally at the time of the hotel stay or guest visit to restaurant establishments. Consideration for the goods is fixed at the time of reservation or order with payment expected generally after the performance obligation has been satisfied.

Measure of Operations

In its statement of operations, the Hotel includes in its definition of operations all operating revenue and operating and fixed expenses that are an integral part of its business operations. Excluded from this definition are other income, expenses, and depreciation.

3. Property and Equipment, Net

Property and equipment, net consists of the following:

<i>December 31,</i>	2025	2024
Land	\$ 99,201	\$ 99,201
Land improvements	11,593,959	11,578,359
Buildings and improvements	414,899	276,499
Furniture, equipment and computer	4,139,398	4,979,620
	16,247,457	16,933,679
Less: accumulated depreciation	(9,799,556)	(10,451,045)
Add: construction in progress	234,589	225,661
Net Property and Equipment	\$ 6,682,490	\$ 6,708,295

Depreciation and amortization expense totaled \$447,885 and \$405,777 for the years ended December 31, 2025 and 2024, respectively.

4. Line of Credit

The Hotel has an unsecured \$200,000 line of credit available, which bears interest at the bank's prime rate which as of December 31, 2025 and 2024 was 6.75% and 7.5%, respectively. There were no outstanding borrowings against the line at December 31, 2025 and 2024.

5. Employee Retention Credit

On March 10, 2021, President Biden signed the \$1.9 trillion American Rescue Plan Act (ARPA) into law. The Hotel has not applied for and does not expect to apply for any of the ARPA funding or benefits. The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and amended by the Consolidated Appropriations Act (CAA), ARPA, and the Infrastructure Investment and Jobs Act (IIJA), incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are refunded to

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the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The Hotel qualified for the ERC in 2021 and was approved as a small employer. For 2021, the ERC equaled 70% of an employee's qualified wages up to \$10,000 per employee per calendar quarter with a maximum annual credit of \$21,000 for each employee.

The Hotel accounts for this federal funding in accordance with ASC 958-605, in guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are substantially met. The Hotel believes these barriers have been met and has claimed credits of approximately \$733,293 on timely filed forms 941. As of December 31, 2024 these amounts were included in ERC receivable in the accompanying balance sheet. During the year ended December 31, 2025 the entire amount was collected, including \$127,857 of interest as shown in the accompanying statements of operations.

6. Additional Paid-in Capital

During the years ended December 31, 2025 and 2024, the Institution contributed \$404,001 to the Hotel for various capital improvement projects and operations. These amounts have been recorded as additional paid-in capital on the balance sheet.

7. Retirement Plan

The Hotel has a discretionary noncontributory defined contribution retirement plan covering substantially all full-time employees. The Hotel made payments into the plan totaling \$94,230 and \$88,606 in 2025 and 2024, respectively.

8. Related Party Transactions

The following summarizes revenue and expense transactions to and from the Hotel and the Institution:

<i>December 31,</i>	2025	2024
Revenues:		
Room and restaurant charges	\$ 2,107,422	\$ 2,113,528
Conference rentals, net	28,320	31,278
Expenses:		
Management fees	345,000	345,000
Annual license fees	5,130	5,130
Rent, computer fees, advertising, service charges, and gate/parking pass	218,873	207,120

As of December 31, 2025 and 2024, the Hotel had net accounts payable due to the Institution in the amount of \$5,975,681 and \$5,374,615, respectively.

As of December 31, 2025 and 2024, the Hotel had net accounts receivables due from the Institution in the amount of \$0 and \$563,151, respectively.

Chautauqua Hotel Company, Inc.

Notes to Financial Statements

9. Income Taxes

The provision for taxes in the statements of operations includes current state taxes in the amount of \$0 and \$6,223 for the years ended December 31, 2025 and 2024, respectively.

Deferred taxes result primarily from a timing difference between the recognition of depreciation expense for book and tax purposes. The total deferred tax asset amounted to \$25,000 and \$24,000 as of December 31, 2025 and 2024, respectively, and is included in other assets on the balance sheet. The Hotel estimates a net operating loss carryforward in the amount of approximately \$8,261,000 as a result of current and previous year losses. The loss carryforwards expire, beginning December 31, 2030. Any net losses prior to 2018 are limited to a 20 year carry forward while any net losses after 2017 can be carried forward indefinitely but are limited to an offset of 80% of income. Management has recorded a valuation allowance for the potential tax benefit related to the net operating loss carryforward.

Income tax returns that remain open for examination by taxing authorities include 2021, and later years.

10. Operating Leases

The Hotel entered into one-year operating lease agreements with the Institution in the amount of \$42,900 for the Brick Walk Café and the Gazebo; \$13,838 for Afterwords Café; \$4,900 for the Double Eagle Patio; and \$1,000 for 3-Taps. Management anticipates renewing these leases on an annual basis going forward. These leases do not meet the criteria to be recorded under ASC 842, *Leases*.

Rent expense and related charges for the years ended December 31, 2025 and 2024, totaled \$62,638 and \$93,008, respectively.

11. Subsequent Events

The Hotel's management has performed subsequent events procedures through May 4, 2026, which is the date that the financial statements were available to be issued, and there were no subsequent events requiring adjustments to the financial statements or disclosures stated herein.