



*My resort for all seasons.™*



# *Annual Report 2025*





*Enjoyment on a  
higher plane.*



Sprawling over 5,500 acres of pristine mountain country, Skytop Lodge offers a retreat like no other. From its magnificent accommodations to its endless list of amenities and activities, it's like stepping back in time to a world of rich, natural beauty and exquisite comfort.

It might be just a few hours from Philadelphia and New York City, but you'll feel like you're worlds away.







Dear Shareholders:

The 2025 fiscal year was defined by significant operational resilience in the face of infrastructure delays. While the delayed completion of the new Aquatic Center prevented us from achieving our primary budget targets, our core operations remained robust. Strong performance in the shoulder quarters and disciplined cost controls allowed the team to mitigate losses and position the property for a high-growth 2026.

The primary driver of our 2025 budget variance was the unavailability of the Aquatic Center during the second and third quarters. As our peak season, this delay resulted in a two-fold impact:

Room Revenue: Significant cancellations of existing reservations and a slowdown in new leisure bookings led to a shortfall in room night goals.

Ancillary Revenue: The decrease in occupancy had a direct "waterfall" effect on secondary revenue streams, specifically within Food & Beverage and Guest Activities.

#### Operational Successes

Despite peak-season headwinds, the team's strategic focus on efficiency yielded strong results in Q1 and Q4. Notable achievements included:

Demand Capture: Aggressive sales efforts during the non-peak months helped stabilize annual revenue.

Cost & Labor Control: Management successfully adjusted labor models and controlled operating expenses to protect margins during periods of lower occupancy.

Service Excellence: Feedback scores remained high, proving that our team continues to deliver a premium guest experience regardless of facility constraints.

#### Strategic Outlook: The Aquatic Center

The partial opening of the indoor pool and splash pad during the holiday season marked a critical turning point. Initial guest feedback has been overwhelmingly positive, confirming that this amenity is the key driver for our value proposition. Going into the Summer of 2026, with the facility fully operational, we expect the Aquatic Center to not only recover the lost leisure demand of the previous year, but to serve as the primary catalyst for increased RevPAR and enhanced guest satisfaction in the coming years.

#### Accolades

One of the several accolades received in 2025 was our AAA 4-Diamond Rating for the 10<sup>th</sup> consecutive year, as well as being ranked the 4<sup>th</sup> Best Public Golf Course in Pennsylvania by Golf Pass. Additional accolades included Nominations for the Historic Hotelier of the Year, as well as the Best Social Media Campaign for Historic Hotels.

## 2025 Highlights:

- \$1.75 MILLION IN CAPITAL EXPENSE HIGHLIGHTS INCLUDE:
  - 23 PREMIUM GUEST ROOM REFURBISHMENTS
  - PAVILION ICE MAKING CHILLER
  - NEW ZAMBONI FOR THE ICE RINK
  - SKI/SNOW TUBING UPGRADES
  - NEW KITCHEN EQUIPMENT
  - NEW VEHICLES
  - WASTE WATER TREATMENT PLANT UPGRADES
  - REPLACEMENT OF LODGE CHILLERS & COOLING TOWER
  - REPLACEMENT OF FIRE ALARM PANEL IN THE CONFERENCE CENTER

## Our Team Members

Skytop's employees continue to be our most valuable resource. In order to express our appreciation for their dedication and commitment to excellence in hospitality, Skytop hosted several employee appreciation events throughout the year. Staffing shortages continued throughout 2025. Skytop continued our engagement with international labor through the J1 and H2B Programs. This strategy remained in place to ensure that both our guests and financial goals were exceeded. These programs were vital to our success in exceeding our guests' expectations.

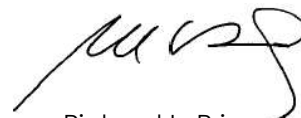
## Our Year-End

Our year-end guest satisfaction score for 2025 was 93%, exceeding industry standards by over 15%. We have many exciting plans for 2026 beginning with the complete renovation of our indoor & outdoor pools, an outdoor kitchen, an indoor pool bar, as well as state-of-the-art fitness center and locker rooms. As is customary, Skytop will continue hosting special theme weekends and holiday events including our traditional Mother's Day Brunch, our annual Fourth of July Spectacular and our Garden Dinner Series. Please check our website ([www.skytop.com](http://www.skytop.com)) for all upcoming events.

Sincerely yours,



Jeffrey Rudder  
General Manager



Richard L. Price, Jr.  
Chairman of the Board



## SKYTOP LODGE CORPORATION

### OFFICERS

**RICHARD L. PRICE, JR.**  
*CHAIRMAN OF THE BOARD*

**PAUL J. CANEVARI**  
*PRESIDENT*

**TIMOTHY L. SMITH**  
*VICE PRESIDENT*

**JOANN H. HEISEN**  
*TREASURER*

**ALBERT J. PUCCIARELLI**  
*SECRETARY*

### BOARD OF DIRECTORS

**RICHARD B. BERNHARDT**  
BRADLEY BEACH, NJ

**PAUL J. CANEVARI**  
KUNKLETOWN, PA

**JOANN H. HEISEN**  
LONGBOAT KEY, FL

**IAN M. MILLER**  
NEW YORK, NY

**FRANK S. NOFER**  
NORRISTOWN, PA

**RICHARD L. PRICE, JR.**  
SKYTOP, PA

**ALBERT J. PUCCIARELLI**  
RIDGEWOOD, NJ

**TIMOTHY L. SMITH**  
NAPLES, FL

### EXECUTIVE COMMITTEE

**JEFFREY RUDDER**  
*GENERAL MANAGER*

**PATRICIA BEAHAN**  
*CONTROLLER & ASSISTANT TREASURER*

**CONNIE TATE-SEVERINO**  
*DIRECTOR OF ROOMS*

**BRIAN STRADER**  
*DIRECTOR OF ENGINEERING*

**KURT GOCKLEY**  
*DIRECTOR OF FOOD & BEVERAGE*

**DEBRA GRASSO**  
*DIRECTOR OF HUMAN RESOURCES*

**CHRISTY RANALLO**  
*DIRECTOR OF SALES & MARKETING*

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### SUMMARY

The following table indicates the relationship of financial data, as a percentage to the revenues of Skytop for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Revenue:		
Rooms	45.7%	47.5%
Food and beverage	40.6%	39.5%
Sports and other recreation	9.0%	8.4%
Other operated departments	2.4%	2.6%
Other income	<u>2.3%</u>	<u>2.0%</u>
Total revenue	100.0%	100.0%
Department Expenses:		
Rooms expenses	13.3%	12.4%
Food and beverage expenses	32.3%	32.0%
Sports and recreation	9.7%	9.4%
Other department expenses	2.7%	2.6%
Overhead Expenses:		
Administrative and general	13.2%	13.2%
Advertising and promotion	6.2%	5.7%
Other operating expenses	<u>13.2%</u>	<u>12.2%</u>
<b>Gross operating profit</b>	<b>9.4%</b>	<b>12.5%</b>
Fixed and other charges:		
Fixed charges	5.5%	5.2%
Depreciation, amortization & gain on disposal	5.7%	5.0%
Interest	.7%	.7%
Provision for income taxes	<u>(.6)%</u>	<u>.6%</u>
<b>Net (loss)income</b>	<b><u>(1.9)%</u></b>	<b><u>1.0%</u></b>

## BALANCE SHEET ANALYSIS

All amounts are approximate.

Current assets as of December 31, 2025 were \$5.3 million, a decrease of \$1.9 million from the prior year. In 2025 operating cash balances were \$3.2 million and the cash account designated for capital improvements was \$864 thousand. The decrease in cash was attributed to lower profits in 2025 and the use of cash for a portion of capital projects. All other current assets had similar balances to the prior year. Current liabilities were \$6.8 million, which is \$463 thousand higher than 2024. Current maturities of debt increased \$258 thousand for the principal payments on the Aquatics Center Loan. Accounts payable and Accrued expenses increased \$358 thousand from timing of payments for normal operating costs and payroll and benefits. Advance deposits for future stays increased \$156 thousand. The decrease in Income taxes payable of \$442 thousand is primarily from the operating loss and a reversal of a prior year accrual for an IRS audit that was finalized in Skytop's favor.

Cash flow from operations and available credit facilities are Skytop's primary source of liquidity. Net cash provided by operating activities was \$693 thousand in 2025, compared to \$2.6 million in 2024. The net loss as well as payment of accrued costs from 2024 contributed to the difference.

Capital expenditures in 2025 were approximately \$8.5 million, and included the renovation of 23 guest rooms, replacement of the Pavilion ice making system, ski and tubing upgrades, minor kitchen equipment, vehicles, waste water treatment plant planning, and the indoor Aquatics Center. Capital improvements for 2024 were approximately \$2.5 million, the renovation of 21 guest rooms, replacement of the Lodge cooling system, conference center carpet, golf course equipment, point of sale system in the outlets and other information technology enhancements. Cash from the Fixed Asset Reserve investment account, bank loans and operating cash provided the funding for these expenditures. Projects for 2026 include 15 additional guest rooms, Infrastructure upgrades to the Lodge kitchen, golf, trails and Information technology equipment, additional Wubit pieces, fleet vehicles and the Aquatics outdoor area.

Skytop has a note payable for the construction and equipment of the Executive Conference Center, The Inn at Skytop and the employee dormitory and the refurbishment of other public areas with Fidelity Deposit and Discount Bank (Fidelity) for \$3.9 million at a fixed rate of 4.8% for ten years. The loan matures in 2029. Principal payments on this loan were \$391 thousand for 2025. Skytop also has a construction loan for the Aquatics Center which will be completed in 2026. The amount outstanding as of December 31, 2025 was \$6.7million and is expected to be at \$8 million at the completion of the project.

In 2025 Skytop entered into several new finance and operating lease agreements. The leases are for copiers, golf carts, concierge carts, various golf equipment such as mowers, sprayers and utility carts. The lease liability is \$1.1 million over five years.

Skytop had an available operating line of credit of \$1.5 million with Fidelity at December 31, 2025. Fidelity's credit facility expires in September of 2026. The line of credit is used to support resort operations during the off-peak season. There were no outstanding balances on this credit facility at the end of 2025.

## RESULTS OF OPERATIONS

### Revenues:

Total revenue in 2025 was \$28.6 million, compared to \$30.6 million in 2024, a decrease of \$2.0 million or a decrease of 6.5%. The occupancy rate of Skytop was 47.5% for 2025 and 51.8% in 2024, resulting in a reduction of 8.6 thousand guests for the year. Although the average revenue per guest for the total hotel was \$431 in 2025, \$25 per guest higher than 2024, overall spending in the Skytop outlets decreased as discussed below.

Rooms – Total room revenue decreased \$1.5 million from 2024 to \$13.1 million. The decrease was from lower occupancy as the rate remained steady. Skytop offered various packages throughout the year with or without meals to attract travelers and increased marketing of our outdoor activities, as well as including many activities at no cost since the Aquatics Center was under construction for most of 2025. Average revenue per occupied room was \$339 for both 2025 and 2024.

Food and beverage – Total food and beverage revenue decreased \$486 thousand to \$11.6 million. Banquet food revenue increased by \$36 thousand, while all other outlets decreased. Beverage experienced an increase in Banquet revenue of \$72 thousand from pricing adjustments while Lakeview's increase was from extended hours. The Windsor Dining Room and Tap Room both saw declines in 2025.

Sports – Overall sports and recreation revenue remained steady at \$2.6 million. Golf increased \$39 thousand from greens fees and retail sales. Outfitters increased slightly while the Adventure Center summer activity revenue decreased.

Other Departments decreased \$121 thousand in 2025. This was from lower gift shop sales and lower wedding flower sales.

Other Income increased \$65 thousand from increased forfeited deposits from group and guest cancellations.

### Departmental Expenses:

Overall departmental expenses decreased \$681 thousand to \$16.6 million in 2025 from \$17.3 million in 2024. These expenses as a percentage of revenue were 57.9% in 2025 and 56.4% in 2024. Payroll and benefits accounted for 35.8% of these costs in 2025 compared to 34.4% in 2024.

Room expenses as a percentage of total revenue were 13% for 2025 and 12.4% in 2024. Wage and benefit costs as a % of revenue increased 2% from labor model changes and annual increases. Expenses relating to printing, hotel decorations and linens decreased. These savings were offset by increases for amenity price increases, laundry costs and complimentary guest expenses.

Food and beverage expenses were 32% of total revenue in 2025 and 32% of total revenue in 2024. Cost of food and beverage product was 30.2% of revenue compared to 31.5% in 2024. Food and beverage wages were 45.8% of revenue in 2025 and 46.8% in 2024. Operating expenses increased \$75 thousand from increases in garden costs, contract services and kitchen fuel. These increases were offset by savings in banquet rental items and paper cost.

Sports and other recreation costs decreased \$114 thousand and represented 9.7% of revenue in 2025, compared to 9.4% in 2024. Wages and benefits were 64.6% of revenue in 2025 compared to 67.7% in 2024. The decrease is from lower Golf and Activities wages. Expense increases were from golf cart rental costs and golf equipment lease payments. Lower costs were in golf equipment repairs, entertainers and pool chemical costs.

### **Other Operating Expenses:**

Administrative and general expenses, including human resources, decreased \$280 thousand. Wages and benefits increased \$63 thousand from merit pay raises. Credit card fees decreased \$23 thousand, however the fees remained at 3% of revenue. Employee recruiting increased \$31 thousand for seasonal employees. Skytop paid a holiday bonus and funded a 401k match in 2025 totaling \$181 thousand. These costs were offset by a decrease in management incentives as the bonus plan payout requirements were not met for 2025.

Sales and marketing costs increased \$20 thousand compared to the prior year. Salaries, benefits and commissions for the Sales team were \$38 thousand higher than the prior year from annual increases and commissions earned. To continue to attract guests to Skytop, social media advertising increased \$30 thousand. Expense decreases were from lower resort credit packages and photography costs for a total of \$58 thousand.

Repairs and maintenance expenses increased \$37 thousand. Maintenance wages and benefits decreased \$25 thousand from open positions and wages included in capital projects. Expenses for landscaping, streets and roads, sewer and well maintenance increased \$111 thousand. We have contractors assisting with the sewer and well operations. Kitchen equipment, electrical & mechanical equipment and building repairs decreased \$62 thousand.

Fixed costs increased \$10 thousand, from property taxes and corporate costs.

Utilities remained level to 2024. Although electricity was higher, it was offset by lower propane and heating oil costs.

Interest expense decreased \$18 thousand from 2024 as we continue to pay down our long-term mortgage. Additional interest paid on the construction loan of \$155 thousand was capitalized to the Aquatics Center project.

### **Provision for Income Taxes:**

The (benefit)/provision for income tax is calculated at the federal rate of 21% and the state rate of 8%, net of any operating loss carryforward benefits remaining from prior years. The effective tax rate was 23.3% for 2025 and 40.1% for 2024. The change in the effective tax rate was from the current year operating loss and the reversal of a potential change in timing of tax payments due for advanced deposits as determined by the Internal Revenue Service regulations, which was not required to be implemented.

# **Skytop Lodge Corporation**

Financial Statements

December 31, 2025 and 2024

# Skytop Lodge Corporation

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## **Independent Auditors' Report**

To the Shareholders and Board of Directors of  
Skytop Lodge Corporation

### **Opinion**

We have audited the financial statements of Skytop Lodge Corporation (the Company), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, changes in shareholders' 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 Company 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 (GAAP).

### **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 Auditors' 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 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 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 Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' 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 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.

## **Other Information Included in the Annual Report**

Management is responsible for the other information included in the annual report. The other information comprises the Letter to Shareholders and Management's Discussion and Analysis of Financial Condition and Results of Operation but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Philadelphia, Pennsylvania  
March 24, 2026

# Skytop Lodge Corporation

Balance Sheets

December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 3,209,570	\$ 5,165,012
Accounts receivable, net	1,187,591	1,175,842
Inventories	516,679	502,047
Other current assets	446,860	462,473
Total current assets	5,360,700	7,305,374
<b>Cash Held for Property and Equipment</b>	864,416	860,666
<b>Operating Lease Right-of-Use Assets</b>	734,188	203,696
<b>Property and Equipment, Net</b>	28,352,725	20,821,624
<b>Other Assets</b>	39,205	11,909
Total assets	<u>\$ 35,351,234</u>	<u>\$ 29,203,269</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Current maturities of notes payable	\$ 722,870	\$ 490,855
Current maturities of finance leases	66,993	5,199
Current maturities of operating leases	174,322	76,577
Accounts payable, trade	1,567,856	948,191
Accrued expenses	1,546,149	1,807,865
Advance deposits	2,717,885	2,562,302
Income taxes payable	-	442,393
Total current liabilities	6,796,075	6,333,382
<b>Notes Payable</b>	9,895,817	4,403,722
<b>Finance Leases</b>	256,145	-
<b>Operating Leases</b>	559,866	127,119
<b>Deferred Tax Liability</b>	436,213	241,045
Total liabilities	<u>17,944,116</u>	<u>11,105,268</u>
<b>Shareholders' Equity</b>		
Preferred stock	943,300	943,300
Common stock	9,822	9,822
Additional paid-in capital	191,561	191,561
Retained earnings	16,262,435	16,953,318
Total shareholders' equity	<u>17,407,118</u>	<u>18,098,001</u>
Total liabilities and shareholders' equity	<u>\$ 35,351,234</u>	<u>\$ 29,203,269</u>

See notes to financial statements

# Skytop Lodge Corporation

## Statements of Operations

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Revenues</b>		
Rooms	\$ 13,086,338	\$ 14,551,562
Food and beverage	11,628,453	12,114,256
Sports and recreation	2,586,644	2,579,930
Other operated departments	672,842	793,536
Other income	658,270	592,939
	<u>28,632,547</u>	<u>30,632,223</u>
<b>Departmental Expenses</b>		
Rooms	3,780,967	3,786,544
Food and beverage	9,270,255	9,812,421
Sports and recreation	2,763,529	2,877,662
Other operated departments	770,820	789,947
	<u>16,585,571</u>	<u>17,266,574</u>
<b>Other Expenses (Income)</b>		
Overhead:		
Administrative and general	3,502,590	3,782,845
Sales and marketing	1,772,204	1,752,118
Information technology and telecom	291,836	259,303
Repairs and maintenance	2,663,165	2,626,133
Utilities	1,108,794	1,114,883
	<u>9,338,589</u>	<u>9,535,282</u>
Fixed charges:		
Property taxes	505,220	490,474
Insurance	897,396	910,033
Corporate/shareholder expense	185,049	176,698
	<u>1,587,665</u>	<u>1,577,205</u>
Depreciation and amortization	1,766,719	1,674,350
Gain on disposal of assets	(122,143)	(123,968)
	<u>12,570,830</u>	<u>12,662,869</u>
Total other expenses, net		
	(523,854)	702,780
<b>Interest Expense</b>	202,736	220,586
	<u>(726,590)</u>	<u>482,194</u>
<b>(Benefit) Provision for Income Taxes</b>	(167,769)	193,402
	<u>(167,769)</u>	<u>193,402</u>
Net (loss) income	<u>\$ (558,821)</u>	<u>\$ 288,792</u>

See notes to financial statements

**Skytop Lodge Corporation**Statements of Changes in Shareholders' Equity  
Years Ended December 31, 2025 and 2024

	<u>Preferred Stock</u>	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total Shareholders' Equity</u>
<b>Balance at December 31, 2023</b>	\$ 943,300	\$ 9,822	\$ 191,561	\$ 16,796,588	\$ 17,941,271
Net income	-	-	-	288,792	288,792
Dividends paid	-	-	-	(132,062)	(132,062)
<b>Balance at December 31, 2024</b>	943,300	9,822	191,561	16,953,318	18,098,001
Net loss	-	-	-	(558,821)	(558,821)
Dividends paid	-	-	-	(132,062)	(132,062)
<b>Balance at December 31, 2025</b>	<u>\$ 943,300</u>	<u>\$ 9,822</u>	<u>\$ 191,561</u>	<u>\$ 16,262,435</u>	<u>\$ 17,407,118</u>

Note: Preferred stock, 7%  
cumulative, \$100 par value;  
authorized 12,000 shares,  
issued and outstanding  
9,433 shares

Common stock, \$1 par value;  
authorized 1,000,000 shares,  
issued and outstanding  
9,822 shares

See notes to financial statements

# Skytop Lodge Corporation

## Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Cash Flows From Operating Activities</b>		
Net (loss) income	\$ (558,821)	\$ 288,792
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	1,766,719	1,674,350
Provision for bad debts	620	1,760
Gain on disposal of assets	(122,143)	(123,968)
Change in operating lease right-of-use assets	181,336	155,043
Deferred income taxes	(195,168)	(186,250)
Changes in assets and liabilities:		
Accounts receivable	(12,369)	(42,738)
Inventories	(14,632)	776
Other current assets and prepaid income taxes	15,613	1,303
Other assets	(27,296)	5,778
Accounts payable, trade	(1,524)	79,721
Accrued expenses	(261,716)	543,890
Operating leases	(181,336)	(155,043)
Advance deposits	155,583	86,442
Income taxes payable	(52,057)	270,920
Net cash provided by operating activities	<u>692,809</u>	<u>2,600,776</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(8,494,208)	(2,533,521)
Proceeds from disposal of assets	311,121	153,370
Net cash used in investing activities	<u>(8,183,087)</u>	<u>(2,380,151)</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of notes payable	(400,724)	(374,787)
Proceeds from issuance of note payable	6,120,360	601,318
Repayment of finance lease liability	(48,988)	(27,428)
Dividends paid	(132,062)	(132,062)
Net cash provided by financing activities	<u>5,538,586</u>	<u>67,041</u>
Net (decrease) increase	(1,951,692)	287,666
<b>Cash and Cash Held for Property and Equipment, Beginning</b>	<u>6,025,678</u>	<u>5,738,012</u>
<b>Cash and Cash Held for Property and Equipment, Ending</b>	<u>\$ 4,073,986</u>	<u>\$ 6,025,678</u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Income taxes paid	<u>\$ 118,661</u>	<u>\$ 130,189</u>
Interest paid	<u>\$ 375,561</u>	<u>\$ 220,586</u>
<b>Supplemental Investing and Financing Cash Flow Information</b>		
Construction in progress included in accounts payable	<u>\$ 703,615</u>	<u>\$ -</u>
Right-of-use assets exchanged for lease liabilities	<u>\$ 1,078,756</u>	<u>\$ -</u>

See notes to financial statements

# Skytop Lodge Corporation

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Notes to Financial Statements  
December 31, 2025 and 2024

## 1. Nature of Operations and Summary of Significant Accounting Policies

### Nature of Operations

Skytop Lodge Corporation (the Company) owns and operates a 5,500-acre, 190 room, full service, destination resort in Skytop, Pennsylvania. This is a four-season resort featuring an array of recreational facilities, restaurants and a conference center.

The Company's market is nationwide with particular concentration in the northeast region. The Company's clientele is both social and group. The social markets generally consist of holiday and vacation guests augmented by family reunions, weddings and weekend packages. Group markets generally consist of business retreats and meetings and product presentations. Various marketing tools such as the Company's website (<http://www.skytop.com>), newsletters, mailings, site familiarization tours, advertising and other means are used to promote the Company.

Because the resort business is highly competitive, the Company continuously invests substantial capital in property improvement and expansion programs.

The Company also periodically divests itself of small amounts of real estate for private noncommercial development.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.

### Accounts Receivable

Accounts receivable consists primarily of balances billed and unbilled for group and event fees.

The Company recognizes an allowance for credit losses for accounts receivable to present the net amount expected to be collected as of the balance sheet date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the balance sheet date. The Company uses the historic loss rate method in estimating the allowance for credit losses. Receivables are written off when the Company determined that such receivables are deemed uncollectible. The Company pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Company measures those receivables individually.

The allowance for credit losses was \$24,000 at December 31, 2025, 2024 and 2023.

### Inventories

Inventories are stated at the lower of cost (first-in, first-out) or net realizable value.

# Skytop Lodge Corporation

Notes to Financial Statements

December 31, 2025 and 2024

## Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Finance lease right-of-use assets are recorded at an amount equal to the lease liability at commencement plus initial direct costs and are amortized over the shorter of the lease term or the estimated life of the asset. The lease liability is equal to the present value of the minimum lease payments. Amortization of finance lease right-of-use assets is included in depreciation expense.

## Long-Lived Assets

Long-lived assets, such as property and right-of-use assets, are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the estimated fair value of the asset. No impairment was recognized in 2025 and 2024.

## Revenue Recognition

Revenue consists of amounts derived from hotel operations, including the rental of rooms, food and beverage and other ancillary services (i.e., sports and recreation and other operated departments). Room revenue is a fixed amount based on published rates and is recognized daily as the guest occupies the room. Revenue from food and beverage and other ancillary services is generated when a guest chooses to purchase goods or services separately from a hotel room and revenue is recognized on these distinct goods and services at the point in time that goods or services are provided to the guest. Payment is due in full at the time the services are rendered, or the goods are provided, and are generally paid upon the guest's checkout. If a guest enters into a package including multiple goods or services, the fixed price is allocated to each distinct good or service based on the stand-alone selling price for each item. Certain ancillary services are provided by third parties and the Company assesses whether it is the principal or agent in these arrangements. If the Company is the agent, revenue is recognized based upon the commission earned from the third party. If the Company is the principal, the Company recognizes revenue based upon the gross sales price.

Some contracts include billing for the room, food or beverage or related ancillary service after the fact based on final delivered goods and services, which is recorded as accounts receivable in the accompanying balance sheets.

Some contracts for rooms or food and beverage services require an upfront deposit which is recorded as advance deposits, a contract liability, in the accompanying balance sheets and recognized as revenue when the Company provides the room, food or beverage or related ancillary service in the following period. Opening and closing balances for these contract liabilities from contracts with customers include:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contract liabilities, advance deposits	\$ 2,717,885	\$ 2,562,302	\$ 2,475,860

The Commonwealth of Pennsylvania imposes a sales tax of 6% on all of the Company's sales to nonexempt customers. The County of Monroe, Pennsylvania imposes a hotel occupancy tax of 3% on room sales. The Company collects the sales and hotel occupancy tax from customers and remits the amount to the appropriate taxing body. The Company's accounting policy is to exclude the tax collected and remitted from revenues and expenses.

# Skytop Lodge Corporation

Notes to Financial Statements

December 31, 2025 and 2024

## Right-of-Use Assets and Lease Liabilities

The Company's leases are generally for equipment. At lease inception, the Company classifies leases as either finance or operating leases and measures the associated right-of-use asset and lease liability at the net present value of future lease payments. In determining the discount rate used to measure the right-of-use asset and lease liability for each lease, the Company uses the rate implicit in the lease, or if not readily available, the Company's incremental borrowing rate is used.

As of December 31, 2025, the Company did not have any lease agreements with material residual value guarantees where a payment at the end of the lease term was probable or material restrictions or covenants.

Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the noncancelable lease term. Cash payments arising from operating leases are classified within operating activities in the statements of cash flows.

Lease expense for the Company's finance leases is comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method. The principal portion of the finance lease payment is classified in the finance activities of the statements of cash flows.

## Income Taxes

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of assets and liabilities. These deferred taxes are measured by the provisions of currently enacted tax laws. As changes in the tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

The Company recognizes interest and penalties on income taxes as a component of income tax expense.

## Advertising Costs

Advertising costs are charged to operations when incurred and amounted to \$680,334 in 2025 and \$644,271 in 2024.

## Subsequent Events

Subsequent events have been evaluated for recognition or disclosure through March 24, 2026, the date the financial statements were available to be issued.

## 2. Inventories

Inventories consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Beverage	\$ 127,813	\$ 114,315
Retail merchandise	221,684	214,318
Food	133,419	121,572
Operating supplies	<u>33,763</u>	<u>51,842</u>
Total	<u>\$ 516,679</u>	<u>\$ 502,047</u>

## Skytop Lodge Corporation

Notes to Financial Statements  
December 31, 2025 and 2024

### 3. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Land	\$ 623,898	\$ 624,448
Land improvements	9,037,268	9,136,399
Buildings and improvements	35,529,164	28,684,483
Furniture, equipment and other assets	17,232,496	15,582,598
Finance lease right-of-use assets	366,928	100,257
Construction in progress	1,683,139	1,473,691
Total	64,472,893	55,601,876
Less accumulated depreciation	<u>(36,120,168)</u>	<u>(34,780,252)</u>
Net	<u>\$ 28,352,725</u>	<u>\$ 20,821,624</u>

Depreciation expense was \$1,762,243 in 2025 and \$1,669,874 in 2024. Accumulated amortization on assets under finance leases was \$25,320 and \$64,451 at December 31, 2025 and 2024, respectively. Interest capitalized included within construction in progress for the years ended December 31, 2025 and 2024 was \$187,426 and \$0, respectively.

### 4. Accrued Expenses

Accrued expenses consisted of the following as of December 31:

	<u>2025</u>	<u>2024</u>
Accrued payroll and benefits	\$ 998,482	\$ 1,245,361
Accrued occupancy and sales taxes	161,776	175,460
Accrued other	385,891	387,044
Total	<u>\$ 1,546,149</u>	<u>\$ 1,807,865</u>

### 5. Line of Credit

The Company has a \$1,500,000 line of credit with Fidelity Deposit and Discount Bank (Fidelity). Interest is charged on borrowings at the bank's prime rate less .50%, with a floor of 4.50%. The line of credit expires September 2026. There were no borrowings as of December 31, 2025 and 2024.

## Skytop Lodge Corporation

Notes to Financial Statements

December 31, 2025 and 2024

### 6. Notes Payable

Notes payable consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Term note, due in monthly payments of \$49,344 including interest through June 2034; interest is fixed at 4.80% through June 2029 at which time the parties will negotiate the rate for the remaining five years.	\$ 3,922,364	\$ 4,313,029
Construction loan, total availability of \$4,000,000. Monthly interest-only payments through September 2025; principal and interest payments of \$48,797 due monthly beginning October 2025 through maturity in September 2035. Interest during the construction period is at the National Prime Rate (minimum 5.00%). After construction, interest equals the National Prime Rate plus 0.50%, not lower than 5.00%. This loan was terminated and outstanding loan balance was consolidated under the promissory note - aquatics center in September 2025.	-	621,634
Promissory note - aquatics center, total availability of \$8,000,000. Monthly interest-only payments through June 2026; principal and interest payments of \$93,297 due monthly beginning July 2026 through maturity in March 2036. Interest equals the National Prime Rate less 0.50%. The interest rate as of December 31, 2025 was 6.25%.	6,700,936	-
Equipment loan totaling \$62,576 consisting of two equipment loans. Monthly payments of \$747 and \$464 beginning February 2025 through maturity in January 2030; interest is fixed at 6.25%.	52,515	-
Aquatic equipment loan, total availability of \$406,000. Interest-only payments through June 2026; principal and interest payments of \$8,058 due monthly beginning July 2026 through maturity in March 2031. Interest equals the National Prime Rate less 0.50%. The interest rate as of December 31, 2025 was 6.25%.	5,086	-
Total	10,680,901	4,934,663
Less deferred financing costs	(62,214)	(40,086)
Less current maturities	(722,870)	(490,855)
Long-term notes payable	<u>\$ 9,895,817</u>	<u>\$ 4,403,722</u>

The term note, construction loan and the operating line of credit with Fidelity (Note 5) are secured by substantially all of the Company's property and equipment and require the Company to maintain certain financial covenants.

The Fidelity loan agreements require the Company to deposit 3% of gross revenue each month into a furniture, fixtures and equipment reserve. The reserve was \$864,416 at December 31, 2025 and \$860,666 at December 31, 2024 and is reported as cash held for property and equipment on the accompanying balance sheets.

## Skytop Lodge Corporation

Notes to Financial Statements

December 31, 2025 and 2024

The scheduled future principal repayments are as follows:

Years ending December 31:	
2026	\$ 722,870
2027	1,059,650
2028	1,121,194
2029	1,186,373
2030	1,241,661
Thereafter	<u>5,349,153</u>
Total	<u>\$ 10,680,901</u>

### 7. Leases

The Company entered into fixed-payment equipment lease agreements that qualify as finance leases due to the presence of bargain purchase options. For these agreements, the Company recognized a right-of-use (ROU) asset, included within property and equipment, and a corresponding finance lease liability. The ROU asset and lease liability were measured using the Company's incremental borrowing rates, which ranged from 4.00% to 7.25%, based on the Company's current debt financing rates. The Company did not enter into any short-term leases during the fiscal year.

The Company also leases equipment under the terms of fixed payment operating leases. The Company recognizes a right-of-use asset and related operating lease liability for these agreements based on the present value of future minimum lease payments. The following table summarizes the lease right-of-use assets and lease liabilities as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Right-of-use assets:		
Operating leases	<u>\$ 734,188</u>	<u>\$ 203,696</u>
Lease liabilities:		
Finance lease liabilities	323,138	5,199
Operating lease liabilities	<u>734,188</u>	<u>203,696</u>
Total lease liabilities	<u>\$ 1,057,326</u>	<u>\$ 208,895</u>

Below is a summary of expenses incurred pertaining to leases during the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Finance lease expense:		
Amortization of right-of-use assets	\$ 54,913	\$ 25,637
Interest on lease liabilities	15,445	781
Operating lease expense	<u>179,762</u>	<u>163,014</u>
Total lease expense	<u>\$ 250,120</u>	<u>\$ 189,432</u>

## Skytop Lodge Corporation

Notes to Financial Statements  
December 31, 2025 and 2024

The following table presents supplemental information related to leases:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term (in years):		
Operating leases	3.23	3.41
Finance leases	4.31	0.17
Weighted average discount rate:		
Operating leases	5.37 %	4.00 %
Finance leases	6.63 %	4.00 %

The following table presents supplemental cash flow information related to leases:

	<u>2025</u>	<u>2024</u>
Cash paid for lease liabilities:		
Operating lease payments (operating activities)	\$ 207,289	\$ 163,014
Finance lease principal (financing activities)	48,487	28,235
Finance lease interest (operating activities)	15,445	684

The table below summarizes the Company's scheduled future minimum lease payments for years ending after December 31, 2025:

	<u>Operating Leases</u>	<u>Finance Leases</u>
Years ending December 30:		
2026	\$ 202,324	\$ 85,937
2027	202,324	85,937
2028	211,315	85,937
2029	158,741	85,937
2030	26,974	26,710
	<u>801,678</u>	<u>370,458</u>
Total lease payments	801,678	370,458
Less present value discount	<u>(67,490)</u>	<u>(47,320)</u>
Total lease liabilities	734,188	323,138
Less current portion	<u>(174,322)</u>	<u>(66,993)</u>
Long-term lease liabilities	<u>\$ 559,866</u>	<u>\$ 256,145</u>

### 8. Income Taxes

The (benefit) provision for income taxes is comprised of the following:

	<u>2025</u>	<u>2024</u>
Current	\$ 27,399	\$ 379,652
Deferred	<u>(195,168)</u>	<u>(186,250)</u>
Total	<u>\$ (167,769)</u>	<u>\$ 193,402</u>

## Skytop Lodge Corporation

Notes to Financial Statements  
December 31, 2025 and 2024

The reconciliation between the expected statutory income tax (benefit) provision and the actual (benefit) provision for income tax is as follows:

	2025		2024	
	Amount	Percent	Amount	Percent
Expected (benefit) provision at statutory rate	\$ (152,584)	21.0 %	\$ 101,261	21.0 %
State income (benefit) taxes	(58,055)	8.0	11,190	2.3
Amendment of prior year returns	(33,334)	4.8	267,201	55.4
Other	76,204	(10.6)	(186,250)	(38.6)
Actual (benefit) provision and rate	<u>\$ (335,538)</u>	<u>23.2 %</u>	<u>\$ 386,804</u>	<u>40.1 %</u>

The following temporary differences give rise to deferred tax liability at December 31:

	2025	2024
Accrued leave	\$ 71,830	\$ 66,899
Allowance for credit losses	6,958	6,745
Operating lease liability	212,840	57,242
Other	3,133	2,651
Advance deposits	124,377	674,918
Net operating loss carryforwards	664,374	207,574
Operating lease right-of-use asset	(212,840)	(57,242)
Property and equipment	<u>(1,306,885)</u>	<u>(1,199,832)</u>
Net deferred tax liability	<u>\$ (436,213)</u>	<u>\$ (241,045)</u>

At December 31, 2025, the Company has approximately \$5.2 million of Pennsylvania net operating loss carryforwards (NOLs). The Pennsylvania NOLs expire beginning in 2035 if not previously utilized.

### 9. Preferred Stock

The Company's 7% cumulative preferred stock may be redeemed in whole or in part at the option of the Board of Directors by paying \$110 per share plus the cumulative preferred stock dividends in arrears to such shares. No shares of 7% cumulative preferred stock were redeemed during 2025 and 2024.

The Company's arrearage in cumulative preferred stock dividends per share was \$224 at December 31, 2025 and \$231 at December 31, 2024. The total arrearage for all shares was \$2,112,992 at December 31, 2025 and \$2,179,023 at December 31, 2024.

In 2025, the Company declared and paid \$7 per share dividends and \$7 per share dividends in arrears to preferred stockholders totaling \$132,062. In 2024, the Company declared and paid \$7 per share dividends and \$7 per share dividends in arrears to preferred stockholders totaling \$132,062.

## **Skytop Lodge Corporation**

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Notes to Financial Statements

December 31, 2025 and 2024

### **10. 401(k) Plan Expense**

The Company sponsors a defined contribution 401(k) plan and recognized expense of \$109,090 in 2025 and \$120,429 in 2024.

### **11. Concentrations of Credit Risk**

The Company maintains cash and cash equivalents in various financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Certain cash and cash equivalents accounts are held in daily balance sweep accounts that transfer and split the balance held between FDIC insured institutions at amounts not to exceed \$250,000, thereby securing the cash balances held and reducing credit risk exposure on these accounts. For other accounts, at times during the year, the Company maintains cash balances in excess of the FDIC insurance limits. The Company has not experienced any losses on its cash deposits to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of the institutions and believes that the risk of any loss is minimal.

The Company also extends trade credit to customers. Management periodically assesses credit losses on customer trade credits based on adverse events and indicators that may impact the customer's ability to pay.

### **12. Shareholder Rights Plan**

On December 31, 2019, the Board of Directors declared a distribution of one common share purchase right (Purchase Rights) for each share of the Company's common shares outstanding on December 31, 2019. The Purchase Rights are currently not exercisable but would become exercisable if certain events occurred relating to a person or group (Acquiring Person) acquiring or attempting to acquire 10% or more of the outstanding shares of the Company (Triggering Event). If a Triggering Event occurs, each holder of record, other than the Acquiring Person, would have the right to receive, upon payment of the exercise price (currently defined as \$6,000), that number of shares having a fair value at the time of the transaction equal to two times the exercise price. In lieu of the Company requiring payment of the exercise price in cash upon the exercise of rights, the Company may exchange the rights at a ratio of three shares per right. The Purchase Rights are redeemable at \$0.001 per right payable in shares or cash by the Company prior to the Triggering Event. The Purchase Rights expire on December 31, 2029, unless redeemed or exchanged by the Company earlier. The Company will supply a copy of the Rights Agreement governing the Purchase Rights, which includes a more detailed summary of the Purchase Rights, upon request to any shareholder. The description of the Purchase Rights in this footnote and in the summary is qualified in its entirety by the terms of the Rights Agreement.

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*One Skytop*  
*Skytop, PA 18357*