

**Battlement Mesa Service Association**  
**(A Colorado Non-Profit Corporation)**  
**Balance Sheets**  
**December 31, 2019**  
**(With Comparative Totals For 2018)**

	<b>2019</b>			<b>2018</b>
	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 147,842	186,497	334,339	205,777
Investments - Certificates of Deposit	-	293,000	293,000	388,917
Assessments receivable, net	56,699	-	56,699	63,415
Other receivables	4,009	-	4,009	3,406
Inventory	-	36,400	36,400	38,000
Due (to) from other fund	(77,535)	77,535	-	-
Land	100	49,215	49,315	49,315
<b>Total Assets</b>	<b>131,115</b>	<b>642,647</b>	<b>773,762</b>	<b>748,830</b>
<b>Liabilities and Fund Equity:</b>				
<b>Liabilities:</b>				
Accounts payable	44,110	-	44,110	40,004
Other current liabilities	13,959	-	13,959	21,520
Deferred assessment revenue	97,534	-	97,534	98,033
<b>Total Liabilities</b>	<b>155,603</b>	<b>-</b>	<b>155,603</b>	<b>159,557</b>
<b>Fund Equity:</b>				
Fund balances (deficit)	(24,488)	642,647	618,159	589,273
<b>Total Fund Equity</b>	<b>(24,488)</b>	<b>642,647</b>	<b>618,159</b>	<b>589,273</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 131,115</b>	<b>642,647</b>	<b>773,762</b>	<b>748,830</b>

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

**Battlement Mesa Service Association**  
**(A Colorado Non-Profit Corporation)**  
**Statements of Revenues, Expenses and Changes in Fund Balances**  
**For the Year Ended December 31, 2019**  
**(With Comparative Totals For 2018)**

	<b>2019</b>			<b>2018</b>
	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>	<b>Total</b>
<b>Revenues:</b>				
Assessments	\$ 887,047	34,140	921,187	912,048
Cable television franchise fee	7,636	-	7,636	7,802
Investment income	109	10,296	10,405	8,692
Other	39,227	17,400	56,627	46,116
<b>Total Revenues</b>	<u>934,019</u>	<u>61,836</u>	<u>995,855</u>	<u>974,658</u>
<b>Expenses:</b>				
Maintenance	351,374	-	351,374	324,486
Utilities	183,781	-	183,781	180,355
Sprinkler system	175,060	-	175,060	182,425
Management fees	115,000	-	115,000	110,008
Office expense	39,800	-	39,800	34,610
Insurance	9,172	-	9,172	16,748
Professional fees	51,941	-	51,941	48,046
Security	20,000	-	20,000	20,020
Income taxes	2,875	-	2,875	2,539
Bad debt	5,397	-	5,397	7,097
Miscellaneous	19	-	19	-
Replacement Fund expenses	-	12,550	12,550	104,484
<b>Total Expenses</b>	<u>954,419</u>	<u>12,550</u>	<u>966,969</u>	<u>1,030,818</u>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	(20,400)	49,286	28,886	(56,160)
<b>Fund Balances - Beginning of Year</b>	<u>(4,088)</u>	<u>593,361</u>	<u>589,273</u>	<u>645,433</u>
<b>Fund Balances (Deficit) - End of Year</b>	<u>\$ (24,488)</u>	<u>642,647</u>	<u>618,159</u>	<u>589,273</u>

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

**Battlement Mesa Service Association**  
**(A Colorado Non-Profit Corporation)**  
**Statements of Cash Flows**  
**For the Year Ended December 31, 2019**  
**(With Comparative Totals For 2018)**

	2019			2018
	Operating Fund	Replacement Fund	Total	Total
<b>Cash Flows From Operating Activities:</b>				
Cash received from owners for assessments	\$ 893,149	34,140	927,289	915,185
Cash received for interest	109	10,213	10,322	8,805
Cash received from other sources	46,221	17,400	63,621	53,209
Cash (paid) to vendors	(955,610)	(10,950)	(966,560)	(1,200,003)
Income taxes paid	(2,110)	-	(2,110)	(2,750)
Transfers (to) from other funds	54,266	(54,266)	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>36,025</u>	<u>(3,463)</u>	<u>32,562</u>	<u>(225,554)</u>
<b>Cash Flows From Investing Activities:</b>				
Cash paid to purchase investments	-	(293,000)	(293,000)	(389,000)
Cash received from matured investments	-	389,000	389,000	500,000
<b>Net Cash Provided (Used) By Investing Activities</b>	<u>-</u>	<u>96,000</u>	<u>96,000</u>	<u>111,000</u>
<b>Net Increase (Decrease) In Cash</b>	36,025	92,537	128,562	(114,554)
<b>Cash at Beginning of Period</b>	111,817	93,960	205,777	320,331
<b>Cash at End of Period</b>	<u>147,842</u>	<u>186,497</u>	<u>334,339</u>	<u>205,777</u>
<b>Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:</b>				
Excess (Deficiency) of revenues over expenses	<u>(20,400)</u>	<u>49,286</u>	<u>28,886</u>	<u>(56,160)</u>
<b>Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:</b>				
Unrealized gain (loss) on investments	-	(83)	(83)	113
Decrease (increase) in assessments receivable, net	6,716	-	6,716	(11,202)
Decrease (increase) in other accounts receivable	(603)	-	(603)	(709)
Decrease (increase) in inventory	-	1,600	1,600	(38,000)
Increase (decrease) in accounts payable	4,106	-	4,106	(121,882)
Increase (decrease) in deferred assessment revenue	(499)	-	(499)	(15,494)
Increase (decrease) in accrued expenses	(7,561)	-	(7,561)	17,780
Net change in interfund balances	54,266	(54,266)	-	-
<b>Total Adjustments</b>	<u>56,425</u>	<u>(52,749)</u>	<u>3,676</u>	<u>(169,394)</u>
<b>Net Cash Provided (Used) By Operating Activities</b>	<u>\$ 36,025</u>	<u>(3,463)</u>	<u>32,562</u>	<u>(225,554)</u>

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

**Battlement Mesa Service Association  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2019  
(Continued)**

**7. Management Contract (continued)**

Payments to BMMD for services provided under the management agreement during the year ended December 31, 2019 are included in these financial statements as follows:

Maintenance	\$ 17,526
Irrigation water	158,523
Management and accounting	115,000
Office expense	7,614
Street sweeping	15,000
Covenant enforcement	<u>20,000</u>
<b>Total</b>	<b><u>\$ 333,663</u></b>

As of December 31, 2019, the Association owed \$13,979 to BMMD.

**8. Designation of Replacement Fund**

The Association's Replacement Fund activities are designated between a General Fund Replacement Reserve and a General Fund Capital Reserve.

During the year ended December 31, 2019, activity was recorded in these categories of the Association's Replacement Fund as follows:

	<b>General Fund Replacement</b>	<b>General Fund Capital</b>	<b>Total</b>
<b>Balances - Beginning of Year</b>	\$ 494,214	99,147	593,361
Revenues:			
Assessments	27,312	6,828	34,140
Investment income	8,237	2,059	10,296
Other	17,400	-	17,400
Expenses	<u>(8,881)</u>	<u>(3,669)</u>	<u>(12,550)</u>
<b>Balances - End of Year</b>	<b><u>\$ 538,282</u></b>	<b><u>104,365</u></b>	<b><u>642,647</u></b>

**9. Related Parties**

**A. Mountain Lawn LLC**

The Association incurred \$15,000 to Mountain Lawn LLC for weed management services during 2019. A portion of Mountain Lawn LLC is owned by a Board member of the Association.

**B. Parkway Services**

The Association incurred \$13,980 to Parkway Services in accordance with a signed contract for street litter pickup services during 2019. Parkway Services is owned by a family member of the Association's accounting manager.

**Battlement Mesa Service Association**  
**(A Colorado Non-Profit Corporation)**  
**Operating Fund**  
**Comparison of Budgeted and Actual Revenue and Expenses**  
**For the Year Ended December 31, 2019**  
**(With Comparative Totals For the Year Ended 2018)**

	2019			2018
	Budget (Unaudited)	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Assessments	\$ 882,860	887,047	4,187	859,508
Cable television franchise fee	10,000	7,636	(2,364)	7,802
Investment income	40	109	69	27
Other	44,000	39,227	(4,773)	46,116
<b>Total Revenues</b>	936,900	934,019	(2,881)	913,453
<b>Expenses:</b>				
Maintenance	357,000	351,374	5,626	324,486
Utilities	186,500	183,781	2,719	180,355
Sprinkler system	157,000	175,060	(18,060)	182,425
Management fees	115,000	115,000	-	110,008
Office expense	38,700	39,800	(1,100)	34,610
Insurance	14,000	9,172	4,828	16,748
Professional fees	44,000	51,941	(7,941)	48,046
Security	20,000	20,000	-	20,020
Income taxes	1,600	2,875	(1,275)	2,539
Bad debt	3,000	5,397	(2,397)	7,097
Miscellaneous	100	19	81	-
<b>Total Expenses</b>	\$ 936,900	954,419	(17,519)	926,334

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

**Battlement Mesa Service Association**  
**(A Colorado Non-Profit Corporation)**  
**Schedule of Future Major Repairs and Replacements**  
**December 31, 2019**  
**(Unaudited)**

The Association commissioned a study in 2011 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were prepared by reserve study engineers, based upon bids received from similar projects, past expenditures on similar work and cost estimating guides. In 2012, the Board formed a committee and adjusted the reserve study estimates established by the engineers to correspond with the Association's estimates.

The balance of the Replacement Fund has not been designated by the Board for specific components of common property.

The following table is based on the study and presents significant information about the components of common property:

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Replacement Fund Balance 2019</u>
Median improvements	0 - 5	\$ 145,000	-
Fences	0 - 10	159,000	-
Trails	1 - 9	84,000	-
Other improvements	0 - 10	255,000	-
<b>Totals</b>		<u>\$ 643,000</u>	<u>642,647</u>

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