



**Financial Report**  
**December 31, 2022**

**Battlement Mesa Service Association  
(A Colorado Non-Profit Corporation)  
December 31, 2022**

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# McMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, AVON, CO 81620

WEB SITE: [WWW.MCMAHANCPA.COM](http://WWW.MCMAHANCPA.COM)  
MAIN OFFICE: (970) 845-8800  
FACSIMILE: (970) 845-8108  
E-MAIL: [MCMAHAN@MCMAHANCPA.COM](mailto:MCMAHAN@MCMAHANCPA.COM)

## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Battlement Mesa Service Association  
Battlement Mesa, Colorado**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Battlement Mesa Service Association (the "Association"), a Colorado non-profit corporation, which comprise the balance sheets as of December 31, 2022, and the related statements of revenues, expenses, and changes in fund balance, 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 Association as of December 31, 2022, 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 ("U.S. GAAP").

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
MATTHEW D. MILLER, CPA

AVON: (970) 845-8800  
ASPEN: (970) 544-3996  
FRISCO: (970) 668-3481

**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**Battlement Mesa Service Association**  
**Battlement Mesa, Colorado**

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the financial statement audit.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental budgetary comparison schedule on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information, except for the portion marked "unaudited", on which we express no opinion, is fairly stated in all material respects in relation to the financial statements as a whole.

**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**Battlement Mesa Service Association**  
**Battlement Mesa, Colorado**

***Required Supplementary Information***

U.S. GAAP requires that the supplementary information on future major repairs and replacements on page 14 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Report on Summarized Comparative Information***

We have previously audited the Association's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

**McMahan and Associates, L.L.C.**  
**Avon, Colorado**  
**June 22, 2023**

**Battlement Mesa Service Association**  
**(A Colorado Non-Profit Corporation)**  
**Balance Sheets**  
**December 31, 2022**  
**(With Comparative Totals For December 31, 2021)**

	<b>2022</b>			<b>2021</b>
	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	108,959	28,816	137,775	580,516
Investments - Certificates of Deposit	-	400,260	400,260	-
Assessments receivable, net	78,398	-	78,398	71,815
Other receivables, net	10,119	-	10,119	12,262
Prepaid expenses	5,741	-	5,741	5,388
Inventory	-	34,400	34,400	34,400
Due (to) from other fund	(43,534)	43,534	-	-
Land	100	99,215	99,315	99,315
<b>Total Assets</b>	<b>159,783</b>	<b>606,225</b>	<b>766,008</b>	<b>803,696</b>
<b>Liabilities and Fund Balance:</b>				
<b>Liabilities:</b>				
Accounts payable	18,455	4,565	23,020	25,874
Other current liabilities	27,843	-	27,843	21,672
Deferred assessment revenue	96,998	-	96,998	124,080
<b>Total Liabilities</b>	<b>143,296</b>	<b>4,565</b>	<b>147,861</b>	<b>171,626</b>
<b>Fund Balances</b>	<b>16,487</b>	<b>601,660</b>	<b>618,147</b>	<b>632,070</b>
<b>Total Liabilities and Fund Balance</b>	<b>159,783</b>	<b>606,225</b>	<b>766,008</b>	<b>803,696</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, 2022**  
**(With Comparative Totals For 2021)**

	<b>2022</b>			<b>2021</b>
	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>	<b>Total</b>
<b>Revenues:</b>				
Assessments	929,441	27,800	957,241	934,758
Cable television franchise fee	5,628	-	5,628	5,870
Investment income	42	4,940	4,982	72
Other	64,796	5,482	70,278	52,914
<b>Total Revenues</b>	<b>999,907</b>	<b>38,222</b>	<b>1,038,129</b>	<b>993,614</b>
<b>Expenses:</b>				
Maintenance	337,500	-	337,500	356,006
Utilities	185,390	-	185,390	184,293
Sprinkler system	212,097	-	212,097	192,729
Management fees	117,000	-	117,000	115,000
Office expense	39,214	-	39,214	41,154
Insurance	14,381	-	14,381	14,167
Professional fees	42,530	-	42,530	26,066
Covenant enforcement	21,000	-	21,000	20,000
Income taxes	792	-	792	-
Bad debt expense	9,323	-	9,323	4,330
Miscellaneous	3,934	-	3,934	19
Replacement Fund expenses	-	68,891	68,891	85,479
<b>Total Expenses</b>	<b>983,161</b>	<b>68,891</b>	<b>1,052,052</b>	<b>1,039,243</b>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	<b>16,746</b>	<b>(30,669)</b>	<b>(13,923)</b>	<b>(45,629)</b>
<b>Fund Balances - Beginning of Year (Deficit)</b>	<b>(259)</b>	<b>632,329</b>	<b>632,070</b>	<b>677,699</b>
<b>Fund Balances - End of Year</b>	<b>16,487</b>	<b>601,660</b>	<b>618,147</b>	<b>632,070</b>

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, 2022**  
**(With Comparative Totals For 2021)**

	<b>2022</b>			<b>2021</b>
	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>				
Cash received from owners for assessments	894,887	27,800	922,687	949,296
Cash received for interest	42	4,680	4,722	71
Cash received from other sources	70,424	6,552	76,976	49,596
Cash (paid) to vendors	(984,681)	(64,326)	(1,049,007)	(1,026,011)
Income taxes paid (refunded)	1,881	-	1,881	(200)
Transfers (to) from other funds	1,070	(1,070)	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(16,377)</b>	<b>(26,364)</b>	<b>(42,741)</b>	<b>(27,248)</b>
<b>Cash Flows From Investing Activities:</b>				
Cash paid to purchase fixed assets	-	-	-	(50,000)
Cash paid to purchase investments	-	(400,000)	(400,000)	-
<b>Net Cash Provided (Used) By Investing Activities</b>	<b>-</b>	<b>(400,000)</b>	<b>(400,000)</b>	<b>(50,000)</b>
<b>Net Increase (Decrease) In Cash</b>	<b>(16,377)</b>	<b>(426,364)</b>	<b>(442,741)</b>	<b>(77,248)</b>
<b>Cash at Beginning of Period</b>	<b>125,336</b>	<b>455,180</b>	<b>580,516</b>	<b>657,764</b>
<b>Cash at End of Period</b>	<b>108,959</b>	<b>28,816</b>	<b>137,775</b>	<b>580,516</b>
<b>Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:</b>				
Excess (Deficiency) of revenues over expenses	16,746	(30,669)	(13,923)	(45,629)
<b>Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:</b>				
Unrealized (gain) loss on investments	-	(260)	(260)	-
Decrease (increase) in assessments receivable, net	(6,583)	-	(6,583)	10,992
Decrease (increase) in other accounts receivable	2,143	-	2,143	(6,577)
Decrease (increase) in prepaid expenses	(353)	-	(353)	(55)
Decrease (increase) in inventory	-	-	-	800
Increase (decrease) in accounts payable	(7,419)	4,565	(2,854)	(1,623)
Increase (decrease) in deferred assessment revenue	(27,082)	-	(27,082)	4,664
Increase (decrease) in accrued expenses	6,171	-	6,171	10,180
<b>Total Adjustments</b>	<b>(33,123)</b>	<b>4,305</b>	<b>(28,818)</b>	<b>18,381</b>
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>(16,377)</b>	<b>(26,364)</b>	<b>(42,741)</b>	<b>(27,248)</b>

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, 2022**  
**(Continued)**

**1. Organization**

Battlement Mesa Service Association (the "Association") was incorporated in the State of Colorado in 1982 as a non-profit corporation. The Association was established to provide for the community, civic, and social welfare of the homeowners and to maintain the fences, pedestrian paths, landscaped common areas and street lighting. As of December 31, 2022, the Association consisted of 1,847 properties which contained approximately 2,405 assessment units located on approximately 1,600 acres in Garfield County, Colorado.

**2. Summary of Significant Accounting Policies**

**A. Basis of Accounting**

The financial statements are prepared on the accrual basis of accounting. The common expenses of the Association are paid by the Association for the members of the Association. The Board of Directors estimates the expenses and the Association's members are assessed for their pro-rata share of the estimated expenses.

**B. Fund Accounting**

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

Fund accounting is helpful in segregating funds having restrictions on their use. Disbursements from the Operating Fund are generally at the discretion of the Board of Directors and the property manager. Disbursements from the Replacement Fund may be made only for designated purposes.

**C. Recognition of Assets**

The Association recognizes common real property to which it has title and that it can dispose of for cash, while retaining the proceeds thereto, as an asset on its financial statements. This asset is recorded at cost and is not depreciated.

**D. Cash and Cash Equivalents**

Cash and cash equivalents for the statement of cash flows consist of cash in bank, cash on hand, and investments with maturities of three months or less.

**E. Investments**

Certificates of deposit held for investment that are not debt instruments and with original maturities of greater than 90 days when purchased are reported as "Investments – Certificates of Deposit" in these financial statements.

Investment income is unrestricted unless the earnings are restricted, either as to purpose or time period, by the donor of the original contribution.

**F. Interest Allocation**

The Board's policy is to record interest earned in the fund that holds the underlying investment.

**Battlement Mesa Service Association**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2022**  
**(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**G. Accounts Receivable**

Accounts receivable at the balance sheet date represent assessment fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are in excess of \$500.

The Association uses the allowance method for recognizing potential uncollectible delinquent accounts receivable. At December 31, 2022, the Association has established an allowance for uncollectible owner's assessments receivable of \$7,000.

**H. Inventory**

Inventory represents street light poles, which are replaced as needed throughout Battlement Mesa. The value of all inventory is stated at cost.

**I. Deferred Assessment Revenues**

Deferred assessment revenues consist of cash receipts collected in the current year for the subsequent year's assessments.

**J. Revenues and Revenue Recognition**

Common assessments are the primary source of revenue for the Association. The Board, together with the Association's Managing Agent, prepares an annual budget to estimate the annual expenses of maintaining the Association's common elements. On an annual basis, members of the Association are assessed for their respective pro-rata share of these estimated expenses, which are payable in quarterly installments.

The Association has determined that the relationship of the members to the Association is not that of a customer as defined in generally accepted accounting principles, since the members control the governance of the Association, and it is not possible to separate the members from the Association itself. Further, the nature of the Association's governing documents as it relates to the billing and collection of member assessments does not meet the definition of a contract under generally accepted accounting principles. Consequently, all assessment revenues are recognized as revenue by the Association when levied, as determined by the Board-approved annual budget.

The Association also recognizes revenues from cable television franchise fee, street light pole replacement, and various administrative fees and fines as earned upon provision of the underlying goods or service. All such revenues are non-refundable.

Since the Association is designed only to operate as a conduit to collect assessments and pay operating expenses on behalf of members, any excess or deficiency of revenues over expenses is repaid to, or recovered from, the members in a subsequent year by reducing or increasing assessments, or, with the approval of the Board, transferred to the Replacement Fund.

**Battlement Mesa Service Association  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
December 31, 2022  
(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**K. Income Taxes**

While the Association has been organized under Colorado non-profit statutes as a corporation without capital stock or shareholders, the Association is not a tax-exempt organization. Consequently, the Association is subject to Federal and state income taxes on net income derived from investments and other non-membership sources.

The income tax returns of the Association are subject to examination by the Internal Revenue Service and the Colorado Department of Revenue. The Association's returns are no longer subject to examination for tax years prior to 2019 by the Internal Revenue Service and for tax years prior to 2018 by the Colorado Department of Revenue.

**L. 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.

**M. Subsequent Events**

Management has evaluated subsequent events through the date of the auditor's report.

**N. Comparative Information**

The financial statements include certain prior year comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2021, from which the comparative totals were derived.

**3. Investments**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Certificates of deposit:			
Maturing within one year, interest at 4.4% - 4.65% p.a.	-	400,260	400,260
<b>Total</b>	<u>-</u>	<u>400,260</u>	<u>400,260</u>

At December 31, 2022, the Association reported an unrealized gain of \$260.

**Battlement Mesa Service Association**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2022**  
**(Continued)**

**3. Investments (continued)**

The fair values of the Association's investments measured on a recurring basis at December 31, 2022 were as follows:

	<b>Fair Value</b>	<b>Quoted Prices in Active Markets (Level 1)</b>
Certificates of deposit	400,260	400,260
<b>Total</b>	<u>400,260</u>	<u>400,260</u>

**4. Future Major Repairs and Replacement Reserve**

The Association's governing documents allow for the accumulation of funds for future major repairs and replacements. Accumulated funds are held in a separate savings and investment account and generally not available for expenditures for normal operations.

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 that adjusted the reserve study estimates established by the engineers to correspond with the Association's estimates. The table included in the unaudited Supplementary Information - Schedule of Future Major Repairs and Replacements is based on the study and subsequent Board adjustments.

In accordance with industry guidelines, it is the Association's primary duty to maintain and preserve the common property of the owners. Therefore, it is the Association's responsibility to determine a method for funding the costs of future major repairs and maintenance by assessing owners when funds are needed or by anticipating costs over extended time periods, assessing owners for the anticipated costs, and accumulating funds in reserves to meet the future funding requirements.

Funds are being accumulated in the Replacement Fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the Replacement Fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to the Board of Director's approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The Replacement Fund had a balance of \$601,660 at December 31, 2022.

**5. Homeowners' Fees and Economic Dependence**

During 2022, 5 members of the Association owned 312, 284, 169, 211, and 216 assessment units; paid \$96,588, \$87,472, \$52,052, \$64,988, and \$66,528, respectively, in assessments for the year ended December 31, 2022; and which represented 10%, 9%, 6%, 7%, and 7%, respectively, of the annual total assessments charged by the Association.

**Battlement Mesa Service Association**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2022**  
**(Continued)**

**6. Tamarisk Village Contingency Funds**

The Association assesses an additional service assessment on residents of the Tamarisk Village area contained within the borders of the Association to pay for accounting fees and for irrigation, water and maintenance of front yard sprinkler systems required in that area. The residents of Tamarisk Village voted at an annual homeowners' meeting for that area to retain any excess funds collected for this purpose to be used as a contingency fund. The funds so designated can be used at the discretion of the Board of Directors to meet funding shortages for the irrigation, water and sprinkler system maintenance of Tamarisk Village. In the current year, expenses exceeded assessments by \$7,692. The net effect resulted in an increase of the prior year's expenses in excess of assessments from Tamarisk Village. As of December 31, 2022, the contingency fund balance had cumulative expenditures in excess of assessments of \$8,069.

**7. Management Contract**

In January 2022, the Association entered into a management agreement with the Battlement Mesa Metropolitan District ("BMMD") to manage the day-to-day operations of the Association under the direction of the Association's Board of Directors. The agreement commenced on January 1, 2022 and expired December 31, 2022. In January 2023, the Association entered into another management agreement with BMMD to commence on January 1, 2023 and end on December 31, 2023.

Payments to BMMD for services provided under the management agreement during the year ended December 31, 2022 are included in these financial statements as follows:

Maintenance	17,756
Irrigation water	187,371
Management and accounting	117,000
Office expense	7,935
Street sweeping	5,000
Litter pickup	3,010
Covenant enforcement	21,000
Replacement expenses	2,309
<b>Total</b>	<b>361,381</b>

As of December 31, 2022, the Association owed \$12,966 to BMMD.

**Battlement Mesa Service Association**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2022**  
**(Continued)**

**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, 2022, 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>	582,916	49,413	632,329
Revenues:			
Assessments	22,240	5,560	27,800
Investment income	3,952	988	4,940
Other	5,482	-	5,482
Expenses	<u>(15,049)</u>	<u>(53,842)</u>	<u>(68,891)</u>
<b>Balances - End of Year</b>	<u>599,541</u>	<u>2,119</u>	<u>601,660</u>

**9. Revenue from Contracts with Customers**

For the year ended December 31, 2022, revenue recognized for goods transferred or performance obligations met at a point in time were \$70,424. There were no revenues recognized for goods transferred or performance obligations met over time during 2022. Revenues may be affected by general economic conditions and inflationary pressures. Revenues are primarily collected from members of the Association.

**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, 2022**  
**(With Comparative Totals For the Year Ended 2021)**

	2022			2021
	Budget (Unaudited)	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Assessments	917,800	929,441	11,641	906,958
Cable television franchise fee	7,000	5,628	(1,372)	5,870
Investment income	100	42	(58)	21
Other	43,000	64,796	21,796	42,303
<b>Total Revenues</b>	<u>967,900</u>	<u>999,907</u>	<u>32,007</u>	<u>955,152</u>
<b>Expenses:</b>				
Maintenance	355,100	337,500	17,600	356,006
Utilities	184,800	185,390	(590)	184,293
Sprinkler system	186,000	212,097	(26,097)	192,729
Management fees	117,000	117,000	-	115,000
Office expense	39,400	39,214	186	41,154
Insurance	9,000	14,381	(5,381)	14,167
Professional fees	47,500	42,530	4,970	26,066
Covenant enforcement	21,000	21,000	-	20,000
Income taxes	3,000	792	2,208	-
Bad debt	5,000	9,323	(4,323)	4,330
Miscellaneous	100	3,934	(3,834)	19
<b>Total Expenses</b>	<u>967,900</u>	<u>983,161</u>	<u>(15,261)</u>	<u>953,764</u>
<b>Excess of Revenues over Expenses</b>	-	16,746	16,746	1,388
<b>Fund Balance - Beginning of Year (Deficit)</b>	-	(259)	-	(1,647)
<b>Fund Balance - End of Year (Deficit)</b>	-	<u>16,487</u>	-	<u>(259)</u>

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, 2022**  
**(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 engineers to correspond with the Association's estimates.

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

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

<b>Components</b>	<b>Estimated Remaining Useful Lives (Years)</b>	<b>Estimated Current Replacement Costs</b>	<b>Replacement Fund Balance 2022</b>
Common area improvements	1 - 7	120,000	-
Fences	0 - 9	110,000	-
Trails	1 - 9	60,000	-
Other improvements	1 - 8	140,000	-
<b>Totals</b>		<b>430,000</b>	<b>601,660</b>

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