



Financial Report
December 31, 2023

**Battlement Mesa Service Association
(A Colorado Non-Profit Corporation)
December 31, 2023**

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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, 2023, 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, 2023, 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.

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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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 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 17, 2024**

Battlement Mesa Service Association
(A Colorado Non-Profit Corporation)
Balance Sheets
December 31, 2023
(With Comparative Totals For December 31, 2022)

	2023			2022
	Operating Fund	Replacement Fund	Total	Total
Assets:				
Cash and cash equivalents	94,999	225,100	320,099	110,643
Cash and cash equivalents - Restricted	29,380	-	29,380	27,132
Investments - Certificates of Deposit	-	203,223	203,223	400,260
Assessments receivable, net	67,609	-	67,609	78,398
Other receivables, net	6,129	-	6,129	10,119
Prepaid expenses	7,148	-	7,148	5,741
Inventory	-	33,200	33,200	34,400
Due (to) from other fund	(43,534)	43,534	-	-
Land	100	99,215	99,315	99,315
Total Assets	161,831	604,272	766,103	766,008
Liabilities and Fund Balance:				
Liabilities:				
Accounts payable	32,307	18	32,325	23,020
Other current liabilities	33,784	-	33,784	27,843
Deferred assessment revenue	106,838	-	106,838	96,998
Total Liabilities	172,929	18	172,947	147,861
Fund Balances (Deficit)	(11,098)	604,254	593,156	618,147
Total Liabilities and Fund Balances	161,831	604,272	766,103	766,008

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, 2023
(With Comparative Totals For 2022)

	2023			2022
	Operating Fund	Replacement Fund	Total	Total
Revenues:				
Assessments	957,222	18,950	976,172	957,241
Cable television franchise fee	7,839	-	7,839	5,628
Investment income	734	16,265	16,999	4,982
Other	48,769	9,880	58,649	70,278
Total Revenues	1,014,564	45,095	1,059,659	1,038,129
Expenses:				
Maintenance	379,841	-	379,841	337,500
Utilities	190,909	-	190,909	185,390
Sprinkler system	226,879	-	226,879	212,097
Management fees	117,000	-	117,000	117,000
Office expense	45,399	-	45,399	39,214
Insurance	15,501	-	15,501	14,381
Professional fees	29,945	-	29,945	42,530
Covenant enforcement	21,000	-	21,000	21,000
Income taxes	4,510	-	4,510	792
Bad debt expense	10,422	-	10,422	9,323
Miscellaneous	743	-	743	3,934
Replacement Fund expenses	-	42,501	42,501	68,891
Total Expenses	1,042,149	42,501	1,084,650	1,052,052
Excess (Deficiency) of Revenues Over Expenses	(27,585)	2,594	(24,991)	(13,923)
Fund Balances - Beginning of Year	16,487	601,660	618,147	632,070
Fund Balances - End of Year (Deficit)	(11,098)	604,254	593,156	618,147

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, 2023
(With Comparative Totals For 2022)

	2023			2022
	Operating Fund	Replacement Fund	Total	Total
Cash Flows From Operating Activities:				
Cash received from owners for assessments	982,513	18,950	1,001,463	922,687
Cash received for interest	734	16,302	17,036	4,722
Cash received from other sources	55,795	10,680	66,475	76,976
Cash (paid) to vendors	(1,022,946)	(45,848)	(1,068,794)	(1,049,007)
Income taxes (paid) refunded	(1,476)	-	(1,476)	1,881
Transfers (to) from other funds	800	(800)	-	-
Net Cash Provided (Used) by Operating Activities	<u>15,420</u>	<u>(716)</u>	<u>14,704</u>	<u>(42,741)</u>
Cash Flows From Investing Activities:				
Cash paid to purchase investments	-	(203,000)	(203,000)	(400,000)
Cash received from matured investments	-	400,000	400,000	-
Net Cash Provided (Used) By Investing Activities	<u>-</u>	<u>197,000</u>	<u>197,000</u>	<u>(400,000)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	15,420	196,284	211,704	(442,741)
Cash and Cash Equivalents - Beginning of Year	<u>108,959</u>	<u>28,816</u>	<u>137,775</u>	<u>580,516</u>
Cash and Cash Equivalents - End of Year	<u>124,379</u>	<u>225,100</u>	<u>349,479</u>	<u>137,775</u>
Cash and Cash Equivalents - Ending is comprised of:				
Cash and cash equivalents - Unrestricted	94,999	225,100	320,099	110,643
Cash and cash equivalents - Restricted	29,380	-	29,380	27,132
Total Cash and Cash Equivalents	<u>124,379</u>	<u>225,100</u>	<u>349,479</u>	<u>137,775</u>
Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:				
Excess (deficiency) of revenues over expenses	<u>(27,585)</u>	<u>2,594</u>	<u>(24,991)</u>	<u>(13,923)</u>
Adjustments:				
(Gain) loss on sale/redemption of investments	-	260	260	-
Unrealized (gain) loss on investments	-	(223)	(223)	(260)
Decrease (increase) in assessments receivable, net	3,789	-	3,789	(6,583)
Decrease (increase) in other accounts receivable	10,990	-	10,990	2,143
Decrease (increase) in prepaid expenses	(1,407)	-	(1,407)	(353)
Decrease (increase) in inventory	-	1,200	1,200	-
Increase (decrease) in accounts payable	13,852	(4,547)	9,305	(2,854)
Increase (decrease) in deferred assessment revenue	9,840	-	9,840	(27,082)
Increase (decrease) in accrued expenses	5,941	-	5,941	6,171
Total Adjustments	<u>43,005</u>	<u>(3,310)</u>	<u>39,695</u>	<u>(28,818)</u>
Net Cash Provided (Used) By Operating Activities	<u>15,420</u>	<u>(716)</u>	<u>14,704</u>	<u>(42,741)</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, 2023
(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, 2023, 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

All checking, savings and money market accounts are considered cash equivalents by the Association for the purpose of the Statement of Cash Flows, since all funds are highly liquid with no stated maturities.

Construction deposits are restricted monies and are not available for general operations. At December 31, 2023, the Association held construction deposits totaling \$29,380 as restricted cash and cash equivalents.

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.

**Battlement Mesa Service Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2023
(Continued)**

2. Summary of Significant Accounting Policies (continued)

F. Interest Allocation

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

G. Accounts Receivable

Accounts receivable at the balance sheet date represent assessment fees due from unit owners. The Association's policy is to assess a late charge equal to 2% per month on the unpaid balance and retain legal counsel and place liens on the properties of homeowners as necessary and permitted under the Declaration and Colorado law.

The Association uses the allowance method for recognizing potential uncollectible delinquent accounts receivable. At December 31, 2023, the Association has established an allowance for uncollectible owner's assessments receivable of \$7,863.

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, 2023
(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 2020 by the Internal Revenue Service and for tax years prior to 2019 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, 2022, from which the comparative totals were derived.

3. Investments – Certificates of Deposit

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Certificates of deposit:			
Maturing within one year, interest at 5.3% - 5.45% p.a.	\$ -	\$ 203,223	\$ 203,223
Total	<u>\$ -</u>	<u>\$ 203,223</u>	<u>\$ 203,223</u>

At December 31, 2023, the Association reported an unrealized gain of \$223.

Investments are stated at their estimated fair values. The Association's investments provide the financial resources needed to meet the Association's operating objectives. The Association's investments are managed by an independent professional investment management firm. The value of fixed income securities fluctuates in response to changing interest rates, credit worthiness of issuers and overall economic policies that impact market conditions.

**Battlement Mesa Service Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2023
(Continued)**

3. Investments – Certificates of Deposit

The fair values of the Association's investments measured on a recurring basis at December 31, 2023 were as follows:

	Fair Value Measurements at Reporting Date Using			
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Certificates of deposit	\$ 203,223	\$ -	\$ 203,223	\$ -
	<u>\$ 203,223</u>	<u>\$ -</u>	<u>\$ 203,223</u>	<u>\$ -</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 \$604,254 at December 31, 2023.

5. Homeowners' Fees and Economic Dependence

During 2023, 5 members of the Association owned 315, 284, 169, 211, and 216 assessment units; paid \$98,280, \$88,608, \$52,278, \$65,832, and \$67,392, respectively, in assessments for the year ended December 31, 2023; 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, 2023
(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 \$6,951. The net effect resulted in an increase of the prior year's expenses in excess of assessments from Tamarisk Village. As of December 31, 2023, the contingency fund balance had cumulative expenditures in excess of assessments of \$15,020.

7. Management Contract

In January 2023, 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, 2023 and expired December 31, 2023. In January 2024, the Association entered into another management agreement with BMMD to commence on January 1, 2024 and end on December 31, 2024.

Payments to BMMD for services provided under the management agreement during the year ended December 31, 2023 are included in these financial statements as follows:

Maintenance	\$ 899
Irrigation water	191,980
Management and accounting	117,000
Office expense	12,234
Street sweeping	15,000
Covenant enforcement	21,000
Replacement expenses	<u>544</u>
Total	<u>\$ 358,657</u>

As of December 31, 2023, the Association owed \$12,170 to BMMD.

8. Landscape Agreement

In January 2023, the Association entered into a landscape agreement with Lush Green Landscapes ("LGL") to provide landscape management services through the Association related to mowing, trimming, edging, aeration, policing of grounds, turf fertilization, weed and chemical control, irrigation and sprinkler system maintenance, and other maintenance of trees and shrubs. The agreement commenced on January 1, 2023 and expires December 31, 2025. The annual fee under the agreement is \$214,000, with additional services beyond the scope of the executed agreement to be provided at a flat rate of \$38 an hour.

During 2023, the Association paid \$213,996 to LGL in accordance with the term of the agreement.

Battlement Mesa Service Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2023
(Continued)

9. 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, 2023, activity was recorded in these categories of the Association's Replacement Fund as follows:

	General Fund Replacement	General Fund Capital	Total
Balances - Beginning of Year	\$ 599,541	\$ 2,119	\$ 601,660
Revenues:			
Assessments	15,160	3,790	18,950
Investment income	13,012	3,253	16,265
Other	9,880	-	9,880
Expenses	(42,498)	(3)	(42,501)
Balances - End of Year	<u>\$ 595,095</u>	<u>\$ 9,159</u>	<u>\$ 604,254</u>

10. Revenue from Contracts with Customers

For the year ended December 31, 2023, revenue recognized for goods transferred or performance obligations met at a point in time were \$66,488. There were no revenues recognized for goods transferred or performance obligations met over time during 2023. Revenues may be affected by general economic conditions and inflationary pressures. Revenues are primarily collected from members of the Association.

11. Concentration of Credit Risk

The Association's cash balances held with financial institutions were insured by the Federal deposit Insurance Corporation (the "FDIC") at December 31, 2023 up to \$250,000 per depositor at each separately chartered FDIC-member financial institution, without regard to the nature of the accounts. At December 31, 2023, all of the Association's cash balances were insured.

The Securities Investor Protection Corporation ("SIPC") protects against the loss of cash and securities held by a customer at SIPC-member brokerage firms up to \$500,000; including up to \$250,000 in cash. At December 31, 2023, all of the Association's cash and investment balances were insured.

12. Deficit Fund Balance

At December 31, 2023, the Association's Operating Fund had a deficit fund balance of \$11,098.

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, 2023
(With Comparative Totals For the Year Ended 2022)

	2023			2022
	Budget (Unaudited)	Actual	Variance Positive (Negative)	Actual
Revenues:				
Assessments	942,300	957,222	14,922	929,441
Cable television franchise fee	6,000	7,839	1,839	5,628
Investment income	100	734	634	42
Other	43,000	48,769	5,769	64,796
Total Revenues	<u>991,400</u>	<u>1,014,564</u>	<u>23,164</u>	<u>999,907</u>
Expenses:				
Maintenance	368,500	379,841	(11,341)	337,500
Utilities	184,800	190,909	(6,109)	185,390
Sprinkler system	192,000	226,879	(34,879)	212,097
Management fees	117,000	117,000	-	117,000
Office expense	40,500	45,399	(4,899)	39,214
Insurance	14,400	15,501	(1,101)	14,381
Professional fees	46,500	29,945	16,555	42,530
Covenant enforcement	21,000	21,000	-	21,000
Income taxes	2,000	4,510	(2,510)	792
Bad debt	5,000	10,422	(5,422)	9,323
Miscellaneous	100	743	(643)	3,934
Total Expenses	<u>991,800</u>	<u>1,042,149</u>	<u>(50,349)</u>	<u>983,161</u>
Excess of Revenues over Expenses	(400)	(27,585)	(27,185)	16,746
Fund Balance - Beginning of Year (Deficit)	-	16,487	-	(259)
Fund Balance - End of Year (Deficit)	-	(11,098)	-	16,487

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, 2023
(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 common property:

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Replacement Fund Balance 2023</u>
Common area xeriscape improvements	0 - 9	245,000	-
Fences	0 - 9	115,000	-
Trails	1 - 9	70,000	-
Totals		<u>430,000</u>	<u>604,254</u>

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