

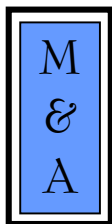


**Financial Report
December 31, 2024**

**Battlement Mesa Service Association
(A Colorado Non-Profit Corporation)
December 31, 2024**

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McMAHAN AND ASSOCIATES, L.L.C.

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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, 2024, 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, 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 ("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

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 14 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 15 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, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 17, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink that reads "McMahon and Associates, L.L.C.".

McMahan and Associates, L.L.C.
Avon, Colorado
July 23, 2025

Battlement Mesa Service Association
(A Colorado Non-Profit Corporation)
Balance Sheets
December 31, 2024
(With Comparative Totals For December 31, 2023)

	2024			2023
	Operating Fund	Replacement Fund	Total	Total
Assets:				
Cash and cash equivalents	82,248	94,545	176,793	320,099
Cash and cash equivalents - Restricted	34,020	-	34,020	29,380
Investments - Certificates of Deposit	-	310,038	310,038	203,223
Assessments receivable, net	43,213	-	43,213	52,589
Tamarisk Village sub-association receivable	27,090	-	27,090	15,020
Other receivables, net	4,880	-	4,880	6,129
Prepaid expenses	-	-	-	7,148
Inventory	-	33,200	33,200	33,200
Due (to) from other fund	(45,028)	45,028	-	-
Land	100	99,215	99,315	99,315
Total Assets	146,523	582,026	728,549	766,103
Liabilities and Fund Balance:				
Liabilities:				
Accounts payable	43,997	209	44,206	32,325
Other current liabilities	39,892	-	39,892	33,784
Deferred assessment revenue	98,928	-	98,928	106,838
Total Liabilities	182,817	209	183,026	172,947
Fund Balances (Deficit)	(36,294)	581,817	545,523	593,156
Total Liabilities and Fund Balances	146,523	582,026	728,549	766,103

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, 2024
(With Comparative Totals For 2023)

	2024			2023
	Operating Fund	Replacement Fund	Total	Total
Revenues:				
Assessments	972,259	10,800	983,059	976,172
Cable television franchise fee	9,261	-	9,261	7,839
Investment income	1,480	20,044	21,524	16,999
Other	33,004	1,494	34,498	58,649
Total Revenues	<u>1,016,004</u>	<u>32,338</u>	<u>1,048,342</u>	<u>1,059,659</u>
Expenses:				
Maintenance	355,976	-	355,976	379,841
Utilities	189,038	-	189,038	190,909
Sprinkler system	224,094	-	224,094	226,879
Management fees	115,823	-	115,823	117,000
Office expense	49,310	-	49,310	45,399
Insurance	16,415	-	16,415	15,501
Professional fees	39,504	-	39,504	29,945
Covenant enforcement	21,000	-	21,000	21,000
Income taxes	6,191	-	6,191	4,510
Bad debt expense	23,307	-	23,307	10,422
Miscellaneous	542	-	542	743
Replacement Fund expenses	-	54,775	54,775	42,501
Total Expenses	<u>1,041,200</u>	<u>54,775</u>	<u>1,095,975</u>	<u>1,084,650</u>
Excess (Deficiency) of Revenues Over Expenses	(25,196)	(22,437)	(47,633)	(24,991)
Fund Balances (Deficit) - Beginning of Year	<u>(11,098)</u>	<u>604,254</u>	<u>593,156</u>	<u>618,147</u>
Fund Balances (Deficit) - End of Year	<u><u>(36,294)</u></u>	<u><u>581,817</u></u>	<u><u>545,523</u></u>	<u><u>593,156</u></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, 2024
(With Comparative Totals For 2023)

	2024			2023
	Operating Fund	Replacement Fund	Total	Total
Cash Flows From Operating Activities:				
Cash received from owners for assessments	964,693	10,800	975,493	1,001,463
Cash received for interest	1,480	20,229	21,709	17,036
Cash received from other sources	41,970	-	41,970	66,475
Cash (paid) to vendors	(1,011,531)	(54,584)	(1,066,115)	(1,068,794)
Income taxes (paid) refunded	(4,723)	-	(4,723)	(1,476)
Net Cash Provided (Used) by Operating Activities	(8,111)	(23,555)	(31,666)	14,704
Cash Flows From Investing Activities:				
Cash paid to purchase investments	-	(310,000)	(310,000)	(203,000)
Cash received from matured investments	-	203,000	203,000	400,000
Net Cash Provided (Used) By Investing Activities	-	(107,000)	(107,000)	197,000
Net Increase (Decrease) In Cash and Cash Equivalents	(8,111)	(130,555)	(138,666)	211,704
Cash and Cash Equivalents - Beginning of Year	124,379	225,100	349,479	137,775
Cash and Cash Equivalents - End of Year	116,268	94,545	210,813	349,479
Cash and Cash Equivalents - Ending is comprised of:				
Cash and cash equivalents - Unrestricted	82,248	94,545	176,793	320,099
Cash and cash equivalents - Restricted	34,020	-	34,020	29,380
Total Cash and Cash Equivalents	116,268	94,545	210,813	349,479
Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:				
Excess (deficiency) of revenues over expenses	(25,196)	(22,437)	(47,633)	(24,991)
Adjustments:				
(Gain) loss on sale/redemption of investments	-	223	223	260
Unrealized (gain) loss on investments	-	(38)	(38)	(223)
Decrease (increase) in assessments receivable, net	656	-	656	3,789
Decrease (increase) in other accounts receivable	(2,101)	-	(2,101)	10,990
Decrease (increase) in prepaid expenses	7,148	-	7,148	(1,407)
Decrease (increase) in inventory	-	-	-	1,200
Increase (decrease) in accounts payable	11,690	191	11,881	9,305
Increase (decrease) in deferred assessment revenue	(7,910)	-	(7,910)	9,840
Increase (decrease) in accrued expenses	6,108	-	6,108	5,941
Net change in interfund balances	1,494	(1,494)	-	-
Total Adjustments	17,085	(1,118)	15,967	39,695
Net Cash Provided (Used) By Operating Activities	(8,111)	(23,555)	(31,666)	14,704

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, 2024
(Continued)

1. Organization

Battlement Mesa Service Association (the "Association") was incorporated in the State of Colorado in 1982 as a non-profit corporation.

The primary purpose of the Association is to enforce the Association's Declaration of Covenants, Conditions, and Restrictions (the "Declaration") and 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. The Declaration was recorded October 15, 1981, and subsequently amended and restated August 13, 1991.

As of December 31, 2024, 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, 2024, the Association held construction deposits totaling \$34,020 as restricted cash and cash equivalents.

Battlement Mesa Service Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2024
(Continued)

2. Summary of Significant Accounting Policies (continued)

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.

F. Fair Value Measurements

Generally accepted accounting principles require that financial assets be valued at "fair value", determined through application of a three-tiered hierarchy of input levels. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based on the best information available in circumstances where markets are non-existent or illiquid.

G. Interest Allocation

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

H. Receivables and Allowance for Credit Losses

The Association's receivables consist primarily of amounts assessed against unit owner / members for common assessments levied pursuant to the Declaration and related organizational documents. These receivables are recorded at the invoiced amount and evaluated for potential credit losses, based on historical experience, current economic conditions, and reasonable forecasts. The Association has the legal ability to place a lien on the underlying title of a delinquent unit owner / member. This statutory lien ensures that assessments remain secured by the property, providing a strong collection mechanism and reducing the risk of ultimate credit loss.

Due to this lien enforcement ability, management has determined that an allowance of \$31,170 for credit losses is necessary for these assessments and other receivables at December 31, 2024. While temporary delinquencies may occur, the Association has historically collected all assessments either through direct payments, payment plans, or the enforcement of liens during property sales or foreclosures.

I. Inventory

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

J. Deferred Assessment Revenues

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

**Battlement Mesa Service Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2024
(Continued)**

2. Summary of Significant Accounting Policies (continued)

K. 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.

L. 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 2021 by the Internal Revenue Service and for tax years prior to 2020 by the Colorado Department of Revenue.

M. 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.

N. Subsequent Events

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

Battlement Mesa Service Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2024
(Continued)

2. Summary of Significant Accounting Policies (continued)

O. 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, 2023, from which the comparative totals were derived.

3. Investments – Certificates of Deposit

	Operating Fund	Replacement Fund	Total
Certificates of deposit:			
Maturing within one year, interest at 4.39% - 5.19% p.a.	\$ -	\$ 310,038	\$ 310,038
Total	\$ -	\$ 310,038	\$ 310,038

At December 31, 2024, the Association reported an unrealized gain of \$38.

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.

The fair values of the Association's investments measured on a recurring basis at December 31, 2024 were as follows:

	Fair Value Measurements at Reporting Date Using			
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 310,038	\$ -	\$ 310,038	\$ -
	\$ 310,038	\$ -	\$ 310,038	\$ -

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.

Battlement Mesa Service Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2024
(Continued)

4. Future Major Repairs and Replacement Reserve (continued)

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 \$581,817 at December 31, 2024.

5. Homeowners' Fees and Economic Dependence

During 2024, 5 members of the Association owning 314, 284, 169, 211, and 216 assessment units; paid \$99,066, \$89,744, \$53,404, \$66,676, and \$68,256, respectively, in assessments for the year ended December 31, 2024; and which represented 10%, 9%, 6%, 7%, and 7%, respectively, of the annual total assessments charged by the Association.

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 \$12,069. The net effect resulted in an increase of the prior year's expenses in excess of assessments from Tamarisk Village. As of December 31, 2024, the contingency fund balance had cumulative expenditures in excess of assessments of \$27,090.

7. Management Contract

In January 2024, 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, 2024 and expired December 31, 2024. In January 2025, the Association entered into another management agreement with BMMD to commence on January 1, 2025 and end on December 31, 2025.

Battlement Mesa Service Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2024
(Continued)

7. Management Contract (continued)

Payments to BMMD for services provided under the management agreement during the year ended December 31, 2024 are included in these financial statements as follows:

Maintenance	\$ 3,450
Management and accounting	115,823
Office expense	12,891
Litter pickup	5,620
Replacement expenses	<u>210</u>
Total	<u>\$ 137,994</u>

Other services rendered by BMMD outside of the scope of the executed management agreement resulted in the following incurred expenses in 2024:

Irrigation water	\$ 191,155
Street sweeping	15,000
Covenant enforcement	<u>21,000</u>
Total	<u>\$ 227,155</u>

As of December 31, 2024, the Association owed \$14,088 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 2024, the Association paid \$213,996 to LGL in accordance with the term of the agreement.

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.

Battlement Mesa Service Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2024
(Continued)

9. Designation of Replacement Fund (continued)

During the year ended December 31, 2024, 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	\$ 595,095	\$ 9,159	\$ 604,254
Revenues:			
Assessments	8,640	2,160	10,800
Investment income	16,035	4,009	20,044
Other	1,494	-	1,494
Expenses	(49,863)	(4,912)	(54,775)
Balances - End of Year	\$ 571,401	\$ 10,416	\$ 581,817

10. Revenue from Contracts with Customers

For the year ended December 31, 2024, revenue recognized for goods transferred or performance obligations met at a point in time were \$43,759. There were no revenues recognized for goods transferred or performance obligations met over time during 2024. 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, 2024 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, 2024, 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, 2024, all of the Association's cash and investment balances were insured.

12. Deficit Fund Balance

At December 31, 2024, the Association's Operating Fund had a deficit fund balance of \$36,294.

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, 2024
(With Comparative Totals For the Year Ended 2023)

	2024			2023
	Budget (Unaudited)	Actual	Variance Positive (Negative)	Actual
Revenues:				
Assessments	960,000	972,259	12,259	957,222
Cable television franchise fee	6,000	9,261	3,261	7,839
Investment income	500	1,480	980	734
Other	45,000	33,004	(11,996)	48,769
Total Revenues	<u>1,011,500</u>	<u>1,016,004</u>	<u>4,504</u>	<u>1,014,564</u>
Expenses:				
Maintenance	368,000	355,976	12,024	379,842
Utilities	186,000	189,038	(3,038)	190,909
Sprinkler system	211,000	224,094	(13,094)	226,879
Management fees	117,000	115,823	1,177	117,000
Office expense	43,600	49,310	(5,710)	45,399
Insurance	14,400	16,415	(2,015)	15,501
Professional fees	43,500	39,504	3,996	29,945
Covenant enforcement	21,000	21,000	-	21,000
Income taxes	1,000	6,191	(5,191)	4,510
Bad debt	4,000	23,307	(19,307)	10,422
Miscellaneous	1,000	542	458	743
Total Expenses	<u>1,010,500</u>	<u>1,041,200</u>	<u>(30,700)</u>	<u>1,042,150</u>
Excess (Deficiency) of Revenues Over Expenses	1,000	(25,196)	(26,196)	(27,586)
Fund Balance (Deficit) - Beginning of Year	-	(11,098)	-	16,487
Fund Balance (Deficit) - End of Year	<u>1,000</u>	<u>(36,294)</u>	<u>-</u>	<u>(11,098)</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, 2024
(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:

Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	Replacement Fund Balance 2024
Common area xeriscape improvements	2 - 7	45,000	
Fences	0 - 9	135,000	
Trails	0 - 9	130,000	
Other improvements	0 - 8	<u>85,000</u>	
Totals		<u><u>395,000</u></u>	<u><u>581,817</u></u>

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