



Big Sky Owners Association, Inc. and Subsidiary

**Consolidated Financial Statements
with
Independent Auditors' Report**

September 30, 2023 and 2022

Big Sky Owners Association, Inc.
Table of Contents
September 30, 2023 and 2022

Independent Auditors’ Report..... 1-3

Consolidated Financial Statements

Consolidated Balance Sheets.....4
Consolidated Statements of Revenues and Expenses.....5
Consolidated Statements of Changes in Members’ Equity6
Consolidated Statements of Cash Flows7

Notes to the Consolidated Financial Statements 8-14

Supplementary Information

Consolidated Schedule of Revenues and Expenses –
Actual to Budget – September 30, 2023..... 15-16

Consolidated Schedule of Revenues and Expenses –
Actual to Budget – September 30, 2022..... 17-18

Required Supplementary Information

Schedule of Future Major Repairs, Replacements, and Projects (Unaudited)19



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Big Sky Owners Association, Inc.
Big Sky, MT 59716

Opinion

We have audited the accompanying consolidated financial statements of Big Sky Owners Association and Benefit Big Sky (collectively “the Association”), which comprise the consolidated balance sheet as of September 30, 2023, and the related consolidated statements of revenues and expenses, changes in members’ equity and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Association as of September 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated 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 opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 within one year after the date that the consolidated financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 audits.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidated Schedule of Revenues and Expenses – Actual and Budget, on pages 15-16, for the year ended September 30, 2023, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of the Association’s management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in

the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Future Major Repairs, Replacements, and Projects on page 19 be presented to supplement the basic consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Prior Period Financial Statements

The financial statements of Big Sky Owners Association as of September 30, 2022, were audited by other auditors whose report dated March 17, 2023, expressed an unmodified opinion on those statements.

Prior Period Report on Supplementary Information

The Consolidated Schedule of Revenues and Expenses – Actual and Budget, on pages 17-18, for the year ended September 30, 2022, was audited by other auditors whose report dated March 17, 2023, expressed an unmodified opinion on the schedule.

Rudd & Company, PLLC

Bozeman, Montana
September 13, 2024

Big Sky Owners Association, Inc.
Consolidated Balance Sheets
September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 374,483	\$ 907,510
Cash and cash equivalents - designated	487,875	885,417
Short-term investments in U.S. Treasury Bills	409,577	-
Short-term investments in U.S. Treasury Bills - designated	764,068	-
Members' assessments receivable, net of allowance for doubtful accounts of \$115,212 and \$403,210, respectively	52,586	31,485
Benefit Big Sky pledges receivable	1,250	-
Prepaid expenses and other current assets	8,992	2,872
Total Current Assets	<u>2,098,831</u>	<u>1,827,284</u>
Property and Equipment		
Pond improvements	578,626	303,008
Office equipment	56,194	49,712
Buildings and improvements	534,348	530,588
	<u>1,169,168</u>	<u>883,308</u>
Accumulated depreciation	(237,348)	(222,064)
	<u>931,820</u>	<u>661,244</u>
Total Assets	<u>\$ 3,030,651</u>	<u>\$ 2,488,528</u>
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable and accrued expenses	\$ 74,523	\$ 69,278
Architectural committee performance deposits	729,419	873,169
Deferred revenue	50,000	-
Deferred deposits	50,000	22,500
Accrued vacation	28,791	24,022
Total Current Liabilities	<u>932,733</u>	<u>988,969</u>
Other Liabilities		
Security deposit	1,000	1,000
Total Liabilities	<u>\$ 933,733</u>	<u>\$ 989,969</u>
Members' Equity		
Undesignated	\$ 844,974	\$ 613,142
Designated for future repairs, replacements, and projects	1,251,944	885,417
	<u>2,096,918</u>	<u>1,498,559</u>
Total Liabilities and Members' Equity	<u>\$ 3,030,651</u>	<u>\$ 2,488,528</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

Big Sky Owners Association, Inc.
Consolidated Statements of Revenues and Expenses
For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue		
Assessment income	\$ 1,016,310	\$ 962,588
Grant income	262,000	-
Miscellaneous	176,663	200
Compliance penalties	159,563	22,805
Winter road maintenance - Madison County	84,691	81,402
Interest	63,688	1,376
Architectural fees	42,500	46,353
Rent	12,015	11,829
Benefit Big Sky donations	4,455	-
Title company fees	3,750	7,200
	<u>1,825,635</u>	<u>1,133,753</u>
Total Revenue		
	<u>1,825,635</u>	<u>1,133,753</u>
Expenses		
Administrative	689,561	553,506
Activity	20,216	22,915
Depreciation	8,117	7,429
Road	479,315	471,363
Unit 17	14,832	14,130
Benefit Big Sky	234	-
Other expenses	15,001	9,769
	<u>1,227,276</u>	<u>1,079,112</u>
Total Expenses		
	<u>1,227,276</u>	<u>1,079,112</u>
Excess of Revenues over Expenses	<u>\$ 598,359</u>	<u>\$ 54,641</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

Big Sky Owners Association, Inc.
Consolidated Statements of Changes in Members' Equity
For the Years Ended September 30, 2023 and 2022

	Undesignated	Designated for Future Repairs and Replacements	Total
	<u> </u>	<u> </u>	<u> </u>
Members' Equity			
October 1, 2021	\$ 607,240	\$ 836,678	\$ 1,443,918
Excess of revenues over expenses	54,641	-	54,641
Transfers	<u>(48,739)</u>	<u>48,739</u>	<u>-</u>
Members' Equity			
September 30, 2022	613,142	885,417	1,498,559
Excess of revenues over expenses	598,359	-	598,359
Transfers	<u>(366,527)</u>	<u>366,527</u>	<u>-</u>
Members' Equity			
September 30, 2023	<u>\$ 844,974</u>	<u>\$ 1,251,944</u>	<u>\$ 2,096,918</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

Big Sky Owners Association, Inc.
Consolidated Statements of Cash Flows
For the Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Cash received from:		
Assessments	\$ 993,959	\$ 968,508
Grant income	262,000	-
Madison County winter road maintenance	84,691	81,402
Penalties and fees	205,813	76,358
Rent	13,015	12,829
Other sources	176,663	200
Interest	63,688	1,376
Benefit Big Sky donations	4,455	-
Members for performance deposits	210,500	301,683
Cash paid to/for:		
Members for performance deposits	(354,250)	(228,183)
Employees and suppliers	(1,131,598)	(1,031,161)
	<u>528,936</u>	<u>183,012</u>
Cash Flows from Investing Activities		
Short-term investments in U.S. Treasury Bills	(1,173,645)	-
Proceeds from sale of investments	-	28,000
Purchase of property and equipment	(285,860)	(201,162)
	<u>(1,459,505)</u>	<u>(173,162)</u>
Net change in cash	(930,569)	9,850
Cash and cash equivalents at beginning of year	<u>1,792,927</u>	<u>1,783,077</u>
Cash and cash equivalents at end of year	<u>862,358</u>	<u>1,792,927</u>
Cash and cash equivalents as presented on the balance sheets:		
Cash and cash equivalents	374,483	907,510
Designated cash and cash equivalents	487,875	885,417
	<u>\$ 862,358</u>	<u>\$ 1,792,927</u>

The Notes to the Consolidated Financial Statements are an integral part of these statements.

Big Sky Owners Association, Inc.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies

Nature of Organization

Big Sky Owners Association, Inc. (“BSOA”) is a homeowners association incorporated on October 20, 1972, as a Montana nonprofit 501(c)(4) corporation. BSOA is a master association type of common interest realty, organized for administering the common property and providing shared services and assessing members of the participating developments for their portion of the related expenses. BSOA is governed by the Board of Directors. The Board of Directors approves and implements an annual financial budget from which BSOA operates. As of September 30, 2023 and 2022, there were approximately 2,430 and 2,438 billable members units, respectively.

Benefit Big Sky (“BBS”), a Montana nonprofit corporation and wholly owned subsidiary of BSOA, was formed on March 2, 2022. BBS was formed to support initiatives in the Big Sky Community that benefit recreation, education, arts, environment, safety, public works, and infrastructure within a reasonable cost, and for any other lawful purpose under Montana State Law.

The significant accounting policies followed by BSOA and BBS, collectively referred to as “the Association”, are described below.

Basis of Accounting

The accompanying statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (“GAAP”) in the United States of America, as codified by the Financial Accounting Standards Board.

Consolidated Financial Statements

The consolidated financial statements for the fiscal years ended September 30, 2023 and 2022, include the accounts of Big Sky Owners Association, Inc. and Benefit Big Sky. All intercompany transactions and accounts have been eliminated in the consolidation.

Members’ Equity

The Association’s governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its records using designated equity accounts. Financial resources are classified for accounting and reporting purposes in the following equity accounts established according to their nature and purpose:

Undesignated – This equity classification is used to account for financial resources available for the general operations of the Association.

Designated for Future Repairs and Replacements – This equity classification is used to accumulate financial resources designated by the Board for future major repairs and replacements.

Big Sky Owners Association, Inc.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents, including interest-bearing deposits, reported on the consolidated balance sheets and the consolidated statements of cash flows, include cash amounts held by financial institutions in checking, savings, and certificate of deposits with original maturities of three months or less. These balances are secured by Federal Deposit Insurance Corporation (“FDIC”) coverage up to \$250,000.

For the years ended September 30, 2023 and 2022, there were no balances that were not fully insured by the FDIC.

Designated cash and cash equivalents are segregated and specifically reserved for future repairs, replacements, and projects.

Short-term Investments in U.S. Treasury Bills

Short-term investments in U.S. Treasury Bills have maturities exceeding three months and less than one year at the time of purchase and are valued at amortized cost which approximates fair market value. The U.S. Treasury Bills are backed by the full faith and credit of the U.S. government.

Member Assessments

Association members are subject to an annual assessment billed to provide funds for the Association’s operating expenses, capital expenditures and future major repairs, replacements, and projects. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association’s performance obligations related to its annual assessments are satisfied over time on a pro-rata basis using the input method. The assessments are considered operating assessments. The Board may choose to designate a portion of these assessments for future repairs and replacements.

The Association recognizes revenue from member assessments over the assessment period, which is generally one year. Funds received for future major repairs and replacements are recognized at a point in time, as repairs and replacements do not occur on a continuous basis but are performed when needed. Reserve assessments collected in excess of the cost for the contract liability are reported in the replacement fund as a performance obligation liability and will be recognized as revenue when the repairs and replacements have been performed and expenses incurred. As September 30, 2023 and 2022, the Association has reported a contract liability in the replacement fund of \$0.

The Association’s dues and assessments are based on the Association’s cost of service and are approved by the Association’s Board of Directors. For the year ended September 30, 2022, annual assessments for the Association’s billable units were assessed at \$400 per unit. Starting October 1, 2022, annual assessments increased to \$420.

Big Sky Owners Association, Inc.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Member Assessments (continued)

Assessments receivable at the consolidated balance sheet date are stated at the amounts expected to be collected from outstanding assessments from members. Any assessment not paid within 60 days after the due date is considered delinquent and may incur a late payment penalty and interest. Failure to pay within 60 days of the due date may result in the Association recording a lien against the property being assessed or bringing an action of law or both. The allowance for uncollectible accounts is based on a review of the current status of existing receivables.

The Association may bring legal action against owners, as it deems necessary, including filing a lien against the owner's platted unit for amounts due. The Association generally considers assessments collectible unless the unit has been foreclosed or the unit owner has filed for bankruptcy. As of September 30, 2023 and 2022, the gross assessments receivable for overdue units was \$167,798 and \$434,695, respectively, with an allowance of uncollectible amounts estimated at \$115,212 and \$403,210, respectively.

Grant Income

During the year ended September 30, 2023, the Association received a grant from the Big Sky Resort Area District in the amount of \$262,000 to support pond and river restoration.

Property and Equipment

The Association does not capitalize common property such as land and improvements. These types of expenditures are included in activities in the consolidated statements of revenues and expenses. Contributed personal property is recorded at estimated fair value at the date of contribution.

The Association capitalizes all purchases of property used for operations with a cost of \$5,000 or more and with an estimated economic life longer than one year.

Depreciation

Property and equipment are depreciated using the straight-line method over the following estimated useful lives.

Office equipment	5-7 years
Buildings and improvements	7-39 years

Depreciation expense amounted to \$15,284 and \$14,596 for the years ended September 30, 2023 and 2022, respectively.

Big Sky Owners Association, Inc.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Revenue

Deferred revenue represents member assessments that have been collected but have not been spent on the obligation for which they were assessed. The Association holds these funds until the payments are due.

Performance Deposit Liabilities

Deposit liabilities represent alteration and new construction deposits. These funds are deposited by unit owners prior to the start of construction. The funds will be held until the Architectural Review Committee has determined the unit is compliant and the project has been completed; at which time the funds will be returned to the unit owners. As of September 30, 2023 and 2022 performance deposits were \$729,419 and \$873,169, respectively.

Interest Income

Interest income is allocated to the undesignated and designated for future repairs and replacements equity classifications in proportion to the interest-bearing deposits of each fund.

Income Taxes

The Association qualifies for tax-exempt status under the Internal Revenue Code Section 501(c)(4), and has been ruled not to be a private foundation.

The Association's federal and state income tax returns are subject to examination by the Internal Revenue Service and the State of Montana generally for three years after they were filed.

Compensated Leave

The Association accrues a liability for employees' compensation for future absences in accordance with the Association's personnel policy.

Advertising Costs

The Association expenses advertising costs as they are incurred. There were no advertising costs for the years ended September 30, 2023 and 2022.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates and such differences may be material.

Reclassification

Certain prior year amounts have been reclassified to conform with the current year presentation.

Big Sky Owners Association, Inc.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Subsequent Events

Management has evaluated subsequent events through September 13, 2024, the date which the consolidated financial statements were available for issue.

Note 2 – Buildings and Improvements

Buildings and improvements comprise the following as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Condominium Unit J	\$ 162,131	\$ 162,131
Building improvements	88,931	88,931
Condominium Unit 17	279,526	279,526
Unit C/C Storage	3,760	-
	<u>\$ 534,348</u>	<u>\$ 530,588</u>

The Association holds various parcels of real property which have not been capitalized. These properties are for common use of its members and have various restrictions in place upon them designating their use and ability to dispose of such properties.

Note 3 – Retirement Plan

The Association adopted a SEP-IRA retirement plan. All employees who are at least 21 years old are eligible to participate in the Plan. The Association has elected to contribute an amount equal to 7.5% of all eligible employees' wages subject to Federal statutory rates. Contributions under this plan amounted to \$24,691 and \$22,576 for the years ended September 30, 2023 and 2022, respectively, and are classified as administrative expenses on the consolidated statements of revenues and expenses.

Big Sky Owners Association, Inc.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2023 and 2022

Note 4 – Contingencies and Commitments

Snow Removal

The Association has contracts for snow removal on approximately 25 miles of roads for the 2022/2023 – 2025/2026 snow seasons. The Association also has contracts in place for reimbursements of a portion of these costs. The following is a summary of the minimum contract prices and expected reimbursements per year:

<u>Fiscal Year</u>	<u>Total Payments</u>	<u>Total Reimbursements</u>
2023-2024	\$ 484,808	\$ 88,615
2024-2025	\$ 494,863	\$ 90,427
2025-2026	\$ 505,130	\$ 92,277

Litigation

The Association was involved in lawsuits arising in the ordinary course of operations. As of September 30, 2023 and 2022, the Association could not predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for a contingent liability that may result was made in the consolidated financial statements.

During the year ended September 30, 2023 the Association received two settlements. \$150,000 was classified as Compliance Penalties on the consolidated statement of revenue and expenses and \$175,000 was classified as Miscellaneous on the consolidated statement of revenue and expenses for the year ended September 30, 2023.

Note 5 – Future Major Repairs and Replacements

The Board designated funds for future major repairs, replacements and projects were \$1,251,944 and \$885,417 as of September 30, 2023 and 2022, respectively. During the years ended September 30, 2023 and 2022, the amount paid out of the designated reserves was \$275,617 and \$201,163, respectively. The Association has accumulated interest earned on such funds in the reserve account, but this may be used for current operations. The Association estimates remaining useful lives and replacement costs of the common property components. The Association is funding for such major repairs, replacements, and projects over the estimated useful lives of the components based on the Board of Directors' best estimate of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right to increase regular assessments, or it may delay major repairs, replacements, and projects until funds are available.

Big Sky Owners Association, Inc.
Notes to the Consolidated Financial Statements
For the Years Ended September 30, 2023 and 2022

Note 5 – Future Major Repairs and Replacements (continued)

As of the date these consolidated financial statements were available for issue, no formal reserve study has been performed.

Note 6 – Upcoming Accounting Pronouncement

The FASB issued Accounting Standards Update (ASU) No. 2016-13 – *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* in June 2016, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including trade and loan receivables, and held to maturity debt securities. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The update also requires that credit losses on available-for-sale debt securities be presented as an allowance rather than a write-down of the security. This standard provides financial statement users with more decision-useful information about the expected losses on financial instruments. This ASU is effective for periods beginning after December 15, 2022. Early adoption is permitted; however, the Association elected not to early implement and is currently evaluating the potential impacts to its consolidated financial statements.

Supplementary Information

Big Sky Owners Association, Inc.
Consolidated Schedule of Revenue and Expenses – Actual to Budget
For the Year Ended September 30, 2023

	Actual	Budget* (unaudited)	Variance
REVENUES AND SUPPORT			
Assessments	\$ 1,016,310	\$ 1,015,880	\$ 430
Winter road maintenance - Madison County	84,691	83,030	1,661
Architectural fees	42,500	40,000	2,500
Compliance penalties	159,563	12,000	147,563
Title company fees	3,750	10,000	(6,250)
Rent	12,015	13,937	(1,922)
Interest	63,688	5,850	57,838
Miscellaneous	438,663	405	438,258
Benefit Big Sky donations	4,455	-	4,455
	<u>1,825,635</u>	<u>1,181,102</u>	<u>644,533</u>
ADMINISTRATIVE EXPENSES			
Administrative salaries	432,223	455,944	(23,721)
Association Dues	9,952	10,650	(698)
Bank and credit card fees	2,133	2,260	(127)
Employee benefits	110,951	69,429	41,522
Finance-annual audit and tax prep	9,450	9,000	450
Insurance	20,015	17,000	3,015
Meeting expense	1,200	2,500	(1,300)
BSAC miscellaneous	2,676	3,000	(324)
Utilities	9,622	9,000	622
Annual meeting	13,969	11,000	2,969
Communications and elections expense	15,182	11,000	4,182
Legal and compliance costs	15,274	20,000	(4,726)
Office expenses (including equipment)	23,977	17,400	6,577
Property taxes	3,464	4,000	(536)
Repairs and maintenance	159	1,000	(841)
Software maintenance	14,552	15,241	(689)
Telephone and internet	3,565	2,500	1,065
Training - travel	1,197	3,000	(1,803)
Total administrative expenses	<u>\$ 689,561</u>	<u>\$ 663,924</u>	<u>\$ 25,637</u>

Big Sky Owners Association, Inc.
Consolidated Schedule of Revenue and Expenses – Actual to Budget (continued)
For the Year Ended September 30, 2023

ACTIVITY EXPENSES			
BSOA events	\$ 1,983	\$ 1,500	\$ 483
Weed control	7,980	8,000	(20)
BSOA projects - strategic plan	10,253	5,050	5,203
Total activity expenses	<u>20,216</u>	<u>14,550</u>	<u>5,666</u>
OTHER EXPENSES			
Provision for bad debts	15,000	3,000	12,000
Contingency	1	-	1
Total other expenses	<u>15,001</u>	<u>3,000</u>	<u>12,001</u>
ROAD EXPENSES			
Signage repair and towing	4,356	5,150	(794)
Winter road maintenance	474,959	473,298	1,661
Total road expenses	<u>479,315</u>	<u>478,448</u>	<u>867</u>
CAPITAL EXPENSES			
Depreciation	8,117	7,430	687
Total capital expenses	<u>8,117</u>	<u>7,430</u>	<u>687</u>
UNIT 17 EXPENSES			
Unit 17 - Utilities	629	600	29
Unit 17 - Repairs and maintenance	1,505	200	1,305
Unit 17 - Depreciation	7,167	7,200	(33)
Unit 17 - Property tax	962	1,100	(138)
Unit 17 - Insurance	1,251	1,450	(199)
Unit 17 - HOA dues	3,318	3,200	118
Total unit 17 expenses	<u>14,832</u>	<u>13,750</u>	<u>1,082</u>
Benefit Big Sky Expenses			
Banking fees	234	-	234
Total Benefit Big Sky expenses	<u>234</u>	<u>-</u>	<u>234</u>
Total expenses	<u>1,227,276</u>	<u>1,181,102</u>	<u>46,174</u>
Excess of revenues over expenses	<u>\$ 598,359</u>	<u>\$ -</u>	<u>\$ 598,359</u>

* Budget amounts are presented on the cash basis.

Big Sky Owners Association, Inc.
Consolidated Schedule of Revenue and Expenses – Actual to Budget
For the Year Ended September 30, 2022

	Actual	Budget* (unaudited)	Variance
REVENUES AND SUPPORT			
Assessments	\$ 962,588	\$ 937,666	\$ 24,922
Winter road maintenance - Madison County	81,402	81,402	-
Architectural fees	46,353	30,000	16,353
Compliance penalties	22,805	1,500	21,305
Title company fees	7,200	13,000	(5,800)
Rent	11,829	8,376	3,453
Interest	1,376	1,000	376
Miscellaneous	200	500	(300)
Cross-country ski fees	-	35,000	(35,000)
	<u>1,133,753</u>	<u>1,108,444</u>	<u>25,309</u>
ADMINISTRATIVE EXPENSES			
Administrative salaries	368,743	304,433	64,310
Association Dues	9,457	8,888	569
Bank and credit card fees	1,985	5,200	(3,215)
Employee benefits	69,663	90,345	(20,682)
Finance-annual audit and tax prep	8,775	9,000	(225)
Insurance	14,816	18,750	(3,934)
Meeting expense	952	2,500	(1,548)
BSAC miscellaneous	710	3,000	(2,290)
Utilities	7,616	10,000	(2,384)
Annual meeting	14,463	11,000	3,463
Communications and elections expense	11,045	9,000	2,045
Legal and compliance costs	4,783	20,000	(15,217)
Office expenses (including equipment)	14,858	14,000	858
Property taxes	3,763	3,700	63
Repairs and maintenance	389	2,000	(1,611)
Software maintenance	15,099	7,000	8,099
Telephone and internet	4,074	3,800	274
Training - travel	2,315	3,000	(685)
Total administrative expenses	<u>\$ 553,506</u>	<u>\$ 525,616</u>	<u>\$ 27,890</u>

Big Sky Owners Association, Inc.
Consolidated Schedule of Revenue and Expenses – Actual to Budget (continued)
For the Year Ended September 30, 2022

ACTIVITY EXPENSES			
BSOA events	\$ 1,450	\$ 1,500	\$ (50)
In-kind contribution and other	-	150	(150)
Cross-country ski trails	-	54,000	(54,000)
Weed control	7,790	10,000	(2,210)
BSOA projects - strategic plan	13,675	11,900	1,775
Total activity expenses	<u>22,915</u>	<u>77,550</u>	<u>(54,635)</u>
OTHER EXPENSES			
Provision for bad debts	-	10,000	(10,000)
Contingency	75	46	29
Miscellaneous and special projects	9,694	500	9,194
Total other expenses	<u>9,769</u>	<u>10,546</u>	<u>(777)</u>
ROAD EXPENSES			
Signage repair and towing	3,804	5,000	(1,196)
Winter road maintenance	467,559	469,172	(1,613)
Total road expenses	<u>471,363</u>	<u>474,172</u>	<u>(2,809)</u>
CAPITAL EXPENSES			
Depreciation	7,429	8,190	(761)
Total capital expenses	<u>7,429</u>	<u>8,190</u>	<u>(761)</u>
UNIT 17 EXPENSES			
Unit 17 - Utilities	597	200	397
Unit 17 - Repairs and maintenance	694	300	394
Unit 17 - Depreciation	7,168	7,170	(2)
Unit 17 - Property tax	1,081	1,200	(119)
Unit 17 - Insurance	1,351	300	1,051
Unit 17 - HOA dues	3,239	3,200	39
Total unit 17 expenses	<u>14,130</u>	<u>12,370</u>	<u>1,760</u>
Total expenses	<u>1,079,112</u>	<u>1,108,444</u>	<u>(29,332)</u>
Excess of revenues over expenses	<u>\$ 54,641</u>	<u>\$ -</u>	<u>\$ 54,641</u>

* Budget amounts are presented on the cash basis.

Required Supplementary Information

Big Sky Owners Association, Inc.
Schedule of Future Major Repairs, Replacements, and Projects (Unaudited)
For the Year Ended September 30, 2023

The Association has estimated the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on management’s estimated costs to repair or replace the common property.

The following information presents significant information about the components of common property.

Component	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs	Components of Members' Equity as of September 30, 2023
Condominium (Unit J)	10-15	\$ 30,000	\$ 30,000
Ponds	0-2	279,746	279,746
Pond Maintenance	5-10	100,000	100,000
Operating	10	300,985	300,985
Roads	0-4	30,000	30,000
Roads and Projects	0-5	90,474	90,474
Legal	0-2	15,000	15,000
Capital Reserve	5-40	19,739	19,739
Computer	3	6,000	6,000
Sustainability Reserve	10	5,000	5,000
Housing Reserve	0-5	75,000	75,000
Community Capital Project Reserve	1	100,000	100,000
Designated Reserve	1	150,000	150,000
Development Impact	5	50,000	50,000
		\$ 1,251,944	\$ 1,251,944

As of September 30, 2023, the Association has accumulated \$1,251,944 in its reserve fund.