

BIG SKY OWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 and 2021

BIG SKY OWNERS ASSOCIATION, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying financial statements of Big Sky Owners Association, Inc., which comprise the balance sheet as of September 30, 2022 and 2021, and the related statements of revenues and expenses, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Sky Owners Association, Inc. as of September 30, 2022 and 2021, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Big Sky Owners Association, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 Big Sky Owners Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Board of Directors

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Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 financial statements.

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

- 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 Big Sky Owners Association, Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Big Sky Owners Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenues and Expenses – Actual and Budget, on pages 12 - 15, for the years ended September 30, 2022 and 2021, is presented for purposes of additional analysis and is not a required part of the 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 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 auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

[DATE]

Board of Directors

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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 16 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

[DATE]

BIG SKY OWNERS ASSOCIATION, INC.
BALANCE SHEETS
SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 907,510	\$ 946,399
Certificates of deposit	-	28,000
Members' assessments receivable, net of allowance for doubtful accounts of \$23,010 and \$23,010, respectively	8,985	14,905
Prepaid expenses and other	<u>2,872</u>	<u>3,583</u>
Total current assets	<u>919,367</u>	<u>992,887</u>
Designated assets		
Cash and cash equivalents	<u>885,417</u>	<u>836,678</u>
Property and equipment		
Office equipment	49,712	49,712
Pond improvements	303,008	101,845
Buildings and improvements	<u>530,588</u>	<u>530,588</u>
	883,308	682,145
Accumulated depreciation	<u>(222,064)</u>	<u>(207,467)</u>
	<u>661,244</u>	<u>474,678</u>
 Total assets	 <u>\$ 2,466,028</u>	 <u>\$ 2,304,243</u>
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	\$ 69,278	\$ 37,448
Architectural committee performance deposits	873,169	799,669
Accrued vacation	<u>24,022</u>	<u>23,208</u>
Total current liabilities	<u>966,469</u>	<u>860,325</u>
Other liabilities		
Security deposit	<u>1,000</u>	<u>-</u>
Members' equity		
Undesignated	613,142	607,240
Designated		
For future repairs, replacements, and projects	<u>885,417</u>	<u>836,678</u>
	<u>1,498,559</u>	<u>1,443,918</u>
 Total liabilities and members' equity	 <u>\$ 2,466,028</u>	 <u>\$ 2,304,243</u>

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

BIG SKY OWNERS ASSOCIATION, INC.
STATEMENTS OF REVENUES AND EXPENSES
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
REVENUES AND SUPPORT		
Assessments	\$ 962,588	\$ 881,733
Winter road maintenance - Madison County	81,402	81,751
Architectural fees	46,353	32,700
Compliance penalties	22,805	2,091
Title company fees	7,200	16,125
Rent	11,829	-
Interest	1,376	805
Miscellaneous	200	8,970
Cross-country ski fees	-	43,083
	<u>1,133,753</u>	<u>1,067,258</u>
EXPENSES		
Administrative	553,506	485,474
Activity	22,915	74,111
Depreciation	7,429	7,160
Road	471,363	475,083
Unit 17	14,130	10,637
Other expenses	9,769	4,852
	<u>1,079,112</u>	<u>1,057,317</u>
Excess of revenues and expenses	<u>\$ 54,641</u>	<u>\$ 9,941</u>

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

BIG SKY OWNERS ASSOCIATION, INC.
 STATEMENTS OF CHANGES IN MEMBERS' EQUITY
 YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	Undesignated	Designated for Future Repairs and Replacements	Total
Members' equity October 1, 2020	\$ 353,640	\$ 1,080,337	\$ 1,433,977
Excess of revenues over expenses	9,941	-	9,941
Transfers	<u>243,659</u>	<u>(243,659)</u>	<u>-</u>
Members' equity September 30, 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	<u>\$ 613,142</u>	<u>\$ 885,417</u>	<u>\$ 1,498,559</u>

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

BIG SKY OWNERS ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Cash received from assessments	\$ 968,508	\$ 890,083
Cash received from Madison County winter road maintenance	81,402	81,751
Cash received from penalties and fees	76,358	50,916
Cash received from cross-country ski fees	-	43,083
Cash received from rent	12,829	-
Cash received from other sources	200	8,970
Interest received	1,376	805
Cash paid to employees and suppliers	<u>(1,031,161)</u>	<u>(1,001,030)</u>
Net cash provided (used) by operating activities	<u>109,512</u>	<u>74,578</u>
Cash flows from investing activities:		
Proceeds from sale of investments	28,000	-
Architectural committee performance deposits	73,500	(84,527)
Purchase of property and equipment	<u>(201,162)</u>	<u>(293,659)</u>
Net cash provided (used) by investing activities	<u>(99,662)</u>	<u>(378,186)</u>
Net change in cash	9,850	(303,608)
Cash and cash equivalents at beginning of year	<u>1,783,077</u>	<u>2,086,685</u>
Cash and cash equivalents at end of year	<u>\$ 1,792,927</u>	<u>\$ 1,783,077</u>
Cash and cash equivalents as presented on the balance sheets:		
Cash and cash equivalents	\$ 907,510	\$ 946,399
Designated cash and cash equivalents	<u>885,417</u>	<u>836,678</u>
	<u>\$ 1,792,927</u>	<u>\$ 1,783,077</u>

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

BIG SKY OWNERS' ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
<u>Reconciliation of excess of revenues and expenses to cash provided (used) by operating activities:</u>		
Change in net assets	\$ <u>54,641</u>	\$ <u>9,941</u>
Adjustments to reconcile excess of revenues and expenses to cash provided (used) by operating activities:		
Depreciation	14,596	12,458
Changes in assets and liabilities:		
Members' assessments receivable	5,920	8,350
Prepaid expenses and other	711	525
Accounts payable	31,830	31,503
Accrued vacation	814	11,801
Security deposit	1,000	-
Total adjustments	<u>54,871</u>	<u>64,637</u>
Net cash provided (used) by operating activities	<u>\$ <u>109,512</u></u>	<u>\$ <u>74,578</u></u>

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

BIG SKY OWNERS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 and 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activity

Big Sky Owners Association, Inc. (the Association) is incorporated as a nonprofit 501(c)(4) corporation in the State of Montana. The Association 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. The Association represents approximately 2,400 membership interests and is located in Big Sky, Montana.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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.

Assessments receivable at the 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.

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 statement 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 other improvements	7-39 years

BIG SKY OWNERS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 and 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation (continued)

Depreciation expense amounted to \$14,596 and \$12,458 for the years ended September 30, 2022 and 2021, respectively.

Compensated Leave

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

Income Taxes

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

The Association has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2018, 2019, 2020 and 2021 tax years.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. BUILDINGS AND IMPROVEMENTS

Buildings and improvements consist of the following as of September 30:

	<u>2022</u>	<u>2021</u>
Condominium Unit J	\$ 162,131	\$ 162,131
Building Improvements	88,931	88,931
Condominium Unit 17	<u>279,526</u>	<u>279,526</u>
	<u>\$ 530,588</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 \$22,576 and \$17,089 for years ended September 30, 2022 and 2021, respectively.

BIG SKY OWNERS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 and 2021

NOTE 4. CONTINGENCIES AND COMMITMENTS

Snow Removal

The Association has contracts for snow removal on approximately 25 miles of roads for the 2021/2022 – 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:

Fiscal year	Total payments	Total reimbursements
2022-2023	\$ 474,959	\$ 86,840
2023-2024	\$ 484,808	\$ 88,614
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, 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 financial statements.

NOTE 5. CROSS-COUNTRY SKIING AGREEMENT

During the year ended September 30, 2021, the Association entered into an agreement with Lone Mountain Ranch (LMR) to allow access to LMR's ski trail system by Association members. The Association recognized an expense of \$53,120 as of September 30, 2021 for the payments made to LMR. Members paid either LMR or the Association for season passes throughout the ski season, with revenue remitted back to the Association, net of a \$1.50 per pass administrative fee. The revenue recognized for these passes was \$43,083 as of September 30, 2021.

The Association did not have an agreement with LMR during the year ended September 30, 2022.

NOTE 6. FUTURE MAJOR REPAIRS, REPLACEMENTS, AND PROJECTS

The Association's reserve policy requires funds to be accumulated for services, contingencies and future major repairs, replacements, and projects. The reserve for future repairs, replacements, and projects of the common property is funded by excess annual assessments. The Board of Directors review the reserve account annually. The reserves may be used to purchase new or replacement assets or major repairs of Association assets. However, the Board may occasionally authorize the use of funds in the reserve account to fund short-term deficits in the operations budget.

BIG SKY OWNERS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 and 2021

NOTE 6. FUTURE MAJOR REPAIRS, REPLACEMENTS, AND PROJECTS (CONTINUED)

The designated funds for future major repairs, replacements and projects were \$885,417 and \$836,678 as of September 30, 2022 and 2021. 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.

NOTE 7. SUBSEQUENT EVENTS

The Association has evaluated all subsequent events through [DATE], the date the financial statements were available to be issued. There was a settlement finalized in December 2022 that resulted in the Association receiving \$150,000. This settlement relates to an account receivable that was previously written-off.

SUPPLEMENTARY INFORMATION

BIG SKY OWNERS ASSOCIATION, INC.
SCHEDULE OF REVENUES AND EXPENSES
ACTUAL AND BUDGET
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.
SCHEDULE OF REVENUES AND EXPENSES
ACTUAL AND BUDGET (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022

	Actual	Budget* (unaudited)	Variance
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	<u>13,675</u>	<u>11,900</u>	<u>1,775</u>
Total activity expenses	<u>22,915</u>	<u>77,550</u>	<u>(54,635)</u>
OTHER EXPENSES (INCOME)			
Provision for bad debts	-	10,000	(10,000)
Contingency	75	46	29
Miscellaneous and Special Projects	<u>9,694</u>	<u>500</u>	<u>9,194</u>
Total other expenses (income)	<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	<u>467,559</u>	<u>469,172</u>	<u>(1,613)</u>
Total road expenses	<u>471,363</u>	<u>474,172</u>	<u>(2,809)</u>
CAPTIAL EXPENSES			
Depreciation	<u>7,429</u>	<u>8,190</u>	<u>(761)</u>
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	<u>3,239</u>	<u>3,200</u>	<u>39</u>
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 and expenses	<u>\$ 54,641</u>	<u>\$ -</u>	<u>\$ 54,641</u>

* Budget amounts are presented on the cash basis.

BIG SKY OWNERS ASSOCIATION, INC.
SCHEDULE OF REVENUES AND EXPENSES
ACTUAL AND BUDGET
YEAR ENDED SEPTEMBER 30, 2021

	Actual	Budget* (unaudited)	Variance
REVENUES AND SUPPORT			
Assessments	\$ 881,733	\$ 870,000	\$ 11,733
Winter road maintenance - Madison County	81,751	81,751	-
Architectural fees	32,700	29,000	3,700
Compliance penalties	2,091	19,000	(16,909)
Title company fees	16,125	8,500	7,625
Interest	805	15,550	(14,745)
Miscellaneous	8,970	7,000	1,970
Cross-country ski fees	<u>43,083</u>	<u>32,000</u>	<u>11,083</u>
	<u>1,067,258</u>	<u>1,062,801</u>	<u>4,457</u>
ADMINISTRATIVE EXPENSES			
Administrative salaries	273,745	299,377	(25,632)
Association dues	8,119	8,800	(681)
Bank and credit card fees	2,164	2,000	164
Employee benefits	68,116	73,055	(4,939)
Finance-annual audit and tax prep	20,150	10,000	10,150
Insurance	18,507	14,729	3,778
Meeting expense	73	2,500	(2,427)
BSAC miscellaneous	-	2,000	(2,000)
Utilities	8,063	9,500	(1,437)
Annual meeting	1,870	11,000	(9,130)
Communications and elections expense	11,158	9,000	2,158
Legal and compliance costs	29,592	103,000	(73,408)
Office expenses (including equipment)	21,381	13,500	7,881
Property taxes	3,600	3,500	100
Repairs and maintenance	773	1,500	(727)
Software maintenance	13,404	7,500	5,904
Telephone and internet	3,459	3,500	(41)
Training - travel	<u>1,300</u>	<u>2,500</u>	<u>(1,200)</u>
Total administrative expenses	<u>485,474</u>	<u>576,961</u>	<u>(91,487)</u>

BIG SKY OWNERS ASSOCIATION, INC.
SCHEDULE OF REVENUES AND EXPENSES
ACTUAL AND BUDGET (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2021

	Actual	Budget* (unaudited)	Variance
ACTIVITY EXPENSES			
BSOA events	-	2,000	(2,000)
Donation	5,000	-	5,000
In-kind contribution and other	-	150	(150)
Cross-country ski trails	53,120	54,000	(880)
Weed control	<u>15,990</u>	<u>13,000</u>	<u>2,990</u>
Total activity expenses	<u>74,110</u>	<u>69,150</u>	<u>4,960</u>
OTHER EXPENSES (INCOME)			
Provision for bad debts	2,537	34,800	(32,263)
Contingency	2,113	-	2,113
Miscellaneous	<u>5,542</u>	<u>-</u>	<u>5,542</u>
Total other expenses (income)	<u>10,192</u>	<u>34,800</u>	<u>(24,608)</u>
ROAD EXPENSES			
Signage repair and towing	2,000	2,000	-
Winter road maintenance	<u>473,083</u>	<u>474,802</u>	<u>(1,719)</u>
Total road expenses	<u>475,083</u>	<u>476,802</u>	<u>(1,719)</u>
CAPITAL EXPENSES			
Depreciation	<u>12,458</u>	<u>7,822</u>	<u>4,636</u>
Total capital expenses	<u>12,458</u>	<u>7,822</u>	<u>4,636</u>
Total expenses	<u>1,057,317</u>	<u>1,165,535</u>	<u>(108,218)</u>
Excess of revenues and expenses	<u>\$ 9,941</u>	<u>\$ (102,734)</u>	<u>\$ 112,675</u>

* Budget amounts are presented on the cash basis.

BIG SKY OWNERS ASSOCIATION, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS,
REPLACEMENTS, AND PROJECTS (UNAUDITED)
SEPTEMBER 30, 2022

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, 2022
Condominium (Unit J)	10-15	\$ 30,000	\$ 30,000
Ponds	0-2	293,362	293,362
Pond Maintenance	5-10	100,000	100,000
Operating	10	301,985	301,985
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	14,596	14,596
Computer	3	5,000	5,000
Sustainability Reserve	10	5,000	5,000
		<u>\$ 885,417</u>	<u>\$ 885,417</u>

As of September 30, 2022, the Association has accumulated \$885,417 in its reserve fund.