

BIG SKY OWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

BIG SKY OWNERS ASSOCIATION, INC.

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3382 Monida Street
Bozeman, Montana 59718
Tel: 406.209.0411
barndtcpa.com

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Big Sky Owners Association, Inc. (the Association), which comprise the balance sheets as of September 30, 2020 and 2019, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of September 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

[DATE]

Board of Directors

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Emphasis of Matter

As discussed in Note 7 to the financial statements, the Association changed its method of accounting for revenue from contracts with members as of October 1, 2018. My opinion is not modified with respect to this matter.

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, 2020 and 2019, 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.

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, 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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,006,348	\$ 1,044,243
Certificates of deposit	28,000	28,000
Members' assessments receivable, net of allowance for doubtful accounts of \$23,210 and \$23,010, respectively	23,255	7,618
Prepaid expenses and other	<u>4,108</u>	<u>5,463</u>
Total current assets	<u>1,061,711</u>	<u>1,085,324</u>
Designated assets		
Cash and cash equivalents	<u>1,080,337</u>	<u>1,080,337</u>
Property and equipment		
Office equipment	44,712	44,712
Pond improvements	92,712	92,712
Buildings and improvements	<u>251,062</u>	<u>251,062</u>
	388,486	388,486
Accumulated depreciation	<u>(195,009)</u>	<u>(187,163)</u>
	<u>193,477</u>	<u>201,323</u>
 Total assets	 <u>\$ 2,335,525</u>	 <u>\$ 2,366,984</u>
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	\$ 5,945	\$ 4,232
Architectural committee performance deposits	884,196	926,996
Accrued vacation	<u>11,407</u>	<u>16,921</u>
Total current liabilities	<u>901,548</u>	<u>948,149</u>
Members' equity		
Undesignated	353,640	338,498
Designated		
For future repairs, replacements, and projects	<u>1,080,337</u>	<u>1,080,337</u>
	<u>1,433,977</u>	<u>1,418,835</u>
 Total liabilities and members' equity	 <u>\$ 2,335,525</u>	 <u>\$ 2,366,984</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, 2020 AND 2019

	2020	2019
REVENUES AND SUPPORT		
Assessments	\$ 856,701	\$ 861,209
Winter road maintenance - Madison County	79,372	78,668
Architectural fees	34,700	29,750
Compliance penalties	12,444	12,994
Title company fees	8,270	8,650
Interest	19,433	30,784
Miscellaneous	3,927	8,483
Cross-country ski fees	<u>32,865</u>	<u>35,670</u>
	<u>1,047,712</u>	<u>1,066,208</u>
 EXPENSES		
Administrative	475,785	461,817
Activity	83,917	144,985
Capital	7,846	8,046
Road	460,580	449,314
Other expenses (income)	<u>4,442</u>	<u>6,567</u>
	<u>1,032,570</u>	<u>1,070,729</u>
 Excess of revenues and expenses	 <u>\$ 15,142</u>	 <u>\$ (4,521)</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, 2020 AND 2019

	Undesignated	Designated for Future Repairs and Replacements	Total
Members' equity October 1, 2018	\$ 343,019	\$ 1,080,337	\$ 1,423,356
Excess of revenues over expenses	<u>(4,521)</u>	<u>-</u>	<u>(4,521)</u>
Members' equity September 30, 2019	338,498	1,080,337	1,418,835
Excess of revenues over expenses	<u>15,142</u>	<u>-</u>	<u>15,142</u>
Members' equity September 30, 2020	<u>\$ 353,640</u>	<u>\$ 1,080,337</u>	<u>\$ 1,433,977</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, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Cash received from assessments	\$ 841,064	\$ 865,390
Cash received from winter road maintenance	79,372	78,668
Cash received from penalties and fees	53,364	51,394
Cash received from cross-country ski fees	32,865	35,670
Cash received from other sources	3,927	8,483
Interest received	19,433	30,784
Cash paid to employees and suppliers	<u>(1,025,120)</u>	<u>(1,081,433)</u>
Net cash provided (used) by operating activities	<u>4,905</u>	<u>(11,044)</u>
Cash flows from investing activities:		
Architectural committee performance deposits	<u>(42,800)</u>	<u>153,753</u>
Net cash provided (used) by investing activities	<u>(42,800)</u>	<u>153,753</u>
Net change in cash	(37,895)	142,709
Cash and cash equivalents at beginning of year	<u>2,124,580</u>	<u>1,981,871</u>
Cash and cash equivalents at end of year	<u>\$ 2,086,685</u>	<u>\$ 2,124,580</u>
Cash and cash equivalents as presented on the balance sheets:		
Cash and cash equivalents	\$ 1,006,348	\$ 1,044,243
Designated cash and cash equivalents	<u>1,080,337</u>	<u>1,080,337</u>
	<u>\$ 2,086,685</u>	<u>\$ 2,124,580</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, 2020 AND 2019

	2020	2019
<u>Reconciliation of excess of revenues and expenses to cash provided (used) by operating activities:</u>		
Change in net assets	\$ <u>15,142</u>	\$ <u>(4,521)</u>
Adjustments to reconcile excess of revenues and expenses to cash provided (used) by operating activities:		
Depreciation	7,846	7,845
Changes in assets and liabilities:		
Member assessments receivable	(15,637)	4,181
Prepaid expenses and other	1,355	900
Accounts payable	1,713	(14,236)
Accrued liabilities	-	(4,507)
Accrued vacation	(5,514)	(706)
Total adjustments	<u>(10,237)</u>	<u>(6,523)</u>
Net cash provided (used) by operating activities	<u>\$ 4,905</u>	<u>\$ (11,044)</u>

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

BIG SKY OWNERS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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 2,300 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. As of September 30, 2020 and 2019, the Association held approximately \$ - and \$60,000 in excess of federal deposit insurance coverage (FDIC) at local financial institutions, respectively.

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 of 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, 2020 AND 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation (continued)

Depreciation expense amounted to \$7,846 and \$7,845 for the years ended September 30, 2020 and 2019, 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 2016, 2017, 2018 and 2019 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>2020</u>	<u>2019</u>
Condominium Unit J	\$ 162,131	\$ 162,131
Building Improvements	<u>88,931</u>	<u>88,931</u>
	<u>\$ 251,062</u>	<u>\$ 251,062</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 \$14,402 and \$12,991 for years ended September 30, 2020 and 2019, respectively.

BIG SKY OWNERS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 4. CONTINGENCIES AND COMMITMENTS

Snow Removal

The Association has contracts for snow removal on approximately 25 miles of roads for a total annual contract price ranging from \$420,583 to \$464,207. The contracts began in fiscal year 2017 and extend through 2021. Snow removal costs were \$459,990 and \$446,535 for the years ended September 30, 2020 and 2019, respectively.

NOTE 5. CROSS-COUNTRY SKIING AGREEMENT

Annually, the Association enters 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 \$53,975 and \$53,185 as of September 30, 2020 and 2019, respectively, for the payments made to LMR during these years. Members pay 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 \$32,865 and \$35,670 as of September 30, 2020 and 2019, respectively.

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.

The designated funds for future major repairs, replacements and projects were \$1,080,337 as of September 30, 2020 and 2019. 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. FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, *Real Estate – Common Interest Realty Associations, Revenue Recognition*, and requires the recognition of revenue when promised goods and services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services.

BIG SKY OWNERS ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 7. FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION (CONTINUED)

The Association adopted the new guidance as of October 1, 2018. The transition to the new revenue standard did not result in an adjustment to opening members' equity and the Association expects the adoption of the new standard to have an immaterial impact to its results of operations on an ongoing basis.

NOTE 8. SUBSEQUENT EVENTS

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread. Business continuity could be impacted for months as significant and unprecedented measures are taken to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

The Association has evaluated all subsequent events through [DATE], the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

BIG SKY OWNERS ASSOCIATION, INC.
SCHEDULE OF REVENUES AND EXPENSES
ACTUAL AND BUDGET
YEAR ENDED SEPTEMBER 30, 2020

	Actual	Budget* (unaudited)	Variance
REVENUES AND SUPPORT			
Assessments	\$ 856,701	\$ 863,362	\$ (6,661)
Winter road maintenance - Madison County	79,372	79,372	-
Architectural fees	34,700	30,200	4,500
Compliance penalties	12,444	14,000	(1,556)
Title company fees	8,270	9,500	(1,230)
Interest	19,433	15,000	4,433
Miscellaneous	3,927	1,000	2,927
Cross-country ski fees	<u>32,865</u>	<u>35,000</u>	<u>(2,135)</u>
	<u>1,047,712</u>	<u>1,047,434</u>	<u>278</u>
ADMINISTRATIVE EXPENSES			
Administrative salaries	284,912	275,876	9,036
Association dues	8,597	7,672	925
Bank and credit card fees	2,624	5,030	(2,406)
Employee benefits	60,396	76,871	(16,475)
Finance-annual audit and tax prep	-	10,000	(10,000)
Insurance	14,534	12,567	1,967
Intuit on-line deposit fees	4,645	4,500	145
Meeting expense	2,639	2,000	639
BSAC miscellaneous	1,639	3,000	(1,361)
Utilities	10,094	9,150	944
Annual meeting	-	11,000	(11,000)
Communications	2,979	4,000	(1,021)
Elections expense	5,831	4,000	1,831
Legal and compliance costs	44,954	20,000	24,954
Office expenses (including equipment)	15,147	12,155	2,992
Property taxes	3,376	4,300	(924)
Repairs and maintenace	787	1,000	(213)
Software maintenance	7,170	7,000	170
Telephone and internet	3,746	4,000	(254)
Training - travel	<u>1,715</u>	<u>2,500</u>	<u>(785)</u>
Total administrative expenses	<u>475,785</u>	<u>476,621</u>	<u>(836)</u>

BIG SKY OWNERS ASSOCIATION, INC.
SCHEDULE OF REVENUES AND EXPENSES
ACTUAL AND BUDGET (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020

	Actual	Budget* (unaudited)	Variance
ACTIVITY EXPENSES			
BSOA events	1,222	2,000	(778)
BSOA projects	3,488	-	3,488
HCR donation	2,400	2,400	-
BSCO membership donation	15,000	15,000	-
Skyline Bus donation	-	10,000	(10,000)
In-kind contribution and other	479	2,100	(1,621)
Cross-country ski trails	53,975	52,000	1,975
Weed control	<u>7,353</u>	<u>13,000</u>	<u>(5,647)</u>
Total activity expenses	<u>83,917</u>	<u>96,500</u>	<u>(12,583)</u>
OTHER EXPENSES (INCOME)			
Provision for bad debts	2,050	5,000	(2,950)
Contingency	172	-	172
Miscellaneous	<u>2,220</u>	<u>100</u>	<u>2,120</u>
Total other expenses (income)	<u>4,442</u>	<u>5,100</u>	<u>(658)</u>
ROAD EXPENSES			
Signage repair and towing	590	-	590
Winter road maintenance	<u>459,990</u>	<u>460,990</u>	<u>(1,000)</u>
Total road expenses	<u>460,580</u>	<u>460,990</u>	<u>(410)</u>
CAPITAL EXPENSES			
Depreciation	<u>7,846</u>	<u>8,223</u>	<u>(377)</u>
Total capital expenses	<u>7,846</u>	<u>8,223</u>	<u>(377)</u>
Total expenses	<u>1,032,570</u>	<u>1,047,434</u>	<u>(14,864)</u>
Excess of revenues and expenses	<u>\$ 15,142</u>	<u>\$ -</u>	<u>\$ 15,142</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, 2019

	Actual	Budget* (unaudited)	Variance
REVENUES AND SUPPORT			
Assessments	861,209	\$ 854,000	\$ 7,209
Winter road maintenance - Madison County	78,668	77,058	1,610
Architectural fees	29,750	24,000	5,750
Compliance penalties	12,994	-	12,994
Title company fees	8,650	8,500	150
Interest	30,784	9,900	20,884
Miscellaneous	8,483	900	7,583
Cross-country ski fees	35,670	40,000	(4,330)
	<u>1,066,208</u>	<u>1,014,358</u>	<u>51,850</u>
ADMINISTRATIVE EXPENSES			
Administrative salaries	268,828	244,512	24,316
Association dues	8,594	7,600	994
Bank and credit card fees	4,289	3,636	653
Employee benefits	55,397	76,156	(20,759)
Finance-annual audit and tax prep	9,537	10,000	(463)
Insurance	15,525	12,306	3,219
Intuit on-line deposit fees	1,667	-	1,667
Meeting expense	2,586	2,000	586
BSAC miscellaneous	2,006	3,000	(994)
Utilities	9,684	8,400	1,284
Annual meeting	10,670	12,000	(1,330)
Communications	8,838	3,300	5,538
Elections expense	-	3,600	(3,600)
Legal and compliance costs	29,519	10,000	19,519
Office expenses (including equipment)	14,908	12,200	2,708
Property taxes	4,387	4,260	127
Repairs and maintenace	947	2,000	(1,053)
Software maintenance	7,972	7,000	972
Telephone and internet	3,392	4,500	(1,108)
Training - travel	3,071	3,000	71
Total administrative expenses	<u>461,817</u>	<u>429,470</u>	<u>32,347</u>

BIG SKY OWNERS ASSOCIATION, INC.
SCHEDULE OF REVENUES AND EXPENSES
ACTUAL AND BUDGET (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019

	Actual	Budget* (unaudited)	Variance
ACTIVITY EXPENSES			
BSOA events	1,179	2,000	(821)
BSOA projects	630	5,500	(4,870)
Pond expenses	-	10,000	(10,000)
HCR donation	7,400	2,400	5,000
BSCO membership donation	65,000	15,000	50,000
Skyline Bus donation	10,000	10,000	-
Little Coyote bridge expense	-	30,000	(30,000)
In-kind contribution and other	210	300	(90)
Cross-country ski trails	53,185	53,000	185
Weed control	<u>7,381</u>	<u>12,500</u>	<u>(5,119)</u>
Total activity expenses	<u>144,985</u>	<u>140,700</u>	<u>4,285</u>
OTHER EXPENSES (INCOME)			
Provision for bad debts	-	-	-
Contingency	-	5,613	(5,613)
Miscellaneous	<u>6,567</u>	<u>2,500</u>	<u>4,067</u>
Total other expenses (income)	<u>6,567</u>	<u>8,113</u>	<u>(1,546)</u>
ROAD EXPENSES			
Signage repair and towing	2,779	-	2,779
Winter road maintenance	<u>446,535</u>	<u>445,653</u>	<u>882</u>
Total road expenses	<u>449,314</u>	<u>445,653</u>	<u>3,661</u>
CAPITAL EXPENSES			
Depreciation	<u>8,046</u>	<u>7,200</u>	<u>846</u>
Total capital expenses	<u>8,046</u>	<u>7,200</u>	<u>846</u>
Total expenses	<u>1,070,729</u>	<u>1,031,136</u>	<u>39,593</u>
Excess of revenues and expenses	<u>\$ (4,521)</u>	<u>\$ (16,778)</u>	<u>\$ 12,257</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, 2020

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, 2020
Condominium	10-15	\$ 30,000	\$ 30,000
Ponds	0-2	500,000	503,659
Pond Maintenance	5-10	100,000	100,000
Operating	10	250,000	246,678
Roads	0-4	30,000	30,000
Roads and Projects	0-5	150,000	150,000
Legal	0-2	15,000	15,000
Computer	0-2	-	5,000
		<u>\$ 1,075,000</u>	<u>\$ 1,080,337</u>

As of September 30, 2020, the Association has accumulated \$1,116,687 in its reserve fund. This includes \$1,080,337 designated for future repairs and replacements, and \$36,350 in undesignated interest earned to date.