

**Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)**

Financial Statements

December 31, 2023

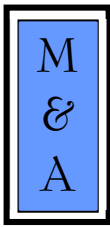


**Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)**

**Financial Statements
December 31, 2023**

Table of Contents

	Page(s)
INDEPENDENT AUDITOR'S REPORT	1 – 3
Balance Sheets	4
Statements of Revenues, Expenses and Changes in Fund Balances	5
Statements of Cash Flows	6
Notes to the Financial Statements	7 – 11
Supplemental Schedules:	
Schedule of Operating Fund – Budget and Actual Comparison	12 - 14
Schedule of Capital Fund Expenses	15
Schedules of Reserve Fund Expenses	16
Schedule of Future Major Repairs and Replacements	17



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Pagosa Lakes Property Owners Association
Pagosa Springs, Colorado**

Opinion

We have audited the financial statements of Pagosa Lakes Property Owners Association (the "Association"), which comprise the balance sheets as of December 31, 2023 and the related statements of revenues, expenses and changes in fund balances, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2023 and the results of its operations and its cash flows for the year 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

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
MATTHEW D. MILLER, CPA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Pagosa Lakes Property Owners Association
Pagosa Springs, 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 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 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 schedules on pages 12 – 16 are presented for purposes of additional analysis and are 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 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
Pagosa Lakes Property Owners Association
Pagosa Springs, Colorado

Required Supplementary Information

U.S. GAAP requires that the supplementary information on future major repairs and replacements on page 17 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited the Association's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 17, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
April 17, 2024

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Balance Sheets
December 31, 2023
(With Comparative Totals For December 31, 2022)

	2023				2022	
	Operating Fund	Capital Fund	Reserve Fund	Settlement Fund	Total	Total
Assets:						
Cash and cash equivalents	412,581	288,143	607,739	-	1,308,463	1,707,793
Investments - Certificates of deposit	318,955	250,360	510,032	-	1,079,347	328,136
Accounts receivable, net	32,558	-	-	-	32,558	32,647
Prepaid expenses	52,932	-	-	-	52,932	34,150
Property and equipment, net	4,005,962	-	-	-	4,005,962	4,100,763
Due (to) from other fund	(54,000)	-	54,000	-	-	-
Total Assets	4,768,988	538,503	1,171,771	-	6,479,262	6,203,489
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	59,959	3,024	6,692	-	69,675	57,047
Accrued payroll and compensated absences	60,251	-	-	-	60,251	46,748
Deferred assessments	23,004	-	-	-	23,004	19,549
Contract liability	136,691	-	-	-	136,691	128,578
Total Liabilities	279,905	3,024	6,692	-	289,621	251,922
Fund Balances:						
Investment in property and equipment, net	4,005,962	-	-	-	4,005,962	4,100,763
Operating Fund balance	233,121	-	-	-	233,121	75,000
Designated - Emergency contingency	250,000	-	-	-	250,000	250,000
Designated - Capital Fund balance	-	535,479	-	-	535,479	537,033
Designated - Reserve Fund balance	-	-	1,165,079	-	1,165,079	914,375
Restricted - Settlement Fund balance	-	-	-	-	-	74,396
Total Fund Balances	4,489,083	535,479	1,165,079	-	6,189,641	5,951,567
Total Liabilities and Fund Balances	4,768,988	538,503	1,171,771	-	6,479,262	6,203,489

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

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Statements of Revenues, Expenses and Changes in Fund Balances
For the Year Ended December 31, 2023
(With Comparative Totals For the Year Ended December 31, 2022)

	2023				2022	
	Operating Fund	Capital Fund	Reserve Fund	Settlement Fund	Total	Total
Revenues:						
Assessments and related fees	1,615,354	313,740	602,236	-	2,531,330	2,367,621
Property and environmental management	174,578	-	-	-	174,578	176,887
Recreational amenities	559,076	-	-	-	559,076	480,945
Community standards fees and fines	146,710	-	-	-	146,710	150,473
Community lifestyle	30,595	-	-	-	30,595	11,813
Other revenue	227,222	-	-	-	227,222	45,824
Interest income	23,084	13,434	24,528	964	62,010	7,270
Total Revenues	2,776,619	327,174	626,764	964	3,731,521	3,240,833
Expenses:						
Administrative services	797,456	-	20	-	797,476	737,767
Property and environmental management	684,132	-	-	-	684,132	618,683
Recreational amenities	565,997	-	-	-	565,997	479,319
Community standards	463,717	-	-	-	463,717	445,191
Community lifestyle	60,058	-	-	-	60,058	43,022
Utilities	44,653	-	-	-	44,653	44,855
Bad debt expense	2,485	-	-	-	2,485	43,737
Depreciation	188,051	-	-	-	188,051	201,880
Loss on disposal of fixed assets	-	-	-	-	-	2,485
Capital improvement (Page 15)	-	334,273	-	-	334,273	328,738
Replacement (Page 16)	-	-	352,605	-	352,605	474,118
Total Expenses	2,806,549	334,273	352,625	-	3,493,447	3,419,795
Excess (Deficiency) of Revenues Over Expenses	(29,930)	(7,099)	274,139	964	238,074	(178,962)
Fund Balances - Beginning	4,425,763	537,033	914,375	74,396	5,951,567	6,130,529
Transfer from / (to) other fund(s), net	93,250	5,545	(23,435)	(75,360)	-	-
Fund Balances - Ending	4,489,083	535,479	1,165,079	-	6,189,641	5,951,567

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

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Statements of Cash Flows
For the Year Ended December 31, 2023
(With Comparative Totals For the Year Ended December 31, 2022)

	2023				2022	
	Operating Fund	Capital Fund	Reserve Fund	Settlement Fund	Total	Total
Cash Flows From Operating Activities:						
Cash received from owners	2,537,959	313,740	602,236	-	3,453,935	3,257,452
Interest received	23,128	13,074	24,496	964	61,662	8,143
Other cash receipts	227,233	-	-	-	227,233	45,533
Cash paid for goods and services	(887,162)	(335,340)	(352,122)	-	(1,574,624)	(1,665,822)
Cash paid for payroll and employee benefits	(1,723,423)	-	-	-	(1,723,423)	(1,540,055)
Transfers	(101,598)	230,958	(54,000)	(75,360)	-	-
Net Cash Provided (Used) by Operating Activities	<u>76,137</u>	<u>222,432</u>	<u>220,610</u>	<u>(74,396)</u>	<u>444,783</u>	<u>105,251</u>
Cash Flows From Investing Activities:						
Cash paid to purchase investments	(319,000)	(250,000)	(510,000)	-	(1,079,000)	(125,138)
Cash received from sale / redemption of investments	124,795	-	203,342	-	328,137	408,214
Cash paid to purchase equipment	-	(69,815)	(23,435)	-	(93,250)	(177,065)
Cash received on sale of equipment	-	-	-	-	-	35,254
Net Cash Provided (Used) by Investing Activities	<u>(194,205)</u>	<u>(319,815)</u>	<u>(330,093)</u>	<u>-</u>	<u>(844,113)</u>	<u>141,265</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(118,068)	(97,383)	(109,483)	(74,396)	(399,330)	246,516
Cash and Cash Equivalents - Beginning	530,649	385,526	717,222	74,396	1,707,793	1,461,277
Cash and Cash Equivalents - Ending	<u>412,581</u>	<u>288,143</u>	<u>607,739</u>	<u>-</u>	<u>1,308,463</u>	<u>1,707,793</u>
Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:						
Excess (deficiency) of revenues over expenses	(29,930)	(7,099)	274,139	964	238,074	(178,962)
Adjustments:						
Depreciation	188,051	-	-	-	188,051	201,880
Earnings on investments	44	(360)	(32)	-	(348)	873
Transfer (to)/from other fund	(101,598)	230,958	(54,000)	(75,360)	-	-
(Gain)/loss on sale of assets	-	-	-	-	-	2,485
(Increase) decrease - Accounts receivable	60,485	-	-	-	60,485	120,260
Increase (decrease) - Allowance for doubtful accounts	(60,407)	-	-	-	(60,407)	(71,960)
(Increase) decrease - Accounts receivable - Other	11	-	-	-	11	(291)
(Increase) decrease - Prepaid expenses	(18,782)	-	-	-	(18,782)	8,750
Increase (decrease) - Accounts payable	13,192	(1,067)	503	-	12,628	21,902
Increase (decrease) - Accrued payroll and compensated absences	13,503	-	-	-	13,503	(18,614)
Increase (decrease) - Deferred assessments	3,455	-	-	-	3,455	(11,809)
Increase (decrease) - Contract liability	8,113	-	-	-	8,113	30,737
Total Adjustments	<u>106,067</u>	<u>229,531</u>	<u>(53,529)</u>	<u>(75,360)</u>	<u>206,709</u>	<u>284,213</u>
Net Cash Provided (Used) by Operating Activities	<u>76,137</u>	<u>222,432</u>	<u>220,610</u>	<u>(74,396)</u>	<u>444,783</u>	<u>105,251</u>

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

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2023

1. Organization

Pagosa Lakes Property Owners Association (the "Association") was incorporated March 14, 1972, in the State of Colorado as a non-profit corporation organized for the purpose of operating and maintaining the common property of the Association, pursuant to the Declaration of Restrictions (the "Declaration") recorded June 24, 1970.

The Association, which is located in Archuleta County, Colorado, consists of 6,031 whole-owned units and 329 timeshare units.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting, which recognizes revenues when assessed or earned, and expenses when incurred.

B. Fund Accounting

The Association uses the fund method of accounting, which requires that funds, such as operating funds and funds for future major repairs and replacements, 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 Association's Board of Directors (the "Board") and General Manager, and consistent with the approved annual budget. The Capital Fund consists of Operating Fund balances designated by the Board in the annual budget for expansion of the Association's parks, trails, open space and recreation amenities, as guided by the Association's *Parks, Trails, Open Space and Recreation Master Plan*. The Reserve Fund is designated for major repairs and replacements. The Settlement Fund accounts for funds received pursuant to a court order following the bankruptcy of a related developer in 1997, with expenditures restricted to benefit only specific communities / property owners within the Association.

C. Cash, Cash Equivalents, and Investments

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 such funds are highly liquid with no stated maturities.

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".

D. Allowance for Doubtful Accounts

The Association utilizes the allowance method of recognizing the future potential uncollectibility of unpaid owner assessments and other receivables. An allowance for allowance for doubtful accounts of \$40,774 has been recorded at December 31, 2023 to provide for the possibility of some balances not being collected.

The Association's policy is to retain legal counsel and place liens on the properties of owners who are delinquent in paying their assessments. Accounts are considered delinquent if assessments are not received by May 1 of the year in which the assessment was levied.

**Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2023
(Continued)**

2. Summary of Significant Accounting Policies (continued)

E. Prepaid Expenses

Prepaid expenses represent amounts paid in the current fiscal year that benefit subsequent fiscal years.

F. Recognition of Assets

Real and personal common property acquired by the original members from the developer is recognized in the Association's financial statements; however, its disposition by the Board is restricted.

The Association recognizes as assets on its financial statements only real and personal property with an acquisition cost greater than \$5,000, to which the Association holds title and can dispose of for cash, while retaining the proceeds thereto. These assets are recorded at cost and, other than land and lakes, are depreciated, using the straight-line method, over the following estimated useful lives:

	Estimated Useful Lives
Furniture, equipment and vehicles	3 - 10 years
Buildings and improvements	30 - 40 years

G. Deferred Assessments

Deferred assessments represents assessments paid in advance of the fiscal year in which the assessments are due.

H. Revenue and Revenue Recognition

Assessments are the primary source of revenue for the Association. The Board, with the assistance of management, prepares an annual budget to estimate the 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.

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 various administrative fees and fines as earned upon provision of the underlying goods or service. Fishing and boating permits expire each calendar year-end, so the related revenues are recognized ratably from receipt through the end of the year. Recreation center passes are valid for one year from the date of purchase, so pass revenues are recognized ratably over the one-year use period. All such revenues are non-refundable.

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2023
(Continued)

2. Summary of Significant Accounting Policies (continued)

H. Revenue and Revenue Recognition (continued)

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 the members or recovered from the members, retained as a reserve to reduce future assessments, or, with the approval of the Board, transferred to the Reserve Fund.

I. 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 Colorado Department of Revenue. The Association's tax returns are no longer subject to examination for tax years prior to 2020 by the Internal Revenue Service and for tax years prior to 2019 by the Colorado Department of Revenue.

J. 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.

K. Comparative Information

The financial statements include certain prior year comparative information in total, but not by fund. As such, prior year information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, prior year totals should be read in conjunction with the Association's audited financial statements for the year ended December 31, 2022, from which they were derived.

L. Subsequent Events

Management has evaluated subsequent events through April 17, 2024; the date these financial statements were available to be issued.

3. Investments – Certificates of Deposit

Certificates of deposit, maturing within one year,
interest at 3.85% - 5.34% per annum

\$ 1,079,347

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2023
(Continued)

4. Property and Equipment

Land	\$ 506,377
Lakes	425,755
Buildings and improvements	5,628,561
Equipment and vehicles	911,162
At cost	7,471,855
Less: Accumulated depreciation	(3,465,893)
Property and equipment, net	\$ 4,005,962

5. Revenue from Contracts with Customers

For the year ended December 31, 2023, the Association recognized revenue totaling \$943,183 for goods transferred or performance obligations met at a point in time. Aggregate revenues of \$320,761 were recognized in 2023 for goods transferred or performance obligations met over time. Revenues are primarily collected from members of the Association.

Revenues may be affected by general economic conditions and inflationary pressures.

The Association's contract liability activity for the year ended December 31, 2023 was as follows:

Contract liability - Beginning	\$ 128,578
Revenue recognized that was included in contract liability at the beginning of the year	(128,578)
Increase in contract liability due to cash received during the year	136,691
Contract liability - Ending	\$ 136,691

6. Future Major Repairs and Replacements

As permitted by the Declarations, the Association is accumulating funds for future major repairs and replacements of the Association's common property. Accumulated funds are held in separate money market accounts and are generally not available for expenses for normal operations.

The Association commissioned a study by independent reserve study engineers in 2022 to estimate the remaining useful lives and replacement costs of the components of common property. The estimates were based on current estimated replacement costs. The table included in the unaudited supplementary Schedule of Future Major Repairs and Replacements on page 17 is based on the study. The information has been classified into major areas of the Association's common elements and property.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based upon the study's estimates of replacement costs and considering amounts previously accumulated in the Reserve Fund. During 2023, the Association levied aggregate Reserve Fund assessments of \$602,236, including \$54,000 specifically for trail maintenance.

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2023
(Continued)

6. Future Major Repairs and Replacements (continued)

Funds are being accumulated in the Reserve Fund based on estimated costs for repairs and replacements of common property components. Actual expenditures and investment incomes may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

7. Retirement Plan

The Association provides eligible employees with a Simplified Employee Pension plan (the "SEP Plan"), as described under section 408(k) of the Internal Revenue Code ("the "IRC"). Participating employees may elect to contribute a percentage of their wages to the SEP Plan on a pre-tax basis. In addition, the Association contributes a fixed percentage of each eligible employee's base wages to the SEP Plan, with the percentage determined annually by the Board. Maximum annual individual SEP Plan contribution limits are set by the IRC and by regulation. For 2023, the Association contributed a total of \$45,989 to the SEP Plan accounts of participating employees.

8. Accrued Compensated Absences

The Association's full-time employees accrue paid vacation leave based on the employee's years of continuous service to the Association, with the maximum vacation leave carried over at the end of any calendar year limited to 160 hours. At December 31, 2023, the estimated value of accumulated accrued compensated absences, including related payroll taxes, is \$60,251.

9. Related Party Transaction

A Board member holds an ownership interest in an entity that provided community enhancement services totaling \$49,808 for the Association during 2023.

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Schedule of Operating Fund - Budget and Actual Comparison
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	<u>2023</u>		Variance: Positive (Negative)	<u>2022</u>
	Budget (Unaudited)	Actual		Actual
Revenues:				
Assessments and related fees:				
Assessments	1,598,460	1,457,674	(140,786)	1,543,786
Late charges	40,000	31,822	(8,178)	20,410
Lot consolidation fees	25,000	53,818	28,818	44,393
Other	96,100	72,040	(24,060)	128,381
Total - Assessments and related fees	<u>1,759,560</u>	<u>1,615,354</u>	<u>(144,206)</u>	<u>1,736,970</u>
Property and environmental management:				
Fishing permits	156,000	157,317	1,317	160,759
Boat permits	9,000	9,630	630	9,574
Other	4,400	7,631	3,231	6,554
Total - Property and environmental management	<u>169,400</u>	<u>174,578</u>	<u>5,178</u>	<u>176,887</u>
Recreational amenities:				
Association members	269,694	320,761	51,067	251,092
Timeshare members	211,974	211,974	-	211,974
Sponsored events and programs	15,254	15,390	136	11,848
Other	7,500	10,951	3,451	6,031
Total - Recreational amenities	<u>504,422</u>	<u>559,076</u>	<u>54,654</u>	<u>480,945</u>
Community standards fees and fines:				
Permit fees	15,200	14,220	(980)	16,050
Review and inspection fees	95,900	114,550	18,650	122,400
Other	27,000	17,940	(9,060)	12,023
Total - Community standards fees and fines	<u>138,100</u>	<u>146,710</u>	<u>8,610</u>	<u>150,473</u>
Community lifestyle:				
Newsletter advertising	8,000	7,116	(884)	2,211
Rent	8,250	7,659	(591)	3,990
Other	7,900	15,820	7,920	5,612
Total - Community lifestyle	<u>24,150</u>	<u>30,595</u>	<u>6,445</u>	<u>11,813</u>
Other revenue:				
Other revenue	-	227,222	227,222	45,824
Interest income:				
Interest income	15,000	23,084	8,084	1,191
Total Revenues	<u>2,610,632</u>	<u>2,776,619</u>	<u>165,987</u>	<u>2,604,103</u>

(Continued)

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Schedule of Operating Fund - Budget and Actual Comparison
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)
(Continued)

	<u>2023</u>		Variance: Positive (Negative)	<u>2022</u>
	<u>Budget (Unaudited)</u>	<u>Actual</u>		<u>Actual</u>
Expenses:				
Administrative services:				
Bank and credit card charges	14,600	14,439	161	13,380
Elections	16,000	11,420	4,580	10,940
Equipment and technology	42,000	45,167	(3,167)	41,078
Insurance	71,000	61,307	9,693	56,408
Office	19,000	16,051	2,949	13,693
Other	40,325	13,544	26,781	9,295
Personnel	508,865	495,761	13,104	441,360
Professional services	110,000	139,767	(29,767)	151,613
Total - Administrative services	<u>821,790</u>	<u>797,456</u>	<u>24,334</u>	<u>737,767</u>
Property and environmental management:				
Capital	10,000	11,314	(1,314)	8,080
Equipment and tools	39,925	29,161	10,764	35,424
Lakes:				
Fisheries maintenance	10,000	11,200	1,200	5,550
Stocking	104,000	96,838	7,162	103,750
Weed and algae control	25,000	18,966	6,034	22,913
Maintenance	59,300	39,936	19,364	67,606
Other	1,000	419	581	265
Personnel	468,910	465,206	3,704	362,831
Professional services	5,500	804	4,696	5,676
Signage	12,000	10,288	1,712	6,588
Total - Property and environmental management	<u>735,635</u>	<u>684,132</u>	<u>53,903</u>	<u>618,683</u>
Recreational amenities:				
Equipment	15,000	9,083	5,917	8,878
Maintenance	38,000	43,680	(5,680)	34,801
Other	10,750	12,751	(2,001)	11,802
Personnel	363,961	390,764	(26,803)	329,924
Supplies	11,000	11,613	(613)	8,820
Utilities	93,300	98,106	(4,806)	85,094
Total - Recreational amenities	<u>532,011</u>	<u>565,997</u>	<u>(33,986)</u>	<u>479,319</u>
Community standards:				
Community enhancement	35,000	63,124	(28,124)	40,467
Equipment	6,000	3,951	2,049	3,785
Office	10,700	9,401	1,299	13,051
Other	1,500	1,432	68	14
Personnel	394,896	385,195	9,701	387,326
Printing	1,600	465	1,135	399
Professional services	500	149	351	149
Total - Community standards	<u>450,196</u>	<u>463,717</u>	<u>(13,521)</u>	<u>445,191</u>

(Continued)

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Schedule of Operating Fund - Budget and Actual Comparison
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)
(Continued)

	<u>2023</u>		Variance: Positive (Negative)	<u>2022</u>
	<u>Budget (Unaudited)</u>	<u>Actual</u>		<u>Actual</u>
Expenses (continued):				
Community lifestyle:				
Community activities	20,000	37,800	(17,800)	16,525
Clubhouse	5,000	2,800	2,200	3,216
Newsletter	28,000	15,418	12,582	19,120
Other	500	44	456	217
Website and Association Voice	4,100	3,996	104	3,944
Total - Community lifestyle	<u>57,600</u>	<u>60,058</u>	<u>(2,458)</u>	<u>43,022</u>
Utilities:				
Electricity	20,600	13,742	6,858	14,589
Natural gas	8,200	8,054	146	8,507
Telephone and cellular	13,500	12,421	1,079	8,918
Waste	3,800	3,576	224	3,071
Water	7,300	6,860	440	9,770
Total - Utilities	<u>53,400</u>	<u>44,653</u>	<u>8,747</u>	<u>44,855</u>
Bad debt expense:				
Bad debt expense	35,000	2,485	32,515	43,737
Depreciation:				
Depreciation	-	188,051	(188,051)	201,880
Loss on disposal of fixed assets:				
Loss on disposal of fixed assets	-	-	-	2,485
Total Expenses	<u>2,685,632</u>	<u>2,806,549</u>	<u>(120,917)</u>	<u>2,616,939</u>
Excess (Deficiency) of Revenues Over Expenses	<u>(75,000)</u>	<u>(29,930)</u>	<u>45,070</u>	<u>(12,836)</u>

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Schedule of Capital Fund Expenses
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	2023	2022
Improvements to the General Common Elements:		
Capital improvements:		
Mailbox improvements	78,241	88,522
Lake facilities	-	1,135
Total - Capital improvements	78,241	89,657
Parks and trails improvements:		
Trails	253,195	215,117
Dog park	-	7,363
Total - Parks and trails improvements	253,195	222,480
Recreation center improvements:		
Landscaping	-	14,170
Parking lot	2,837	2,431
Total - Recreation center improvements	2,837	16,601
 Improvements to Capital Assets:		
Capital improvements:		
Hatcher restrooms	-	19,883
Lake facility improvements	69,815	-
Total - Capital improvements	69,815	19,883
 Total expenses - Capital Fund	404,088	348,621
Less:		
Improvements to capital assets reported in the Operating Fund	(69,815)	(19,883)
 Total Expenses - Capital Fund	334,273	328,738

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Schedule of Reserve Fund Expenses
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
Replacements, Major Repairs and Improvements:		
General Common Elements:		
Fence	-	15,703
Fishing pier dock	-	19,826
Reserve study	-	9,075
Paving and seal coating	-	17,890
Recreation center projects	198,000	145,851
Pool projects	-	230,426
Recreation center equipment	33,753	2,500
Gazebo	-	7,272
Mailboxes	44,008	-
Crawl space renovation	46,954	-
Fire mitigation	18,528	-
Other equipment	-	11,176
Other	11,382	14,399
Total - General Common Elements	<u>352,625</u>	<u>474,118</u>
Capital Assets:		
Equipment	23,435	77,786
Recreation center equipment	-	28,178
Vehicles	-	51,218
Total - Capital Assets	<u>23,435</u>	<u>157,182</u>
Total expenditures - Reserve Fund	376,060	631,300
less:		
Replacements and improvements to capital assets reported in the Operating Fund	<u>(23,435)</u>	<u>(157,182)</u>
Total Expenses - Reserve Fund	<u><u>352,625</u></u>	<u><u>474,118</u></u>

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Schedule of Future Major Repairs and Replacements
December 31, 2023
(Unaudited)

During 2022, the Board commissioned a study by independent reserve study engineers to estimate the remaining useful lives and the replacement costs of the components of common property. The study, which is reviewed annually by the Board and management, projected future replacement costs over a 30-year period, using a 3% annual inflation adjustment.

The Board has elected not to allocate the Reserve Fund balance to specific components of common property.

The following table summarizes the current remaining useful lives and estimated costs for the next replacement cycle, as outlined in the study, and presents significant information about the components of the Association's common property. The full study is available on the Association's website at <https://www.plpoa.com>

Components	Estimated Remaining Useful Lives (Years)	Estimated Replacement Costs (all components)	Reserve Fund Balance at Dec. 31, 2023
Exterior building elements:			
Administration building	10 - 24	208,226	
Clubhouse	4 - 24	144,535	
Maintenance shop	4 - 25	130,959	
Recreation Center	3 - 17	463,114	
Interior building elements:			
Administration building	1 - 11	92,860	
Clubhouse	5 - 17	229,650	
Recreation Center	0 - 21	480,513	
Building services elements:			
Administration building	7 - 14	22,500	
Clubhouse building	12	11,000	
Maintenance shop	1 - 13	16,500	
Recreation Center	2 - 20	381,000	
Property site elements:			
Administration building and Clubhouse	1 - 29	208,140	
Maintenance shop	2 - 21	28,600	
Recreation Center	2 - 30	236,180	
Lakes and common areas:			
Dams	2 - 13	300,696	
Parking and sidewalks	1 - 29	476,640	
Bridge, docks, and fences	1 - 23	331,390	
Gazebos and playground equipment	10 - 18	162,000	
Dredging and erosion control	3 - 29	240,000	
Fire mitigation	1 - 5	296,850	
Mailbox stations	1 - 29	848,528	
Maintenance equipment:			
Boat, ATV, and other equipment	1 - 13	293,560	
Tractors and trailers	1 - 19	155,000	
Vehicles	2 - 11	258,000	
Totals		6,016,441	1,165,079