

**Bachelor Gulch Village Association
(A Colorado Non-Profit Corporation)**

Financial Statements

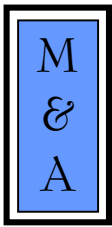
September 30, 2020



**Bachelor Gulch Village Association
(A Colorado Non-Profit Corporation)
September 30, 2020**

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MCMAHAN AND ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Bachelor Gulch Village Association
Avon, Colorado**

Report on the Financial Statements

We have audited the accompanying financial statements of Bachelor Gulch Village Association (the "Association"), a Colorado non-profit corporation, which comprise the balance sheets as of September 30, 2020, 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.

Management's Responsibilities

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

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

An audit includes 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, we 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.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Member: American Institute of Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Bachelor Gulch Village Association
Avon, Colorado**

Emphasis of Matter

As discussed in Note 8 to the financial statements, the Association adopted Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*, and all subsequent amendments, in fiscal year 2020. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental budgetary comparison schedule on page 12 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 our opinion, the information, except for that portion marked "unaudited", on which we express no opinion, is fairly stated in all material respects in relation to the financial statements as a whole.

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 Improvements on page 13 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, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic 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 September 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 25, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.



**McMahan and Associates, L.L.C.
November 24, 2021**

Bachelor Gulch Village Association
(A Colorado Non-Profit Corporation)
Balance Sheets
September 30, 2020
(With Comparative Totals For September 30, 2019)

	<u>2020</u>			<u>2019</u>
	<u>Operating Fund</u>	<u>Improvement Fund</u>	<u>Total</u>	<u>(Restated) Total</u>
Assets:				
Cash and cash equivalents	3,682,378	1,495,065	5,177,443	3,844,736
Accounts receivable	1,074,889	-	1,074,889	312,353
Prepaid expenses	1,929	-	1,929	1,913
Due (to) from other fund	(1,117,191)	1,117,191	-	-
Fixed assets, net	595,765	-	595,765	566,899
Total Assets	<u>4,237,770</u>	<u>2,612,256</u>	<u>6,850,026</u>	<u>4,725,901</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	15,290	-	15,290	58,951
Due to (from) management company	329,358	44,946	374,304	338,094
Design review deposits	557,957	-	557,957	494,627
Total Liabilities	<u>902,605</u>	<u>44,946</u>	<u>947,551</u>	<u>891,672</u>
Fund Balances	<u>3,335,165</u>	<u>2,567,310</u>	<u>5,902,475</u>	<u>3,834,229</u>
Total Liabilities and Fund Balances	<u>4,237,770</u>	<u>2,612,256</u>	<u>6,850,026</u>	<u>4,725,901</u>

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

Bachelor Gulch Village Association
(A Colorado Non-Profit Corporation)
Statements of Revenues, Expenses and Changes in Fund Balances
For the Year Ended September 30, 2020
(With Comparative Totals For the Year Ended September 30, 2019)

	2020			2019
	Operating Fund	Improvement Fund	Total	(Restated) Total
Revenues:				
Real estate transfer assessments	3,611,905	-	3,611,905	1,481,984
Civic assessments	2,342,322	-	2,342,322	2,669,074
Design Review fees	19,940	-	19,940	185,688
Investment income	550	-	550	2,972
Other	873	-	873	33,490
Total Revenues	5,975,590	-	5,975,590	4,373,208
Expenses:				
Common area expenses:				
Landscaping	113,611	-	113,611	98,673
Recreation	78,764	-	78,764	65,304
Common area maintenance	72,791	-	72,791	81,377
Common area utilities	42,050	-	42,050	39,625
Trash removal	192,813	-	192,813	262,859
Public safety	630,646	-	630,646	779,929
Village Transportation service	1,989,417	-	1,989,417	2,394,146
Subtotal - Common area	3,120,092	-	3,120,092	3,721,913
Operating expenses:				
Insurance	17,860	-	17,860	17,218
Legal and accounting	84,449	-	84,449	85,575
Design Review	77,537	-	77,537	90,048
Property owner functions	5,354	-	5,354	12,556
Marketing, events and promotion	-	-	-	10,000
Administrative and management	240,898	-	240,898	232,353
Depreciation	278,539	-	278,539	233,956
Subtotal - Operating	704,637	-	704,637	681,706
Improvement expenses:				
Tennis court	-	58,006	58,006	43,467
Security	-	-	-	33,489
Trail and bike path	-	-	-	35,172
Signage	-	24,609	24,609	9,245
Subtotal - Improvement	-	82,615	82,615	121,373
Total Expenses	3,824,729	82,615	3,907,344	4,524,992
Excess (Deficiency) of Revenues Over Expenses	2,150,861	(82,615)	2,068,246	(151,784)
Fund Balances - Beginning of Year	1,184,304	2,649,925	3,834,229	3,986,013
Fund Balances - End of Year	3,335,165	2,567,310	5,902,475	3,834,229

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

Bachelor Gulch Village Association
(A Colorado Non-Profit Corporation)
Statements of Cash Flows
For the Year Ended September 30, 2020
(With Comparative Totals For the Year Ended September 30, 2019)

	<u>2020</u>			<u>2019</u>
	<u>Operating Fund</u>	<u>Improvement Fund</u>	<u>Total</u>	<u>(Restated) Total</u>
Cash Flows From Operating Activities:				
Cash received from members	2,687,055	-	2,687,055	1,481,264
Cash received from civic assessment	2,503,179	-	2,503,179	2,679,124
Net cash received (paid) for Design Review:				
Non-refundable fees	19,940	-	19,940	85,688
Refundable deposits	63,330	-	63,330	54,352
Investment income received	550	-	550	2,972
Other cash receipts	2,330	-	2,330	20,368
Cash payments for goods and services	(3,589,358)	(46,914)	(3,636,272)	(4,366,183)
Transfer (to) from other fund	(47,464)	47,464	-	-
Net Cash Provided (Used) by Operating Activities	<u>1,639,562</u>	<u>550</u>	<u>1,640,112</u>	<u>(42,415)</u>
Cash Flows From Investing Activities:				
Cash paid to purchase vehicles	(307,405)	-	(307,405)	(277,797)
Proceeds received from sale of vehicles	-	-	-	33,000
Net Cash Provided (Used) by Investing Activities	<u>(307,405)</u>	<u>-</u>	<u>(307,405)</u>	<u>(244,797)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,332,157	550	1,332,707	(287,212)
Cash and Cash Equivalents - Beginning of Year	<u>2,350,221</u>	<u>1,494,515</u>	<u>3,844,736</u>	<u>4,131,948</u>
Cash and Cash Equivalents - End of Year	<u><u>3,682,378</u></u>	<u><u>1,495,065</u></u>	<u><u>5,177,443</u></u>	<u><u>3,844,736</u></u>
Reconciliation of Excess (Deficiency) of Revenues over Expenses to Net Cash Provided (Used) by Operating Activities:				
Excess (deficiency) of revenues over expenses	<u>2,150,861</u>	<u>(82,615)</u>	<u>2,068,246</u>	<u>(151,784)</u>
Adjustments:				
Depreciation	278,539	-	278,539	233,956
(Gain)/loss on sale of assets	-	-	-	(33,000)
(Increase) decrease - Accounts receivable	(762,536)	-	(762,536)	29,208
(Increase) decrease - Prepaid expenses	(16)	-	(16)	40
Increase (decrease) - Accounts payable/accruals	(43,152)	35,701	(7,451)	(75,187)
Increase (decrease) - Design review deposits	63,330	-	63,330	(45,648)
Transfer (to) from other fund	(47,464)	47,464	-	-
Total Adjustments	<u>(511,299)</u>	<u>83,165</u>	<u>(428,134)</u>	<u>109,369</u>
Net Cash Provided (Used) by Operating Activities	<u><u>1,639,562</u></u>	<u><u>550</u></u>	<u><u>1,640,112</u></u>	<u><u>(42,415)</u></u>

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

**Bachelor Gulch Village Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
September 30, 2020**

1. Organization

Bachelor Gulch Village Association (the "Association") is a Colorado non-profit corporation formed July 28, 1995 for the benefit of the owners of property in the large planned unit development located within Bachelor Gulch Village in Eagle County, Colorado.

The primary purpose of the Association is to enforce the Association's Declaration of Covenants, Conditions, and Restrictions (the "Declaration") and to provide for the care and operations, management, maintenance, repair and replacement of all the common elements. The functions may include operations of public health, safety, parking, transportation, vehicular access, recreation, marketing, solid waste, animal control, environmental, television, and any other function deemed necessary for operations and management. The Declaration was recorded June 19, 1996 and has a term of 20 years from the date of recording, after which the Declaration is to automatically extend for successive 10-year periods, unless otherwise terminated.

The membership of the Association is comprised of four classes of members. Class "A" members are the owners of estate lots and the owners of undeveloped units, unless these owners elect to be considered voting members of Class "B" or Class "C". Class "A" members are entitled to one vote for each estate lot or undeveloped unit. Class "B" members are the owners of multi-family residential units, and are entitled to one vote for each multi-family residential unit. Class "C" members are the owners of commercial space or lodge units, and are entitled to a vote equal to the greater of one vote for each commercial unit or one vote for each 150 square feet of commercial space and one vote for each two lodge units. Class "D" members, comprised solely of the owners of Tract A on the plat for Bachelor Gulch Village, are entitled to two votes. The master plan for Bachelor Gulch Village permits construction of up to 795 dwelling units and up to 67,880 square feet of commercial space of not less than 150 square feet per commercial unit.

2. Summary of Significant Accounting Policies

A. Fund Accounting

The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs, improvements, and additions, be classified separately for accounting and reporting purposes.

Fund accounting is helpful in segregating funds having restrictions on their use. Disbursements from the Operating Fund are generally at the discretion of the Board. Disbursements from the Improvement Fund may be made only upon consent of the Board.

B. Basis of Accounting

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

C. Recognition of Assets

Replacements and improvements to real and personal common property acquired from the developer are not recorded by the Association as capitalized fixed assets because their disposition is restricted. Rather, such replacements and improvements are expensed in the period incurred.

The Association recognizes as assets on its financial statements only personal property to which it has title and that it can dispose of for cash, while retaining the proceeds thereto.

Bachelor Gulch Village Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
September 30, 2020
(Continued)

2. Summary of Significant Accounting Policies (continued)

C. Recognition of Assets (continued)

The Association has capitalized public transportation vehicles, which are recorded at cost and depreciated, using the straight-line method, over their estimated useful lives of 5 years.

D. Cash and Cash Equivalents

The Association considers all checking, money market, savings accounts, and investments with original maturities of less than 90 days when purchased to be cash equivalents for the purposes of the Statement of Cash Flows, since all such funds are highly liquid.

E. Allowance for Uncollectible Accounts

The Association uses the allowance method for recognizing the potential future uncollectibility of delinquent accounts receivable. No such allowance has been established at September 30, 2020, since all receivables were deemed to be collectible.

F. Revenues and Revenue Recognition

Pursuant to the Declaration, the Association is permitted to charge each owner an annual common assessment to meet the budgeted expenses of the Association. For the year ended September 30, 2020, the Association did not levy an annual common assessment.

The Association levies and collects from members a civic assessment in respect of all sales of tangible personal property and rentals. For the year ended September 30, 2020, the civic assessment rate was set at 5%.

In addition, the Association's organizational documents established a 2% real estate transfer assessment.

The Association also recognizes revenues from various administrative fees and fines as earned upon provision of the underlying goods or service. All such revenues are non-refundable.

G. Income Taxes

While the Association has been organized under Colorado non-profit statutes as a corporation without capital stock or shareholders, the Association is not a tax-exempt organization. Consequently, the Association is subject to Federal and state income taxes on net income derived from investments and other non-membership sources.

The income tax returns of the Association are subject to examination by the Internal Revenue Service and the Colorado Department of Revenue. The Association's returns are no longer subject to examination for tax years prior to 2017 by the Internal Revenue Service and for tax years prior to 2016 by the Colorado Department of Revenue.

Bachelor Gulch Village Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
September 30, 2020
(Continued)

2. Summary of Significant Accounting Policies (continued)

H. 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.

I. Comparative Information

The financial statements include certain prior year comparative information in total but not by fund class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the fiscal year ended September 30, 2019, from which the comparative totals were derived.

J. Subsequent Events

Management has evaluated subsequent events through November 24, 2021; the date that these financial statements were available to be issued.

3. Fixed Assets

Vehicles, at cost	\$ 1,477,188
less: Accumulated depreciation	<u>(881,423)</u>
Net book value	<u><u>\$ 595,765</u></u>

4. Reserve for Future Major Repairs, Replacements and Improvements

Although the Association's governing documents do not expressly require that funds be accumulated for future major replacement and improvement of common elements, the Association has consistently accumulated funds for such purposes. These funds, recorded in the Improvement Fund, are generally not available for expenditures for normal operations.

The Association's managing agent has conducted a study, which is updated annually, to estimate the remaining useful lives and the replacement costs of the components of common property. The table included in the unaudited supplementary Schedule of Future Major Repairs, Replacements, and Improvements on page 13 is based on the study.

Funds are being accumulated in the Improvement Fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Amounts accumulated in the Improvement Fund, therefore, may not be sufficient to meet all future costs of repairs and replacement. The Association retains the right to increase assessments in future years to fund capital replacements or to delay major repairs and replacements until adequate funds are available. The Association did not levy an Improvement Fund assessment for the year ended September 30, 2020.

**Bachelor Gulch Village Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
September 30, 2020
(Continued)**

5. Income Taxes

At September 30, 2020, the Association has accumulated Net Operating Losses (“NOLs”) for Federal and Colorado income tax purposes, which may be utilized in future years to reduce the Association’s taxable income. NOLs arising in tax years ending prior to August 5, 1997 may be applied up to 100% of taxable income for up to 20 years following the fiscal year in which the NOL was generated. NOLs arising in tax years beginning after December 31, 2017 can be carried forward indefinitely, but may only be utilized to offset up to 80% of taxable income in any one year.

The following is a schedule of accumulated NOLs at September 30, 2020, together with the fiscal year in which the applicable NOLs, if unused, would expire:

	Federal	State
Generated prior to September 30, 2018:		
NOLs expiring in fiscal year ending September 30, 2030	\$ 4,248	11,542
NOLs expiring in fiscal year ending September 30, 2032	3,541	3,541
NOLs expiring in fiscal year ending September 30, 2033	9,598	9,707
NOLs expiring in fiscal year ending September 30, 2034	2,404	2,404
NOLs expiring in fiscal year ending September 30, 2035	1,664	1,664
NOLs expiring in fiscal year ending September 30, 2037	2,158	2,158
NOLs expiring in fiscal year ending September 30, 2038	11,684	11,684
Total generated prior to September 30, 2018	<u>35,297</u>	<u>42,700</u>
Generated after September 30, 2018 with no expiration	<u>29,892</u>	<u>29,892</u>
Total NOLs available	<u>\$ 65,189</u>	<u>72,592</u>

These carryovers may be available to offset future net income of the Association derived from investments and other non-membership sources. Due to the uncertainty as to the amount and timing of utilization of these carryovers in future periods, a deferred tax asset has not been recorded by the Association at September 30, 2020.

6. Significant Agreements

A. Management Agreement

The Association entered into a management agreement (the “Management Agreement”) with Vail/Arrowhead, Inc. (“VAI”) effective July 28, 1995. VAI’s rights and duties under the Management Agreement were assigned to Vail Resorts Development Company (“VRDC”), a related company of Vail Resorts, Inc. (“Vail Resorts”), on October 1, 1997. The Management Agreement had an initial term of three years and, barring exercise of certain provisions as to termination, automatically renews for consecutive three-year terms.

The Management Agreement calls for VRDC to manage the business and operations of the Association, including planning, organizing, directing and controlling the resources of the Association, and implementing Association policies and procedures. For its services on behalf of the Association, VRDC is to be reimbursed for all public safety and design review costs plus a fee of 10%, as well as a flat fee set annually by the Association. The flat fee for fiscal year 2020 was \$226,878.

**Bachelor Gulch Village Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
September 30, 2020
(Continued)**

6. Significant Agreements (continued)

A. Management Agreement (continued)

For the year ended September 30, 2020, the Association incurred the following expenses in respect of services provided by VRDC and/or its related companies:

Common area maintenance	\$ 54,244
Public safety	614,046
Design Review	77,537
Administration and management	233,012
 Total	 \$ 978,839

At September 30, 2020, the Association owed VRDC \$374,304 with respect to services rendered under the terms of the Management Agreement and for reimbursements of expenses incurred on the Association's behalf.

For fiscal year 2020, Vail Resorts and affiliated entities paid the Association civic assessments aggregating to \$280,634. At September 30, 2020, Vail Resorts owned 195 units within the Association.

B. Transportation Agreement

Effective October 1, 2018, the Association entered into an agreement (the "Village Transportation Agreement") with The Vail Corporation ("Vail"), a related company of Vail Resorts, to operate and maintain a transportation system for residents, businesses, and guests of Bachelor Gulch Village. The Village Transportation Agreement calls for Vail to provide on-demand and fixed route transportation services, using the Association's vehicles, in return for an agreed-upon fee. The Village Transportation Agreement has a one-year term, but automatically renews for five successive one-year terms, unless otherwise terminated.

For fiscal year 2020, the agreed-upon fee to be paid to Vail for services provided under the Village Transportation Agreement was \$2,353,158. However, revisions to the agreement as a result of COVID-19 reduced the fee paid to Vail for fiscal year 2020 to \$1,954,691.

6. Concentration of Credit Risk

The Association's cash balances held with financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per depositor at each separately chartered FDIC-member institution, without regard to the nature of the accounts. At September 30, 2020, the Association's uninsured cash balances totaled \$2,503,689.

7. Revenue from Contracts with Customers

For the year ended September 30, 2020, revenue recognized for goods transferred or performance obligations met at a point in time were \$5,974,167. There were no revenues recognized for goods transferred or performance obligations met over time during 2020. Revenues may be affected by general economic conditions and inflationary pressures. Revenues are primarily collected from members of the Association.

Bachelor Gulch Village Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
September 30, 2020
(Continued)

8. New Accounting Standard

Effective in fiscal year 2020, the Association implemented Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), issued by the Financial Accounting Standards Board, and all subsequent amendments. ASU 2014-09 requires enhanced disclosures of the Association's revenue recognition policies. The implementation of ASU 2014-09 has been applied retrospectively to all periods presented, with no effect to net assets or previously issued financial statements.

9. Restatement

Comparative balances as of and for the year ended September 30, 2019 have been restated to recognize additional Design Review fee and fine revenues and to reverse the capitalization of a public safety vehicle (including related depreciation), resulting in an increase of \$105,570 and a decrease of \$27,851 to the Operating Fund and Improvement Fund balances, respectively, at September 30, 2019.

Bachelor Gulch Village Association
(A Colorado Non-Profit Corporation)
Schedule of Operating Fund - Budget and Actual
For the Year Ended September 30, 2020
(With Comparative Actual Amounts for the Year Ended September 30, 2019)

	<u>2020</u>		<u>Variance Positive (Negative)</u>	<u>2019</u>
	<u>Budget (Unaudited)</u>	<u>Actual</u>		<u>(Restated) Actual</u>
Revenues:				
Real estate transfer assessments	1,587,340	3,611,905	2,024,565	1,481,984
Civic assessments	2,516,259	2,342,322	(173,937)	2,669,074
Design Review fees	95,026	19,940	(75,086)	185,688
Investment income	1,082	550	(532)	137
Other	54,765	873	(53,892)	490
Total Revenues	<u>4,254,472</u>	<u>5,975,590</u>	<u>1,721,118</u>	<u>4,337,373</u>
Expenses:				
Common area expenses:				
Landscaping	102,000	113,611	(11,611)	98,673
Recreation	86,100	78,764	7,336	65,304
Common area maintenance	82,871	72,791	10,080	81,377
Common area utilities	40,442	42,050	(1,608)	39,625
Trash removal	278,400	192,813	85,587	262,859
Public safety	787,011	630,646	156,365	779,929
Village Transportation service	2,393,311	1,989,417	403,894	2,394,146
Subtotal - Common area	<u>3,770,135</u>	<u>3,120,092</u>	<u>650,043</u>	<u>3,721,913</u>
Operating expenses:				
Insurance	17,693	17,860	(167)	17,218
Legal and accounting	59,000	84,449	(25,449)	85,575
Design Review	91,278	77,537	13,741	90,048
Property owner functions	19,800	5,354	14,446	12,556
Marketing, events and promotion	10,000	-	10,000	10,000
Income tax expense	379	-	379	-
Administrative and management	234,212	240,898	(6,686)	232,353
Depreciation	199,205	278,539	(79,334)	233,956
Subtotal - Operating	<u>631,567</u>	<u>704,637</u>	<u>(73,070)</u>	<u>681,706</u>
Total Expenses	<u>4,401,702</u>	<u>3,824,729</u>	<u>576,973</u>	<u>4,403,619</u>
Excess of Revenues Over Expenses	(147,230)	2,150,861	2,298,091	(66,246)
Fund Balance - Beginning of Year	<u>1,000,000</u>	<u>1,184,304</u>	<u>184,304</u>	<u>1,250,550</u>
Fund Balance - End of Year	<u>852,770</u>	<u>3,335,165</u>	<u>2,482,395</u>	<u>1,184,304</u>

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

Bachelor Gulch Village Association
(A Colorado Non-Profit Corporation)
Schedule of Future Major Repairs, Replacements, and Improvements
September 30, 2020
(Unaudited)

The Association's managing agent has conducted a study, which is updated annually, to estimate the remaining useful lives and the replacement costs of components of common property.

The following table is based on the study and presents significant information about the components of common property.

The Board of Directors has elected not to allocate the Improvement Fund balance at September 30, 2020 to the specific components of common property.

Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Cost	Improvement Fund Balance at Sep. 30, 2020
Vehicles:			
Transportation vehicles	0 - 11	4,109,880	
Security vehicles	0 - 6	145,870	
Improvements:			
Base area lawn			
Gatehouse, entry and other landscaping	1 - 7	120,000	
Key control system	2	50,000	
Pedestrian trails and bike paths	3 - 6	50,000	
Wildland fire mitigation	0 - 7	175,000	
Gatehouse exterior staining	0	6,000	
Perennial landscaping at gate	2 - 6	118,640	
Other	0	100,000	
Replacements:			
Bus shelters	2 - 6	30,000	
Gates	4	60,389	
Plaza pavers and snowmelt	1	200,000	
Trail signage	0 - 4	50,000	
Tennis center landscaping	3	25,000	
Tennis center improvements	0	80,000	
Tennis court laser releveling	1	22,000	
Tennis court replacement	6	700,000	
Landscaping	0 - 7	75,000	
		<u>6,117,779</u>	<u>2,567,310</u>

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