

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

Financial Statements

December 31, 2024

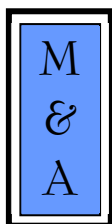


**Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)**

**Financial Statements
December 31, 2024**

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

WEB SITE: WWW.McMAHANCPA.COM

MAIN OFFICE: (970) 845-8800

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, 2024 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, 2024 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

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, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 17, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 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
May 9, 2025

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Balance Sheets
December 31, 2024
(With Comparative Totals For December 31, 2023)

	2024			2023
	Operating Fund	Capital Fund	Reserve Fund	Total
Assets:				
Cash and cash equivalents	1,000,512	382,533	284,237	1,667,282
Investments - Certificates of deposit	69,133	-	640,505	709,638
Accounts receivable, net	54,810	-	-	54,810
Accrued interest receivable	2,023	-	13,423	15,446
Prepaid expenses	34,191	-	-	34,191
Property and equipment, net	3,866,014	-	-	3,866,014
Due (to) from other fund	(163,254)	113,016	50,238	-
Total Assets	4,863,429	495,549	988,403	6,347,381
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	93,356	17,385	-	110,741
Accrued payroll and compensated absences	89,601	-	-	89,601
Deferred assessments	25,261	-	-	25,261
Contract liability	166,128	-	-	166,128
Total Liabilities	374,346	17,385	-	391,731
Fund Balances:				
Investment in property and equipment, net	3,866,014	-	-	3,866,014
Operating Fund balance	373,069	-	-	373,069
Designated - Emergency contingency	250,000	-	-	250,000
Designated - Capital Fund balance	-	478,164	-	478,164
Designated - Reserve Fund balance	-	-	988,403	988,403
Total Fund Balances	4,489,083	478,164	988,403	5,955,650
Total Liabilities and Fund Balances	4,863,429	495,549	988,403	6,347,381

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, 2024
(With Comparative Totals For the Year Ended December 31, 2023)

	2024			2023
	Operating Fund	Capital Fund	Reserve Fund	Total
Revenues:				
Assessments and related fees	1,820,280	389,758	525,245	2,735,283
Property and environmental management	214,222	-	-	214,222
Recreational amenities	664,375	-	-	664,375
Community standards fees and fines	178,831	-	-	178,831
Community lifestyle	25,643	-	-	25,643
Other revenue	89,866	-	-	89,866
Interest income	38,141	20,048	52,279	110,468
Total Revenues	3,031,358	409,806	577,524	4,018,688
Expenses:				
Administrative services	837,395	-	-	837,395
Property and environmental management	653,148	-	-	653,148
Recreational amenities	631,003	-	-	631,003
Community standards	489,475	-	-	489,475
Community lifestyle	37,857	-	-	37,857
Utilities	50,336	-	-	50,336
Bad debt expense	28,943	-	-	28,943
Depreciation	190,185	-	-	190,185
Capital improvement (Page 15)	-	580,137	-	580,137
Replacement (Page 16)	-	-	754,200	754,200
Total Expenses	2,918,342	580,137	754,200	4,252,679
Excess (Deficiency) of Revenues Over Expenses	113,016	(170,331)	(176,676)	(233,991)
Fund Balances - Beginning	4,489,083	535,479	1,165,079	6,189,641
Transfer from / (to) other fund(s), net	(113,016)	113,016	-	-
Fund Balances - Ending	4,489,083	478,164	988,403	6,189,641

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, 2024
(With Comparative Totals For the Year Ended December 31, 2023)

	2024				2023
	Operating Fund	Capital Fund	Reserve Fund	Total	Total
Cash Flows From Operating Activities:					
Cash received from owners	2,826,287	389,758	525,245	3,741,290	3,453,935
Interest received	36,118	20,048	38,856	95,022	61,662
Other cash receipts	89,854	-	-	89,854	227,233
Cash paid for goods and services	(837,185)	(565,776)	(760,892)	(2,163,853)	(1,574,624)
Cash paid for payroll and employee benefits	(1,809,482)	-	-	(1,809,482)	(1,723,423)
Transfers	(3,762)	-	3,762	-	-
Net Cash Provided (Used) by Operating Activities	<u>301,830</u>	<u>(155,970)</u>	<u>(193,029)</u>	<u>(47,169)</u>	<u>444,783</u>
Cash Flows From Investing Activities:					
Cash paid to purchase investments	(69,000)	-	(640,000)	(709,000)	(1,079,000)
Cash received from sale / redemption of investments	318,822	250,360	509,527	1,078,709	328,137
Cash paid to purchase equipment	(50,237)	-	-	(50,237)	(93,250)
Cash received on disposal of assets	86,516	-	-	86,516	-
Net Cash Provided (Used) by Investing Activities	<u>286,101</u>	<u>250,360</u>	<u>(130,473)</u>	<u>405,988</u>	<u>(844,113)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	587,931	94,390	(323,502)	358,819	(399,330)
Cash and Cash Equivalents - Beginning	<u>412,581</u>	<u>288,143</u>	<u>607,739</u>	<u>1,308,463</u>	<u>1,707,793</u>
Cash and Cash Equivalents - Ending	<u>1,000,512</u>	<u>382,533</u>	<u>284,237</u>	<u>1,667,282</u>	<u>1,308,463</u>
Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities:					
Excess (deficiency) of revenues over expenses	<u>113,016</u>	<u>(170,331)</u>	<u>(176,676)</u>	<u>(233,991)</u>	<u>238,074</u>
Adjustments:					
Depreciation	190,185	-	-	190,185	188,051
Transfer (to) / from other funds	(113,016)	113,016	-	-	-
(Gain) / loss on disposal of assets	(86,518)	-	-	(86,518)	-
(Increase) decrease - Accounts receivable	(23,105)	-	-	(23,105)	60,485
Increase (decrease) - Allowance for doubtful accounts	865	-	-	865	(60,407)
(Increase) decrease - Accounts receivable - Other	(12)	-	-	(12)	11
(Increase) decrease - Interest receivable	(2,023)	-	(13,423)	(15,446)	(348)
(Increase) decrease - Prepaid expenses	18,741	-	-	18,741	(18,782)
(Increase) decrease - Due from (to) other funds	109,254	(113,016)	3,762	-	-
Increase (decrease) - Accounts payable	33,399	14,361	(6,692)	41,068	12,628
Increase (decrease) - Accrued payroll and compensated absences	29,350	-	-	29,350	13,503
Increase (decrease) - Deferred assessments	2,257	-	-	2,257	3,455
Increase (decrease) - Contract liability	29,437	-	-	29,437	8,113
Total Adjustments	<u>188,814</u>	<u>14,361</u>	<u>(16,353)</u>	<u>186,822</u>	<u>206,709</u>
Net Cash Provided (Used) by Operating Activities	<u>301,830</u>	<u>(155,970)</u>	<u>(193,029)</u>	<u>(47,169)</u>	<u>444,783</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, 2024**

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. Receivables and Allowance for Credit Losses

The Association's receivables consist primarily of amounts assessed against unit owner / members for common assessments and other charges levied pursuant to the Declaration and related organizational documents. These receivables are recorded at the invoiced amount and evaluated for potential credit losses, based on historical experience, current economic conditions, and reasonable forecasts. 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, 2024
(Continued)

2. Summary of Significant Accounting Policies (continued)

D. Receivables and Allowance for Credit Losses (continued)

The Association has the legal ability to place a lien on the underlying title of a delinquent unit owner / member, and a policy that includes retention of legal counsel to pursue collection. This statutory lien ensures that assessments remain secured by the property, providing a strong collection mechanism and reducing the risk of ultimate credit loss. Management has recorded an allowance of \$41,639 at December 31, 2024 to provide for possible credit losses from uncollectible receivables.

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:

	<u>Estimated Useful Lives</u>
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.

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2024
(Continued)

2. Summary of Significant Accounting Policies (continued)

H. Revenue and Revenue Recognition (continued)

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.

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 2021 by the Internal Revenue Service and for tax years prior to 2020 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, 2023, from which they were derived.

L. Subsequent Events

Management has evaluated subsequent events through May 9, 2025; the date these financial statements were available to be issued.

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2024
(Continued)

3. Investments – Certificates of Deposit

Certificates of deposit, maturing within one year, interest at 4.20% - 5.35% per annum	\$ 639,684
Certificates of deposit, maturing more than one year, interest at 3.95% - 4.10% per annum	<u>69,954</u>
Total	<u>\$ 709,638</u>

4. Property and Equipment

Land	\$ 506,377
Lakes	425,755
Buildings and improvements	5,628,561
Equipment and vehicles	<u>899,603</u>
At cost	7,460,296
Less: Accumulated depreciation	<u>(3,594,282)</u>
Property and equipment, net	<u>\$ 3,866,014</u>

5. Revenue from Contracts with Customers

For the year ended December 31, 2024, the Association recognized revenue totaling \$827,000 for goods transferred or performance obligations met at a point in time. Aggregate revenues of \$386,169 were recognized in 2024 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, 2024 was as follows:

Contract liability - Beginning	\$ 136,691
Revenue recognized that was included in contract liability at the beginning of the year	(136,691)
Increase in contract liability due to cash received during the year	<u>166,128</u>
Contract liability - Ending	<u>\$ 166,128</u>

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.

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2024
(Continued)

6. Future Major Repairs and Replacements (continued)

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 2024, the Association levied aggregate Reserve Fund assessments of \$525,245, including \$56,400 specifically for trail maintenance.

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 2024, the Association contributed a total of \$63,947 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, 2024, the estimated value of accumulated accrued compensated absences, including related payroll taxes, is \$89,601.

9. Insured Cash Sweep Agreements

The Association has entered into an IntraFi Network Deposit Placement Agreement (the "IntraFi Agreement") with CIT Bank (a division of First-Citizens Bank), under which funds from certain of the Association's accounts with CIT Bank are placed in money market deposit accounts with multiple IntraFi Network member financial institutions. Because each deposit placed with participating IntraFi Network member institutions under the IntraFi Agreement is less than \$250,000, all such Association deposits at CIT Bank are fully insured by the Federal Deposit Insurance Corporation (the "FDIC"). At December 31, 2024, the Association held aggregate deposits of \$448,176 with CIT Bank subject to the IntraFi Agreement.

The Association has entered into an ICS Deposit Placement Agreement (the "ICS Agreement") with TBK Bank SSB, under which funds from certain of the Association's accounts with TBK Bank are placed in demand deposit accounts with multiple ICS member financial institutions. Because each deposit placed with participating ICS member institutions under the ICS Agreement is less than \$250,000, all such Association deposits at TBK Bank are fully insured by the FDIC. At December 31, 2024, the Association held aggregate deposits of \$269,198 with TBK Bank subject to the ICS Agreement.

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Schedule of Operating Fund - Budget and Actual Comparison
For the Year Ended December 31, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	2024		2023
	Budget (Unaudited)	Actual	Variance: Positive (Negative)
			Actual
Revenues:			
Assessments and related fees:			
Assessments	1,822,260	1,665,387	(156,873)
Late charges	35,000	28,143	(6,857)
Lot consolidation fees	30,000	45,250	15,250
Other	75,713	81,500	5,787
Total - Assessments and related fees	1,962,973	1,820,280	(142,693)
Property and environmental management:			
Fishing permits	170,000	188,348	18,348
Boat permits	14,500	17,665	3,165
Other	7,400	8,209	809
Total - Property and environmental management	191,900	214,222	22,322
Recreational amenities:			
Association members	352,841	386,169	33,328
Timeshare members	60,942	243,770	182,828
Sponsored events and programs	20,500	16,826	(3,674)
Other	17,250	17,610	360
Total - Recreational amenities	451,533	664,375	212,842
Community standards fees and fines:			
Permit fees	13,500	18,722	5,222
Review and inspection fees	115,000	137,746	22,746
Other	13,500	22,362	8,862
Total - Community standards fees and fines	142,000	178,830	36,830
Community lifestyle:			
Newsletter advertising	8,000	5,857	(2,143)
Rent	9,850	8,340	(1,510)
Other	7,900	11,447	3,547
Total - Community lifestyle	25,750	25,644	(106)
Other revenue:			
Gain (loss) on disposal of assets	-	86,518	86,518
Other revenue	-	3,348	3,348
Total - Other revenue	-	89,866	89,866
Interest income:			
Interest income	20,000	38,141	18,141
Total Revenues	2,794,156	3,031,358	237,202

(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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)
(Continued)

	2024		2023
	Budget (Unaudited)	Actual	Variance: Positive (Negative) Actual
Expenses:			
Administrative services:			
Bank and credit card charges	14,600	3,635	10,965
Elections	15,000	6,375	8,625
Equipment and technology	44,200	41,600	2,600
Insurance	69,000	73,199	(4,199)
Office	18,000	16,790	1,210
Other	18,592	62,289	(43,697)
Personnel	559,050	539,346	19,704
Professional services	107,500	94,161	13,339
Total - Administrative services	845,942	837,395	8,547
Property and environmental management:			
Capital	8,500	6,810	1,690
Equipment and tools	43,196	24,032	19,164
Lakes:			
Fisheries maintenance	9,000	4,956	(4,044)
Stocking	114,000	105,775	8,225
Weed and algae control	25,000	15,082	9,918
Maintenance	62,600	42,101	20,499
Other	1,100	228	872
Personnel	517,902	436,737	81,165
Professional services	5,500	3,643	1,857
Signage	12,500	13,784	(1,284)
Total - Property and environmental management	799,298	653,148	138,062
Recreational amenities:			
Equipment	14,000	5,873	8,127
Maintenance	47,000	54,805	(7,805)
Other	17,750	29,168	(11,418)
Personnel	440,314	430,572	9,742
Supplies	13,200	9,947	3,253
Utilities	102,685	100,638	2,047
Total - Recreational amenities	634,949	631,003	3,946
Community standards:			
Community enhancement	50,000	40,096	9,904
Equipment	5,700	5,510	190
Office	11,250	9,573	1,677
Other	1,400	1,686	(286)
Personnel	417,182	432,177	(14,995)
Printing	1,000	150	850
Professional services	485	283	202
Total - Community standards	487,017	489,475	(2,458)

(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, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)
(Continued)

	2024			2023
	Budget (Unaudited)	Actual	Variance: Positive (Negative)	Actual
Expenses (continued):				
Community lifestyle:				
Community activities	21,000	14,079	6,921	37,800
Clubhouse	5,000	1,562	3,438	2,800
Newsletter	28,000	17,984	10,016	15,418
Other	400	328	72	44
Website and Association Voice	4,000	3,904	96	3,996
Total - Community lifestyle	58,400	37,857	20,543	60,058
Utilities:				
Electricity	20,700	17,438	3,262	13,742
Natural gas	10,700	7,256	3,444	8,054
Telephone and cellular	13,000	11,858	1,142	12,421
Waste	4,000	3,964	36	3,576
Water	10,150	9,820	330	6,860
Total - Utilities	58,550	50,336	8,214	44,653
Credit loss expense:				
Credit loss expense	35,000	28,943	6,057	2,485
Depreciation:				
Depreciation	-	190,185	(190,185)	188,051
Total Expenses	2,919,156	2,918,342	814	2,806,549
Excess (Deficiency) of Revenues Over Expenses	(125,000)	113,016	238,016	(29,930)

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Schedule of Capital Fund Expenses
For the Year Ended December 31, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	<u>2024</u>	<u>2023</u>
Improvements to the General Common Elements:		
Capital improvements:		
Mailbox improvements	279,586	78,241
Total - Capital improvements	<u>279,586</u>	<u>78,241</u>
Parks and trails improvements:		
Trails	-	253,195
Total - Parks and trails improvements	<u>-</u>	<u>253,195</u>
Recreation center improvements:		
Gymnasium	7,500	-
Parking lot	293,051	2,837
Total - Recreation center improvements	<u>300,551</u>	<u>2,837</u>
Improvements to Capital Assets:		
Capital improvements:		
Lake facility improvements	-	69,815
Total - Capital improvements	<u>-</u>	<u>69,815</u>
Total expenses - Capital Fund	580,137	404,088
Less:		
Improvements to capital assets reported in the Operating Fund	<u>-</u>	<u>(69,815)</u>
Total Expenses - Capital Fund	<u><u>580,137</u></u>	<u><u>334,273</u></u>

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Schedule of Reserve Fund Expenses
For the Year Ended December 31, 2024
(With Comparative Actual Amounts For the Year Ended December 31, 2023)

	<u>2024</u>	<u>2023</u>
Replacements, Major Repairs and Improvements:		
General Common Elements:		
Server upgrades	2,137	-
Sound equipment	1,778	-
Paving and seal coating	238,293	-
Recreation center projects	439,450	198,000
Recreation center equipment	-	33,753
Mailboxes	49,001	44,008
Crawl space renovation	-	46,954
Fire mitigation	18,750	18,528
Other equipment	518	-
Other	4,273	11,382
Total - General Common Elements	<u>754,200</u>	<u>352,625</u>
Capital Assets:		
Equipment	-	23,435
Total - Capital Assets	<u>-</u>	<u>23,435</u>
Total expenditures - Reserve Fund	754,200	376,060
less:		
Replacements and improvements to capital assets		
reported in the Operating Fund	<u>-</u>	<u>(23,435)</u>
Total Expenses - Reserve Fund	<u>754,200</u>	<u>352,625</u>

Pagosa Lakes Property Owners Association
(A Colorado Non-Profit Corporation)
Schedule of Future Major Repairs and Replacements
December 31, 2024
(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, 2024
Exterior building elements:			
Administration building	9 - 23	208,226	
Clubhouse	3 - 23	144,535	
Maintenance shop	3 - 24	130,959	
Recreation Center	2 - 16	463,114	
Interior building elements:			
Administration building	0 - 10	92,860	
Clubhouse	4 - 16	229,650	
Recreation Center	0 - 20	480,513	
Building services elements:			
Administration building	6 - 13	22,500	
Clubhouse building	11	11,000	
Maintenance shop	0 - 12	16,500	
Recreation Center	1 - 19	381,000	
Property site elements:			
Administration building and Clubhouse	0 - 28	208,140	
Maintenance shop	1 - 20	28,600	
Recreation Center	1 - 29	236,180	
Lakes and common areas:			
Dams	1 - 12	300,696	
Parking and sidewalks	0 - 28	476,640	
Bridge, docks, and fences	0 - 22	331,390	
Gazebos and playground equipment	9 - 17	162,000	
Dredging and erosion control	2 - 28	240,000	
Fire mitigation	0 - 4	296,850	
Mailbox stations	0 - 28	848,528	
Maintenance equipment:			
Boat, ATV, and other equipment	0 - 12	293,560	
Tractors and trailers	0 - 18	155,000	
Vehicles	1 - 10	258,000	
Totals		6,016,441	988,403