

**MOUNTAIN SKY METROPOLITAN DISTRICT
FORT LUPTON, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

December 31, 2025



Crady, Puca & Associates

Certified Public Accountants & Consultants

**MOUNTAIN SKY METROPOLITAN DISTRICT
FORT LUPTON, COLORADO**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Mountain Sky Metropolitan District

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Mountain Sky Metropolitan District as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Mountain Sky Metropolitan District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Mountain Sky Metropolitan District, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Mountain Sky Metropolitan District 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mountain Sky Metropolitan District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Mountain Sky Metropolitan District'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 Mountain Sky Metropolitan District'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 audit.

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental 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. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that budgetary comparison information for the general fund, page 21, 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 Governmental 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mountain Sky Metropolitan District's basic financial statements. The individual fund budgetary comparison schedules on pages 22-23 are presented for the purpose of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Crady, Puca & Associates

Aurora, Colorado
May 18, 2026

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MOUNTAIN SKY METROPOLITAN DISTRICT
Statement of Net Position
December 31, 2025

	Total Governmental Activities
Assets:	
Cash and investments	\$ 356,992
Cash and investments - restricted	740,513
Due from county treasurer	-
Property tax receivable	757,604
Prepays	3,851
Capital assets:	
Depreciable, net	1,030,192
Total assets	<u>2,889,152</u>
Liabilities:	
Accounts payable and accrued liabilities	8,562
Accrued interest	270,487
Bonds and notes:	
Due within one year	55,000
Due in more than one year	10,297,497
Total liabilities	<u>10,631,546</u>
Deferred inflows of resources:	
Unavailable revenue - property taxes	757,604
Total deferred inflows of resources	<u>757,604</u>
Net position:	
Net investment in capital assets	-
Restricted for emergencies	8,655
Restricted for debt service	739,742
Unrestricted	(9,248,395)
Total net position	<u>\$ (8,499,998)</u>

The accompanying notes are an integral part of this financial statement.

MOUNTAIN SKY METROPOLITAN DISTRICT
Statement of Activities
For the Year Ended December 31, 2025

	Total Governmental Activities
Expenditures:	
Governmental activities:	
District accounting	\$ 38,547
Audit	6,200
Legal	19,120
Election	1,446
Insurance	2,392
Treasurer fees	12,856
Website	2,325
Office and administration	2,014
Utilities	5,439
Management and compliance	37,697
Common area and park maintenance	30,392
Irrigation repairs and maintenance	515
Snow removal	1,365
Community events	12,139
Trustee fees	9,287
Depreciation	38,111
Interest on long-term debt	601,043
Total expenditures	820,888
Program Revenues:	
Developer capital contributions	25,000
Total program revenues	25,000
Net program income (expense)	(795,888)
General Revenues:	
Property and specific ownership taxes	895,272
Other income	300
Interest income	61,144
Total general revenues before special items	956,716
Special Items:	
Forgiveness of debt	1,537,247
Total general revenues and special items	2,493,963
Change in net position	1,698,075
Net position, beginning of year	(10,198,073)
Net position, end of year	\$ (8,499,998)

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

MOUNTAIN SKY METROPOLITAN DISTRICT

Balance Sheet

Governmental Funds

December 31, 2025

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:				
Cash and investments	\$ 356,992	\$ -	\$ -	\$ 356,992
Cash and investments - restricted	-	25,691	714,822	740,513
Due from county treasurer	-	-	-	-
Prepays	3,851	-	-	3,851
Property tax receivable	206,363	-	551,241	757,604
Total assets	\$ 567,206	\$ 25,691	\$ 1,266,063	\$ 1,858,960
Liabilities:				
Accounts payable and accrued liabilities	\$ 8,562	\$ -	\$ -	\$ 8,562
Total liabilities	8,562	-	-	8,562
Deferred inflows of resources:				
Unavailable revenue - property taxes	206,363	-	551,241	757,604
Total deferred inflows of resources	206,363	-	551,241	757,604
Fund balance:				
Nonspendable:				
Prepays	3,851	-	-	3,851
Restricted:				
Emergencies	7,884	771	-	8,655
Debt services	-	24,920	714,822	739,742
Assigned:				
Repair and maintenance reserve	225,000	-	-	225,000
Next year budget deficit	64,897	-	-	64,897
Unassigned	50,649	-	-	50,649
Total fund balance	352,281	25,691	714,822	1,092,794
Total liabilities, deferred inflows of resources, and fund balances	\$ 567,206	\$ 25,691	\$ 1,266,063	\$ 1,858,960
Amounts reported for governmental activities in the statement of net position are different because:				
Total fund balance - governmental funds				\$ 1,092,794
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.				1,030,192
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.				(10,526,487)
Governmental funds report the effects of premiums, refundings and similar items when the debt is first issued, whereas amounts are deferred and amortized in the statement of activities.				(96,497)
Net position of governmental activities				\$ (8,499,998)

The accompanying notes are an integral part of this financial statement.

MOUNTAIN SKY METROPOLITAN DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2025

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:				
Property tax	\$ 232,062	\$ -	\$ 628,490	\$ 860,552
Specific ownership tax	9,258	-	25,462	34,720
Other income	300	-	-	300
Developer contributions	-	25,000	-	25,000
Interest income	21,168	691	39,285	61,144
Total revenues	262,788	25,691	693,237	981,716
Expenditures:				
Current:				
General government:				
District accounting	38,547	-	-	38,547
Audit	6,200	-	-	6,200
Legal	19,120	-	-	19,120
Election	1,446	-	-	1,446
Insurance	2,392	-	-	2,392
Treasurer fees	3,428	-	9,428	12,856
Website	2,325	-	-	2,325
Office and administration	2,014	-	-	2,014
Utilities	5,439	-	-	5,439
Management and compliance	37,697	-	-	37,697
Common area and park maintenance	30,392	-	-	30,392
Irrigation repairs and maintenance	515	-	-	515
Snow removal	1,365	-	-	1,365
Community events	12,139	-	-	12,139
Trustee fees	-	-	9,287	9,287
Debt service:				
Principal	-	-	268,000	268,000
Interest	-	-	412,384	412,384
Total expenditures	163,019	-	699,099	862,118
Net change in fund balance	99,769	25,691	(5,862)	119,598
Fund balance, beginning of year	252,512	-	720,684	973,196
Fund balance, end of year	\$ 352,281	\$ 25,691	\$ 714,822	\$ 1,092,794

The accompanying notes are an integral part of this financial statement.

MOUNTAIN SKY METROPOLITAN DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance of the Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

	Total Governmental Funds
Net change in fund balance of the governmental funds	\$ 119,598
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation.	(38,111)
Some special items in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	1,537,247
Bonds and debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term debt in the statement of net position.	268,000
Governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	5,966
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	(194,625)
Change in net position of governmental activities	\$ 1,698,075

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accounting policies of the Mountain Sky Metropolitan District (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies consistently applied in the preparation of the financial statements.

Reporting Entity

The District was organized in November 2017, under State of Colorado Statutes as a quasi-municipal corporation and is governed by a five-member elected Board of Directors pursuant to the provisions of the Colorado Special District Act (Title 32, Article I, Colorado Revised Statutes). The District's service area is located in Fort Lupton, Colorado (the "City"). The District was formed to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of public improvements as defined in the Service Plan. The District is to convey the completed public improvements, other than parks and recreation, to the City or other governmental entities. The District will perform homeowners' association functions for the property within its boundaries including, but not limited to, operation and maintenance of parks, trails, open space, and common areas, covenant enforcement, design review, and social functions.

The District complies with GASB accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. It defines component units as legally separate entities for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency. The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity as defined by GASB.

The District has no employees and all operations and administrative functions are contracted.

Basis of Presentation

While separate government-wide and fund financial statements are presented, they are interrelated. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the governmental activities of the District which are financed primarily by property taxes.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by general and program revenues. Direct expenses are those that are clearly identifiable within a specific function or program. Program revenues include 1) fees or charges to citizens and other governmental entities that receive or directly benefit from services provided by a given function or program, and 2) grants, contributions and other revenues that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues not directly related to a particular function or program, if any, are reported separately as general revenues. The District does not have proprietary or fiduciary funds.

1. **Summary of Significant Accounting Policies (continued)**

Basis of Presentation (continued)

The fund financial statements provide information about the government's funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current *financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are collected. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current fiscal year. Developer advances and contributions are recognized when earned per agreements. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The exceptions to this general rule are that principal and interest on general long-term debt are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds.

The District reports the following major governmental funds:

General Fund – is the District's primary operating fund. It accounts for all financial resources of the District not accounted for in another fund.

Capital Projects Fund – accounts for infrastructure expenditures and acceptances.

Debt Service Fund – accounts for the accumulation of resources for, and payment of, the District's long-term bonds, notes and developer advances.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments

Investments held in local government investment pools are reported at net asset value as allowed under US GAAP.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Deposits and Investments (continued)

The District may at times follow the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by regulations or other agreements, all cash is deposited and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements may be pooled for deposit and flexibility. As applicable, investment earnings are allocated periodically.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value within the fair value hierarchy established by US GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. At December 31, 2025, the District did not hold any investments required to be reported under fair value.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of such prepaid items is recorded as an expenditure/expense when consumed rather than when purchased.

Property Taxes

Property taxes are levied annually and attach as an enforceable lien on property as of January 1. At the option of the taxpayer, property taxes may be paid in full or in two equal installments. The first of such installment is to be paid as of February 28 and the second installment is to be paid no later than June 15. If elected to be paid in full, the amount is to be paid no later than April 30. If payments are not made timely, delinquent interest accrues. If the taxes are not paid within subsequent statutory periods, the property tax lien will be sold at public auction. The County bills and collects the property taxes and remits collections to the District on a monthly basis. No provision has been made for uncollected taxes, as all taxes are deemed collectible.

Property taxes are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. These amounts are recorded as revenue in the subsequent year when they are available or collected.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets, which include parks and recreation landscaping are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation. Capital expenditures for projects are capitalized as constructed.

Normal maintenance and repairs that do not add value to assets or materially extend the life of assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the capital assets. Depreciation is reported as a current charge in the statement of activities. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Parks and recreation landscaping	30

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In the current year, the District did not have any items in this reporting category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time frame. The District has one item that qualifies for reporting in this category, unavailable revenue – property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activity.

Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classes of fund balances on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not spendable in form which include items such as prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance (continued)

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the District's Board of Directors, the District's highest level of decision-making authority.

Assigned fund balance. This classification reflects the amounts constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The District has not adopted a formal policy designating personnel to determine amounts that may be assigned, therefore, only the Board of Directors may assign amounts. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. Although not included in a formal policy, the District considers decreases in fund balance to first reduce committed, then assigned, and then unassigned balances, in that order.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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.

2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with US GAAP. State law requires the District to adopt annual appropriated budgets for all funds.

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements:

On or before October 15 of each year, the District's accountant submits to the Board of Directors a recommended budget which details the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopts the proposed budget and an appropriating resolution, which legally appropriates expenditures for the upcoming year.

Prior to December 15, the District computes and certifies to the County Commissioners a rate of levy that derives the necessary property taxes as computed in the proposed budget. The budget and the appropriating resolution are adopted prior to December 15.

After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes which allows the District to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year end.

2. Stewardship, Compliance, and Accountability (continued)

TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20 commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. Spending and revenue limits are determined based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service, federal grants, and sales of assets). The District has reserved a portion of its December 31, 2025 year-end fund balance in the General and Capital Projects Funds for emergencies as required under TABOR totaling \$8,655, which is the approximate required reserve.

On November 7, 2017, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all current levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado Constitution.

The District's management believes it is in compliance with the provisions of TABOR, as it is currently understood. However, TABOR is complex and subject to interpretation. Many of the provisions may not become fully understood without judicial review.

3. Detailed Notes on the Funds

Deposits and Investments

At December 31, 2025, cash and investments are classified in the accompanying financial statements as follows:

Cash and investments	\$	356,992
Cash and investments - restricted		<u>740,513</u>
	\$	<u><u>1,097,505</u></u>

The following is a summary of deposits and investments held by the District at December 31, 2025:

<u>Type</u>	<u>Ratings per S&P Global</u>	<u>Total as of December 31, 2025</u>
Deposits		\$ 3,834
COLOTRUST PLUS+	AAAm	<u>1,093,671</u>
Total		\$ <u><u>1,097,505</u></u>

3. Detailed Notes on the Funds (continued)

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at a minimum of 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by state statute to monitor the naming of eligible depositories and reporting the uninsured deposits and assets maintained in collateral pools.

Investments

The District has not adopted a formal investment policy; however, it follows Colorado Revised Statutes (CRS) regarding investments.

As of December 31, 2025, the District invested in the Colorado Local Governmental Liquid Asset Trust (COLOTRUST), a local government investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, certain repurchase agreements, and collateralized bank deposits, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments.

COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ using the net asset value method. There are no unfunded commitments and there is no redemption notice period. The weighted average maturity is 60 days or less.

Custodial Credit Risk: At December 31, 2025, all of the District's deposits and investments were insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

Interest Rate Risk: CRS limit investment maturities to five years or less unless formally approved by the Board. In accordance with CRS, the District manages its exposure to declines in fair value by limiting the weighted average maturity of its investments.

MOUNTAIN SKY METROPOLITAN DISTRICT
Notes to Financial Statements
December 31, 2025

3. Detailed Notes on the Funds (continued)

Investments (continued)

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District follows the general provisions of CRS which limits the District's exposure to credit risk. CRS specify investment instruments meeting defined rating and risk criteria in which local governmental entities may invest. The allowed investments may include but are not limited to the following:

- Certain money market funds
- Local government investment pools

Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Parks and recreation landscaping	\$ 1,143,346	\$ -	\$ -	\$ 1,143,346
Total capital assets being depreciated	<u>1,143,346</u>	<u>-</u>	<u>-</u>	<u>1,143,346</u>
Less accumulated depreciation for:				
Parks and recreation landscaping	(75,043)	(38,111)	-	(113,154)
Total accumulated depreciation	<u>(75,043)</u>	<u>(38,111)</u>	<u>-</u>	<u>(113,154)</u>
Capital assets being depreciated, net	<u>1,068,303</u>	<u>(38,111)</u>	<u>-</u>	<u>1,030,192</u>
Capital assets, net	<u>\$ 1,068,303</u>	<u>\$ (38,111)</u>	<u>\$ -</u>	<u>\$ 1,030,192</u>

Depreciation expense of \$38,111 was charged to the general government.

Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2025 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
General obligation bonds:					
2020A Senior Bonds	\$ 3,915,000	\$ -	\$ (45,000)	\$ 3,870,000	\$ 55,000
2020A Premium	102,463	-	(5,966)	96,497	-
2020B Subordinate Bonds	609,000	-	(223,000)	386,000	-
Direct placement and direct borrowings:					
2021 Jr. Note	6,000,000	-	-	6,000,000	-
Developer advances	<u>1,293,109</u>	<u>-</u>	<u>(1,293,109)</u>	<u>-</u>	<u>-</u>
Governmental activities					
long-term debt	<u>\$ 11,919,572</u>	<u>\$ -</u>	<u>\$ (1,567,075)</u>	<u>\$ 10,352,497</u>	<u>\$ 55,000</u>

3. Detailed Notes on the Funds (continued)

Long-term Obligations (continued)

Senior General Obligation Limited Tax Bonds, Series 2020A and Subordinate General Obligation Limited Tax Bonds, Series 2020B

On February 13, 2020, the District issued \$3,925,000 of General Obligation Limited Bonds, Series 2020A ("2020A Senior Bonds") with a premium of \$131,174 and \$937,000 of Subordinate General Obligation Limited Tax Bonds, Series 2020B ("2020B Subordinate Bonds"). The 2020A Senior Bonds and the 2020B Subordinate Bonds were issued for the purpose of paying or reimbursing project costs, funding a portion of the interest on the 2020A Senior Bonds, funding the Senior Reserve Fund, and paying the costs of issuance.

The 2020A Senior Bonds bear interest at 5.0%, payable semiannually on each June 1 and December 1, commencing on June 1, 2020, and maturing on December 1, 2049. The 2020B Subordinate Bonds bear interest at a rate of 7.625%, payable annually on December 15, commencing on December 15, 2020, to the extent that pledged revenue is available, maturing on December 15, 2049. Unpaid interest on the 2020A Senior Bonds and 2020B Subordinate Bonds shall compound on each interest payment date.

The 2020A Senior Bonds are subject to a mandatory sinking fund redemption commencing on December 1, 2024. The 2020A Senior Bonds and the 2020B Subordinate Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$1,000, in any order of maturity and in whole or partial maturities, commencing on March 1, 2025, upon payment of par, accrued interest, and a redemption premium that ranges between 0% and 3%. The 2020B Subordinate Bonds are cash flow bonds and are subject to mandatory redemption from subordinate pledged revenue, if any, on deposit in the subordinate bond fund.

The 2020A Senior Bonds are secured by the Senior Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Senior Required Mill, development fees, if any, and any other legally available funds as determined by the District. In connection with the 2020A Senior Bonds, the District is required to maintain a Senior Reserve Fund in the amount of \$313,250 and a Senior Surplus Fund with a maximum of \$392,500. At December 31, 2025, the Senior Reserve Fund and the Senior Surplus Fund were fully funded.

The 2020B Subordinate Bonds are secured by the Subordinate Required Mill Levy, the portion of the Specific Ownership Tax which is collected as a result of the Subordinated Required Mill Levy, development fees available after the 2020A Senior Bonds, amount, if any, in the Senior Surplus Fund after the termination of such fund, and any other legally available funds as determined by the District.

The Senior Required Mill levy and the Subordinate Required Mill Levy do not include oil and gas property tax and the maximum mill levy shall not be more than 50 mills, adjusted for changes in the method of calculating assessed valuations.

3. Detailed Notes on the Funds (continued)

Long-term Obligations (continued)

Senior General Obligation Limited Tax Bonds, Series 2020A and Subordinate General Obligation Limited Tax Bonds, Series 2020B (continued)

Events of default for the District's 2020A Senior Bonds and the 202B Subordinate Bonds include (1) failure by the District to impose the necessary required mill levy or apply the proceeds thereof as required by the bond indentures or collect development fees, (2) default by the District in performance or observance of any other covenants, agreements, or conditions on the part of the District in the bond indentures or resolution, other than as described in the indentures and fails to remedy after notice, and (3) the District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the debt represented by the bond purchase agreement. Failure to pay principal and interest on the bonds when due shall not, of itself, constitute an event of default. Remedies available in the event of default include receivership, suit, action, or special proceedings. Acceleration of the bonds is not an available remedy for default.

Junior Subordinate Limited Tax Revenue Note, Series 2021

The District issued a Junior Subordinate Limited Tax Revenue Note, Series 2021 ("2021 Jr. Note") in March 2021 to the Developer. The note was issued as a nonrevolving line of credit in the amount of \$6,000,000. The entire amount had been issued as of December 31, 2023. The 2021 Jr. Note bears interest at 5.25%, payable annually on December 16, commencing on December 16, 2021, to the extent that pledged revenue is available, maturing on December 16, 2059. The Jr. Note is subject to redemption prior to maturity at any date without a redemption premium. The 2021 Jr. Note is a cash flow note and is subject to mandatory redemption from pledged revenue, if any, subordinated to the 2020A Senior and 2020B Subordinate Bonds. The 2021 Jr. Note is secured by pledged revenues which include the required mill levy, including specific ownership tax, and any other legally available moneys which the District determines to credit to the 2021 Jr. Note. The maximum mill levy for the 2021 Jr. Note shall be 50 mills not subject to adjustment. Unpaid interest shall compound annually on each December 16. At December 31, 2025, unpaid interest under the 2021 Jr. Note amounted to \$253,136.

Events of default for the District's 2021 Jr. Note include (1) failure by the District to impose the necessary required mill levy or apply the proceeds thereof as required by the resolution, (2) default by the District in performance of any other covenants in the resolution and failure to remedy after notice, and (3) the District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the debt represented by the note. Failure to pay principal and interest on the note when due shall not, of itself, constitute an event of default. Remedies available in the event of default include mandamus, specific performance of any covenants, injunctive relief, or requiring the Board to act as if it were the trustee of an express trust, or any combination of such remedies. Acceleration of the bonds is not an available remedy for default.

Authorized Debt

At December 31, 2025, the District had total authorized debt of \$55,000,000 of which \$10,862,000 has been issued, leaving an authorized but unissued balance of \$44,138,000. Per the District's Service Plan, the District cannot issue debt in excess of \$11,000,000 without the approval of the City leaving \$138,000 authorized but unissued debt per the service plan.

3. Detailed Notes on the Funds (continued)

Long-term Obligations (continued)

Debt Service Schedule

The following is a summary of the annual long-term debt principal and interest requirements for the Series 2020A Senior Bonds. Due to the uncertainty of the timing of the principal and interest payments on the Series 2020B Subordinate Bonds and the 2021 Jr. Note, no schedule of principal and interest payment is presented for these bonds or note.

Year Ending December 31,	Principal	Interest	Total
2026	\$ 55,000	\$ 193,500	\$ 248,500
2027	55,000	190,750	245,750
2028	65,000	188,000	253,000
2029	70,000	184,750	254,750
2030	80,000	181,250	261,250
2031-2035	490,000	841,750	1,331,750
2036-2040	715,000	697,250	1,412,250
2041-2045	985,000	492,250	1,477,250
2046-2049	1,355,000	196,500	1,551,500
Total	\$ 3,870,000	\$ 3,166,000	\$ 7,036,000

Developer Advances

On January 1, 2018, the District entered into a Funding and Reimbursement Agreement ("Funding Agreement") with FL Mountain Sky, LLC ("Developer") to reimburse the Developer for capital costs, including but not limited to, direct costs incurred for formation of the District and costs and advances related to the public infrastructure, and O&M costs, including costs and advances in the nature of general operating, administrative and maintenance costs as further outlined in the agreement. Interest shall accrue on costs and advances from the 1st day of the following month that the District accepts the cost or advance at the Wall Street Journal Prime Rate plus 2%, non-compounding, to be determined annually as of January 1st.

On May 19, 2025, the District entered into a Termination of Funding and Reimbursement Agreement ("Termination Agreement") with the Developer. Under the Termination Agreement, the Developer forgave interest and principal amounts due under the Funding Agreement and the Funding Agreement has been deemed terminated. Total forgiveness amounted to \$1,537,247 and is reflected as forgiveness of debt in the Statement of Activities as a special item.

4. Risk Management

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. The District has elected to participate in the Colorado Special Districts Property and Liability Pool ("the Pool"). The Pool is an organization created by intergovernmental agreement to provide common liability and casualty insurance coverage to its members at a cost that is considered economically appropriate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for auto, public official's liability, property and general liability coverage. In the event aggregated losses incurred by the Pool exceed its amounts recoverable from reinsurance contracts and its accumulated reserves, the District may be called upon to make additional contributions to the Pool on the basis proportionate to other members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. During the year ended December 31, 2025, the Pool has made no distributions nor required additional contributions from the District.

5. Related Party

During the year, one member of the Board of Directors was associated with the Developer and may have conflicts of interest in dealing with the District. As of May 2025, the related board member's term ended, and the board is now homeowner-run. The District has entered into various funding arrangements with the Developer to include a 2021 Jr. Note and a Funding Agreement. The Funding Agreement was terminated in May 2025. See Note 3 for details. The District has also entered into a memorandum with the Developer, see Note 6. Management believes that all potential conflicts, if any, have been disclosed to the Board.

6. Agreements

Mountain Sky Development and Master Public Improvements Agreement

The Developer entered into the Mountain Sky Development and Master Public Improvements Agreement with the City, effective August 16, 2018 ("Development Agreement"). The Development Agreement expressly authorizes the District to construct or finance off-site and on-site public improvements for dedication to the City for ownership, operations, and maintenance.

Cost Recovery Agreement

The District and the City entered into a cost recovery agreement dated June 15, 2021 allowing the District to recoup up to \$1,706,889 of certain development and construction costs for off-site public improvements from adjacent properties. Pursuant to the agreement, the City will require payment of a cost recovery charge upon connection by the benefitted properties to the project infrastructure. Unpaid balances will be assessed interest at prime plus 1% annually. The City will charge an administrative fee of 1% on amounts paid to the District or \$100, whichever is less. The term of the agreement is ten years with an option to extend for additional five-year periods up to a total of 20 years. As of December 31, 2025, \$417,176 has been received pursuant to this agreement. No amounts were received in 2025 under this agreement.

6. Agreements (continued)

Memorandum of Understanding

On February 1, 2025, the District entered into a Memorandum of Understanding Regarding Tract C Infrastructure and Conveyance (MOU) with the Developer. Under the MOU, the Developer provided a contribution of \$25,000 to be used to fund landscaping on Tract C upon completion of infrastructure by the adjacent landowner (Murata). Murata is not required to complete the infrastructure by a certain date. The funds shall be held in an interest-bearing account until the infrastructure has been installed by Murata and accepted by the City or the City authorizes the District to complete the final landscaping. Upon receipt of the funds, the District agrees to accept Tract C and the District acknowledges that the Developer shall have no further obligations to the District for public infrastructure located in the District. As of December 31, 2025, no funds have been spent in accordance with the MOU.

7. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The governmental funds balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position.

Capital assets of \$1,143,346 less accumulated depreciation of \$113,154 or a net book value of \$1,030,192 are not financial resources and therefore are not reported in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The details of this difference are as follows:

Series 2020A Bonds	\$ (3,870,000)
Series 2020B Bonds	(386,000)
2021 Jr. Note	(6,000,000)
Accrued interest on long-term debt	(270,487)
Net adjustment	\$ <u>(10,526,487)</u>

Governmental funds report the effects of premiums, refundings and similar items when the debt is first issued, whereas amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:

Premium on general obligation bonds	\$ <u>(96,487)</u>
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Explanation of Differences between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. Explanation of the reconciling items is as follows:

7. Reconciliation of Government-Wide and Fund Financial Statements (continued)

Explanation of Differences between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (continued)

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference is due to depreciation expense of \$(38,111).

Some special items in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. The difference is due to forgiveness of developer debt in the amount of \$1,537,247.

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term debt in the statement of net position. The details of this difference is as follows:

Principal payment on long-term debt	\$ <u>268,000</u>
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Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference is as follows:

Amortization of premium	\$ <u>5,966</u>
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Another element of the reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this difference is as follows:

Accrued interest on long-term debt	\$ <u>(194,625)</u>
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REQUIRED SUPPLEMENTARY INFORMATION

MOUNTAIN SKY METROPOLITAN DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Property tax	\$ 228,535	\$ 232,062	\$ 3,527
Specific ownership tax	7,427	9,258	1,831
Other income	250	300	50
Interest income	10,000	21,168	11,168
Total revenues	246,212	262,788	16,576
Expenditures:			
General government:			
District accounting	46,000	38,547	7,453
Audit	6,800	6,200	600
Legal	37,000	19,120	17,880
Election	4,000	1,446	2,554
Insurance	5,500	2,392	3,108
Treasurer fees	3,428	3,428	-
Website	3,000	2,325	675
Office and administration	2,650	2,014	636
Utilities	12,000	5,439	6,561
Management and Compliance	37,560	37,697	(137)
Common area and park maintenance	51,752	30,392	21,360
Irrigation repairs and maintenance	10,000	515	9,485
Reserve study	3,500	-	3,500
Snow removal	12,000	1,365	10,635
Community events	15,000	12,139	2,861
Contingency	35,000	-	35,000
Total expenditures	285,190	163,019	122,171
Net change in fund balance	(38,978)	99,769	138,747
Fund balance, beginning of year	244,961	252,512	7,551
Fund balance, end of year	\$ 205,983	\$ 352,281	\$ 146,298

The accompanying notes are an integral part of this financial statement.

SUPPLEMENTARY INFORMATION

MOUNTAIN SKY METROPOLITAN DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Developer contributions	\$ -	\$ 25,000	\$ 25,000
Interest income	-	691	691
Total revenues	<u>-</u>	<u>25,691</u>	<u>25,691</u>
Expenditures:			
Capital Outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	25,691	25,691
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ 25,691</u></u>	<u><u>\$ 25,691</u></u>

The accompanying notes are an integral part of this financial statement.

MOUNTAIN SKY METROPOLITAN DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Property tax	\$ 628,501	\$ 628,490	\$ (11)
Specific ownership tax	20,426	25,462	5,036
Other income	25,000	-	(25,000)
Interest income	56,000	39,285	(16,715)
Total revenues	<u>729,927</u>	<u>693,237</u>	<u>(36,690)</u>
Expenditures:			
General government:			
Treasurer fees	9,428	9,428	-
Trustee fees	9,800	9,287	513
Debt service:			
Principal	256,000	268,000	(12,000)
Interest	412,381	412,384	(3)
Contingency	45,000	-	45,000
Total expenditures	<u>732,609</u>	<u>699,099</u>	<u>33,510</u>
Net change in fund balance	(2,682)	(5,862)	(3,180)
Fund balance, beginning of year	<u>721,917</u>	<u>720,684</u>	<u>(1,233)</u>
Fund balance, end of year	<u>\$ 719,235</u>	<u>\$ 714,822</u>	<u>\$ (4,413)</u>

The accompanying notes are an integral part of this financial statement.