

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

Financial Statements

Year Ended December 31, 2025

with

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sojourn at Idlewild Metropolitan District
Grand County, CO

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sojourn at Idlewild Metropolitan District (the "District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the 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 the Sojourn at Idlewild Metropolitan District as of December 31, 2025, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 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 the 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 the 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 the 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.

Other Matters

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as noted in the table of contents are presented for purposes 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in blue ink that reads "Flynn CPA, LLC". The signature is stylized and includes a horizontal line underneath the text.

Flynn CPA, LLC

Castle Pines, CO
April 27, 2026

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION GOVERNMENTAL FUNDS December 31, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	Statement of <u>Net Position</u>
ASSETS						
Cash and cash equivalents	\$ 10,622	\$ -	\$ -	\$ 10,622	\$ -	\$ 10,622
Cash and cash equivalents - restricted	3,475	3,097,073	527,618	3,628,166	-	3,628,166
Taxes due from County	104	-	-	104	-	104
Prepaid expenses	3,252	-	-	3,252	-	3,252
Property taxes receivable	52,080	115,157	-	167,237	-	167,237
Capital assets not being depreciated	-	-	-	-	11,187,034	11,187,034
Total Assets	<u>\$ 69,533</u>	<u>\$ 3,212,230</u>	<u>\$ 527,618</u>	<u>\$ 3,809,381</u>	<u>11,187,034</u>	<u>14,996,415</u>
LIABILITIES						
Accounts payable	\$ 18,899	\$ -	\$ -	\$ 18,899	-	18,899
Accrued interest on bonds	-	-	-	-	203,833	203,833
Long-term liabilities:						
Due within one year	-	-	-	-	-	-
Due in more than one year	-	-	-	-	15,717,150	15,717,150
Total Liabilities	<u>18,899</u>	<u>-</u>	<u>-</u>	<u>18,899</u>	<u>15,920,983</u>	<u>15,939,882</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	<u>52,080</u>	<u>115,157</u>	<u>-</u>	<u>167,237</u>	<u>-</u>	<u>167,237</u>
Total Deferred Inflows of Resources	<u>52,080</u>	<u>115,157</u>	<u>-</u>	<u>167,237</u>	<u>-</u>	<u>167,237</u>
FUND BALANCES/NET POSITION						
Fund balances:						
Nonspendable:						
Prepays	3,252	-	-	3,252	(3,252)	-
Restricted:						
Emergencies	3,475	-	-	3,475	(3,475)	-
Debt service	-	3,097,073	-	3,097,073	(3,097,073)	-
Capital	-	-	527,618	527,618	(527,618)	-
Unassigned	<u>(8,173)</u>	<u>-</u>	<u>-</u>	<u>(8,173)</u>	<u>8,173</u>	<u>-</u>
Total Fund Balances	<u>(1,446)</u>	<u>3,097,073</u>	<u>527,618</u>	<u>3,623,245</u>	<u>(3,623,245)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 69,533</u>	<u>\$ 3,212,230</u>	<u>\$ 527,618</u>	<u>\$ 3,809,381</u>		
Net Position:						
Restricted for:						
Emergencies					3,475	3,475
Debt service					3,097,073	3,097,073
Capital projects					527,618	527,618
Unrestricted					<u>(4,738,870)</u>	<u>(4,738,870)</u>
Total Net Position					<u>\$ (1,110,704)</u>	<u>\$ (1,110,704)</u>

The notes to the financial statements are an integral part of these statements.

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES GOVERNMENTAL FUNDS For the Year Ended December 31, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES						
<u>Operating:</u>						
Management	\$ 13,877	\$ -	\$ -	\$ 13,877	\$ -	\$ 13,877
Accounting	11,887	-	-	11,887	-	11,887
Insurance	3,605	-	-	3,605	-	3,605
Election	5,925	-	-	5,925	-	5,925
Legal	40,913	-	-	40,913	-	40,913
Paying Agent Fees	-	8,883	-	8,883	-	8,883
Miscellaneous	38,513	-	-	38,513	-	38,513
Treasurer's fees	1,104	-	-	1,104	-	1,104
Bond interest	-	418,230	-	418,230	203,833	622,063
Issuance costs	-	537,525	-	537,525	-	537,525
Capital expenditures	-	-	11,187,034	11,187,034	(11,187,034)	-
Interest on developer advances	-	-	-	-	7,219	7,219
Developer repayment	-	-	3,157,000	3,157,000	(3,157,000)	-
Total Expenditures	<u>115,824</u>	<u>964,638</u>	<u>14,344,034</u>	<u>15,424,496</u>	<u>(14,132,982)</u>	<u>1,291,514</u>
GENERAL REVENUES						
Property tax revenue	22,058	-	-	22,058	-	22,058
Specific ownership taxes	1,645	-	-	1,645	-	1,645
Interest income	<u>21</u>	<u>92,975</u>	<u>111,388</u>	<u>204,384</u>	<u>-</u>	<u>204,384</u>
Total General Revenues	<u>23,724</u>	<u>92,975</u>	<u>111,388</u>	<u>228,087</u>	<u>-</u>	<u>228,087</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(92,100)	(871,663)	(14,232,646)	(15,196,409)	14,132,982	(1,063,427)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	15,572,000	-	15,572,000	(15,572,000)	-
Developer advances	98,931	-	3,157,000	3,255,931	(3,255,931)	-
Transfers (to)/from other funds	<u>-</u>	<u>(11,603,264)</u>	<u>11,603,264</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>98,931</u>	<u>3,968,736</u>	<u>14,760,264</u>	<u>18,827,931</u>	<u>(18,827,931)</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	6,831	3,097,073	527,618	3,631,522	(3,631,522)	
CHANGES IN NET POSITION					(1,063,427)	(1,063,427)
FUND BALANCES/NET POSITION						
BEGINNING OF YEAR	<u>(8,277)</u>	<u>-</u>	<u>-</u>	<u>(8,277)</u>	<u>(39,000)</u>	<u>(47,277)</u>
END OF YEAR	<u>\$ (1,446)</u>	<u>\$ 3,097,073</u>	<u>\$ 527,618</u>	<u>\$ 3,623,245</u>	<u>\$ (4,733,949)</u>	<u>\$ (1,110,704)</u>

The notes to the financial statements are an integral part of these statements.

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2025

	Original	Final	Original to Final		Variance
	<u>Budget</u>	<u>Budget</u>	<u>Budget Variance</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES					
Property tax revenue	\$ 32,760	\$ 32,760	\$ -	\$ 22,058	\$ (10,702)
Specific ownership taxes	1,966	1,966	-	1,645	(321)
Interest income	-	-	-	21	21
Total Revenues	<u>34,726</u>	<u>34,726</u>	<u>-</u>	<u>23,724</u>	<u>(11,002)</u>
EXPENDITURES					
Management	20,000	20,000	-	13,877	6,123
Accounting	20,000	20,000	-	11,887	8,113
Audit	6,500	6,500	-	-	6,500
Insurance	7,500	7,500	-	3,605	3,895
Election	1,500	1,500	-	5,925	(4,425)
Legal	50,000	50,000	-	40,913	9,087
Miscellaneous	3,000	3,000	-	38,513	(35,513)
Treasurer's fees	1,638	1,638	-	1,104	534
Contingency	3,000	88,820	(85,820)	-	88,820
Emergency reserve	<u>1,042</u>	<u>1,042</u>	<u>-</u>	<u>-</u>	<u>1,042</u>
Total Expenditures	<u>114,180</u>	<u>200,000</u>	<u>(85,820)</u>	<u>115,824</u>	<u>84,176</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(79,454)	(165,274)	(85,820)	(92,100)	73,174
OTHER FINANCING SOURCES					
Developer advances	<u>100,000</u>	<u>170,000</u>	<u>70,000</u>	<u>98,931</u>	<u>(71,069)</u>
Total Other Financing Sources	<u>100,000</u>	<u>170,000</u>	<u>70,000</u>	<u>98,931</u>	<u>(71,069)</u>
NET CHANGE IN FUND BALANCE	20,546	4,726	(15,820)	6,831	2,105
FUND BALANCE:					
BEGINNING OF YEAR	<u>9</u>	<u>9</u>	<u>-</u>	<u>(8,277)</u>	<u>(8,286)</u>
END OF YEAR	<u>\$ 20,555</u>	<u>\$ 4,735</u>	<u>\$ (15,820)</u>	<u>\$ (1,446)</u>	<u>\$ (6,181)</u>

The notes to the financial statements are an integral part of these statements.

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Sojourn at Idlewild Metropolitan District, located in Grand County, Colorado, conform to the accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. 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 the more significant policies consistently applied in the preparation of financial statements.

Definition of Reporting Entity

Sojourn at Idlewild Metropolitan District (the “District”), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized on March 15, 2022 and is governed pursuant to provisions of the Colorado Special District Act (Title 32). The District’s service area is located in the Town of Winter Park, Colorado (the “Town”). The District operates under the Service Plan for Sojourn at Idlewild Metropolitan District (the “Service Plan”) to provide for the design, acquisition, construction, installation, financing, relocation and redevelopment, and operation and maintenance of certain public improvements that are not dedicated to, accepted by, or otherwise conveyed to the Town or another public entity.

As required by GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the GASB pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB sets forth the financial accountability of a governmental organization’s elected governing body as the basic criterion for including a possible component governmental organization in a primary government’s legal entity. 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 pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization. The District has no component units as defined by the GASB.

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

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34 - Special Purpose Governments.

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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. Expenditures for capital outlay are shown as increases in assets and redemption of long-term debts are recorded as a reduction in liabilities.

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 to be *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 to be available if they are collected within 60 days of the end of the current fiscal period. The material sources of revenue subject to accrual are property taxes. Nearly all revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Debt Service Fund – The Debt Service Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for principal, interest and other debt related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets.

Budgetary Accounting

Budgets are adopted on a non-GAAP basis for the governmental funds. In accordance with the State Budget Law of Colorado, the District's Board of Directors holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The appropriation is at the total fund expenditures level and lapses at year end. During the year the General Fund, Debt Service Fund, and Capital Projects Fund were amended to account for the issuance of bonds and related capital and administrative expenses.

Assets, Liabilities and Net Position

Fair Value of Financial Instruments

The District's financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments on December 31, 2025, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Deposits and Investments

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a minimum number of bank accounts. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has no items that qualify for reporting in this category.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable using the straight-line method.

Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land and certain landscaping improvements are not depreciated.

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

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 activities.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications make the nature and extent of the constraints placed on a government's fund balance more transparent:

Nonspendable Fund Balance

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable in form (such as inventory or prepaids) or are legally or contractually required to be maintained intact.

The nonspendable fund balance in the General Fund in the amount of \$3,252 represents prepaid expenditures.

Restricted Fund Balance

The restricted fund balance includes amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation.

The restricted fund balance in the General Fund represents Emergency Reserves that have been provided as required by Article X, Section 20 of the Constitution of the State of Colorado. A total of \$3,475 of the General Fund balance has been reserved in compliance with this requirement.

The restricted fund balance in the Debt Service Fund in the amount of \$3,097,073 is restricted for the payment of the debt service costs (see Note 4).

The restricted fund balance in the Capital Projects Fund in the amount of \$527,618 is restricted for the future capital expenditures (see Note 3).

Committed Fund Balance

The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by a formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Assigned Fund Balance

Assigned fund balance includes amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned Fund Balance

Unassigned fund balance includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative amounts.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District can report three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures ("Statement 102"). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance of these financial statements.

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

Notes to Financial Statements

December 31, 2025

The District implemented the requirements of this guidance effective January 01, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

In April 2024, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 103, *Financial Reporting Model Improvements*. This standard is set to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Certain key components include the MD&A, unusual or infrequent items, proprietary fund changes in the net position, component unit information, and budgetary comparison information. The District implemented the requirements of the guidance effective for the year ended December 31, 2025.

Note 2: Cash and Investments

As of December 31, 2025, cash and investments is classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and cash equivalents	\$ 10,622
Cash and cash equivalents - restricted	<u>3,628,166</u>
Total	\$ <u>3,638,788</u>

Cash and cash equivalents as of December 31, 2025, consist of the following:

Deposits with financial institutions	\$ 1,097
Investments - COLOTRUST	<u>3,637,691</u>
	\$ <u>3,638,788</u>

Deposits

Custodial Credit Risk

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 least equal to 102% of the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

The District follows state statutes for deposits. None of the District's deposits were exposed to custodial credit risk.

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Investments

Credit Risk

The District has elected to follow state statutes for investments. Colorado statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest. These investments include obligations of the United States and certain U.S. Government agency entities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Custodial and Concentration of Credit Risk

None of the District's investments are subject to custodial or concentration of credit risk.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Investment Valuation

Certain investments are measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment is not required to be categorized within the fair value hierarchy. This investment's value is calculated using the net asset value method ("NAV") per share.

As of December 31, 2025, the District had the following investments:

COLOTRUST

As of December 31, 2025, the District invested in the Colorado Local Governmental Liquid Asset Trust ("COLOTRUST"), a local governmental 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, and certain repurchase agreements, 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. There are no unfunded commitments and there is no redemption notice period.

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

The weighted average maturity is 60 days or less and is rated AAAm by Standard & Poor's. On December 31, 2025, the District had \$3,637,691 invested in COLOTRUST PLUS+.

Note 3: Capital Assets

An analysis of the changes in net capital assets for the year ended December 31, 2025, follows:

Governmental Type Activities:	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 11,187,034	\$ -	\$ 11,187,034
Governmental Type Assets, net	<u>\$ -</u>	<u>\$ 11,187,034</u>	<u>\$ -</u>	<u>\$ 11,187,034</u>

No depreciation expense was incurred during the year ended December 31, 2025.

Note 4: Long-Term Debt

The following is an analysis of changes in long-term debt for the year ending December 31, 2025:

	Balance 1/1/2025	Additions	Reductions	Balance 12/31/2025	Current Portion
<u>General Obligation Bonds:</u>					
Series 2025A Bonds	\$ -	\$ 12,415,000	\$ -	\$ 12,415,000	\$ -
Series 2025B Bonds	-	3,157,000	-	3,157,000	-
Total General Obligation Bonds	<u>-</u>	<u>15,572,000</u>	<u>-</u>	<u>15,572,000</u>	<u>-</u>
<u>Other:</u>					
Developer Advances Operating - Principal	35,321	98,931	-	134,252	-
Developer Advances Operating - Interest	3,679	7,219	-	10,898	-
Developer Advances Capital - Principal	<u>-</u>	<u>3,157,000</u>	<u>3,157,000</u>	<u>-</u>	<u>-</u>
Total Developer Advances and Accrued Interest	<u>39,000</u>	<u>3,263,150</u>	<u>3,157,000</u>	<u>145,150</u>	<u>-</u>
Total	<u>\$ 39,000</u>	<u>\$ 18,835,150</u>	<u>\$ 3,157,000</u>	<u>\$ 15,717,150</u>	<u>\$ -</u>

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

A description of the long-term obligations as of December 31, 2025, is as follows:

General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds Series 2025A

On May 6, 2025, the District issued \$12,415,000 of General Obligation (Limited Tax Convertible to Unlimited Tax) Bonds Series 2025A (the “2025A Bonds”). The 2025A Bonds were issued to reimburse a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure, to fund the Surplus Fund, to fund a portion of the interest to accrue on the 2025A Bonds, and fund the costs of issuing the 2025A Bonds and the 2025B Subordinate Bonds.

The 2025A Bonds are limited tax (convertible to unlimited tax) general obligations of the District secured by and payable from the Pledged Revenue consisting of the following revenues: (a) the Required Mill Levy; (b) the portion of the Specific Ownership Tax which is collected as a result of imposition of the Required Mill Levy; and (c) any other legally available moneys that the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledged Revenue. The 2025A Bonds will also be secured by amounts on deposit in the Surplus Fund.

The 2025A Bonds bear interest at 6.125% payable semiannually on each June 1 and December 1, commencing on December 1, 2025, and mature in 2055. The 2025A Bonds are subject to both optional and mandatory redemption, in whole or in part, upon payment of par, accrued interest, and a redemption premium. The optional redemption begins June 1, 2030 and the mandatory redemption begins June 1, 2032.

<u>Date of Redemption</u>	<u>Redemption Premium</u>
June 1, 2030 through May 31, 2031	3.00%
June 1, 2031 through May 31, 2032	2.00%
June 1, 2032 through May 31, 2033	1.00%
June 1, 2033 and thereafter	0.00%

Events of default for the 2025A Bonds include: (a) failure by the District to impose the Required Mill Levy or to apply the Pledged Revenue as required by the Indenture of Trust relating to the 2025A Bonds (the “Indenture”); (b) the District fails to pay principal of, premium if any, or interest on the 2025A Bonds when due; (c) default by the District in the performance of any other of the covenants, agreements, or conditions in the Indenture and failure by the District to remedy; or (d) the District files a petition under federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the 2025A Bonds.

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

The following is a summary of the annual long-term debt principal and interest requirements on the 2025A Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 760,419	\$ 760,419
2027	-	760,419	760,419
2028	-	760,419	760,419
2029	-	760,419	760,419
2030	-	760,419	760,419
2031 - 2035	470,000	3,778,514	4,248,514
2036 - 2040	1,315,000	3,512,381	4,827,381
2041 - 2045	2,040,000	3,026,056	5,066,056
2046 - 2050	3,050,000	2,285,543	5,335,543
2051 - 2055	5,540,000	1,196,211	6,736,211
	<u>\$ 12,415,000</u>	<u>\$ 17,600,800</u>	<u>\$ 30,015,800</u>

Subordinate General Obligation Limited Tax Bonds, Series 2025B

On May 13, 2025, the District issued \$3,157,000 of Subordinate General Obligation Limited Tax Bonds, Series 2025B (the “2025B Bonds”). The 2025B Bonds were issued to reimburse a portion of the costs of acquiring, constructing, and/or installing certain public infrastructure. The 2025B Bonds bear interest at a rate of 7.00% payable to extent of available cash flow.

The 2025B Bonds are “cash flow” bonds secured by the Pledged Revenue consisting of the following, new of any costs of collection: the Subordinate Required Mill Levy; the portion of the Specific Ownership Tax which is collected as a result of imposition of the Subordinate Required Mill Levy; the amounts, if any, in the Surplus Fund after the payment or defeasance of the 2025A Bonds; and any other legally available moneys which the District determines, in its absolute discretion, to transfer to the Trustee for application as Pledge Revenue.

The 2025B Bonds and interest hereon shall be deemed to be paid, satisfied, and discharged on December 16, 2065 (the “Termination Date”), regardless of the amount of principal and interest paid prior to the Termination Date.

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Developer Advances

The District entered into an Advance and Reimbursement Agreement (Operations and Maintenance Expenses), with HDC 398 Ski Idlewild Road, LLLP (the “Developer”) on June 27, 2022, as amended on November 4, 2024 and December 11, 2025 (collectively, the “Reimbursement Agreement”), pursuant to which the Developer agrees to advance funds to the District, or expend funds on behalf of the District, for District operations, maintenance, and administrative expenses to a maximum advance amount of \$275,000. The District agrees to repay the Developer, along with accrued interest, at a rate of 8% per annum. As of December 31, 2025, total amount of advances were \$145,150 which includes \$134,252 of principal and \$10,898 of accrued interest.

The District also entered into an Advance and Reimbursement and Facilities Acquisition Agreement (Capital Expenses) with the Developer on June 27, 2022 (the “Acquisition Agreement”), pursuant to which the Developer agrees to advance funds to or expend funds on behalf of the District up to the maximum advance amount of \$20,000,000 for the costs of public improvements and eligible professional service costs. The District agrees to repay the Developer, along with accrued interest, at a rate of 8% per annum. As of December 31, 2025, all amounts outstanding under this agreement were paid off with the issuance of the 2025B Bonds.

Intergovernmental Agreement Between the Town and the District

The District and the Town entered into an intergovernmental agreement, dated June 27, 2022, regarding compliance with the Service Plan of the District.

Debt Authorization

At an election in 2022, a majority of the qualified electors of the District authorized the issuance of indebtedness to finance certain categories of public improvements in an amount not to exceed \$180,000,000. The District’s eligible electors also approved at the 2022 election, among other things, an additional \$40,000,000 of indebtedness to refund certain existing debt of the District. After the issuance of the 2025A Bonds and 2025B Bonds, the remaining electoral authorization from the 2022 election stands at \$164,428,000 for public improvements. At an election in 2025, the District’s eligible electors re-authorized the electoral authorization approved at the 2022 election, with the addition of authorization for the issuance of \$20,000,000 of indebtedness for security services and improvements. Per the District’s Service Plan, the District cannot issue debt in excess of \$20,000,000.

As of December 31, 2025, the District has no lines of credit.

Note 5: Related Parties

The members of the Board of Directors of the District are officers, employees or otherwise associated with the Developer and may have conflicts of interest in dealing with the District.

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Note 6: Risk Management

Except as provided in the Colorado Governmental Immunity Act, 24-10-101, et seq., CRS, the District may be exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to agents; and natural disasters. The District has elected to participate in the Colorado Special Districts Property and Liability Pool (“Pool”) which 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 officials’ liability, and 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.

Note 7: Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (“TABOR”), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year’s Fiscal Year Spending adjusted for allowable increases 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 requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The District’s management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

SOJOURN AT IDLEWILD METROPOLITAN DISTRICT

Notes to Financial Statements December 31, 2025

Note 8: Transfers

The transfer of \$11,603,264 from the Debt Service Fund to the Capital Projects Fund was transferred for the purpose of transferring Bond moneys to pay for capital expenditures pursuant to the requirements set forth in the 2025A Bonds Indenture of Trust.

Note 9: Reconciliation of Government-Wide Financial Statements and Fund Financial Statements

The Governmental Funds Balance Sheet/Statement of Net Position includes an adjustments column. The adjustments have the following elements:

- 1) capital improvements used in government activities are not financial resources and, therefore are not reported in the funds; and
- 2) long-term liabilities such as bonds and developer advances payable and accrued interest payable are not due and payable in the current period and, therefore, are not in the funds.

The Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities includes an adjustments column. The adjustments have the following elements:

- 1) governmental funds report capital outlays as expenditures, however, in the statement of activities, the costs of those assets are held as construction in process pending transfer to other governmental entities or depreciated over their useful lives;
- 2) governmental funds report interest expense on the modified accrual basis; however, interest expense is reported on the full accrual method on the Statement of Activities;
- 3) governmental funds report developer advances and/or bond proceeds as revenue; and,
- 4) governmental funds report long-term debt payments as expenditures, however, in the statement of activities, the payment of long-term debt is recorded as a decrease of long-term liabilities.

SUPPLEMENTARY INFORMATION

SOJOURN AT IDLEWILD 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 <u>Budget</u>	Final <u>Budget</u>	Original to Final <u>Budget Variance</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ 92,975	\$ 92,975
Total Revenues	-	-	-	92,975	92,975
EXPENDITURES					
Paying Agent Fees	-	5,000	(5,000)	8,883	(3,883)
Bond interest	-	50,000	(50,000)	418,230	(368,230)
Issuance costs	-	250,000	(250,000)	537,525	(287,525)
Total Expenditures	-	305,000	(305,000)	964,638	(659,638)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(305,000)	(305,000)	(871,663)	(566,663)
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	20,000,000	20,000,000	15,572,000	(4,428,000)
Transfers (to)/from other funds	-	(19,695,000)	(19,695,000)	(11,603,264)	8,091,736
Total Other Financing Sources (Uses)	-	305,000	305,000	3,968,736	3,663,736
NET CHANGE IN FUND BALANCE	-	-	-	3,097,073	3,097,073
FUND BALANCE:					
BEGINNING OF YEAR	-	-	-	-	-
END OF YEAR	\$ -	\$ -	\$ -	\$ 3,097,073	\$ 3,097,073

The notes to the financial statements are an integral part of these statements.

SOJOURN AT IDLEWILD 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 <u>Budget</u>	Final <u>Budget</u>	Original to Final <u>Budget Variance</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES					
Interest income	\$ -	\$ -	\$ -	\$ 111,388	\$ 111,388
Total Revenues	-	-	-	111,388	111,388
EXPENDITURES					
Capital expenditures	-	19,695,000	(19,695,000)	11,187,034	8,507,966
Developer repayment	-	-	-	3,157,000	(3,157,000)
Total Expenditures	-	19,695,000	(19,695,000)	14,344,034	5,350,966
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(19,695,000)	(19,695,000)	(14,232,646)	5,462,354
OTHER FINANCING SOURCES (USES)					
Developer advances	-	-	-	3,157,000	3,157,000
Transfers (to)/from other funds	-	19,695,000	19,695,000	11,603,264	(8,091,736)
Total Other Financing Sources (Uses)	-	19,695,000	19,695,000	14,760,264	(4,934,736)
NET CHANGE IN FUND BALANCE	-	-	-	527,618	527,618
FUND BALANCE:					
BEGINNING OF YEAR	-	-	-	-	-
END OF YEAR	\$ -	\$ -	\$ -	\$ 527,618	\$ 527,618

The notes to the financial statements are an integral part of these statements.