Quantum 56 Metropolitan District

Financial Statements

December 31, 2025

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Financial Statements
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Quantum 56 Metropolitan District
Adams County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Quantum 56 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 District, as of December 31, 2025 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Required Supplementary Information

Management has omitted the 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 opinion on the basic financial statements is not affected by this missing information.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Quantum 56 Metropolitan District

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The fund budgetary comparison information in Section F is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information found in Section F is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 20, 2026

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Quantum 56 Metropolitan District
Statement of Net Position
December 31, 2025

Assets:	
Cash and equivalents - Unrestricted	90,666
Cash and equivalents - Restricted	1,199,393
Amounts due from County	431
Property taxes receivable	520,814
Prepaid expenses	2,774
Capital assets, net	18,453,626
Total Assets	20,267,704
Liabilities:	
Current liabilities due in less than one year:	
Accounts payable	5,364
Accrued interest payable	711,058
Non-current liabilities due in excess of one year:	
Bonds payable	10,210,000
Developer advances	10,294,288
Total Liabilities	21,220,710
Deferred Inflow of Resources:	
Property tax revenue	520,814
Total Deferred Inflow of Resources	520,814
Net Position:	
Net investment in capital assets	(1,981,764)
Restricted for debt service	1,199,393
Restricted for emergencies	3,821
Unrestricted	(695,270)
Total Net Position	(1,473,820)

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

Quantum 56 Metropolitan District
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Functions/Programs:					
Governmental activities:					
General government	737,219	-	-	-	(737,219)
Interest on long-term debt	833,741	-	-	-	(833,741)
Total primary government	1,570,960	-	-	-	(1,570,960)
	General revenues:				
	Taxes:				
	Property tax				118,432
	Specific ownership tax				5,652
	Interest income				20,636
	Total General Revenues				144,720
	Change in Net Position				(1,426,240)
	Net Position - Beginning				(47,580)
	Net Position - Ending				(1,473,820)

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

FUND FINANCIAL STATEMENTS

Quantum 56 Metropolitan District
Balance Sheet
Governmental Funds
December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets:				
Cash and equivalents - Unrestricted	90,666	-	-	90,666
Cash and equivalents - Restricted	-	1,199,393	-	1,199,393
Amounts due from County	431	-	-	431
Property taxes receivable	86,802	434,012	-	520,814
Prepaid expenditures	2,774	-	-	2,774
Total Assets	180,673	1,633,405	-	1,814,078
Liabilities, Deferred Inflow of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	5,364	-	-	5,364
Total Liabilities	5,364	-	-	5,364
Deferred Inflow of Resources:				
Unavailable property tax revenue	86,802	434,012	-	520,814
Total Deferred Inflow of Resources	86,802	434,012	-	520,814
Fund Balances:				
Nonspendable	2,774	-	-	2,774
Restricted for debt service	-	1,199,393	-	1,199,393
Restricted for emergencies	3,821	-	-	3,821
Unassigned	81,912	-	-	81,912
Total Fund Balances	88,507	1,199,393	-	1,287,900
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	180,673	1,633,405	-	1,814,078

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

Quantum 56 Metropolitan District
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2025

Governmental Funds Total Fund Balance		1,287,900
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the funds. Details of these amounts are as follows:		
Capital assets	18,609,143	
Accumulated depreciation	(155,517)	
		18,453,626
Long-term liabilities, including bonds payable and leases payable, are not due and payable in the current period and, therefore, are not reported in the funds. This is the amount of District long-term liabilities. Details of these amounts are as follows:		
Bonds payable	(10,210,000)	
Developer advances	(10,294,288)	
Accrued interest payable	(711,058)	
		(21,215,346)
Net Position of Governmental Activities		(1,473,820)

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

Quantum 56 Metropolitan District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Property taxes	118,432	-	-	118,432
Specific ownership taxes	5,652	-	-	5,652
Interest income	3,268	17,368	-	20,636
Total Revenues	127,352	17,368	-	144,720
Expenditures:				
General government	57,853	-	-	57,853
Debt service				
Developer repayment	-	-	8,373,702	8,373,702
Interest	-	130,424	-	130,424
Bond issuance costs	-	523,849	-	523,849
Capital outlay	-	-	18,609,143	18,609,143
Total Expenditures	57,853	654,273	26,982,845	27,694,971
Excess (Deficiency) of Revenues over Expenditures	69,499	(636,905)	(26,982,845)	(27,550,251)
Other Financial Sources (Uses):				
Bond proceeds	-	10,210,000	-	10,210,000
Developer advances	-	-	18,599,092	18,599,092
Transfers in	-	-	8,383,753	8,383,753
Transfers (out)	(10,051)	(8,373,702)	-	(8,383,753)
Total Other Financing Sources (Uses)	(10,051)	1,836,298	26,982,845	28,809,092
Net Change in Fund Balances	59,448	1,199,393	-	1,258,841
Fund Balances - Beginning	29,059	-	-	29,059
Fund Balances - Ending	88,507	1,199,393	-	1,287,900

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

Quantum 56 Metropolitan District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

Net change in fund balances for total governmental funds		1,258,841
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of the assets is allocated over their estimated useful lives as depreciation expense. This is the net difference between depreciation and capital additions during the year. Details of these differences are as follows:		
Capital additions	18,609,143	
Depreciation expense	(155,517)	
		18,453,626
The repayment of the principal of long-term debt consumes current financial resources of governmental funds. This transaction, however, has no effect on net position. This amount is the net effect of these differences in the treatement of long-term debt repayments.		
Principal repayments - Developer advances	8,373,702	
Bond proceeds	(10,210,000)	
Developer advances	(18,599,092)	
		(20,435,390)
The change in accrued interest reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.		(703,317)
Change in Net Position of Governmental Activities		(1,426,240)

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

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The Quantum 56 Metropolitan District (the "District") was established on May 24, 2022, as a quasi-municipal corporation and political subdivision of the State of Colorado. The District was formed to serve the public improvement needs within the service area. The District has the authority to finance, design, construct and install improvements including fire protection, parks and recreation, traffic safety, sanitation, stormwater, solid waste disposal, street improvements, water, security, and covenant enforcement in an area of approximately 60 acres of land in Adams County, Colorado.

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits, to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental type.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, all balances are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

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

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The *Capital Projects Fund* accounts for revenues that are required to be used for capital projects.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

Amounts reported as program revenues include capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and interest income.

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

Investments are stated at net asset value. The change in fair value or net asset value of investments is recognized as an increase or decrease to investment assets and investment income. The District's investment policy is detailed in note III.A.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. There was no allowance as of December 31, 2025.

3. Prepaid Expenses

Prepaid expenses represent costs incurred in advance for goods or services that will be consumed or utilized in future periods. These amounts are recorded as assets at the time of payment and are subsequently expensed over the period in which the related benefits are received.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred inflow of resources.

5. Capital Assets

Capital assets, which include construction in progress, land, buildings, equipment, vehicles, and infrastructure assets, are reported in the governmental activity columns in the government-wide financial statements. The District defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Capital Assets (continued)

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred. Infrastructure, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Roads	40
Parks and recreation	25
Potable Water	5-40
Sewer and Storm Water	5-40

6. Deferred Outflows and 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 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 does not have any items to report under this 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable property tax revenue is deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

7. Long-term Obligations

The District’s long-term obligations consist of outstanding bonds and developer advances. These obligations are recorded in the government-wide financial statements, at their principal amounts, net of any applicable bond discounts or premiums, which are amortized over the life of the related debt using the effective interest method.

Bonds payable – represent limited tax general obligation bonds issued to finance infrastructure and capital improvements. Interest on bonds is recognized as an expense when incurred, and principal payments are made in accordance with the debt service schedule.

Developer advances - represent funds provided by developers for initial infrastructure and operational costs. These advances bear interest at rates specified in agreements between the District and developers. Repayment of advances is contingent upon the availability of certain future revenues.

Debt issuance costs, excluding prepaid bond insurance, are expensed as incurred in accordance with applicable accounting standards.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Fund Balance

The District classifies governmental fund balances as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of targeted reserve positions and management reports the targeted amounts annually to Board of Directors.

E. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Local Government Budget Law of Colorado. The budgets for the funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP").

As required by Colorado statutes, the District followed the following timetable in approving and enacting a budget for 2025:

(1) For the 2025 budget, prior to August 25, 2024, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2024, only once by a single notification to the District.

(2) On or before October 15, 2024, the Budget Director submitted to the District's Board of Directors a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

(3) Prior to December 15, 2024, the District computed and certified to the County Commissioners a rate of levy that derived the necessary property taxes as computed in the proposed budget.

(4) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.

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 in the budget; c) it may approve emergency appropriations; and d) it may reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, had taxes been certified in 2024 they would have been collected in 2025 and taxes certified in 2025 will be collected in 2026. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes which are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

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

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR 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. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The District has reserved $3,821, which is the approximate required reserve, at December 31, 2025.

Under TABOR, the initial base for local government spending and revenue limits is December 31, 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

On May 3, 2022, the District's electorate approved the following:

SHALL QUANTUM 56 METROPOLITAN DISTRICT BE AUTHORIZED TO COLLECT, RECEIVE, RETAIN, AND SPEND THE FULL AMOUNT OF ALL TAXES, TAX INCREMENT REVENUES, TAP FEES, PARK FEES, FACILITY FEES, PUBLIC IMPROVEMENT FEES, DEVELOPMENT FEES, IMPACT FEES, SERVICE CHARGES, INSPECTION CHARGES, ADMINISTRATIVE CHARGES, GRANTS, GIFTS OR ANY OTHER FEE, RATE, TOLL, PENALTY, OR CHARGE AUTHORIZED BY LAW, COVENANTS OR CONTRACT TO BE IMPOSED, COLLECTED OR RECEIVED BY THE DISTRICT DURING 2022 AND EACH FISCAL YEAR THEREAFTER, SUCH AMOUNTS TO CONSTITUTE A VOTER.APPROVED REVENUE CHANGE AND BE COLLECTED, RETAINED AND SPENT BY THE DISTRICT WITHOUT REGARD TO ANY SPENDING, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, THE LIMITS IMPOSED ON INCREASES IN PROPERTY TAXATION BY SECTION 29-I-301, C.R.S., IN ANY SUBSEQUENT YEAR, OR ANY OTHER LAW WHICH PURPORTS TO LIMIT THE DISTRICT'S REVENUES OR EXPENDITURES AS IT CURRENTLY EXISTS OR AS IT MAY BE AMENDED IN THE FUTURE, AND WITHOUT LIMITING IN ANY YEAR THE AMOTINT OF OTHER REVENUES THAT MAY BE COLLECTED, RECEIVED, RETAINED AND SPENT BY THE DISTRICT?

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

II. Stewardship, Compliance, and Accountability (continued)

C. Statutory Mill Levy Limitation Exemption

Pursuant to C.R.S. 29-1-1702 and 29-1-1704 a District is has a limitation on annual property tax revenue growth, commonly referred to as the 5.25% limit. This limitation generally restricts annual increases in property tax revenues to no more than 5.25% over the prior year, exclusive of revenues attributable to new construction, annexation, or valuation changes resulting from reassessment.

Pursuant to these statutes, local governments may be exempt from the 5.25% limitation upon approval by the electorate. Once approved, the exemption allows the local government to levy property taxes without regard to the statutory revenue growth limitation in future years, unless otherwise restricted by voter authorization.

On May 6, 2025, the District's electorate approved the following:

Shall Quantum 56 Metropolitan District, as provided for in Section 29-1-1704, Colorado Revised Statutes, waive the 5.25% property tax limit established in Section 29-1-702, Colorado Revised Statutes, for all future property tax years?

D. Authorized But Unissued Debt

The limit on the District's ability to issue debt is set forth in its Service Plan as $25,000,000 (the "Service Plan Debt Issuance Limit"). In no event is the District authorized to issue debt in an amount that exceeds the Service Plan Debt Issuance Limit. The District's voters have authorized the District to issue debt in accordance with the Service Plan Debt Issuance Limit.

The amount of debt authorization remaining within the Service Plan Debt Issuance Limit is $14,740,000.

III. Detailed Notes on all Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of the District's deposits at each financial institution. Deposit balances over $250,000 are collateralized as required by PDPA. The carrying amount of the District's demand deposits was $1,979 at year end.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments, and entities such as the District, may invest which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pools

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

Credit Risk. District investment policy limits investments to those authorized by State statutes. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

At year end, the District had the following deposits and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Term to Maturity: Less than one year	Term to Maturity: More than one year
Deposits:				
Checking and savings	Not rated	1,979	1,979	-
Investments:				
Investment pool	AAAm	1,288,080	1,288,080	-
		1,290,059	1,290,059	-

At December 31, 2025, the District had the following recurring fair value measurements.

Investments Measured at Net Asset Value	Total
Colotrust Plus+	1,288,080
	1,288,080

Fair Value of Investments. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Investments classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

The Investment Pool represents investments in COLOTRUST. The net asset value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool. At December 31, 2025, the District's investments in COLOTRUST were 100% of the District's investment portfolio.

III. Detailed Notes on all Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2025, District had invested $1,288,080 in the Colorado Local Government Liquid Asset Trust (the "Trust") an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAm by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

The District had the following restricted cash and equivalents as of December 31, 2025:

Bond Fund	5,224
Reserve Fund	782,597
Capitalized Interest	411,572
	1,199,393

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	-	18,609,143	(11,434,633)	7,174,510
Total capital assets, not being depreciated	-	18,609,143	(11,434,633)	7,174,510
Capital assets, being depreciated:				
Infrastructure	-	6,632,065	-	6,632,065
Roads	-	1,782,540	-	1,782,540
Parks and recreation	-	3,020,028	-	3,020,028
Total capital assets , being depreciated	-	11,434,633	-	11,434,633
Less accumulated depreciation for:				
Infrastructure	-	(82,901)	-	(82,901)
Roads	-	(22,282)	-	(22,282)
Parks and recreation	-	(50,334)	-	(50,334)
Total accumulated depreciation	-	(155,517)	-	(155,517)
Net Capital Assets	-	29,888,259	(11,434,633)	18,453,626

III. Detailed Notes on all Funds (continued)

C. Long-term Obligations

1. Limited Tax General Obligation Bonds, Series 2025

On September 4, 2025, the District issued Limited Tax General Obligation Bonds to finance the acquisition, construction, and installation of public infrastructure improvements within the District:

- $8,635,000 Limited Tax General Obligation Bonds, Series 2025A ("Series 2025A Senior Bonds")
- $1,575,000 Subordinate Limited Tax General Obligation Bonds, Series 2025B ("Series 2025B Subordinate Bonds")

The Series 2025A Senior Bonds mature on September 1, 2055, and bear interest at 6.25% per annum, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2025.

The Series 2025A Senior Bonds are secured by the Senior Pledged Revenue, which consists of:

(i) all Senior Property Tax Revenues;
(ii) all Senior Specific Ownership Tax Revenues;
(iii) all Senior PILOT Revenues; and
(iv) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Senior Bond Fund.

The Series 2025A Senior Bonds are additionally secured by:

(i) amounts on deposit in the Senior Reserve Fund, funded with proceeds of the Series 2025A Senior Bonds in the amount of the Reserve Requirement
(ii) amounts accumulated in the Senior Surplus Fund, which is funded with excess Senior Pledged Revenue, if any, up to the Maximum Surplus; and
(iii) capitalized interest funded from bond proceeds.

The Series 2025B Subordinate Bonds mature on September 2, 2055, and bear interest at 8.25% per annum, payable annually on December 15 of each year, commencing December 15, 2025. The Series 2025B Subordinate Bonds are subordinate to the Series 2025A Senior Bonds and any Senior Parity Bonds and are payable from Subordinate Pledged Revenue, which includes:

(i) ad valorem property taxes levied at the Subordinate Required Mill Levy;
(ii) Subordinate Specific Ownership Tax Revenues;
(iii) Subordinate PILOT Revenues; and
(iv) any other legally available moneys credited to the Subordinate Bond Fund.

III. Detailed Notes on all Funds (continued)

C. Long-term Obligations (continued)

1. Limited Tax General Obligation Bonds, Series 2025 (continued)

The Series 2025B Subordinate Bonds are structured as cash-flow bonds, meaning that no fixed schedule of principal payments is required prior to maturity. Principal is payable annually on December 15 from available Subordinate Pledged Revenue pursuant to mandatory redemption provisions. Interest and principal payments are subject to available revenues, and to the extent unpaid, interest accrues and compounds annually.

Pursuant to the Subordinate Indenture, any unpaid principal or interest remaining outstanding after December 15, 2065 will be discharged, and the lien of the Subordinate Indenture will be terminated. The Bonds are limited tax general obligations of the District and are not obligations of Adams County or the State of Colorado.

2. Facilities Funding and Acquisition Agreement

On June 2, 2022, the District entered into a Facilities Funding and Acquisition Agreement (the “Agreement”) with Quantum 56 Phase I, LLC (the “Developer”). Under the Agreement, the Developer agreed to advance funds to the District for the costs of organization and the design, construction, and acquisition of certain public improvements within the District (the “Improvements”). The District agreed to reimburse the Developer for verified organizational expenses and construction-related costs, together with accrued interest, from available bond proceeds or other legally available revenues, following cost certification and approval by the District’s Board of Directors. The Agreement provides that no reimbursement obligation exists unless and until the District issues bonds or has other available funds, and all reimbursement payments are subject to annual appropriation and the limitations of the District’s Service Plan.

The Agreement establishes an estimated maximum funding shortfall for the construction of the Improvements and requires the Developer to advance funds to cover such shortfall as requested by the District. Amounts advanced by the Developer accrue simple interest at a rate of 8% per annum from the applicable incurrence or advance date until reimbursed. Any amounts not reimbursed by December 31, 2061 are deemed forever discharged and satisfied. The Agreement does not constitute a general obligation debt or multiple-fiscal-year financial obligation of the District under the Colorado Constitution.

On August 4, 2025, the District and the Developer executed a First Amendment to the Agreement. The First Amendment increased the estimated maximum funding shortfall for the Improvements to $20,000,000 and amended the payment priority provisions such that reimbursement payments are applied first to principal and then to accrued and unpaid interest. All other terms and provisions of the Agreement remain unchanged and in full force and effect.

III. Detailed Notes on all Funds (continued)

C. Long-term Obligations (continued)

3. Operation Funding Agreement

On June 2, 2022, the District entered into an Operation Funding Agreement (the "Agreement") with Quantum 56 Phase I, LLC (the "Developer"). Under the Agreement, the Developer agreed to advance funds to the District or to pay consultants directly for the District's operations, maintenance, and administrative expenses for fiscal years 2022 through 2025, to the extent District revenues were insufficient. The Agreement established an anticipated operating funding shortfall of $350,000, which the Developer agreed to fund as requested by the District. The District agreed to reimburse the Developer for amounts advanced or paid directly, together with accrued interest, from legally available revenues, subject to annual budget and appropriation and the limitations of the District's Service Plan.

Amounts advanced or paid directly by the Developer accrue simple interest at a rate of 8% per annum from the date of deposit into the District's account or the date of direct payment, as applicable, until reimbursed. Reimbursement payments are subordinate to the District's annual debt service obligations and operating expenses and do not constitute a general obligation debt or multiple-fiscal-year financial obligation of the District under the Colorado Constitution. Any amounts not reimbursed by December 31, 2061 are deemed forever discharged and satisfied.

On August 4, 2025, the District and the Developer executed a First Amendment to the Agreement. The First Amendment amended the payment priority provisions such that reimbursement payments are applied first to principal and then to accrued and unpaid interest. All other terms and provisions of the Agreement remain unchanged and in full force and effect.

III. Detailed Notes on all Funds (continued)

C. Long-term Obligations (continued)

The District had the following changes in long-term obligations for the year ended December 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Limited Tax G.O. Bonds, Series 2025A	-	8,635,000	-	8,635,000	-
Limited Tax G.O. Bonds, Series 2025B	-	1,575,000	-	1,575,000	-
Total bonds payable:	-	10,210,000	-	10,210,000	-
Developer advances:					
Operating advances	68,898	-	-	68,898	-
Capital advances	-	18,599,092	(8,373,702)	10,225,390	-
Total developer advances:	68,898	18,599,092	(8,373,702)	10,294,288	-
Total	68,898	28,809,092	(8,373,702)	20,504,288	-

Annual debt service requirements to maturity for the Series 2025A Senior Bonds are as follows:

	Principal	Interest	Total
2026	-	539,688	539,688
2027	-	539,688	539,688
2028	-	539,688	539,688
2029	40,000	539,688	579,688
2030	65,000	537,188	602,188
2031 - 2035	500,000	2,610,935	3,110,935
2036 - 2040	870,000	2,410,626	3,280,626
2041 - 2045	1,355,000	2,082,501	3,437,501
2046 - 2050	2,040,000	1,578,752	3,618,752
2051 - 2053	3,765,000	809,455	4,574,455
Total	8,635,000	12,188,209	20,823,209

No amortization schedule is provided for the Series 2025B Subordinate Bonds as future payments are based on available cash flows.

IV. Other Information

A. Risk Management

Colorado Special Districts Property and Liability Pool

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and general liability. The District is a member of the Colorado Special District Property and Liability Pool ("Pool") for property and liability insurance.

The Pool was formed by an intergovernmental agreement to provide public officials, property, general and automobile liability coverage for claims up to $1,000,000, except if the claim falls within the government immunity statute, then the coverage is $150,000 per person and a $600,000 aggregate claim. The Pool is reinsured for 80% of the first $250,000 of all claims and 100% for claims in excess of $250,000. The District may be required to make additional contributions in the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts. 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. Any settled claims are not expected to exceed coverage. The most recent summary of audited statutory basis financial information for the Pool can be found here: https://csdpool.org/financials

B. Commitments and Contingencies

During the normal course of business, the District may incur claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives have disclosed that they are not aware of any material outstanding claims against the District at December 31, 2025.

C. Related Parties

The Developer's representatives make up the majority of the members of the Board of Directors. The Developer operating and capital advances through December 31, 2025 aggregated $10,294,288.

REQUIRED SUPPLEMENTARY INFORMATION

Quantum 56 Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Property taxes	118,432	118,432	118,432	-
Specific ownership taxes	4,736	4,736	5,652	916
Interest income	-	6,000	3,268	(2,732)
Total Revenues	123,168	129,168	127,352	(1,816)
Expenditures:				
General government:				
Insurance	3,400	3,400	3,139	261
Accounting and auditing	21,000	21,000	30,759	(9,759)
Legal	16,000	16,000	9,694	6,306
Management	10,500	10,500	9,514	986
Engineering	15,750	-	-	-
Elections	10,000	2,000	1,429	571
Treasurer fees	1,776	1,776	1,776	-
Other	1,500	1,500	1,542	(42)
Public works:				
Utilities	5,000	5,000	-	5,000
Irrigation Water	3,000	3,000	-	3,000
Contingency	35,000	-	-	-
Debt service:				
Developer repayment	-	55,000	-	55,000
Total Expenditures	122,926	119,176	57,853	61,323
Other Financing Sources:				
Transfers (out)	-	(28,250)	(10,051)	18,199
Total Other Financing Sources	-	(28,250)	(10,051)	18,199
Net Change in Fund Balance	242	(18,258)	59,448	77,706
Fund Balance - Beginning	9,442	29,059	29,059	-
Fund Balance - Ending	9,684	10,801	88,507	77,706

SUPPLEMENTARY INFORMATION

Quantum 56 Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - Debt Service Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Interest income	-	20,000	17,368	(2,632)
Total Revenues	-	20,000	17,368	(2,632)
Expenditures:				
Contingency	-	1,000,000	-	1,000,000
Debt service:				
Interest	-	131,572	130,424	1,148
Cost of issuance	-	526,570	523,849	2,721
Total Expenditures	-	1,658,142	654,273	1,003,869
Other Financing Sources:				
Bond proceeds	-	11,509,000	10,210,000	(1,299,000)
Transfers (out)	-	(8,679,208)	(8,373,702)	305,506
Total Other Financing Sources	-	2,829,792	1,836,298	(993,494)
Net Change in Fund Balance	-	1,191,650	1,199,393	7,743
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	-	1,191,650	1,199,393	7,743

Quantum 56 Metropolitan District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Governmental Funds - Capital Projects Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Property taxes	-	-	-	-
Total Revenues	-	-	-	-
Expenditures:				
General government:				
Legal	-	5,000	-	5,000
Contingency	-	2,000,000	-	2,000,000
Debt service:				
Developer repayment	-	8,679,208	8,373,702	305,506
Capital outlay	-	18,622,343	18,609,143	13,200
Total Expenditures	-	29,306,551	26,982,845	2,323,706
Other Financing Sources:				
Developer advances	-	20,599,093	18,599,092	(2,000,001)
Transfers in	-	8,707,458	8,383,753	(323,705)
Total Other Financing Sources	-	29,306,551	26,982,845	(2,323,706)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	-	-	-	-