Gunnison River Valley Local Marketing District
(A Component Unit of Gunnison County, Colorado)

Financial Statements
December 31, 2025

Gunnison River Valley Local Marketing District
(A Component Unit of Gunnison County, Colorado)

Financial Report

December 31, 2025

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McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

Web Site: www.McMahanCPA.com Main Office: (970) 845-8800

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gunnison County
Gunnison, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of Gunnison River Valley Local Marketing District (the "District"), as of and for the year ended December 31, 2025, which collectively comprise the District's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Gunnison River Valley Local Marketing District, as of December 31, 2025, and the respective changes in financial position and budgetary comparison of the General Fund 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 Gunnison River Valley Local Marketing 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

Gunnison River Valley Local Marketing 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.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Gunnison County
Gunnison, Colorado

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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

U.S. GAAP require that the Management's Discussion and Analysis in Section B be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
September 8, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
December 31, 2025

As management of the Gunnison River Valley Local Marketing District, ("District"), we offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2025.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

Financial statements: The financial statements are designed to provide readers with an overview of the District's finances, from both a short-term fund perspective and a long-term economic perspective.

The Balance Sheet/Statement of Net Position presents information on all the District's assets and liabilities (both short-term and long-term), with the difference between the two reported as fund balance or net position. The Balance Sheet columns present the financial position focusing on short-term available resources and are reported on a modified accrual basis of accounting. The Statement of Net Position column presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities shows how the government's fund balance and net position changed during the most recent fiscal year. Again, the Statement of Revenues, Expenditures and Changes in Fund Balance columns focus on short-term available resources and are reported on a modified accrual basis. The Statement of Activities column focuses on long-term economic resources and is reported on a full accrual basis.

The District's financial statements can be found on pages C1 through C3 of this report.

Notes to the Financial Statements: The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found on pages D1 through D7 of this report.

Financial Analysis of the District

Gunnison River Valley Local Marketing District's Net Position

	2025	2024
Assets:		
Current assets	$ 2,993,915	$ 2,349,120
Total Assets	2,993,915	2,349,120
Liabilities:		
Current liabilities	38,103	-
Total Liabilities	38,103	-
Net Position:		
Restricted	2,955,812	2,349,120
Total Net Position	$ 2,955,812	$ 2,349,120

Financial Analysis of the District

The District's net position increased $606,692 from the prior year. This change is summarized below:

Gunnison River Valley Local Marketing District's
Change in Net Position

	2025	2024
Revenues:		
Marketing and promotion tax	$ 4,037,778	$ 3,839,396
Fines and forfeitures	10,380	14,106
Investment income	77,518	47,477
Miscellaneous	40,537	1,483
Total Revenues	4,166,213	3,902,462
Expenses:		
Operations:		
Contracted services	3,380,830	3,047,110
Auditing	5,379	6,631
Sales tax collection fee	5,152	4,008
Insurance	22,632	16,521
Treasurer's fees	41,174	38,415
Administration	104,354	1,044,501
Total Expenses	3,559,521	4,157,186
Change in Net Position	606,692	(254,724)
Net Position:		
Net Position - Beginning of the Year	2,349,120	2,603,844
Net Position - End of the Year	$ 2,955,812	$ 2,349,120

Marketing and promotion taxes were the most significant source of income. This revenue stream represents the 4% marketing district tax passed by the voters; collections began in July 2003.

Expenses in 2025 totaled $3,559,521. The District's marketing efforts are provided through contracts with the Gunnison-Crested Butte Tourism Association and the Marble Crystal River Chamber of Commerce. The District is governed by the Local Marketing District Board of Directors (which is comprised of the members of the Gunnison County Board of County Commissioners). The majority of marketing expenses incurred for 2025 represented advertising. All activity incurred by the District is maintained within the General Fund of the District.

Budget Variances in the General Fund:

The District's Budget variances in the General Fund were as follows:

	Final Budget	Actual	Final Budget Variance Positive (Negative)	Reason
Revenues:				
Marketing and promotion tax	$ 3,400,000	4,037,778	637,778	Conservative budgeting
Investment income	20,000	77,518	57,518	Conservative budgeting
Miscellaneous	500	40,537	40,037	Interest charges were not anticipated in the budget
Expenditures:				
Contracted services	3,347,500	3,380,830	(33,330)	Some services occurred that were not anticipated in the Distict's budget
Administration	604,354	104,354	500,000	Anticipated transfer to Housing

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Gunnison River Valley Local Marketing District
200 E Virginia
Gunnison, CO 81230

BASIC FINANCIAL STATEMENTS

Gunnison River Valley Local Marketing District
Balance Sheet/Statement of Net Position
December 31, 2025

	General Fund	Adjustments	Statement of Net Position
Assets:			
Cash and cash equivalents	2,546,735	-	2,546,735
Due from other governments	447,180	-	447,180
Total Assets	2,993,915	-	2,993,915
Liabilities:			
Due to Gunnison County	38,103	-	38,103
Total Liabilities	38,103	-	38,103
Fund Balances:			
Spendable:			
Restricted	2,955,812	(2,955,812)	-
Total Fund Balance	2,955,812	(2,955,812)	-
Total Liabilities and Fund Balance	2,993,915		
Net Position:			
Restricted:			
Other purposes		2,955,812	2,955,812
Total Net Position		2,955,812	2,955,812

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

Gunnison River Valley Local Marketing District
Statement of Revenues, Expenditures and Changes in Fund Balance/
Statement of Activities
For the Year Ended December 31, 2025

	General Fund	Adjustments	Statement of Activities
Revenues:			
Marketing and promotion tax	4,037,778	-	4,037,778
Fines and forfeitures	10,380	-	10,380
Investment income	77,518	-	77,518
Miscellaneous	40,537	-	40,537
Total Revenues	4,166,213	-	4,166,213
Expenditures/Expenses:			
Operations:			
Contracted services	3,380,830	-	3,380,830
Auditing	5,379	-	5,379
Sales tax collection fee	5,152	-	5,152
Insurance	22,632	-	22,632
Treasurer's fees	41,174	-	41,174
Administration	104,354	-	104,354
Total Expenditures/Expenses	3,559,521	-	3,559,521
Excess (Deficiency) of Revenues Over Expenditures	606,692	(606,692)	-
Change in Net Position	-	606,692	606,692
Fund Balance /Net Position:			
Beginning of the year	2,349,120		2,349,120
End of the year	2,955,812		2,955,812

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

Gunnison River Valley Local Marketing District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2025
(With Comparative Totals For the Year Ended 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Marketing and promotion tax	3,400,000	3,400,000	4,037,778	637,778	3,839,396
Fines and forfeitures	6,000	6,000	10,380	4,380	14,106
Investment income	20,000	20,000	77,518	57,518	47,477
Miscellaneous	500	500	40,537	40,037	1,483
Total Revenues	3,426,500	3,426,500	4,166,213	739,713	3,902,462
Expenditures:					
Operations:					
Contracted services	3,347,500	3,347,500	3,380,830	(33,330)	3,047,110
Auditing	5,243	5,243	5,379	(136)	6,631
Sales tax collection fee	12,000	12,000	5,152	6,848	4,008
Insurance	16,382	16,382	22,632	(6,250)	16,521
Treasurer's fees	34,000	34,000	41,174	(7,174)	38,415
Administration	544,502	604,354	104,354	500,000	1,044,501
Total Expenditures	3,959,627	4,019,479	3,559,521	459,958	4,157,186
(Deficiency) of Revenues Over Expenditures	(533,127)	(592,979)	606,692	1,199,671	(254,724)
Change in Fund Balance	(533,127)	(592,979)	606,692	1,199,671	(254,724)
Fund Balance - Beginning of the Year	1,990,122	2,349,120	2,349,120	-	2,603,844
Fund Balance - End of the Year	1,456,995	1,756,141	2,955,812	1,199,671	2,349,120

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

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

Gunnison River Valley Local Marketing District (the "District") is a political subdivision incorporated under the laws of the State of Colorado. The function of the District is to organize, promote, market, and manage public promotional activities and events in the support of business recruitment, management, and development.

The District was authorized on November 5, 2002, by Gunnison County's ("County") electorate in a general election, which also established a 4% marketing district tax within the County's boundaries, effective July 1, 2003. The District's boundaries include the unincorporated area of Gunnison County and all of the corporate limits of the municipalities within Gunnison County (the "County"). Therefore, in order to improve intergovernmental efficiencies, the District has signed an intergovernmental agreement to establish a cooperative approach among the participating municipalities. This note is further explained in footnote V.A. - Intergovernmental Agreements.

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), as applied to government units. 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 District is governed by an elected Board, which is responsible for setting policy, appointing administrative personnel, and adopting an annual budget in accordance with state statutes. As required by GAAP, the financial statements of the reporting entity include those of the District. No additional separate governmental units, agencies, or non-profit corporations are included in the financial statements of the District since none were discovered to fall within the oversight responsibility based on the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The District is however considered a component unit of Gunnison County. The County's Board of County Commissioners sits as *ex officio* as the District's Board. For County financial reporting purposes, the District is reported as a blended component unit of the County and resembles the reporting for other special revenue funds.

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 either governmental (i.e., normally supported by taxes and intergovernmental revenues) or business type (i.e., relying to a significant extent on fees and charges for support) activities. Currently, the District performs only governmental activities.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities columns 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 District's net position is reported as unrestricted net position.

I. Summary of Significant Accounting Policies (continued)

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

1. Government-wide Financial Statements (continued)

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.

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 only one fund - the General Fund - which accounts for all activities of the general government. Marketing district and admission tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.

C. Measurement Focus and Basis of Accounting

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.

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 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)

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance for uncollectible accounts has been established, as the District considers all accounts to be collectible.

3. Fund Balances and Net Position

The District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, long-term portion of loans receivable, etc.

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 District's Board of Directors (which is comprised of members of the County's Board of County Commissioners).

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 District's Board of Directors (which is comprised of members of the County's Board of County Commissioners) 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 to be spent 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 would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

3. Fund Balances and Net Position (continued)

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and management calculates targets and reports them annually to the District's Board of Directors (which is comprised of members of the County's Board of County Commissioners).

4. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet includes reconciliation between *Fund balance - Governmental funds* and *Net Position - Governmental activities* as reported in the government-wide Statement of Net Position. The District does not have any reconciling items at December 31, 2025.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes reconciliation between *Net change in fund balance - Governmental funds* and *Changes in Net Position - Governmental activities* as reported in the government-wide Statement of Activities. The District does not have any reconciling items at December 31, 2025.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

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 Colorado Local Budget Law. The budget for the governmental funds are adopted on a basis consistent with U.S. generally accepted accounting principles.

(1) On October 15, 2024, the District submitted to the Board a recommended budget that details the revenues necessary to meet the District's operating requirements.

III. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

(2) After appropriate public notice and a required public hearing, the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year on or before December 15, 2024.

(3) After adoption of the initial budget resolution, the District may make the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

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 increases, a 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.

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 emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenue. The District believes that the Gunnison County TABOR reserve meets this requirement.

The ballot question approved by voters on November 5, 2002, which established the 4% marketing district tax within the County’s boundaries also authorized the District to collect and spend the proceeds of the marketing district tax, investment income, and all other revenues, without regard to the limitations imposed by TABOR, effective July 1, 2003.

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 will require judicial interpretation.

IV. Detailed Notes on All Funds

A. Deposits and Investments

At December 31, 2025, the District's cash and cash equivalents were held by the Gunnison County Treasurer as agent, but not in the District's name.

The Gunnison County Treasurer follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments 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
- Banker's 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

Risks to the District's deposits are generally limited to Interest Rate Risk, Credit Risk, and Concentration of Credit Risk. The District seeks to minimize these risks as follows:

1. Interest Rate Risk

As a means of limiting its exposure to interest rate risk, the District, through investment by the County, restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk.

2. Credit Risk

State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. 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.

3. Concentration of Credit Risk

The District, through the County diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed.

B. Receivables

The District's receivables primarily consist of marketing district taxes not yet remitted to the District. At December 31, 2025, the District had $447,180 in outstanding receivables relating to marketing district taxes.

V. Other Information

A. Intergovernmental Agreement

Effective October 22, 2002, the District entered into an intergovernmental agreement with the City of Gunnison, Town of Mt. Crested Butte, Town of Crested Butte, and Gunnison County in accordance with C.R.S. 29-1-2-1 et. seq. This agreement will automatically renew on a year-to-year basis unless either party gives sixty days written notice to other signatories.

The basic provision of the agreement is to establish a cooperative approach to the administration of funds generated by the District with the intent to market the valley-wide community as a year-round destination and to promote a quality visitor experience. The District accomplishes its program goals largely by contracting with the Gunnison/Crested Butte Tourism Association (the "Association"), a Colorado non-profit organization. The Association in turn, contracts with appropriate private parties to market tourism within the District's boundaries.

The Board of County Commissioners of Gunnison County will allocate the proceeds of the 4% marketing district tax to fund the marketing programs as approved by the County Commissioners. Administration of the District is the responsibility of the Board of County Commissioners of Gunnison County.

B. Legal Claims

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal counsel feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2025.

C. Risk Management

The District is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; workers compensation; general liability unemployment; and employee benefit expenses related to health, dental, and vision programs. The District has obtained coverage through contracting with the County, for these risks and claims, if any, which are not expected to exceed covered amounts.

D. Contractual Commitments

The District may enter into contracts that span multiple fiscal years. As of December 31, 2025, the District had no significant outstanding contractual commitments.