Brighton Crossings Operations Board
Brighton, Colorado

Financial Statements and
Supplementary Information
Year ended December 31, 2025

Clinger Hagerman

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Clinger Hagerman

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Brighton Crossings Operations Board
Brighton, Colorado

Opinion

We have audited the accompanying financial statements of the Brighton Crossings Operations Board (the Authority) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority'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 Authority as of December 31, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Authority 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 opinion.

Emphasis of Matter – Correction of an Error

As discussed in Note 7 to the financial statements, the Authority identified an error in previously issued financial statements related to the depreciation of certain capital assets. As a result, beginning net position has been restated to correct the error. Our opinion is not modified with respect to this matter.

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 Authority'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Authority'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 Authority'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 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying budgetary comparison schedule is presented for purposes of additional analysis and is 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 budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Clinger Hagerman, LLC

Greeley, Colorado
September 11, 2026

Basic Financial Statements

Brighton Crossings Operations Board
Statement of Net Position
December 31, 2025

ASSETS	
Current Assets	
Cash and investments	$ 2,096,607
Receivables:	
General	85,712
Brighton Crossing Metropolitan District No. 4	1,621,810
Brighton Crossing Metropolitan District No. 6	460,463
Prepaid items	58,378
Total Current Assets	4,322,970
Noncurrent Assets	
Capital assets, not being depreciated	23,236,020
Capital assets, being depreciated, net	23,337,746
Total Noncurrent Assets	46,573,766
Total Assets	50,896,736
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts payable	224,561
Unearned fees	108,535
Total Liabilities	333,096
Net Position	
Net investment in capital assets	46,573,766
Unrestricted	3,989,874
Total Net Position	$ 50,563,640

See accompanying notes to financial statements.

Brighton Crossings Operations Board
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2025

Operating Revenues	
Operating Fees	
Brighton Crossing Metropolitan District No. 4	$ 749,508
Brighton Crossing Metropolitan District No. 6	499,191
General operation fees	1,754,254
Program fees	635,026
Total operating revenues	3,637,979
Operating expenses	
Administrative	770,673
Maintenance and repair	943,469
Utilities	537,281
Venture center	651,472
Fitness center	32,618
Master association expense	400,535
Depreciation	1,116,976
Total operating expenses	4,453,024
Net operating loss	(815,045)
Nonoperating revenues (expenses)	
Developer contributions	52,891
Architecture review committee (ARC) fees	36,450
Contributions of infrastructure	17,318,790
Conveyances of infrastructure	(6,990,956)
Investment income	63,022
Total nonoperating revenues	10,480,197
Change in net position	9,665,152
Net Position, beginning of year, as previously reported	43,157,410
Error correction	(2,258,922)
Net Position, beginning of year, as restated	40,898,488
Net Position, end of year	$ 50,563,640

See accompanying notes to financial statements.

Cash Flows From Operating Activities	
Cash received from fees	$ 3,353,769
Cash payments to suppliers	(3,285,626)
Net Cash From Operating Activities	68,143
Cash Flows From Capital and Related Financing Activities	
Proceeds from developer contributions	52,891
ARC fees	36,450
Net Cash From Capital and Related Financing Activities	89,341
Cash Flows From Investing Activities	
Investment earnings received	63,022
Net Cash From Investing Activities	63,022
Net Increase in Cash and Investments	220,506
Cash and Investments, Beginning of Year	1,876,101
Cash and Investments, End of Year	$ 2,096,607
Reconciliation of Net Operating Loss to Net Cash From Operating Activities	
Net Operating Income	$ (815,045)
Adjustments to Reconcile Net Operating Loss to Net Cash From Operating Activities	
Depreciation	1,116,976
Changes in Assets and Liabilities	
Accounts receivable- general	107,758
Accounts receivable- Brighton Crossing Metropolitan District No. 4	(249,508)
Accounts receivable- Brighton Crossing Metropolitan District No. 6	(113,691)
Prepaid expenses	619
Accounts payable	49,803
Unearned fees	(28,769)
Net Cash From Operating Activities	$ 68,143
Noncash Capital and Related Financing Activities	
Conveyance of infrastructure assets	$ (6,990,956)
Capital contributions of infrastructure assets	17,318,790

Note 1 – Definition of Reporting Entity

Brighton Crossings Operations Board (the Authority) was established under the name of Brighton Crossings Authority as a contractual District and political subdivision of the State of Colorado, pursuant to the Brighton Crossings Authority Establishment Agreement, dated April 15, 2019, by and among Brighton Crossing Metropolitan District No. 4 (District No. 4), Brighton Crossing Metropolitan District No. 5 (District No. 5), Brighton Crossing Metropolitan District No. 6 (District No. 6), Brighton Crossing Metropolitan District No. 7 (District No. 7) and Brighton Crossing Metropolitan District No. 8 (District No. 8) (collectively, the Districts), as amended by the First Amendment to Brighton Crossings Authority Establishment Agreement, dated June 11, 2019 (collectively, the Establishment Agreement). The Authority's service area consists of the boundaries of the Districts, which are located entirely within the City of Brighton (the City). The Authority changed its name to Brighton Crossings Operations Board through the first amendment to the establishment agreement.

The purpose of the Authority is to provide the joint operations, maintenance and repair of the public improvements and provision of services, including but not limited to covenant enforcement and design control services for the benefit of the Authority, the residents and property owners within the Authority. The Authority's primary source of revenues are transfers from the Districts and general operations fees.

The Authority is governed by a Board of Directors, composed of one Director appointed by each of the Districts' elected Boards of Directors.

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

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Reporting Entity

The Authority follows GASB guidance in determining the financial reporting entity. Under GASB standards, legally separate organizations are included within the reporting entity if the Authority is financially accountable for those organizations or if the nature and significance of the relationship is such that exclusion would cause the financial statements to be misleading or incomplete.

Based upon the application of the criteria established by GASB, the Authority has determined that no legally separate organizations should be included as component units of the Authority. The Authority is not a component unit of any other governmental entity.

Note 2 – Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgets and Budgetary Accounting

In accordance with the State Budget Law of Colorado, the Authority's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year-end. The Authority'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..

Fair Value of Financial Instruments
The Authority's financial instruments include cash and investments, accounts receivable and accounts payable. The Authority estimates that the fair value of all financial instruments at 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.

Cash and Investments
Cash includes demand deposits, savings accounts, and other highly liquid investments with maturities of three months or less from the date of acquisition. Investments for the Authority are reported at fair value.

Capital Assets
Capital assets are defined by the Authority 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 estimated 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 Authority is reported as a current charge. Improvements that will be conveyed to other governmental entities are classified as construction in progress and are not depreciated. Land is not depreciated.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority currently reports no deferred outflows of resources.

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. The Authority currently reports no deferred inflows of resources.

Net Position
Net position is displayed in three components:

Net investment in capital assets—Capital assets, net of accumulated depreciation, plus capital related deferred outflows of resources reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position —Net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position — Residual net position that does not meet the definition of “restricted net position” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use externally restricted resources first, then unrestricted resources, as needed.

Revenues, Expenditures and Expenses

Fees
General operations fees are charged to residents and property owners pursuant to a fee schedule as determined by the Board of Directors, and such revenues are used to pay the overall operational costs of providing the facilities and services, and not for the purpose of paying general administrative costs of the Authority. Accounts receivable mainly consist of the general operation fees. An allowance for doubtful accounts is established based on an aggregate basis by using historical write-off rate factors and management's analysis. Uncollectible accounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. Prepaid fees mainly consist of resident and property owner's prepayments related to the general operations fees. Prepaid fees are recognized as a liability until the period in which the revenue is recognized.

Administrative transfer fees are established for the purpose of paying the costs of setting up new accounts for residents and property owners with the Authority. The fee is based on a fee schedule as determined by the Board of Directors.

Alley fees are established for the purpose of paying the costs associated with the operations and maintenance of public improvements and facilities related to the alleys owned and/or maintained by the Authority. The fee is based on a fee schedule as determined by the Board of Directors.

Use of Estimates
Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Recently Adopted Accounting Pronouncements
GASB Statement No. 102, *Certain Risk Disclosures*, was implemented by the Authority for the fiscal year ended December 31, 2025. Management determined that no concentrations or constraints requiring disclosure were present; therefore, implementation had no impact on the Authority's financial statements and no additional disclosures were required.

Subsequent Events
Management has evaluated subsequent events through September 11, 2026, the date the financial statements were available to be issued. Based on this evaluation, no events occurred that require recognition or disclosure in the accompanying financial statements.

Note 3 – Cash and Investments

The Authority's cash and investments as of December 31, 2025 consist of the following:

Cash and Investment Type	
Deposits	$ 1,482,473
Colorado Liquid Asset Trust (COLOTRUST)	614,134
Total cash and investments	$ 2,096,607

Deposits with Financial Institutions
The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. 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 for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. 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 Authority follows state statutes for deposits. At December 31, 2025, the Authority had $1,073,608 of cash deposits in excess of FDIC limits.

Investments
The Authority has not adopted a formal investment policy; however, the Authority follows state statutes regarding investments.

The Authority generally limits its investment to those which are believed to have minimal interest rate risk and no foreign currency risk. Additionally, the Authority is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

At December 31, 2025, the Authority's investments consisted entirely of an investment in the Colorado Local Government Liquid Asset Trust (COLOTRUST) totaling $614,134.

COLOTRUST
The Authority invested in the Colorado Local Government Liquid Asset Trust, an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST offers shares in two portfolios, COLOTRUST Prime and COLOTRUST Plus. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST Plus may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for COLOTRUST'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 COLOTRUST. COLOTRUST is rated AAAm by Standard and Poor's. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. As of December 31, 2025, the Authority has $614,134 invested in COLOTRUST.

Fair Value Measurement and Application
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; and Level 3 inputs are significant unobservable inputs. The Authority's investments are not required to be categorized within the fair value hierarchy. The Authority values its investment in COLOTRUST using the net asset value method (NAV) per share.

Note 4 – Capital Assets

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

	Balance December 31, 2024 Restated	Additions	Deletions	Balance December 31, 2025
Capital Assets, Not Being Depreciated				
Construction in progress	$ 15,218,186	$ 8,017,834	$ -	$ 23,236,020
Total Capital Assets, Not Being Depreciated	15,218,186	8,017,834	-	23,236,020
Capital Assets, Being Depreciated				
Land and sites	$ 11,454,892	$ 9,300,956	$ 6,990,956	$ 13,764,892
Infrastructure	15,019,548	-	-	15,019,548
Less: accumulated depreciation	(4,329,718)	(1,116,976)	-	(5,446,694)
Total Capital Assets, Being Depreciated, Net	22,144,722	8,183,980	6,990,956	23,337,746
Total Capital Assets	$ 37,362,908	$ 16,201,814	$ 6,990,956	$ 46,573,766

Note 5 – Related Parties

The Authority is part of the Brighton Crossing multiple-district structure and enters into transactions with Brighton Crossing Metropolitan District Nos. 4, 5, 6, 7, and 8 pursuant to intergovernmental agreements. These transactions may include service fees, reimbursements, cost allocations, and other amounts contemplated by the agreements.

At December 31, 2025, amounts reported in the accompanying financial statements included $1,621,810 due from Brighton Crossing Metropolitan District No. 4 and $460,463 due from Brighton Crossing Metropolitan District No. 6. Amounts due to related parties are payable as funds become available.

Note 6 – Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and natural disasters.

The Authority is a member of the Colorado Special Districts Property and Liability Pool (the Pool), an intergovernmental risk-sharing organization established to provide property, liability, public officials' liability, and other insurance coverage to participating special districts. The Authority pays annual premiums to the Pool for this coverage. In the event aggregate losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and accumulated reserves, the Pool may require additional contributions from participating members.

There have been no significant reductions in insurance coverage from the prior year, and settled claims have not exceeded insurance coverage during any of the past three fiscal years.

Note 7 – Error Correction

During the year ended December 31, 2025, the Authority identified errors in its previously issued financial statements related to the classification and depreciation of certain capital assets. Certain infrastructure assets that had previously been classified as non-depreciable capital assets were determined to be depreciable and were reclassified accordingly. Accordingly, $11,454,892 of capital assets previously reported as non-depreciable were reclassified to depreciable capital assets as of December 31, 2024.

As a result of the reclassification, depreciation had not been recorded on these assets in prior periods. Accumulated depreciation as of December 31, 2024, which had previously been reported as $2,070,796, was understated by $2,258,922. The correction increased accumulated depreciation by $2,258,922 and decreased net position by the same amount.

Accordingly, net position as of December 31, 2024, which was previously reported as $43,157,410, has been restated to $40,898,488.
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Supplementary Information

Brighton Crossings Operations Board
Budgetary Comparison Schedule
Year Ended December 31, 2025

	Budget Original and Final	Actual	Variance with Final Budget
REVENUES			
Operating Fees			
Brighton Crossing Metropolitan District No. 4	$ 543,750	$ 749,508	$ 205,758
Brighton Crossing Metropolitan District No. 6	613,000	499,191	(113,809)
General operation fees	1,706,400	1,754,254	47,854
Program fees	538,926	635,026	96,100
ARC fees	76,200	36,450	(39,750)
Developer contributions	72,193	52,891	(19,302)
Interest income	1,000	63,022	62,022
TOTAL REVENUES	3,551,469	3,790,342	238,873
EXPENSES			
Administrative			
Accounting and audit	127,100	127,100	-
Collections	88,000	88,212	(212)
District management and administration	152,830	152,830	-
District facilities management	141,050	141,050	-
Insurance	60,000	43,994	16,006
Legal	40,000	20,918	19,082
Community education and outreach	25,000	1,095	23,905
Committee coordination	15,000	-	15,000
Developer coordination	24,030	9,804	14,226
Office expense	27,798	30,226	(2,428)
Routine communications	35,000	45,035	(10,035)
Property transfers	39,835	48,482	(8,647)
Covenant enforcement	12,400	12,749	(349)
ARC reviews	50,000	49,178	822
Maintenance and repair	1,186,193	943,469	242,724
Utilities	545,000	537,281	7,719
Venture center	596,610	651,472	(54,862)
Fitness center	19,000	32,618	(13,618)
Trash removal	309,218	340,320	(31,102)
Elections	-	119	(119)
Bad debt	-	60,096	(60,096)
Contingency	90,000	-	90,000
TOTAL EXPENSES	3,584,064	3,336,048	248,016
CHANGE IN NET POSITION, BUDGETARY BASIS	$ (32,595)	$ 454,294	$ 486,889
ADJUSTMENTS TO GAAP BASIS			
Depreciation		(1,116,976)	
Contributions of infrastructure		17,318,790	
Conveyances of infrastructure		(6,990,956)	
CHANGE IN NET POSITION, GAAP BASIS		9,665,152	
Net Position, beginning of year, as previously reported		43,157,410	
Error correction		(2,258,922)	
Net Position, beginning of year, as restated		40,898,488	
Net Position, end of year		$ 50,563,640	