SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS

Kwiyagat Community Academy

(An Agency of the Ute Mountain Ute Tribe)

Financial Statements
and
Independent Auditors' Reports

June 30, 2026

Kwiyagat Community Academy
(An Agency of the Ute Mountain Ute Tribe)

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SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Members of the School Board and Tribal Council
Kwiyagat Community Academy and Ute Mountain Ute Tribe

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Kwiyagat Community Academy (the "School"), an agency and governmental fund of the Ute Mountain Ute Tribe (the "Tribe"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School'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 the major fund of the School as of June 30, 2026, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Tribe and to meet our 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 audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and the major fund of the Tribe that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of the Tribe as of June 30, 2026, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are 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.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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, including omissions, 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 and *Government 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 School'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.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, and related notes be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 13, 2026, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

SJT Group LLC

Albuquerque, New Mexico
October 13, 2026

Management's Discussion and Analysis

Kwiyagat Community Academy
(An Agency of the Ute Mountain Ute Tribe)
Management's Discussion and Analysis
For the Year Ended June 30, 2026

As management of the Kwiyagat Community Academy (the "School"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the year ended June 30, 2026. Please read it in conjunction with the School's financial statements, which follows this section. The School's charter and bylaws were adopted by the Tribal Council of the Ute Mountain Ute Tribe (the "Tribe") in November 2020. The School began operations in 2021 and hired its first employee in the spring of 2021. The School opened to students in the fall of 2021 for its first school year consisting of grades K-1st. 2nd grade, 3rd grade, 4th grade, and 5th grade were added in fiscal years 2023, 2024, 2025, and 2026, respectively.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of school-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information in the form of a budgetary comparison schedule and related notes.

The school-wide financial statements, the statement of net position and the statement of activities, report information about the School as a whole using the economic resources measurement focus and the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All activities of the School are reported as governmental activities, including school administration, education, food service, transportation, and facilities. The School does not engage in business type activities and has no component units.

The fund financial statements provide information about the School's governmental fund using the current financial resources measurement focus and the modified accrual basis of accounting. Governmental funds focus on how cash and other financial assets flow in and out and the balances left at year end that are available for future spending. Because the fund financial statements do not encompass the long-term focus of the school-wide financial statements, reconciliations of the fund balance sheet to the statement of net position and of the fund statement of revenues, expenditures, and changes in fund balance to the statement of activities are presented immediately following each statement.

The notes to the financial statements provide detailed explanations and additional information to acquire a full understanding of the data provided in the financial statements, helping readers understand the accounting policies, assumptions, and significant details behind the data in the financial statements.

Kwiyagat Community Academy
(An Agency of the Ute Mountain Ute Tribe)
Management's Discussion and Analysis
For the Year Ended June 30, 2026

Financial Summary

The table below presents the School's condensed statements of net position at June 30, 2026 and 2025:

	2026	2025
Assets		
Current and other assets	**$ 669,648**	$ 710,924
Capital assets, net	**899,622**	905,334
Total assets	**1,569,270**	1,616,258
Liabilities		
Current liabilities	**176,750**	364,025
Compensated absences	**138,266**	125,098
Total liabilities	**315,016**	489,123
Net position		
Investment in capital assets	**899,622**	905,334
Restricted	**54,716**	41,911
Unrestricted	**299,916**	179,890
Total net position	**$ 1,254,254**	$ 1,127,135

The table below presents the School's condensed statements of activities for the years ended June 30, 2026 and 2025:

	2026	2025
Revenues		
Program:		
Operating grants and contributions	**$ 1,219,900**	$ 1,126,956
Capital grants and contributions	**67,942**	460,112
General:		
Per pupil revenue	**926,235**	696,703
Total revenues	**2,214,077**	2,283,771
Expenses		
Administration	**587,130**	568,556
Education	**1,337,665**	1,131,168
Food service	**78,838**	81,970
Transportation	**9,020**	9,192
Facilities	**74,305**	75,645
Total expenses	**2,086,958**	1,866,531
Increase in net position	**$ 127,119**	$ 417,240

Financial Summary - continued

Of the School's net position at June 30, 2026, $899,622 is net investment in capital assets and is not available for future spending, $46,816 is restricted for the emergency reserve required by the Taxpayer's Bill of Rights (TABOR) amendment, and $7,900 is restricted for special education services. The remaining $299,916 is unrestricted.

Detailed Analyses

During 2026, total net position increased $127,119 to $1,254,254 and unrestricted net position increased $120,026 to $299,916. During 2026, restricted net position increased $12,805 to $54,716, while net investment in capital assets decreased $5,712, to $899,622.

Total assets decreased $46,988. Current and other assets decreased $41,276 primarily because the $44,217 due from the Ute Mountain Ute Tribe outstanding at June 30, 2025 was collected during fiscal year 2026 and prepaid expense decreased $4,685. Cash and cash equivalents decreased $5,525. Grants receivable increased $13,151, consisting of a $43,512 increase in federal grants receivable offset by a $30,872 decrease in private grants receivable. The increase in federal grants receivable reflects two new federal awards received in fiscal year 2026. The reimbursement process on both awards took longer than on the School's other federal grants, leaving larger balances outstanding at year end. A third federal award funded flooring work performed in June 2026, which was scheduled while school was out of session to avoid disrupting instruction. That claim was submitted at the end of the fiscal year.

Total liabilities decreased $174,107. Unearned grant revenue decreased $151,900, from $270,350 to $118,450, as the School expended grant funds that had been received in advance in prior years. State unearned grant revenue decreased $49,372. Of the $61,349 carried into the year, $1,597 related to the School Security Grant and was expended prior to the September 30, 2025 grant deadline, and $59,752 represented the fiscal year 2026 portion of a multi-year EARSS award disbursed in advance in May 2025. Both were fully expended during the year, and no advance for fiscal year 2027 was received before June 30, 2026.

Private unearned grant revenue decreased $102,528 from $209,001 to $106,473. Five private foundation awards that carried forward from fiscal year 2025, each under $15,000, were fully expended during the year. The remaining balance relates primarily to a multi-year sustaining award from a single private foundation, of which the School expended $64,544 during fiscal year 2026, compared with $153,374 in fiscal year 2025, leaving $81,473 available for fiscal year 2027. The School expects those funds to be fully utilized in fiscal year 2027 based on current grant forecasts.

Accounts payable decreased $35,375. The compensated absences liability increased $13,168, compared with an increase of $94,726 in fiscal year 2025, which was the year the School implemented GASB Statement No. 101 and first recognized a liability for accrued sick leave.

Detailed Analyses - continued

Total revenues decreased $69,694, and total expenses increased $220,427, resulting in an increase in net position of $127,119 compared with an increase of $417,240 in fiscal year 2025.

Per Pupil revenue increased $229,532 or 33%. Funded pupil count increased from 61 students in fiscal year 2025 to 79 students in fiscal year 2026, a 30% increase driven by the addition of the fifth grade and a larger than expected kindergarten class. The funded per pupil rate increased from $11,421 to $11,724.

Operating grants and contributions increased $92,944, or 8%. The School administers more than 35 funding sources, many of which are driven by student count, so individual award amounts fluctuate from year to year. Four awards of more than $10,000 each closed at the end of fiscal year 2025. These include a competitive federal Charter Schools Program award of $15,446, ESSER Rapid Release funds of $48,650, Rural CoAction Readiness funds of $39,172, and a state High Intensity Tutoring award of $141,375. Offsetting those reductions, the School added a competitive multi-year federal Comprehensive Literacy State Grant contributing $100,000 in fiscal year 2026. Federal Title VI EASI funds of $15,594 and state Mill Levy Equalization funding of $64,556 both began in fiscal year 2026, and the School expects each to continue annually.

Capital grants and contributions decreased $392,170 from $460,112 to $67,942. Fiscal year 2025 capital activity consisted of the modular building project, outdoor learning center, and recreation area, all of which were substantially completed in that year. Fiscal year 2026 capital activity was limited to building improvements and continued design work for the new school building.

Administration expenses increased $18,574, or 3%. The change on the accrual basis is muted by the compensated absences charge, which was $94,726 in fiscal year 2025, the year the School implemented GASB Statement No. 101, compared with $13,168 in fiscal year 2026. On the modified accrual basis, administration expenditures increased $100,132, from $473,830 to $573,962. The principal increases were administrative salaries of $28,351, reflecting an adjustment to headmaster compensation to align with comparable positions in the area and the allocation of grant management support hours from staff previously assigned to instruction. Technology services also rose $18,861, to $90,816, to support managed teacher and student laptops for an additional grade, and to cover computer and internet services for the School. The School also incurred consultant costs during the year to design and implement a new culture and language curriculum.

Detailed Analyses - continued

Education expenses increased $206,497, or 18%, with the addition of the fifth grade. Instructional salaries increased $118,333. The School added two teaching positions, a fifth grade teacher and a floater teacher intended to provide continuity for students during staff absences. The replacement fourth grade teacher and the new fifth grade teacher were placed on salary schedule approximately 30% above the average for other teachers based on their experience and qualifications, and two employees completed additional schooling that moved them to a higher bracket on the schedule. Related benefits increased $32,911, as new employees elected full benefits that departing staff had declined. Contract instructional services increased $96,750, from $69,607 to $166,357, reflecting classroom professional development and support implemented under the new Comprehensive Literacy State Development Grant and additional mid-year Title II funding. Travel and student activities nearly doubled, to $21,912, based on higher student participation and an intentional increase in field trips and activities funded by private grants.

Food service expenses decreased $3,132, transportation expenses decreased $172, and facilities expenses decreased $1,340. Facilities expenses include depreciation of $61,500 in fiscal year 2026 compared with $57,138 in fiscal year 2025, offset by a decrease in direct facilities costs.

The focus of the School's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. As of June 30, 2026, the School's governmental fund reported an ending fund balance of $492,898, an increase of $145,999, compared with an ending fund balance of $346,899 and an increase of $122,721 in fiscal year 2025. Of the ending fund balance, $438,182 is unassigned, $46,816 is restricted for the TABOR emergency reserve, and $7,900 is restricted for special education services.

Fund revenues decreased $69,694. Federal grants and contracts decreased $95,775, state grants and contracts decreased $53,139, and private grants and contracts decreased $150,312, offset by the $229,532 increase in per pupil revenue described previously. Fund expenditures decreased $92,972, from $2,161,050 to $2,068,078, as capital outlay decreased $390,595 following completion of the prior year construction projects, offset by increases of $206,497 in education expenditures and $100,132 in administration expenditures.

Significant Capital Asset and Long-Term Financing Activity

The School's capital assets, net of accumulated depreciation, were $899,622 at June 30, 2026, compared with $905,334 at June 30, 2025. Capital asset additions during fiscal year 2026 totaled $69,518 and consisted of $34,943 of continued design work for the new school building, recorded as construction in progress, and $34,575 of building improvements. Depreciation expense for the year was $75,230. Construction in progress totaled $372,832 at June 30, 2026. See Note 4 to the financial statements for additional detail about capital asset activity.

The School has identified a need for additional space to address overcrowding of students and staff and to support mission-driven programming. The original plan contemplated a 21,000 square foot K-5 elementary school south of the existing buildings, funded primarily by a Colorado BEST grant combined with $2,000,000 of matching USDA funding and smaller private contributions. The School was not awarded the BEST grant, and the project has been reduced in scope. A Preliminary Architectural Feasibility Report is pending with USDA to apply the $2,000,000 to a smaller project adding approximately 5,400 square feet to the School's existing 9,360 square foot campus.

Under the revised plan, the Tribe's K-12 Education Administrative Building will be relocated from the east side of the Grades 3-5 modular building to the west side, and two modular buildings will be placed in its former location. The first is a four classroom modular of approximately 3,840 square feet that will house Ute language and culture classrooms for all K-5 students. The second is an office modular of approximately 1,440 square feet that will house special education staff and provide a small kitchen and meeting area. The Tribe owns the property and will own both modular buildings.

The project is expected to proceed in phases, beginning with the site analysis in July 2026 and concluding with final inspections in the fourth quarter of calendar year 2027. Anticipated funding consists of the $2,000,000 USDA Community Facilities grant and $47,665 committed by other grantors, and the School is in discussion with private foundations regarding additional funding. The proposed project budget totals $2,000,000 and consists of $1,000,000 for the modular structures, $300,000 for site improvements, $200,000 for relocation of the existing building, $200,000 for contingency, $150,000 for interior construction, $140,000 for utility connections and other costs, and $10,000 for civil engineering and survey work. The School had not entered into any construction or purchase contracts related to the project at June 30, 2026, and no commitments for capital expenditures existed at year end.

Ownership of all real property, including the School's building, remains with the Tribe.

The School has no bonds, notes, or other debt outstanding, and has no leases or subscription-based information technology arrangements requiring recognition under GASB Statements No. 87 and No. 96. The School's only long-term liability is accrued compensated absences, which totaled $138,266 at June 30, 2026, compared with $125,098 at June 30, 2025.

Currently Known Facts, Decisions, or Conditions

Fiscal year 2026 was the final year of the School's grade expansion. The School will continue to operate as a K-5 school in fiscal year 2027 and does not expect to add grades.

The School's adopted fiscal year 2027 budget assumes a flat student count and anticipates a reduction in revenue of approximately $166,000. That reduction reflects a cautionary $100,000 decrease in budgeted private foundation funding, an anticipated $25,000 reduction in federal Title II special funding, and $48,000 attributable to the completion of the federal Stronger Connections grant in September 2026.

As of the date of this report, the School has been in session for several weeks and the October student count has not been finalized. Enrollment of new students is running below the flat count assumed in the budget, and the School currently expects a further reduction in per pupil revenue of approximately $100,000. The School is in contact with several private foundations and anticipates covering the shortfall with additional private funding if needed.

The status of the School's facility expansion project is described under Significant Capital Asset and Long-Term Financing Activity above.

Requests for Information

This financial report is designed to provide a general overview of the School's finances and to provide accountability for funds the School receives. If you have any questions about this report or need additional financial information, contact:

Kwiyagat Community Academy
450 Sunset Boulevard
Towaoc, CO 81334

Financial Statements

Kwiyagat Community Academy
(An Agency of the Ute Mountain Ute Tribe)
Statement of Net Position
June 30, 2026

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	$ 494,723
Grants receivable	162,322
Prepaid expenses and other assets	12,603
Total current assets	669,648
Capital assets, net	899,622
Total assets	1,569,270
Liabilities	
Current liabilities	
Accounts payable	58,300
Unearned grant revenue	118,450
Total current liabilities	176,750
Compensated absences	138,266
Total liabilities	315,016
Net Position	
Investment in capital assets	899,622
Restricted for special education	7,900
Restricted for taxpayer's bill of rights (TABOR)	46,816
Unrestricted	299,916
Total net position	$ 1,254,254

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

Kwiyagat Community Academy
(An Agency of the Ute Mountain Ute Tribe)
Statement of Activities
For the Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Governmental Activities: Net (Expenses) Revenues and Change in Net Position
Governmental activities:				
Administration	$ 587,130	$ 373,563	$ -	$ (213,567)
Education	1,337,665	762,448	-	(575,217)
Food service	78,838	78,838	-	-
Transportation	9,020	-	-	(9,020)
Facilities	74,305	5,051	67,942	(1,312)
Total governmental activities	$ 2,086,958	$ 1,219,900	$ 67,942	(799,116)
General revenues:				
Per pupil revenue				926,235
Change in net position				127,119
Net position, beginning of year				1,127,135
Net position, end of year				$ 1,254,254

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

Kwiyagat Community Academy
(An Agency of the Ute Mountain Ute Tribe)
Governmental Fund Balance Sheet and Reconciliation to the Statement of Net Position
June 30, 2026

		Total
Assets		
Cash and cash equivalents	$	494,723
Grants receivable		162,322
Prepaid expenditures and other assets		12,603
Total assets	$	669,648
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$	58,300
Unearned grant revenue		118,450
Total liabilities		176,750
Fund balance		
Restricted for special education		7,900
Restricted for TABOR		46,816
Unassigned		438,182
Total fund balance		492,898
Total liabilities and fund balance	$	669,648
Total fund balance, governmental fund	$	492,898
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund balance sheet.		899,622
Some liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the governmental fund balance sheet.		(138,266)
Net position, governmental activities	$	1,254,254

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

Kwiyagat Community Academy
(An Agency of the Ute Mountain Ute Tribe)
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund
For the Year Ended June 30, 2026

Revenues		
Federal grants and contracts	$	341,377
State grants and contracts		424,249
Private grants and contracts		522,216
Per pupil revenue		926,235
Total revenues		2,214,077
Expenditures		
Current		
Administration		573,962
Education		1,332,955
Food service		78,838
Facilities		12,805
Capital outlay		69,518
Total expenditures		2,068,078
Net change in fund balance		145,999
Fund balance, beginning of year		346,899
Fund balance, end of year	$	492,898

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

Kwiyagat Community Academy
(An Agency of the Ute Mountain Ute Tribe)
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2026

Net change in fund balances - governmental fund		$ 145,999
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental fund as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives as depreciation expense. In the current period, the cost of these assets and the current period depreciation expense are:		
Capital outlay	$ 69,518	
Depreciation expense	(75,230)	
		(5,712)
Compensated absences are expensed as used in the governmental fund; however, they are expensed as earned in the statement of activities.		(13,168)
Change in net position of governmental activities		$ 127,119

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

Kwiyagat Community Academy
(An Agency of the Ute Mountain Ute Tribe)
Notes to Financial Statements
June 30, 2026

1) Organization and Summary of Significant Accounting Policies

Reporting Entity

Kwiyagat Community Academy (the "School") is an agency and governmental fund of the Ute Mountain Ute Tribe (the "Tribe") and is located on the Ute Mountain Ute Tribe Reservation in Towaoc, Colorado. The purpose of the School is to create a Colorado institute charter school that will provide a scholastic environment for youth and their families that emphasizes Ute cultural values, practices, beliefs, and traditions while also maintaining excellent educational standards intended to meet and exceed the criteria for accreditation in the state of Colorado.

The School's bylaws and charter were adopted on November 18, 2020 by the Tribe's Tribal Council. The School began operations in 2021 and hired its first employee in the spring of 2021. The School opened to students in the fall of 2021 for its first school year consisting of grades K-1st. 2nd grade was added in fiscal year 2023, 3rd grade was added in fiscal year 2024, 4th grade was added in fiscal year 2025, and 5th grade was added in fiscal year 2026.

The School and its assets are wholly-owned by the Tribe whose governing body is the Tribal Council. All programs administered by the School are included in this report. Consistent with the Ute Mountain Ute Tribe's sovereign rights as an Indian Tribe, and in accordance with policies of local control of Indian Education as specified in 25 CFR Part 36 and subsequent amendments, it is the intent of the School's administration and governing body to provide a quality education for the Tribe's elementary aged children.

Basis of Presentation

The financial statements of the School conform with U.S. generally accepted accounting principles (GAAP) applicable to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. GASB statements and interpretations constitute GAAP for governments, including Indian Tribes and their entities.

The basic financial statements include the school-wide and fund financial statements. The focus is on the entity as a whole in the school-wide financial statements, while reporting additional and detailed information about the School's major governmental activities in the fund financial statements.

School-Wide Financial Statements

The statement of net position and the statement of activities display information about the School. These statements include the financial activities of the overall entity. Eliminations have been made to minimize the double-counting of internal activities. All activities of the School are considered to be governmental activities. Governmental activities generally are financed through federal and state grants and contracts, and per pupil revenue.

1) Organization and Summary of Significant Accounting Policies — continued

The statement of activities presents a comparison between direct expenses and program revenues for each function of the School's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The School does not engage in business-type activities.

Fund Financial Statements

The fund financial statements provide information about the School's major funds. Separate statements for each fund category are displayed. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The School reports the following major governmental fund:

- Governmental Fund — the governmental fund is used to account for the activities related to grants and School activities.

Basis of Accounting

The School-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers all revenues reported in governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

1) Organization and Summary of Significant Accounting Policies — continued

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources, when such activities occur. Expenditures charged to federal programs are recorded using the cost principles prescribed or permitted by the funding sources.

Budgetary Data
Budgets are prepared on a school-year basis for the School and are used as a management tool throughout the school year. The budget is prepared and adopted by the School's Board of Directors. The School's Board of Directors will revise and amend the budget when needed for applicable level of control. The School prepares its budget based on generally accepted accounting principles. In addition, a Tribal Council resolution is completed each fiscal year for the Governmental Fund.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
Cash and cash equivalents include amounts held by one financial institution in demand deposits.

Grants Receivable and Unearned Grant Revenue
Various reimbursement procedures are used for grant awards received by the School. Consequently, timing differences between program expenditures and reimbursements can exist at any time during the fiscal year. Amounts recorded as grants receivable represent an excess of expenditures over cash received to date. Conversely, unearned grant revenue represents an excess of cash received over expenditures. Generally, balances caused by differences in the timing of cash reimbursements and expenditures will reverse in the remaining grant period. Grants receivable primarily relate to federal grants, state grants, and private grants.

Prepaid Expenses
Prepaid expenses consisted of prepayments to vendors that will be expensed in future periods.

Compensated Absences
The School previously implemented GASB statement 101, *Compensated Absences*. The amount accrued as of June 30, 2026, was $138,266 and is reflected under liabilities on the statement of net position. See footnote 5 for detailed information.

1) Organization and Summary of Significant Accounting Policies — continued

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized. The School's capitalization threshold is $5,000 for all asset classes.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets estimated useful life using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Machinery and equipment	5–7 years
Vehicles	5 years
Building improvements	10–20 years

In the fund financial statements, capital asset additions used in governmental fund operations are accounted for as capital outlay expenditures upon acquisition.

Taxpayer's Bill of Rights (TABOR) Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "TABOR Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The TABOR Amendment is complex and subject to judicial interpretations. The School believes it has complied with the TABOR Amendment. The School has established a reserve, representing 3% of qualifying expenses/expenditures, as required by the amendment. At June 30, 2026, the emergency reserve of $46,816 was reported as restricted net position and restricted fund balance in the accompanying financial statements.

Net Position

In the statement of net position, net position is reported in three categories: net investment in capital assets, restricted and unrestricted net position. Net investment in capital assets represents capital assets less accumulated depreciation less outstanding principal on related debt, if any. Restricted net position results when constraints placed on an assets use are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation. Restricted net position consists of $46,816 for compliance with the TABOR Amendment and $7,900 for special education services. Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. At June 30, 2026, the School has $299,916 of unrestricted net position.

1) Organization and Summary of Significant Accounting Policies — continued

Revenues
The School recognizes grant revenues at the time that they become available and measurable, which is generally at the time such revenues are currently receivable.

Income Taxes
The School, as a tribal school organized under the Ute Mountain Ute Tribe, is not subject to federal or state income taxes. Therefore, no provision for income taxes is reflected in the accompanying financial statements.

Fund Balance
Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the School's governing board through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the board. Unassigned fund balance in the general fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

The School's Board of Directors establish (and modify or rescind) fund balance commitments by passage of resolutions. When multiple categories of fund balance are available for expenditure, the School will start with the most restrictive category and spend those funds first before moving down to the next category of funds.

New Governmental Accounting Standards Board Pronouncements
During fiscal year 2026, the School implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, which revised the required content of management's discussion and analysis and the presentation of budgetary comparison information. Implementation affected presentation and disclosure only and no effect on net position or fund balance.

The School has reviewed other accounting standards that have recently been issued, but not yet effective or implemented. Management has not determined how the implementation of these new standards will impact the School.

Subsequent Events
The School has evaluated subsequent events through October 13, 2026, the date which the financial statements were available to be issued.

2) Cash and Cash Equivalents

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School's deposits may not be returned to it. The School will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The School does not have a formal policy containing any legal or policy requirements limiting the exposure to custodial credit risk for deposits or investments.

At June 30, 2026, the carrying amount of the School's deposits with banks was $494,723 and the balance per the financial institution at that date was $529,506. The difference represents deposits-in-transit and outstanding checks at June 30, 2026. Of the bank balance, $250,000 was covered by Federal Deposit Insurance Corporation (FDIC) coverage and the remaining $279,506 was collateralized with pledged securities held by the pledging bank's agent in the Tribe's name.

As required under P.L. 105-277, Section 111, the School has collateralized all unspent restricted funds received from federal agencies either through FDIC insurance or collateral held in the Tribe's name.

3) Grants Receivable and Unearned Grant Revenue

Grants receivable and unearned grant revenue balances at June 30, 2026, are comprised of the following:

	Grants Receivable	Unearned Grant Revenue
Federal grants receivable	$ 135,521	$ -
State grants receivable	751	11,977
Private grants receivable	26,050	106,473
Total	$ 162,322	$ 118,450

4) Capital Assets

Capital asset activity for the year ended June 30, 2026, was as follows:

	Beginning Balances	Increases	Transfers	Ending Balances
Capital assets not being depreciated				
Construction in progress	$ 337,889	$ 34,943	$ -	$ 372,832
Total capital assets not being depreciated	337,889	34,943	-	372,832
Capital assets being depreciated				
Building improvements	671,617	34,575	-	706,192
Vehicles	45,102	-	-	45,102
Machinery and equipment	23,552	-	-	23,552
Total capital assets being depreciated	740,271	34,575	-	774,846
Less accumulated depreciation for				
Building improvements	138,543	61,500	-	200,043
Vehicles	19,544	9,020	-	28,564
Machinery and equipment	14,739	4,710	-	19,449
Total accumulated depreciation	172,826	75,230	-	248,056
Capital assets, net	$ 905,334	$ (5,712)	$ -	$ 899,622

Depreciation expense was charged to functions as follows:

Education	$ 4,710
Facilities	61,500
Transportation	9,020
	$ 75,230

Ownership of all real property, such as the School's building, remains with the Tribe.

5) Compensated Absences

Changes in compensated absences are summarized as follows:

	Beginning Balances	Net Change	Ending Balances
Compensated absences	$ 125,098	$ 13,168	$ 138,266

The School provides benefits in the form of paid time off (PTO) and sick leave to its full-time employees. Under the School's policies, employees earn PTO based on years of service, and any unused PTO is carried forward and paid out upon separation from employment, subject to policy limits of 320 hours. Sick leave also accrues for full-time employees but is not paid out upon termination. However, sick leave is typically used by employees during their tenure with the School. Based on a 3-year historical average analysis of usage and the likelihood of future usage, a liability for accrued sick leave is recognized in accordance with GASB Statement No. 101, *Compensated Absences*. Compensated absences are measured using current pay rates as of the end of the reporting period. Related employer payroll taxes and retirement contributions associated with these benefits are included in the liability. The net increase in the total compensated absences liability during the year ended June 30, 2026 was an increase of $13,168.

6) Related Party Transactions

The Ute Mountain Ute Tribe acts as a common paymaster for the School, which includes processing vendor payments, processing payroll for the School, and collecting payment on certain grant awards. At June 30, 2026, the School owed the Tribe $4,470 for payroll processing fees. This amount is not presented separately and is included in accounts payable on the statement of net position and the governmental fund balance sheet. The $44,217 due from the Tribe at June 30, 2025 was collected during fiscal year 2026.

7) Retirement Plan

Effective January 1, 1997, the Tribe formed the Ute Mountain Ute Tribal Government 401(k) Plan (the “Plan”), a defined contribution plan administered by the Tribe. The Plan was amended and restated in its entirety effective as of January 1, 2011. Employees become eligible on the first day of the calendar quarter following an initial 90 day probationary period. The plan contains no minimum age requirement as a condition of participation. The employer match is limited to 6% of the participant’s gross pay, and participants must contribute at least 1% of their gross pay in order to receive a matching contribution. Matching contributions increase from 100% to 200% of calculated match for employees depending on years of service. During the year ended June 30, 2026, the School made matching contributions to the Plan of $28,358 and employees contributed $30,439.

8) Contingencies and Risk Management

Amounts received or receivable from granting agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School expects such amounts, if any, to be minimal.

The School is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions. The School participates in a public entity risk pool for all risks of losses including workers' compensation and employee health and accident insurance liability. No claims have exceeded insurance coverage.

9) Concentrations and Constraints (GASB Statement No. 102)

The School is subject to concentrations that make it vulnerable to the risk of significant financial impact. All of the School's revenue comes from two sources: (1) per pupil revenue from the State of Colorado under the Public School Finance Act, and (2) federal, state, and private grants and contracts. For the year ended June 30, 2026, per pupil revenue was $926,235, or 42% of total revenue, and grants and contracts were $1,287,842, or 58% of total revenue.

Per pupil revenue depends on the School's funded pupil count and on per pupil funding levels set each year. Grant and contract revenue depends on continued appropriations by the funding agencies and on the School meeting each award's eligibility and compliance requirements. A large drop in enrollment, a cut in state school finance funding, or the loss or reduction of significant grants could substantially affect the School's ability to provide services at current levels.

Required Supplementary Information

Kwiyagat Community Academy
(An Agency of the Ute Mountain Ute Tribe)
Budgetary Comparison Schedule – Governmental Fund
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance With Original Budget - Over (Under)	**Actual**	Variance With Final Budget - Over (Under)
Revenues					
Federal grants and contracts	$ 356,323	$ 321,176	$ (35,147)	**$ 341,377**	$ 20,201
State grants and contracts	360,496	412,359	51,863	**424,249**	11,890
Private grants and contracts	516,558	628,303	111,745	**522,216**	(106,087)
Per pupil revenue	823,480	926,235	102,755	**926,235**	-
Total revenues	$ 2,056,857	$ 2,288,073	$ 231,216	**$ 2,214,077**	$ (73,996)
Expenditures					
Current					
Administrative	$ 677,071	$ 819,087	$ 142,016	**$ 643,480**	$ 175,607
Education	1,228,291	1,297,659	69,368	**1,332,955**	(35,296)
Food service	75,875	81,731	5,856	**78,838**	2,893
Transportation	5,000	500	(4,500)	**-**	500
Facilities	29,160	39,535	10,375	**12,805**	26,730
Total expenditures	$ 2,015,397	$ 2,238,512	$ 223,115	**$ 2,068,078**	$ 170,434

The accompanying notes are an integral part of the required supplementary information.

Kwiyagat Community Academy
(An Agency of the Ute Mountain Ute Tribe)
Notes to Required Supplementary Information
For the Year Ended June 30, 2026

1) Budgetary Data

The School adopts an annual budget by approval of the School's Board of Directors. The budget is used as a management control for expenditures. The School's Board of Directors will revise and amend the budget when needed for applicable level of control. In addition, a Tribal Council resolution is completed each fiscal year for the Governmental Fund. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end.

Professional design services were budgeted for as administrative expenses and therefore included in the administrative line item on the previous page but are reported as capital outlay in the accompanying statement of revenues, expenditures, and changes in fund balance.

2) Explanation of Significant Budgetary Variations

Management considers a budgetary variation to be significant, and therefore subject to explanation below, when it exceeds $20,000, or when it exceeds both 10 percent of the final budget for the applicable line item and $10,000.

Original budget compared with final budget. The original budget was amended during the year, increasing budgeted revenues by $231,216 and budgeted expenditures by $223,115. The significant amendments were as follows:

- Private grants and contracts were increased $111,745. The School forecasts private foundation revenue using prior year funding history, deferred revenue on hand, the strength of outstanding applications, and verbal commitments. At the time the original budget was adopted, the School held deferred revenue from nine private foundations, with several commitments and numerous applications outstanding, and private foundation revenue had grown in each of the two preceding years. A cautionary original budget was adopted on that basis. By mid-year, four foundations with which the School had existing relationships provided approximately $200,000 in additional funding. The budget was amended to allow for the possibility that those funds could be expended within the fiscal year.

2) Explanation of Significant Budgetary Variations – continued

- Per pupil revenue was increased $102,755 to reflect actual enrollment and the per pupil funding rate for the 2025-2026 school year, which were not known when the original budget was adopted. The original budget assumed 70 students at an estimated rate of $11,764, reflecting the addition of a grade level and an estimated 3% rate increase. The amended budget reflected the October count of 79 students, which included a larger than expected kindergarten class, and an updated rate of $11,724.

- State grants and contracts were increased $51,863 and federal grants and contracts were decreased $35,147. The state increase is attributable primarily to the commencement of Mill Levy Equalization funding of $61,351, offset by smaller adjustments across the School's other state awards. The federal decrease reflects less carryover from fiscal year 2025 than anticipated on several multi-year awards, partially offset by a mid-year Title II award of $25,000.

- Budgeted administrative expenditures increased $142,016 and budgeted education expenditures increased $69,368. The administrative amendment reflected salary adjustments made to keep the School competitive, additional staffing, and the design and implementation of the School's new Culture and Health Curriculum. It also included an additional technology services contract sized to support 82 students, following the addition of nine funded students and three more after the October count. The education amendment reflected additional educator staffing at higher rates of pay, along with expanded wrap-around tutoring services.

Final budget compared with actual results. Actual revenues were $73,996 less than the final budget and actual expenditures were $170,434 less than the final budget. The significant variations were as follows:

- Administrative expenditures were $175,607 less than budgeted. Many of the School's private foundation awards run on multi-year or calendar year cycles and cross fiscal years. The amended budget allowed room for those awards to be expended in full within the fiscal year if the related programs could be completed early. Several programs, particularly new curriculum development and wrap-around support programming, took longer to stand up than anticipated, as recruiting appropriately skilled and licensed staff and obtaining grantor approvals can be slower in a rural area with limited resources. That underutilization accounts for most of the variance.

2) Explanation of Significant Budgetary Variations – continued

- Private grants and contracts were $106,087 less than budgeted. Many private foundation awards cross fiscal years. The School budgets these awards in full in the current fiscal year so the funds are available if they can be expended, while permitting rollover into future years when necessary. The School ended fiscal year 2026 with $106,473 of deferred revenue from two private foundations available for fiscal year 2027.

- Education expenditures exceeded the final budget by $35,296. The School administers more than 35 funding sources, and most of those awards go through one to three grantor-approved revisions during the year as the School assesses available resources against program goals. Revisions approved in the second half of fiscal year 2026 shifted funding from administrative activities to education wrap-around programming, which is the principal reason education expenditures exceeded the amended budget while administrative expenditures came in below it.

- Facilities expenditures were $26,730 less than budgeted because certain projects were recorded as capital outlay rather than facilities expenditures based on the scope of work performed.

- Federal grants and contracts exceeded the final budget by $20,201. The variance is primarily attributable to federal food service reimbursement, which exceeded expectations by $15,007 based on higher meal participation. The budget amendment did not increase food service revenue for the additional students enrolled above the original forecast, and a change in food service vendor together with reduced student absenteeism contributed to higher participation. The remainder relates to supplemental federal awards received in the second half of the year, including $7,005 of Stronger Connections Program funds.

- State grants and contracts exceeded the final budget by $11,890, food service expenditures were $2,893 less than the final budget, and transportation expenditures were $500 less than the final budget. These variations were not significant.

SJT GROUP LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the School Board and Tribal Council
Kwiyagat Community Academy and Ute Mountain Ute Tribe

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Kwiyagat Community Academy (the "School"), an agency and governmental fund of the Ute Mountain Ute Tribe, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 13, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SJT Group LLC

Albuquerque, New Mexico
October 13, 2026

Kwiyagat Community Academy
(An Agency of the Ute Mountain Ute Tribe)
Schedule of Findings and Responses
For the Year Ended June 30, 2026

Section I — Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Section II — Financial Statement Findings

None.

Kwiyagat Community Academy
(An Agency of the Ute Mountain Ute Tribe)
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2026

None.