OPERATING ENGINEERS LOCAL NO. 77 APPRENTICESHIP AND SKILL IMPROVEMENT FUND

FINANCIAL STATEMENTS

DECEMBER 31, 2025

OPERATING ENGINEERS LOCAL NO. 77 APPRENTICESHIP AND SKILL IMPROVEMENT FUND

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Operating Engineers Local No. 77
Apprenticeship and Skill Improvement Fund

Opinion

We have audited the accompanying financial statements of Operating Engineers Local No. 77 Apprenticeship and Skill Improvement Fund (the Fund) which comprise the statements of net assets available for benefits as of December 31, 2025 and 2024, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Fund as of December 31, 2025 and 2024, and the changes in its net assets available for benefits for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits 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 Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Fund's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

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 Fund'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 Fund'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.

Supplemental Information

Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of expenses as of December 31, 2025 and 2024 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Calibre CPA Group, PLLC

Bethesda, MD
August 14, 2026

OPERATING ENGINEERS LOCAL NO. 77 APPRENTICESHIP AND SKILL IMPROVEMENT FUND

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2025 AND 2024

	2025	2024
Assets		
Investments - at fair value	$ 3,119,356	$ 3,176,289
Cash	71,968	104,261
Receivables		
Contributions receivable	142,312	110,545
Interest receivable	12,719	12,719
Other receivables	385	611
Total receivables	155,416	123,875
Prepaid expenses	5,060	4,138
Fixed assets		
Land	303,240	303,240
Site improvements	138,019	138,019
Building and improvements	1,511,116	1,436,116
Furniture and equipment	3,779,517	3,479,517
Automobile	167,306	148,515
	5,899,198	5,505,407
Less: accumulated depreciation	(4,001,366)	(3,784,034)
Net fixed assets	1,897,832	1,721,373
Total assets	5,249,632	5,129,936

See accompanying notes to financial statements.

OPERATING ENGINEERS LOCAL NO. 77 APPRENTICESHIP AND SKILL IMPROVEMENT FUND

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS (CONTINUED)

DECEMBER 31, 2025 AND 2024

	2025	2024
Liabilities		
Training expenses payable	$ 44,651	$ 12,792
Administrative expenses payable	8,568	9,732
Building management expenses payable	-	2,340
Total liabilities	53,219	24,864
Net assets available for benefits	$ 5,196,413	$ 5,105,072

See accompanying notes to financial statements.

OPERATING ENGINEERS LOCAL NO. 77 APPRENTICESHIP AND SKILL IMPROVEMENT FUND

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Additions		
Contributions from contractors under union agreement	$ 1,350,433	$ 1,310,732
Interest on delinquency	153	214
Total contributions	1,350,586	1,310,946
Investment income		
Net change in fair value of investments	117,910	107,342
Interest	56,119	66,041
Dividends	66,160	65,870
	240,189	239,253
Less: investment expenses	(5,367)	(6,459)
Net investment income	234,822	232,794
Other additions		
Other income	77,567	33,240
Total other additions	77,567	33,240
Total additions	1,662,975	1,576,980
Deductions		
Training expenses	1,105,813	1,016,567
Administrative expenses	160,691	140,582
Building management expenses	58,466	60,150
Depreciation expense	246,664	244,293
Total deductions	1,571,634	1,461,592
Change in net assets	91,341	115,388
Net assets available for benefits		
Beginning of year	5,105,072	4,989,684
End of year	$ 5,196,413	$ 5,105,072

See accompanying notes to financial statements.

OPERATING ENGINEERS LOCAL NO. 77 APPRENTICESHIP AND SKILL IMPROVEMENT FUND

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 1. DESCRIPTION OF THE FUND

On May 1, 1962, the Board of Trustees (the Trustees) named pursuant to the terms of a collective bargaining agreement between Construction Contractors Council and other employers who executed collective bargaining agreements with the Operating Engineers Local Union No. 77, established a fund agreement and declaration of trust which required participating employers to contribute to a fund, the purpose of which was to provide a program for the training and education of apprentices. These Trustees serve on the Operating Engineers Local No. 77 Apprenticeship and Skill Improvement Fund (the Fund). During December 1969, the Operating Engineers' Apprentice Committee Inc. (the Committee) acquired 169 acres of land in Prince Georges County, Maryland, to conduct the operations of the training program.

On November 5, 1975, title to the land and improvements were transferred to the Committee, a title holding company. This company was established to give the Fund legal identity as required by Maryland law for holders of real property. All assets titled to the Committee are reflected within the financial statements of the Fund.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements have been prepared using the accrual basis of accounting. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition - Investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

Interest income is recognized on the accrual basis. Dividends are reported on the ex-dividend date. Security transactions are recognized on a trade date basis. Net appreciation in fair value of investments is recognized in the statements of changes in net assets available for benefits.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets - Fixed assets are capitalized at cost. Depreciation is reported on the straight-line basis over the following useful lives of the assets:

Furniture and equipment	5 - 10 year life
Building	25 year life
Site improvements	25 year life
Automobile	3 year life

Depreciation expense for the years ended December 31, 2025 and 2024 was $246,664 and $244,293, respectively.

The Fund is able to borrow excess heavy equipment inventory from the U.S. Government to be used for Fund training purposes. The agreement requires that the Fund maintain the borrowed equipment and maintain the same condition as when received, less normal wear and tear. The equipment must be adequately insured. The agreement can be canceled at the discretion of the U.S. Government.

Contributions Receivable - Accounts receivable is stated at the amount management expects to collect from balances outstanding at year end. Based on a review of historical losses, current economic conditions and supportable and reasonable forecast assumptions, management has concluded that any expected credit losses on balances outstanding at year end will be immaterial.

NOTE 3. INCOME TAX

The Fund is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require fund management to evaluate tax positions taken by the Fund and recognize a tax liability if the Fund has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4. FAIR VALUE MEASUREMENTS

Accounting standards provide the framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows on the next page:

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Fund has the ability to access.

Level 2 - Inputs to the valuation methodology include other significant observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025 and 2024.

Short-term investments: Valued at amortized cost, which approximates fair value.

U.S. Government and agency obligations: Valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate obligations: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Fund are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Fund are deemed to be actively traded.

NOTE 4. FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Fund's assets at fair value as of December 31, 2025 and 2024:

	Assets at Fair Value as of December 31, 2025			
	Total	Level 1	Level 2	Level 3
Short-term investments	$ 179,626	$ 179,626	$ -	$ -
U.S. Government and agency obligations	352,143	352,143	-	-
Corporate obligations	870,124	870,124	-	-
Mutual funds	1,717,463	1,717,463	-	-
Total assets in the fair value hierarchy	$ 3,119,356	$ 3,119,356	$ -	$ -

	Assets at Fair Value as of December 31, 2024			
	Total	Level 1	Level 2	Level 3
Short-term investments	$ 280,331	$ 280,331	$ -	$ -
U.S. Government and agency obligations	415,654	415,654	-	-
Corporate obligations	820,531	820,531	-	-
Mutual funds	1,659,773	1,659,773	-	-
Total assets in the fair value hierarchy	$ 3,176,289	$ 3,176,289	$ -	$ -

NOTE 5. CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Fund maintains its cash balances in financial institutions located in Maryland. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2025, the Fund had no uninsured cash balances.

NOTE 6. EMPLOYERS' PARTICIPATION IN MULTIEMPLOYER PLANS

The Fund contributes to two multiemployer defined benefit pension plans under terms of collective bargaining agreements that cover a number of its employees. The risks of participating in these multiemployer plans are different from single employer plans in the following aspects:

a. Assets contributed to the multiemployer plan by one company may be used to provide benefits to employees of other participating companies.

NOTE 6. EMPLOYERS' PARTICIPATION IN MULTIEMPLOYER PLANS (CONTINUED)

b. If a participating company stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating companies.

c. If the Fund stops participating in some or all of its multiemployer plans, and continues in business, the Fund could be required to pay an amount, referred to as withdrawal liability, based on the unfunded status of the plan. The Fund has no intention of stopping its participation in any multiemployer plans.

The Fund's participation in these plans for the annual period ending December 31, 2025, is outlined in the table below. The "EIN/Pension Plan Number" column provides the employee identification number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2025 and 2024 is for the Fund's year-end at December 31, 2025 and 2024, respectively.

The zone status is based on information that the Fund received from the plans and is certified by the Fund's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" row indicates plans for which a funding improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last row lists the expiration date(s) of the collective bargaining agreement(s) to which the plans are subject. There have been no significant changes that affect the comparability of 2025 and 2024 contributions.

	Operating Engineers Pension Trust Fund of Washington, D.C. and Vicinity	The General Pension Plan of the International Union of Operating Engineers
EIN/Pension Plan #	52-6038506 - 001	52-6124299 - 001
Pension Protection Act		
Zone Status - 2025	Green	Green
Zone Status - 2024	Green	Green
FIP/RP Status Pending/Implemented -	No	No
Contributions -		
2025	$ 51,360	$ 84,685
2024	$ 45,630	$ 80,451
Surcharge Imposed -	No	No
Expiration Date of Collective Bargaining Agreements	Various	N/A

NOTE 7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 14, 2026, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.

SUPPLEMENTAL INFORMATION

OPERATING ENGINEERS LOCAL NO. 77 APPRENTICESHIP AND SKILL IMPROVEMENT FUND

SCHEDULES OF EXPENSES

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Training expenses		
Apprentice training and supplies	$ 101,664	$ 104,401
Employee benefits	212,945	200,431
Equipment maintenance	102,547	76,935
Fuel	35,044	14,403
Parts	4,591	5,016
Payroll taxes	47,608	45,258
Salaries	601,414	567,667
Travel	-	2,456
Total training expenses	1,105,813	1,016,567
Administration expenses		
Fees		
Administration	36,270	35,211
Annual audit	17,477	16,143
Payroll audits	3,545	2,833
Investments	1,000	1,000
Legal	8,554	9,604
Fiduciary responsibility insurance	364	375
Insurance	57,918	51,295
Meetings	240	-
Office supplies and expense	31,898	20,525
Postage and printing	1,021	1,004
Telephone	2,404	2,592
Total administration expenses	160,691	140,582
Building management expenses		
Maintenance	23,990	21,865
Utilities	32,553	36,577
Real estate taxes	1,923	1,708
Total building management expenses	58,466	60,150
Depreciation	246,664	244,293
Total expenses	$ 1,571,634	$ 1,461,592