STADIUM METROPOLITAN DISTRICT
El Paso County, Colorado

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

STADIUM METROPOLITAN DISTRICT
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BiggsKofford

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Stadium Metropolitan District
El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Stadium Metropolitan District ("District"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2025, the respective changes in financial position, and the budgetary comparison for the general fund 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 District'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 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as identified in the table of contents, 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. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BiggsKofford LLP

Colorado Springs, Colorado
September 12, 2026

BASIC FINANCIAL STATEMENTS

STADIUM METROPOLITAN DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments - Restricted	$ 49,874
Accounts Receivable	67,218
PIF Receivable	11,209
Lease Receivable	129,659
Capital Assets:	
Capital Assets Not Being Depreciated	4,036,563
Capital Assets Net of Depreciation	28,805,094
Total Assets	33,099,617
LIABILITIES	
Accounts Payable	45,830
Other Liabilities	2,402
Noncurrent Liabilities:	
Due in More Than One Year	16,507,195
Total Liabilities	16,555,427
DEFERRED INFLOWS OF RESOURCES	
Deferred Leases	397,197
Prepaid Interest Receivable - Leases	36,740
Total Deferred Inflows of Resources	433,937
NET POSITION	
Net Investment in Capital Assets	21,527,920
Restricted for:	
Emergency Reserve	25,100
Repair & Maintenance	99,890
Unrestricted	(5,542,657)
Total Net Position	$ 16,110,253

See accompanying Notes to Basic Financial Statements.

STADIUM METROPOLITAN DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenues (Expenses) and Changes in Net Position: Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	$ 2,536,948	$ -	$ -	$ -	$ (2,536,948)
Interest on Long-Term Debt and Related Costs	960,251	-	-	-	(960,251)
Total Governmental Activities	$ 3,497,199	$ -	$ -	$ -	(3,497,199)
General Revenues:					
PIF Revenue					298,683
Concessions, Hospitality and Other					454,930
Interest Income - Leases					23,115
Lease Revenue					53,961
Other Revenue					3,379
Total General Revenues and Transfers					834,068
CHANGES IN NET POSITION					(2,663,131)
Net Position - Beginning of Year as Restated					18,773,384
NET POSITION - END OF YEAR					$ 16,110,253

See accompanying Notes to Basic Financial Statements.

STADIUM METROPOLITAN DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and Investments - Restricted	$ 49,874	$ -	$ 49,874
PIF Receivable	11,209	-	11,209
Accounts Receivable	67,218	-	67,218
Lease Receivable	129,659	-	129,659
Total Assets	$ 257,960	$ -	$ 257,960
LIABILITIES, DEFERRED INFLOWS OF LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 45,830	$ -	$ 45,830
Other Liabilities	2,402	-	2,402
Total Liabilities	48,232	-	48,232
DEFERRED INFLOWS OF RESOURCES			
Deferred Leases	397,197	-	397,197
Prepaid Interest Receivable - Leases	36,740	-	36,740
Total Deferred Inflows of Resources	433,937	-	433,937
FUND BALANCES			
Restricted for:			
Emergency Reserves	25,100	-	25,100
Repairs and Maintenance	99,890	-	99,890
Unassigned	(349,199)	-	(349,199)
Total Fund Balances	(224,209)	-	(224,209)
Total Liabilities, Deferred Inflows of Total Liabilities and Fund Balances	$ 257,960	$ -	

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 funds.	
Capital Assets Not Being Depreciated	4,036,563
Capital Assets Net of Depreciation	28,805,094
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Developer Advance Payable	(12,243,189)
Accrued Developer Advance Interest	(4,264,006)
Net Position of Governmental Activities	$ 16,110,253

See accompanying Notes to Basic Financial Statements.

STADIUM METROPOLITAN DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Capital Projects	Total Governmental Funds
REVENUES			
PIF Revenue	$ 298,683	$ -	$ 298,683
Concessions, Hospitality and Other	454,930	-	454,930
Interest Income - Leases	23,115	-	23,115
Lease Revenue	53,961	-	53,961
Other Revenue	3,379	-	3,379
Total Revenues	834,068	-	834,068
EXPENDITURES			
Current:			
Accounting	46,809	-	46,809
Auditing	5,880	-	5,880
Dues and Licenses	1,953	-	1,953
Insurance	84,991	-	84,991
Legal	23,025	-	23,025
Banking Fees	537	-	537
Repairs and Maintenance - Other	158,338	-	158,338
Maintenance Supplies	76,083	-	76,083
Event Subcontracted Services - Security	4,294	-	4,294
Event Expense - Cleaning	97,828	-	97,828
Event Subcontracted Services - Parking	39,054	-	39,054
Small Equipment Expense	13,461	-	13,461
Utilities	206,402	-	206,402
Trash Collection	15,973	-	15,973
Software	104,699	-	104,699
Computer and Internet - Other	136,944	-	136,944
Capital Projects:			
Capital Outlay	-	171,646	171,646
Total Expenditures	1,016,271	171,646	1,187,917
EXCESS OF REVENUES UNDER EXPENDITURES	(182,203)	(171,646)	(353,849)
OTHER FINANCING SOURCES (USES)			
Developer Advance	402,965	171,646	574,611
Developer Advance - Interest Expense	(44,738)	-	(44,738)
Total Other Financing Sources	358,227	171,646	529,873
NET CHANGE IN FUND BALANCES	176,024	-	176,024
Fund Balances (Deficit) - Beginning of Year as Restated	(400,233)	-	(400,233)
FUND BALANCES (DEFICIT) - END OF YEAR	$ (224,209)	$ -	$ (224,209)

See accompanying Notes to Basic Financial Statements.

STADIUM METROPOLITAN DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Total Governmental Funds	$	176,024
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset. Therefore, this is the amount of capital outlay, depreciation and dedication of capital assets to other governments, in the current period.		
Capital Outlay		171,646
Depreciation Expense		(1,520,677)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.		
Developer Advance		(574,610)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued Interest Payable Developer Advance - Change in Liability		(915,514)
Changes in Net Position of Governmental Activities	$	(2,663,131)

See accompanying Notes to Basic Financial Statements.

STADIUM METROPOLITAN DISTRICT
GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
PIF Revenue	$ 214,400	$ 298,683	$ 298,683	$ -
Concessions, Hospitality and Other	424,200	387,712	454,930	67,218
Interest Income - Leases	-	23,115	23,115	-
Lease Revenue	-	53,961	53,961	-
Other Revenue	12,000	3,379	3,379	-
Total Revenues	650,600	766,850	834,068	67,218
EXPENDITURES				
Accounting	49,000	47,000	46,809	191
Auditing	-	5,880	5,880	-
Dues and Licenses	1,200	2,000	1,953	47
Insurance	58,500	85,000	84,991	9
Legal	12,200	25,000	23,025	1,975
Banking Fees	180	600	537	63
Repairs and Maintenance - Other	182,435	160,000	158,338	1,662
Maintenance Supplies	37,500	80,000	76,083	3,917
Events	4,750	-	-	-
Event Subcontracted Services - Security	11,500	5,000	4,294	706
Event Expense - Cleaning	106,300	100,000	97,828	2,172
Event Subcontracted Services - Parking	54,000	40,000	39,054	946
Small Equipment Expense	-	15,000	13,461	1,539
Utilities	204,000	210,000	206,402	3,598
Trash Collection	15,300	16,000	15,973	27
Software	142,645	110,000	104,699	5,301
Computer and Internet - Other	127,500	140,000	136,944	3,056
Contingency	2,990	8,520	-	8,520
Total Expenditures	1,010,000	1,050,000	1,016,271	33,729
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(359,400)	(283,150)	(182,203)	100,947
OTHER FINANCING SOURCES (USES)				
Developer Advance	360,000	706,383	402,965	(303,418)
Repay Developer Advance	-	-	(44,738)	(44,738)
Total Other Financing Sources (Uses)	360,000	706,383	358,227	(348,156)
NET CHANGE IN FUND BALANCE	600	423,233	176,024	(247,209)
Fund Balance (Deficit) - Beginning of Year	22,366	(400,233)	(400,233)	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ 22,966	$ 23,000	$ (224,209)	$ (247,209)

See accompanying Notes to Basic Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

Stadium Metropolitan District (the District), a quasi-municipal corporation and political subdivision of the state of Colorado, which was formed on November 20, 2019 and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located entirely within the City in El Paso County, Colorado. The District was organized to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance, and financing of the public improvements within the boundaries of the District, to be more specifically defined in the Development Plan.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the District are described as follows:

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by property taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflow of resources, liabilities, and deferred inflow of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-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 when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. The District has determined that Developer advances are not considered as revenue susceptible to accrual. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

The District reports the following major governmental funds:

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital equipment and facilities.

Budgets

In accordance with the State Budget Law, the District'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 District'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. The budget includes each fund on its basis of accounting unless otherwise indicated.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets (Continued)

The District amended its annual budget for the year ended December 31, 2025.

The District incurred expenditures in excess of appropriation for the year ended December 31, 2025 in the General Fund, which may be in violation of the Local Government Budget Law.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

Leases

The District determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the District's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guaranteed payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The District has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Significant lease terms are disclosed in Note 4.

The District accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the District treats the components as a single lease unit.

Public Improvement Fee

The Declaration of Covenants Imposing and Implementing the Stadium Metropolitan Public Improvement Fee was recorded in the real property records of El Paso County on May 12, 2021 at reception number 221094604 (the "PIF Covenant"). The PIF Covenant imposes a public improvement fee ("PIF") on certain sales within the District's boundaries, as further described in the PIF Covenant. The District utilizes PIF revenue to fund District improvements. On May 29, 2025, the PIF covenant was amended to impose an increase in PIF fees.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Capital assets which are anticipated to be conveyed to other governmental entities are recorded as construction in progress and are not included in the calculation of net investment in capital assets component of the District's net position.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Equipment	5 Years
Leasehold Improvements	7 Years
Signs and Graphics	10 Years
Field Turf	10 Years
Lighting	10 Years
Stadium – Capital Infrastructure	30 Years

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports 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 and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. Accordingly, the items, deferred leases and prepaid interest lease receivable are deferred and recognized as inflows of resources in the period that the amounts become available.

Equity

Net Position

For government-wide presentation purposes when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted Fund Balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

Committed Fund Balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned Fund Balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

Unassigned Fund Balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's practice to use the most restrictive classification first.

Deficits

The General Fund reported a deficit in the fund financial statements as of December 31, 2025. The deficit will be eliminated with the receipt of other funds in 2026.

Adoption of New Accounting Standards

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures (Statement 102). Statement 102 requires note disclosure when (a) a concentration or constraint is known prior to issuance of the financial statements, (b) it makes the reporting unit vulnerable to the risk of a substantial impact, and (c) an event associated with the concentration or constraint has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of issuance.

The District adopted the requirements of the guidance effective January 1, 2025, and has elected to apply the provisions of this standard to the beginning of the period of adoption. Management performed the analysis required under Statement 102 and did not identify any concentrations or constraints that require disclosure.

NOTE 3 CASH AND INVESTMENTS

Cash and investments as of December 31, 2025 are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash and Investments	$	-
Cash and Investments - Restricted		49,874
Total Cash and Investments	$	49,874

Cash and investments as of December 31, 2025 consist of the following:

Deposits with Financial Institutions	$	49,874
Total Cash and Investments	$	49,874

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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 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.

At December 31, 2025, the District's cash deposits and a bank balance of $62,639 and carrying balance of $49,874.

Investments

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

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

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

As of December 31, 2025, the District had no investments.

NOTE 4 LEASES

The District leases certain areas of the stadium facility to a related party (see Note 8), and a related lease receivable and deferred inflow have been recorded. The lease provides for minimum annual lease payments of $12,000 through December 31, 2051.

During the year ended December 31, 2025, the District recognized $4,514 and $10,493 in lease revenue and interest revenue, respectively, pursuant to this agreement.

Total future minimum lease payments to be received under the lease agreement are as follows:

	Governmental Activities		
Year Ending December 31,	Principal	Interest	Total
2026	$ 1,627	$ 10,373	$ 12,000
2027	1,757	10,243	12,000
2028	1,869	10,131	12,000
2029	2,048	9,952	12,000
2030	2,211	9,789	12,000
2031-2035	13,977	46,023	60,000
2036 and Thereafter	106,170	85,830	192,000
Total Minimum Lease Payments	$ 129,659	$ 182,341	$ 312,000

The District entered into a lease agreement for building space to an unrelated party on September 7, 2023, with an effective date of September 1, 2024, which will expire in August 2031. On February 21, 2024, a lease addendum was added to this lease to include the buyout options and event of default as described in the addendum. All lease payments were paid prior to the commencement of the lease term. Accordingly, no lease receivable has been recorded by the District. During the year ended December 31, 2025, the District recognized $49,447 and $12,622 in lease revenues and interest revenue, respectively pursuant to this agreement.

The District entered into a lease agreement with City Gate Apartments I, LLC for parking space to be used by employees of Lessee and a metal storage shed located on the same portion of property as depicted in the lease agreement on December 3, 2025 and will expire on June 30, 2026, unless extended by mutual agreement of the Parties. Monthly lease payments related to this lease total $3,250.

NOTE 5 CAPITAL ASSETS

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

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Sculpture	$ 4,036,563	$ -	$ -	$ 4,036,563
Total Capital Assets, Not Being Depreciated	4,036,563	-	-	4,036,563
Capital Assets, Being Depreciated:				
Signs and Graphics	1,735,478	-	-	1,735,478
Field Turf	796,211	149,235	-	945,446
Lighting	454,500	-	-	454,500
Equipment	682,169	22,411	-	704,580
Stadium - Capital Infrastructure	31,924,756	-	-	31,924,756
Total Capital Assets, Being Depreciated	35,593,114	171,646	-	35,764,760
Less Accumulated Depreciation for:				
Signs and Graphics	641,890	173,548	-	815,438
Field Turf	294,489	88,326	-	382,815
Lighting	168,103	45,450	-	213,553
Equipment	468,925	138,088	-	607,013
Capital Infrastructure	3,865,582	1,075,265	-	4,940,847
Total Accumulated Depreciation	5,438,989	1,520,677	-	6,959,666
Total Capital Assets, Being Depreciated, Net	30,154,125	(1,349,031)	-	28,805,094
Governmental Activities Capital Assets, Net	$ 34,190,688	$ (1,349,031)	$ -	$ 32,841,657

Depreciation expense was charged to functions/programs of the District as follows:

General Government	$ 1,520,677
Total Depreciation Expense - Governmental Activities	$ 1,520,677

NOTE 6 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Other Debts:					
Developer Advance - Operating	$ 526,488	$ 402,964	$ -	$ 929,452	$ -
Developer Advance - Capital	11,142,091	171,646	-	11,313,737	-
Accrued Interest on:					
Developer Advance - Operating	92,798	60,420	44,738	108,480	-
Developer Advance - Capital	3,255,694	899,832	-	4,155,526	-
Total Long-Term Obligations	$ 15,017,071	$ 1,534,862	$ 44,738	$ 16,507,195	$ -

Authorized Debt

On November 5, 2019, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed $640,000,000, at an interest rate not to exceed 18% per annum. At December 31, 2025, the District had authorized but unissued indebtedness of $640,000,000.

As set forth in the District's 2019 Service Plan, the City has limited the amount of debt to be issued by the District to a total of $50,000,000 without further approval by the City. At December 31, 2025, the District had $50,000,000 of debt capacity available under its Service Plan.

Developer Advances

The District has entered into a Facilities Funding and Acquisition Agreement with the Switchbacks FC Holdings LLC (Developer) as follows:

Facilities Funding and Acquisition Agreement – Operations and Maintenance Costs

On November 22, 2019, the District entered into a Reimbursement Agreement (the Agreement) with the Developer. The Developer has agreed to advance funds to fund the cost of operations, and maintenance. The District shall from time to time determine the amount of revenue required to fund budgeted expenditures by the District and request from the Developer an advance. Such advances include an interest rate of 8.00% per annum and are to be reimbursed by the District with the proceeds of any future bond issues or any other available revenues by the District. As of December 31, 2025, outstanding principal for operating advances totaled $929,452 and accrued interest due totaled $108,480.

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances (Continued)

Facilities Funding and Acquisition Agreement – Capital Costs

On November 22, 2019, the District entered into a Reimbursement Agreement (the Agreement) with the Developer. The Developer has agreed to advance funds to fund the cost of capital projects. The District shall from time to time determine the amount of revenue required to fund budgeted expenditures by the District and request from the Developer an advance. Such advances include an interest rate of 8.00% per annum and are to be reimbursed by the District with the proceeds of any future bond issues or any other available revenues by the District. In the event the District is unable to reimburse Developer for developer advances or the acquisition of improvements within thirty (30) years as of the date of the advancement, any amount of principal and accrued interest outstanding at such time shall be deemed to be forever discharged and satisfied in full, through and including December 31, 2049. As of December 31, 2025, the outstanding principal for capital costs advances totaled $11,313,737 and accrued interest due totaled $4,155,526.

NOTE 7 NET POSITION

The District has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025, the District had net investment in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	$ 32,841,657
Non Current Portion of Long-Term Obligations	(11,313,737)
Net Investment in Capital Assets	$ 21,527,920

Restricted net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had a restricted net position as of December 31, 2025 as follows:

	Governmental Activities
Restricted Net Position:	
Emergencies	$ 25,100
Repairs & Maintenance	99,890
Total Restricted Net Position	$ 124,990

The District has a deficit in unrestricted net position. This deficit amount is a result of the District being responsible for the repayment of debt obligations.

NOTE 8 RELATED PARTIES

The Developer of the property which constitutes the District is Colorado Springs Switchbacks FC Holdings LLC. Certain members of the Board of Directors are officers are, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District.

The lease agreement with City Gate Apartments I, LLC, is owned by Weidner Investment Services, Inc., which is an owner of Switchbacks FC Holdings LLC. The lease is month-to-month basis and expiring June 30, 2026. The District pays $3,250 per month under this lease and incurred $39,000 during the year ended December 31, 2025 under this lease and a previous lease with City Gate Apartments I, LLC.

During 2025, Switchbacks FC Holdings, LLC paid certain operations and maintenance expenses (i.e. software, insurance, advertising) on behalf of the District and the District reimbursed Switchbacks Holdings LLC for these expenses. These reimbursements are being accounted for through the Developer Advances. In addition, the District paid a Board member $7,000 for services and goods provided to the district.

NOTE 9 AGREEMENTS AND COMMITMENTS

Management Agreement

On May 11, 2020, the District entered an agreement with Switchbacks Entertainment, LLC, and Levy Premium Foodservice Limited Partnership (the Manager). Under the agreement, the Manager was granted the exclusive right to manage and operate the food and beverage concessions and catering services at the Stadium. The term of the agreement is from May 21, 2021 through May 20, 2033.

As part of the agreement, the Manager made an initial payment to the District of $821,790 for certain start-up costs associated with equipping and finishing the District's food service facilities. The payment by the District when the related start-up costs associated with equipping and finishing the District's food service facilities were completed. If the agreement is terminated prior to the end of the term, the District is required to repay a portion of this initial payment. The terms under which the agreement may be terminated are defined in the agreement. As of December 31, 2025, the maximum obligation under this provision was $547,860. Management has determined that termination prior to the conclusion of the term is not probable and, accordingly, no liability has been recorded.

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery, and workers' compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2025, the District had provided but did not fund an Emergency Reserve, which may be a violation of the Constitutional Amendment.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

At an election held on November 5, 2019, the voters approved an annual increase in taxes of up to $10,000,000 at a mill levy rate without limitation or with such limitations as may be determined by the Board for the purpose of the District's operations, maintenance, and other expenses. The election also allows the District to retain all revenues without regard to the limitations contained in Article X, Section 20 of the Colorado Constitution.

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

Section 29-1-1702, C.R.S., contains limitations on revenues generated from property tax revenues that apply to certain local governments within the state of Colorado.

Annual operating revenue is limited to a 5.25% increase; such increase is determined based on a prior assessment period and adjusted for allowable exclusions and exemptions from qualified property tax revenues.

The District's management believes it is in compliance with the provisions of Section 29-1-1702, C.R.S. However, this section of the C.R.S. is complex and subject to interpretation.

SUPPLEMENTARY INFORMATION

STADIUM METROPOLITAN DISTRICT
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Total Revenues	$ -	$ -	$ -	$ -
EXPENDITURES				
Capital Outlay	120,000	200,000	171,646	28,354
Total Expenditures	120,000	200,000	171,646	28,354
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(120,000)	(200,000)	(171,646)	28,354
OTHER FINANCING SOURCES (USES)				
Developer Advance	120,000	200,000	171,646	(28,354)
Total Other Financing Sources (Uses)	120,000	200,000	171,646	(28,354)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ -	$ -	$ -