

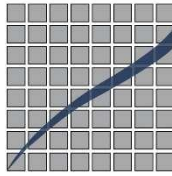
**GOLD HILL NORTH
BUSINESS IMPROVEMENT DISTRICT
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
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YEAR ENDED DECEMBER 31, 2025**

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BiggsKofford

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Gold Hill North Business Improvement District
El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Gold Hill North Business Improvement 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.

Other Information

Management is responsible for the other information, as identified in the table of contents. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BiggsKofford LLP

Colorado Springs, Colorado
March 23, 2026

BASIC FINANCIAL STATEMENTS

GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 7,185
Cash and Investments - Restricted	9,642,656
Due from District No. 1	847
Due from District No. 2	17
Receivable from County Treasurer	3
Property Tax Receivable	383
Capital Assets:	
Capital Assets Not Being Depreciated	<u>16,860,014</u>
Total Assets	<u>26,511,105</u>
LIABILITIES	
Accounts Payable	30,044
Accrued Interest	103,133
Noncurrent Liabilities:	
Due in More Than One Year	<u>29,093,415</u>
Total Liabilities	<u>29,226,592</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax	<u>383</u>
Total Deferred Inflows of Resources	<u>383</u>
NET POSITION	
Restricted for:	
Emergency Reserve	100
Debt Service	684,494
Capital	4,929,915
Unrestricted	<u>(8,330,379)</u>
Total Net Position	<u>\$ (2,715,870)</u>

See accompanying Notes to Basic Financial Statements.

GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	\$ 128,908	\$ 11,939	\$ -	\$ (116,969)
Interest on Long-Term Debt and Related Costs	1,567,221	-	-	(1,567,221)
Total Governmental Activities	<u>\$ 1,696,129</u>	<u>\$ 11,939</u>	<u>\$ -</u>	<u>(1,684,190)</u>
GENERAL REVENUES				
Property Taxes				371
Specific Ownership Taxes				35
Interest Income				364,000
Total General Revenues and Transfers				<u>364,406</u>
CHANGES IN NET POSITION				(1,319,784)
Net Position - Beginning of Year				<u>(1,396,086)</u>
NET POSITION - END OF YEAR				<u><u>\$ (2,715,870)</u></u>

See accompanying Notes to Basic Financial Statements.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 7,185	\$ -	\$ -	\$ 7,185
Cash and Investments - Restricted	100	4,694,191	4,948,365	9,642,656
Due from District No. 1	141	706	-	847
Due from District No. 2	17	-	-	17
Receivable from County Treasurer	-	3	-	3
Property Tax Receivable	64	319	-	383
	<u>64</u>	<u>319</u>	<u>-</u>	<u>383</u>
Total Assets	<u>\$ 7,507</u>	<u>\$ 4,695,219</u>	<u>\$ 4,948,365</u>	<u>\$ 9,651,091</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 11,594	\$ -	\$ 18,450	\$ 30,044
Total Liabilities	11,594	-	18,450	30,044
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	64	319	-	383
Total Deferred Inflows of Resources	64	319	-	383
FUND BALANCES				
Restricted for:				
Emergency Reserves	100	-	-	100
Debt Service	-	4,694,900	-	4,694,900
Capital Projects	-	-	4,929,915	4,929,915
Unassigned	(4,251)	-	-	(4,251)
Total Fund Balances	<u>(4,151)</u>	<u>4,694,900</u>	<u>4,929,915</u>	<u>9,620,664</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,507</u>	<u>\$ 4,695,219</u>	<u>\$ 4,948,365</u>	

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.

16,860,014

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued Interest	(103,133)
Bonds Payable - 2024A	(22,100,000)
Bonds Payable - 2024B	(2,345,000)
Accrued Bond Interest - 2024B	(194,473)
Developer Advance Payable	(4,377,396)
Accrued Developer Advance Interest	<u>(76,546)</u>

Net Position of Governmental Activities

\$ (2,715,870)

See accompanying Notes to Basic Financial Statements.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025**

	General	Debt Service	Capital Projects	Total Governmental Funds
REVENUES				
Property Taxes	\$ 62	\$ 309	\$ -	\$ 371
Specific Ownership Taxes	6	29	-	35
Interest Income	-	186,763	177,237	364,000
Intergovernmental Revenues - District No. 1	1,943	9,722	-	11,665
Intergovernmental Revenues - District No. 2	274	-	-	274
Total Revenues	2,285	196,823	177,237	376,345
EXPENDITURES				
Current:				
Accounting	41,672	-	5,125	46,797
Auditing	5,335	-	-	5,335
County Treasurer's Fee	1	3	-	4
Dues and Membership	770	-	-	770
Election	12,795	-	-	12,795
Engineering	-	-	28,616	28,616
Insurance	355	-	-	355
Legal	60,778	-	-	60,778
Utilities	157	-	-	157
Website	1,920	-	-	1,920
Debt Service:				
Bond Interest - 2024A	-	1,175,720	-	1,175,720
Paying Agent Fees	-	7,000	-	7,000
Capital Projects:				
Capital Outlay	-	-	8,825,754	8,825,754
Total Expenditures	123,783	1,182,723	8,859,495	10,166,001
EXCESS OF REVENUES UNDER EXPENDITURES	(121,498)	(985,900)	(8,682,258)	(9,789,656)
OTHER FINANCING SOURCES (USES)				
Developer Advance - GHD	130,000	-	8,840,860	8,970,860
Repay Developer Advance	-	-	(12,953,574)	(12,953,574)
Total Other Financing Sources (Uses)	130,000	-	(4,112,714)	(3,982,714)
NET CHANGE IN FUND BALANCES	8,502	(985,900)	(12,794,972)	(13,772,370)
Fund Balances (Deficit) - Beginning of Year	(12,653)	5,680,800	17,724,887	23,393,034
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (4,151)</u>	<u>\$ 4,694,900</u>	<u>\$ 4,929,915</u>	<u>\$ 9,620,664</u>

See accompanying Notes to Basic Financial Statements.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

Net Change in Fund Balances - Total Governmental Funds	\$ (13,772,370)
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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	8,854,370
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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	(8,970,860)
Repay Developer Advance	12,847,554

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 - Change in Liability	(250,100)
Accrued Interest Payable Developer Advance - Change in Liability	<u>(28,378)</u>

Changes in Net Position of Governmental Activities	<u><u>\$ (1,319,784)</u></u>
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**GOLD HILL NORTH BUSINESS IMPROVEMENT 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 (Negative)
	Original	Final	Amounts	
REVENUES				
Property Taxes	\$ 39	\$ 62	\$ 62	\$ -
Specific Ownership Taxes	4	6	6	-
Other Revenue	361	369	-	(369)
Intergovernmental Revenues - District No. 1	1,211	1,942	1,943	1
Intergovernmental Revenues - District No. 2	172	274	274	-
Total Revenues	1,787	2,653	2,285	(368)
EXPENDITURES				
Accounting	22,000	40,000	41,672	(1,672)
Auditing	5,300	5,300	5,335	(35)
County Treasurer's Fee	1	1	1	-
Dues and Membership	1,000	1,000	770	230
Election	2,000	13,000	12,795	205
Insurance	500	5,000	355	4,645
Legal	30,000	58,000	60,778	(2,778)
Miscellaneous	2,500	2,500	-	2,500
Utilities	-	300	157	143
Website	-	2,000	1,920	80
Contingency	5,699	7,899	-	7,899
Total Expenditures	69,000	135,000	123,783	11,217
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(67,213)	(132,347)	(121,498)	10,849
OTHER FINANCING SOURCES				
Developer Advance - GHD	68,000	146,000	130,000	(16,000)
Total Other Financing Sources	68,000	146,000	130,000	(16,000)
NET CHANGE IN FUND BALANCE	787	13,653	8,502	(5,151)
Fund Balances (Deficit) - Beginning of Year	213	(12,653)	(12,653)	-
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ (4,151)</u>	<u>\$ (5,151)</u>

See accompanying Notes to Basic Financial Statements.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 DEFINITION OF REPORTING ENTITY

Gold Hill North Business Improvement District (the District), a business improvement district and political subdivision of the state of Colorado, was organized by ordinance of the City of Colorado Springs (the City) on August 10, 2021 and is governed pursuant to provisions of the Colorado Business Improvement Act (Title 31). The District's service area is located entirely within the City in El Paso County, Colorado. The District was organized to provide the financing, acquisition, construction, completion, installation, replacement, and/or operation and maintenance of all of the services and public improvements allowed under Colorado law for business improvement districts. Specific improvements and services provided by the District include water services, safety protection devices, sanitation services, street improvements, curbs, gutters, culverts, drainage facilities, sidewalks, parking facilities, paving, lighting, grading, landscaping and storm and wastewater management facilities, and associated land acquisition and remediation.

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's annual operating plan and budget is required to be submitted to and approved by the City. Consequently, the District is considered to be a component unit of the City.

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.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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. 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 Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

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

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

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.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

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 columns 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.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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.

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 position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes 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.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Fund Balance (Continued)

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.

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.

The District issued \$24,445,000 in Limited Tax General Obligation and Special Revenue Bonds dated December 19, 2024 for capital projects and improvements. Bond proceeds were also transferred by the bond resolution from the Capital Projects Fund to the Debt Service Fund to pay the bond interest for the subsequent construction period and to establish a reserve account.

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 funds advanced by the Developer in 2026.

Adoption of New Accounting Standards

Certain Risk Disclosures

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures (Statement No. 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.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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	\$ 7,185
Cash and Investments - Restricted	9,642,656
Total Cash and Investments	<u>\$ 9,649,841</u>

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

Deposits with Financial Institutions	\$ 3,015,999
Investments	6,633,842
Total Cash and Investments	<u>\$ 9,649,841</u>

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 had a bank balance of \$3,015,999 and a carrying balance of \$3,015,999.

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.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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 the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
MSILF Money Market Funds Treasury	Weighted-Average Under 60 Days	\$ 6,633,842
		<u>\$ 6,633,842</u>

MSILF Money Market Funds Treasury

The debt service money that is included in the trust accounts at United Missouri Bank (successor of American National Bank) is invested in the Morgan Stanley Institutional Liquidity Funds (MSILF) Treasury Portfolio. This portfolio is a money market fund that is managed by Morgan Stanley and each share is equal in value to \$1.00. The fund is rated AAAM by Standard & Poor's and invests exclusively in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The average maturity of the underlying securities is 90 days or less.

GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 CAPITAL ASSETS

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

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 8,005,644	\$ 8,854,370	\$ -	\$ 16,860,014
Total Capital Assets, Not Being Depreciated	8,005,644	8,854,370	-	16,860,014
 Governmental Activities Capital Assets, Net	<u>\$ 8,005,644</u>	<u>\$ 8,854,370</u>	<u>\$ -</u>	<u>\$ 16,860,014</u>

NOTE 5 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
Bonds Payable					
Limited Tax General Obligation and Special Revenue Bonds, Series 2024A	\$ 22,100,000	\$ -	\$ -	\$ 22,100,000	\$ -
Subordinate Limited Tax General Obligation and Special Revenue Bonds, Series 2024B	2,345,000	-	-	2,345,000	-
Accrued Interest Series 2024B	6,253	188,220	-	194,473	-
Subtotal Bonds Payable	24,451,253	188,220	-	24,639,473	-
 Developer Advances					
ACI - Operating	\$ 162,164	\$ -	\$ -	\$ 162,164	\$ -
GHD - Operating	86,282	130,000	-	216,282	-
GHD - Capital	8,005,644	8,840,860	12,847,554	3,998,950	-
Accrued Interest on Developer Advances:					
ACI - Operating	31,088	12,973	-	44,061	-
GHD - Operating	1,091	13,909	-	15,000	-
GHD - Capital	15,989	107,516	106,020	17,485	-
Subtotal Developer Advances	8,302,258	9,105,258	12,953,574	4,453,942	-
 Total Long-Term Obligations	<u>\$ 32,753,511</u>	<u>\$ 9,293,478</u>	<u>\$ 12,953,574</u>	<u>\$ 29,093,415</u>	<u>\$ -</u>

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The details of the District's long-term obligations are as follows:

\$22,100,000 Series 2024A Limited Tax General Obligation and Special Revenue Bonds

On December 19, 2024, the District issued Series 2024A Limited Tax General Obligation and Special Revenue Bonds (Series 2024A Bonds). The proceeds from the sale of the Series 2024A Bonds will be used for the purpose of: (a) finance public improvements necessary to support the development; (ii) fund an initial deposit to the Senior Surplus Fund, as defined in the 2024A Senior Indenture; (iii) fund a deposit to the Senior Bond Fund representing capitalized interest on the Series 2024A Bonds; and (iv) pay the costs of issuance of the Series 2024A Bonds. The Series 2024A Bonds were issued in the amount of \$22,100,000.

The Series 2024A Bonds will bear interest at a rate of 5.600% payable annually on December 1, beginning on June 1, 2025. Annual mandatory sinking fund principal payments are due annually on December 1, beginning on December 1, 2031. The Series 2024A Bonds mature on December 1, 2054.

To the extent principal of any Series 2024A Bonds is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Series 2024A Bonds is not paid when due, such interest shall compound annually on each December 1 at the rate then borne by the Series 2024A Bonds. The Issuing District shall not be obligated to pay more than the amount permitted by law in repayment of the Series 2024A Bonds. If any amount of principal of or interest on the Series 2024A Bonds remains unpaid after the application of all.

Senior Pledged Revenue

The Series 2024A Bonds are secured by payable solely from Senior Pledged Revenue, consisting of the moneys derived by the Issuing District from the following sources:

- (a) all Senior Property Tax Revenues;
- (b) all Senior Specific Ownership Tax Revenues;
- (c) all CSURA Pledged Revenue; and
- (d) any other legally available moneys which the Issuing District determines, in its absolute discretion, to credit to the Senior Bond Fund.

Senior Required Mill Levy

An ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of the District and of Gold Hill North Metropolitan District No. 1 (District No. 1) (collectively, the 'Taxing Districts' or each a 'Taxing District') each year in an amount determined by the Issuing District which, if imposed by both Taxing Districts for collection in the succeeding calendar year, would generate Senior Property Tax Revenues which, together with the Projected CSURA Pledge Revenue for the immediately succeeding calendar year, would equal the Annual Financing Costs, but not in excess of the applicable Maximum Required Mill Levy, which is defined as 50 mills, as adjusted.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$22,100,000 Series 2024A Limited Tax General Obligation and Special Revenue Bonds (Continued)

District Property Tax Increment Revenues

In order to facilitate the funding by the Taxing Districts of the costs of the Public Improvements and of operations and maintenance services, the Colorado Springs Urban Renewal Authority (the Authority) hereby agrees that it will segregate and promptly remit, on a monthly basis, to the Taxing Districts, all of the Taxing Districts Property Tax Increment Revenues. Notwithstanding the foregoing, the Authority shall have the obligation to remit such Taxing Districts Property Tax Increment Revenues to the respective Districts solely to the extent the Authority receives the same.

The Taxing Districts agree to use all District Operating Mill Levy Tax Increment Revenues to fund the costs of operations and maintenance services. The Taxing Districts agree to use all District Debt Service Mill Levy Tax Increment Revenues to fund the costs of design and construction of the Public Improvements as provided herein.

Senior Surplus Fund

The Series 2024A Bonds are additionally secured by the Surplus Fund. Except for the Initial Deposit of \$1,968,000, the Surplus Fund will not be funded from proceeds of the Series 2024A Bonds but shall be funded solely by Pledged Revenue that is not needed to pay debt service on the Series 2024A Bonds in any year, up to the Maximum Surplus Amount of \$4,420,000. The forecast expects the Surplus Fund to be drawn upon each year in 2028 through 2029 to meet annual debt service requirements of the Series 2024A Bonds.

Moneys credited to the Senior Surplus Fund may be invested or deposited by the Trustee at the written direction of the District in Permitted Investments only and in accordance with the laws of the state. Absent written direction, the Trustee shall hold the funds uninvested. The investment of moneys credited to the Senior Surplus Fund shall; however, be subject to the covenants and provisions of the 2024A Senior Indenture. Investments in the Senior Surplus Fund shall be valued by the Trustee at market value at least quarterly. Interest income from the investment or reinvestment of moneys credited to the Senior Surplus Fund shall remain in and become part of the Senior Surplus Fund if the Senior Surplus Fund balance is less than the Maximum Surplus Amount. At any time that the Trustee determines that the Senior Surplus Fund balance exceeds the Maximum Surplus Amount, such excess amounts shall be transferred by the Trustee to the Senior Bond Fund on or before the next 2024A Interest Payment Date.

Events of Default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under The Indenture (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default hereunder except as provided in this Section:

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

**\$22,100,000 Series 2024A Limited Tax General Obligation and Special Revenue Bonds
(Continued)**

Events of Default (Continued)

- (a) The District fails or refuses to impose the applicable Senior Required Mill Levy or to apply the Pledged Revenue as required by this Indenture and the Senior Pledge Agreement, or any other Taxing District fails or refuses to impose the applicable Senior Required Mill Levy or to apply the revenues resulting therefrom or any other portion of the Pledged Revenue received by such Taxing District as required by the Senior Pledge Agreement;
- (b) The District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in this Indenture or the Bond Resolution, and fails to remedy the same after notice thereof, or any other Taxing District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of such Taxing District in the Senior Pledge Agreement and fails to remedy the same after notice; or
- (c) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds.

It is acknowledged that due to the limited nature of the Pledged Revenue, the failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default hereunder.

Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

- (i) Receivership: Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the Trustee shall be entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of this Indenture to, the Trustee.
- (ii) Suit for Judgment: The Trustee may proceed to protect and enforce its rights and the rights of the Owners under the BID Act, the Bonds, the Bond Resolution, this Indenture, the Senior Pledge Agreement and any provision of law by such suit, action, or special proceedings as the Trustee, being advised by Counsel, shall deem appropriate.
- (iii) Mandamus or Other Suit: The Trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the Owners.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$22,100,000 Series 2024A Limited Tax General Obligation and Special Revenue Bonds (Continued)

No Acceleration

Notwithstanding anything herein to the contrary, acceleration of the Bonds shall not be an available remedy for an Event of Default.

The District's long-term obligations on the 2024A Series Bonds mature as follows:

Year Ending December 31,	Principal	Interest	Total
2026	\$ -	\$ 1,237,600	\$ 1,237,600
2027	-	1,237,600	1,237,600
2028	-	1,237,600	1,237,600
2029	-	1,237,600	1,237,600
2030	-	1,237,600	1,237,600
2031-2035	2,580,000	5,923,680	8,503,680
2036-2040	3,870,000	5,064,920	8,934,920
2041-2045	5,540,000	3,804,920	9,344,920
2046-2050	5,465,000	2,076,760	7,541,760
2051-2054	4,645,000	828,520	5,473,520
Total	<u>\$ 22,100,000</u>	<u>\$ 23,886,800</u>	<u>\$ 45,986,800</u>

\$2,345,000 Series 2024B Subordinate Limited Tax General Obligation and Special Revenue Bonds

On December 19, 2024, the District issued Series 2024B Subordinate Limited Tax General Obligation and Revenue Bonds (Series 2024B Bonds). Proceeds of the Series 2024B Bonds will be used to: (i) finance public improvements necessary to support the development; and (ii) pay the costs of issuance of the 2024B Subordinate Bond. The Series 2024B Bonds were issued in the amount of \$2,345,000.

The Series 2024B Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal prior to the final maturity date. Rather, principal on the Series 2024B Bonds is payable annually on each December 15, commencing December 15, 2025, from, and to the extent of available Subordinate Pledged Revenue (defined below). The Series 2024B Bonds mature on December 15, 2054.

The Series 2024B Bonds will bear interest at the rate of 8.000% per annum payable annually on each December 15, but only from and to the extent of available Subordinate Pledged Revenue, beginning on December 15, 2025. To the extent principal of any 2024B Subordinate Bond is not paid when due, such principal shall remain outstanding until the earlier of its payment or December 15, 2064 (the 2024B Termination Date). In the event interest on any 2024B Subordinate Bond is not paid when due, such interest is to compound annually on each December 15, at the rate then borne by the 2024B Subordinate Bond until the earlier of its payment or the 2024B Termination Date. All of the Series 2024B Bonds and interest thereon shall be deemed to be paid, satisfied, and discharged on the 2024B Termination Date, regardless of the amount of principal and interest paid prior to such date.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$2,345,000 Series 2024B Subordinate Limited Tax General Obligation and Special Revenue Bonds (Continued)

Subordinate Bonds Pledged Revenue

The Series 2024B Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue. The Subordinate Indenture defines Subordinate Pledged Revenue as the moneys derived by the Taxing Districts from the following sources:

- (a) all Subordinate Property Tax Revenues;
- (b) all Subordinate Specific Ownership Tax Revenues;
- (c) all Subordinate CSURA Pledged Revenue;
- (d) any amounts in the Senior Surplus Fund upon the termination of such fund pursuant to the Senior Indenture; and
- (e) any other legally available moneys which the Issuing District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

Subordinate Bonds Required Mill Levy

Subordinate Required Mill Levy means, for each Taxing District, an ad valorem mill levy (a mill being equal to 1/10 of 1 cent) imposed upon all taxable property of such Taxing District each year in an amount equal to: (i) the applicable Maximum Required Mill Levy less the then applicable Senior Obligation Mill Levy, or (ii) such lesser amount determined by the District which, if imposed by both Taxing Districts for collection in the succeeding calendar year, would generate Subordinate Property Tax Revenues sufficient to pay the Series 2024B Bonds and any other Additional Subordinate Obligations in full in the year of collection.

Events of Default

The occurrence of any one or more of the following events or the existence of any one or more of the following conditions shall constitute an Event of Default under this Indenture (whatever the reason for such event or condition and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree, rule, regulation, or order of any court or any administrative or governmental body), and there shall be no default or Event of Default hereunder except as provided in this Section:

- (a) The District fails or refuses to impose the applicable Subordinate Required Mill Levy or to apply the Subordinate Pledged Revenue as required by this Indenture and the Subordinate Pledge Agreement, or District No. 1 fails or refuses to impose the applicable Subordinate Required Mill Levy or to apply the revenues resulting therefrom or any other portion of the Subordinate Pledged Revenue received by District No. 1 as required by the Subordinate Pledge Agreement;
- (b) The District defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of the Issuing District in this Indenture or the Bond Resolution and fails to remedy the same after notice thereof, or District No. 1 defaults in the performance or observance of any other of the covenants, agreements, or conditions on the part of District No. 1 in the Subordinate Pledge Agreement and fails to remedy the same after notice thereof; or

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

\$2,345,000 Series 2024B Subordinate Limited Tax General Obligation and Special Revenue Bonds (Continued)

Events of Default (Continued)

- (c) The District files a petition under the federal bankruptcy laws or other applicable bankruptcy laws seeking to adjust the obligation represented by the Bonds.

It is acknowledged that due to the limited nature of the Subordinate Pledged Revenue, the failure to pay the principal of or interest on the Bonds when due shall not, of itself, constitute an Event of Default hereunder.

Upon the occurrence and continuance of an Event of Default, the Trustee shall have the following rights and remedies which may be pursued:

- (i) Receivership: Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate, and of the revenues, income, product, and profits thereof pending such proceedings, subject however, to constitutional limitations inherent in the sovereignty of the District; but notwithstanding the appointment of any receiver or other custodian, the Trustee shall be entitled to the possession and control of any cash, securities, or other instruments at the time held by, or payable or deliverable under the provisions of this Indenture to, the Trustee.
- (ii) Suit for Judgment: The Trustee may proceed to protect and enforce its rights and the rights of the Owners under the BID Act, the Bonds, the Bond Resolution, this Indenture, the Subordinate Pledge Agreement, and any provision of law by such suit, action, or special proceedings as the Trustee, being advised by Counsel, shall deem appropriate.
- (iii) Mandamus or Other Suit: The Trustee may proceed by mandamus or any other suit, action, or proceeding at law or in equity, to enforce all rights of the Owners.

No Acceleration

Notwithstanding anything herein to the contrary, acceleration of the Bonds shall not be an available remedy for an Event of Default.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Optional Redemption

The Series 2024A Bonds and Series 2024B Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2029, and on any date thereafter, upon payment of par, accrued interest, and a redemption premium equal to a percentage of the principal amount so redeemed as follows:

<u>Date of Redemption</u>	<u>Redemption Premium</u>
December 1, 2029, to November 30, 2030	3.00%
December 1, 2030, to November 30, 2031	2.00
December 1, 2031, to November 30, 2032	1.00
December 1, 2032, and thereafter	0.00

Developer Advances

Facilities Funding and Acquisition Agreement

On December 16, 2021, the District entered into a Facilities Funding and Acquisition Agreement with AIPA Colorado Investments, LLC (Developer, see Note 7) to repay advances made by the Developer for capital infrastructure costs. The District agreed to repay the Developer for such advances plus accrued simple interest at the rate of 8% on the first day of the following year in which the advances were made. The agreement terminates on December 31, 2051. As of December 31, 2025, outstanding Developer advances under the agreement totaled \$0 and accrued interest totaled \$0.

Operation Funding and Reimbursement Agreement

On December 16, 2021, the District entered into an Operation Funding and Reimbursement Agreement with AIPA Colorado Investments, LLC (Developer, see Note 7) to repay advances made by the Developer for operations and maintenance (O&M) costs. The District agreed to repay the Developer for such advances plus accrued simple interest at the rate of 8% on the first day of the following year in which the advances were made. The agreement terminates on December 31, 2022 and shall automatically renew for additional one year periods. As of December 31, 2025, outstanding Developer advances under the agreement totaled \$162,164 and accrued interest totaled \$44,061.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Developer Advances (Continued)

Infrastructure Acquisition and Reimbursement Agreement

On September 23, 2024, the District entered into an Infrastructure Acquisition and Reimbursement Agreement with Gold Hill Development, LLC (Developer, see Note 7) to repay advances made by the Developer for capital infrastructure costs. The District agreed to repay the Developer for such advances plus accrued interest at the rate based on the MMD AAA Index plus 400 basis points, adjusted on an annual basis, from the date of adoption to the earlier of the date of Reimbursement Obligation as defined in the agreement, is issued to evidence the Certified District Eligible Costs or the date of repayment in full. The agreement terminates at the earlier of the repayment in full of the Certified District Eligible Costs, as defined in the agreement, at the expiration of 20 years from the date of each Acceptance Period or lessor period established in the Operating Plan, or if Certified District Eligible Costs are not converted to Reimbursement Obligations, upon the occurrence of Developer's voluntary dissolution, Developer's administrative dissolution, or Developer's bankruptcy, receivership, or similar action. As of December 31, 2025, outstanding Developer advances under the agreement totaled \$3,998,950 and accrued interest totaled \$17,485.

Funding and Reimbursement Agreement

On September 23, 2024, the District entered into a Funding and Reimbursement Agreement with Gold Hill Development, LLC (Developer, see Note 7) to repay advances made by the Developer for operations and maintenance (O&M) costs. The Developer agrees to advance to the District one or more sums of money not to exceed the aggregate of \$75,000 per for two years, up to the Maximum Loan Amount of \$150,000. The District agreed to repay the Developer for such advances plus accrued interest at the rate based on the MMD Interest Rate Index plus 400 basis points, adjusted on an annual basis. The agreement terminates upon repayment of the Maximum Loan Amount and accrued interest or 20 years from execution of the agreement. As of December 31, 2025, outstanding Developer advances under the agreement totaled \$216,282 and accrued interest totaled \$15,000. The District is coordinating with the Developer to increase the Maximum Loan Amount under this agreement.

Authorized Debt

On November 2, 2021, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$2,040,000,000 at an interest rate not to exceed 12% per annum. At December 31, 2025, the District had authorized but unissued indebtedness in the amount of \$2,015,555,000.

As set forth in the District's 2025 Operating Plan, the City has limited the amount of debt to be issued by the District to a total of \$90,000,000, in the aggregate, without further approval by the City. The District may levy up to 50 mills for debt service and up to 10 mills for general operations and administrative expenses due to the on-going operations and maintenance to be undertaken by the District within its boundaries. The mill levy caps may be subject to upward or downward adjustments addressing any Mill Levy Adjustment or any abatement occurring after, but not before January 1, 2006. As of December 31, 2025 the District had \$65,555,000 available for debt under the Operating Plan.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

In the future, the District may issue a portion or all of the remaining authorized but unissued general obligation debt for purposes of providing public improvements to support development as it occurs within the District's service area.

NOTE 6 NET POSITION

The District has net position consisting of two components – restricted and unrestricted.

Restricted net position includes 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 restricted net position as of December 31, 2025 as follows:

	<u>Governmental Activities</u>
Restricted Net Position:	
Emergencies	\$ 100
Debt Service Reserve	684,494
Capital Projects Reserve	<u>4,929,915</u>
Total Restricted Net Position	<u><u>\$ 5,614,509</u></u>

The District has a deficit in unrestricted net position as of December 31, 2025. This deficit amount is a result of the District being responsible for the repayment of developer advances and the repayment of general obligation bonds issued to fund public infrastructure.

NOTE 7 RELATED PARTIES

The Developers of the property which constitutes the District are AIPA Colorado Investments, LLC and Gold Hill Development, LLC (collectively, the Developers). The majority members of the Board of Directors are employees, owners or otherwise associated with the Developers, and may have conflicts of interest in dealing with the District.

The District has entered into Funding and Reimbursement Agreements with the Developers.

NOTE 8 ECONOMIC DEPENDENCY

The District has not yet established a revenue base sufficient to pay operational expenditures. Until an independent revenue base is established, continuation of operations in the District will be dependent upon funding by the Developer.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 9 AGREEMENTS

Intergovernmental District Facilities Construction and Service Agreement

On December 4, 2023, the District, District No. 1, and District No. 2 (collectively, the Districts) entered into an Intergovernmental Agreement wherein the District has agreed to construct, own, operate, and maintain public improvements benefiting the Districts. District No. 1 and District No. 2 have agreed to assign all revenue raised from all sources, including, but not limited to ad valorem property taxes to the District to offset the expense of construction and operation of the public improvements.

Agreement Concerning Property Tax TIF

On December 1, 2024, the Districts entered into an Agreement Concerning Property Tax TIF (Gold Hill Mesa Commercial Urban Renewal Area). District No. 1 and District No. 2 acknowledge and agree that the Authority Pledged Revenues shall be payable to or at the direction of the District. Authority Pledged Revenues means the Pledged Property Tax Increment Revenues received by the Authority from time to time, net of any costs of collection and net of the Authority Administrative Fee, and payable to the Issuing District or Bond Trustee pursuant to the CSURA Pledge Agreement. Each of District No. 1 and District No. 2 assign to the District all its respective right, title and interest in the Authority Pledged Revenues (if any) for so long as any bonds remain outstanding.

Pledge Agreement (Gold Hill Mesa Commercial Urban Renewal Area)

On December 1, 2024, the District, Colorado Springs Urban Renewal Authority (the Authority), AIPA Colorado Investments, LLC, and Gold Hill Development, LLC entered into a Pledge Agreement relating to the issuance of bonds by the BID in support of the project. In order to further the development of the Project, the Authority agrees to pay the Authority Pledged Revenues to the District on and after the date of issuance of one or more series of Bonds.

Senior Capital Pledge Agreement

On December 1, 2024, the District, District No. 1, and UMB Bank N.A., in its capacity as trustee, entered into a Senior Pledge Agreement relating to the issuance of bonds by the District. The District and District No. 1 agree to finance public improvements from the funds available from senior pledged revenue.

Subordinate Capital Pledge Agreement

On December 1, 2024, the District, District No. 1, and UMB Bank N.A., in its capacity as trustee, entered into a Subordinate Pledge Agreement relating to the issuance of bonds by the District. The District and District No. 1 agree to finance public improvements from the funds available from subordinate pledged revenue.

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.

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 RISK MANAGEMENT (CONTINUED)

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.

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.

On November 2, 2021, the District's voters authorized the District to increase property taxes \$10,000,000 annually, for general operations and maintenance. The election also allows the District to collect, spend, and retain all revenues without regard to the limitations contained within Article X, Section 20 of the Colorado Constitution (TABOR).

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.

On May 6, 2025, the qualified electors of the District approved an election question to waive the 5.25% property tax limit established under Section 29-1-1702, C.R.S. for 2026 and all future budget years.

SUPPLEMENTARY INFORMATION

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 193	\$ 309	\$ 116
Specific Ownership Taxes	19	29	10
Interest Income	262,424	186,763	(75,661)
Intergovernmental Revenues - District No. 1	6,058	9,722	3,664
Total Revenues	<u>268,694</u>	<u>196,823</u>	<u>(71,871)</u>
EXPENDITURES			
County Treasurer's Fee	3	3	-
Paying Agent Fees	7,000	7,000	-
Bond Interest - 2024A	1,175,720	1,175,720	-
Contingency	95,277	-	95,277
Total Expenditures	<u>1,278,000</u>	<u>1,182,723</u>	<u>95,277</u>
NET CHANGE IN FUND BALANCE	(1,009,306)	(985,900)	23,406
Fund Balance - Beginning of Year	<u>5,680,800</u>	<u>5,680,800</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 4,671,494</u></u>	<u><u>\$ 4,694,900</u></u>	<u><u>\$ 23,406</u></u>

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECTS FUND –
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest Income	\$ 149,672	\$ 177,237	\$ 27,565
Total Revenues	149,672	177,237	27,565
EXPENDITURES			
Accounting	5,000	5,125	(125)
Legal	5,000	-	5,000
Engineering	-	28,616	(28,616)
Capital Outlay	9,722,342	8,825,754	896,588
Contingency	139,672	-	139,672
Total Expenditures	9,872,014	8,859,495	1,012,519
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,722,342)	(8,682,258)	1,040,084
OTHER FINANCING SOURCES (USES)			
Developer Advance - GHD	9,722,342	8,840,860	(881,482)
Repay Developer Advance	(17,727,986)	(12,953,574)	4,774,412
Total Other Financing Sources (Uses)	(8,005,644)	(4,112,714)	3,892,930
NET CHANGE IN FUND BALANCE	(17,727,986)	(12,794,972)	4,933,014
Fund Balance - Beginning of Year	17,727,986	17,724,887	(3,099)
FUND BALANCE - END OF YEAR	\$ -	\$ 4,929,915	\$ 4,929,915

OTHER INFORMATION

**GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
DECEMBER 31, 2025**

\$22,100,000			
Limited Tax General Obligation and Special Revenue Bonds			
Interest Rate - 5.600%			
Series 2024A			
Dated December 19, 2024			
Interest Payable			
June 1 and December 1			
Principal Payable December 1			
<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ 1,237,600	\$ 1,237,600
2027	-	1,237,600	1,237,600
2028	-	1,237,600	1,237,600
2029	-	1,237,600	1,237,600
2030	-	1,237,600	1,237,600
2031	425,000	1,237,600	1,662,600
2032	480,000	1,213,800	1,693,800
2033	505,000	1,186,920	1,691,920
2034	570,000	1,158,640	1,728,640
2035	600,000	1,126,720	1,726,720
2036	665,000	1,093,120	1,758,120
2037	705,000	1,055,880	1,760,880
2038	780,000	1,016,400	1,796,400
2039	820,000	972,720	1,792,720
2040	900,000	926,800	1,826,800
2041	950,000	876,400	1,826,400
2042	1,040,000	823,200	1,863,200
2043	1,095,000	764,960	1,859,960
2044	1,195,000	703,640	1,898,640
2045	1,260,000	636,720	1,896,720
2046	1,370,000	566,160	1,936,160
2047	1,445,000	489,440	1,934,440
2048	1,565,000	408,520	1,973,520
2049	520,000	320,880	840,880
2050	565,000	291,760	856,760
2051	600,000	260,120	860,120
2052	650,000	226,520	876,520
2053	685,000	190,120	875,120
2054	2,710,000	151,760	2,861,760
Total	<u>\$ 22,100,000</u>	<u>\$ 23,886,800</u>	<u>\$ 45,986,800</u>

GOLD HILL NORTH BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2025

Year Ended <u>December 31,</u>	Assessed Valuation	Percent Change	Total Mills Levied		Total Property Taxes		Percent Collected to Levied
			General Operations	Debt Service	Levied	Collected	
2022/2023	\$ 53,220	0.0%	10.000	0.000	\$ 532	\$ 542	101.88 %
2023/2024	32,330	-39.3%	10.394	0.000	336	336	100.00 %
2024/2025	3,720	-88.5%	10.394	51.971	232	371	159.91 %
Estimated for Year Ending December 31, 2026	\$ 5,940	59.7%	10.740	53.703	\$ 383		

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years.
Information received from the Treasurer does not permit identification of specific year of levy.

Source: El Paso County Assessor and Treasurer.