

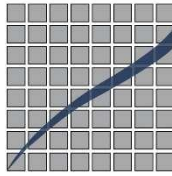
**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
EL PASO COUNTY, COLORADO**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025

**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
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YEAR ENDED DECEMBER 31, 2025**

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BiggsKofford

INDEPENDENT AUDITOR'S REPORT

Board of Directors
True North Commons Business Improvement District
El Paso County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of True North Commons 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 31, 2026

BASIC FINANCIAL STATEMENTS

TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
ASSETS	
Cash and Investments	\$ 19,806
Cash and Investments - Restricted	12,033,167
Developer Advance Receivable	30,000
PIF Receivable	54,926
Sales Tax Receivable	37,924
Prepaid Insurance	6,065
CSU Guarantee Deposit	1,470,245
Capital Assets:	
Capital Assets Not Being Depreciated	7,481,239
Capital Assets Net of Depreciation	<u>7,179,368</u>
Total Assets	<u>28,312,740</u>
LIABILITIES	
Accounts Payable	113,899
Accrued Interest	341,227
Noncurrent Liabilities:	
Due Within One Year	655,000
Due in More Than One Year	<u>94,189,679</u>
Total Liabilities	<u>95,299,805</u>
NET POSITION	
Net Investment in Capital Assets	(2,003,153)
Restricted for:	
Emergency Reserve	2,500
Debt Service	5,045,270
Capital Projects	195,535
Unrestricted	<u>(70,227,217)</u>
Total Net Position	<u><u>\$ (66,987,065)</u></u>

See accompanying Notes to Basic Financial Statements.

TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

FUNCTIONS/PROGRAMS	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government				
Transfer of Public Improvements to Another Government	\$ 372,879	\$ -	\$ -	\$ (372,879)
CSU Revenue Guarantee Deficiency	6,089,302	-	-	(6,089,302)
Interest on Long-Term Debt and Related Costs	156,170	-	-	(156,170)
	6,510,891	-	-	(6,510,891)
Total Governmental Activities	<u>\$ 13,129,242</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(13,129,242)</u>
GENERAL REVENUES				
Property Taxes				4
Interest Income				448,323
Sales Tax Revenue				503,669
PIF Revenue				1,018,506
PILOT Revenue				978,502
RTA Funds				1,108,899
Other Revenue				157,508
Total General Revenues and Transfers				<u>4,215,411</u>
CHANGES IN NET POSITION				
				(8,913,831)
Net Position - Beginning of Year				(58,073,234)
NET POSITION - END OF YEAR				<u>\$ (66,987,065)</u>

See accompanying Notes to Basic Financial Statements.

**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	General	Debt Service	Capital Projects	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 19,806	\$ -	\$ -	\$ 19,806
Cash and Investments - Restricted	2,500	11,149,902	880,765	12,033,167
Developer Advance Receivable	30,000	-	-	30,000
PIF Receivable	-	54,926	-	54,926
Sales Tax Receivable	-	37,924	-	37,924
Prepaid Insurance	6,065	-	-	6,065
Total Assets	<u>\$ 58,371</u>	<u>\$ 11,242,752</u>	<u>\$ 880,765</u>	<u>\$ 12,181,888</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 21,762	\$ 2,999	\$ 89,138	\$ 113,899
Total Liabilities	<u>21,762</u>	<u>2,999</u>	<u>89,138</u>	<u>113,899</u>
FUND BALANCES				
Nonspendable:				
Prepaid Expense	6,065	-	-	6,065
Restricted for:				
Emergency Reserves	2,500	-	-	2,500
Debt Service	-	11,239,753	-	11,239,753
Capital Projects	-	-	791,627	791,627
Unassigned	<u>28,044</u>	<u>-</u>	<u>-</u>	<u>28,044</u>
Total Fund Balances	<u>36,609</u>	<u>11,239,753</u>	<u>791,627</u>	<u>12,067,989</u>
Total Liabilities and Fund Balances	<u>\$ 58,371</u>	<u>\$ 11,242,752</u>	<u>\$ 880,765</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.				
Capital Assets Not Being Depreciated				7,481,239
Capital Assets Net of Depreciation				7,179,368
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.				
CSU Guarantee Deposit				1,470,245
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds Payable - Series 2022A				(7,695,000)
Bonds Payable - Series 2022B				(54,370,000)
Bonds Payable - Series 2022C				(24,275,000)
Accrued Interest				(341,227)
Accrued Interest - Series 2022C				(8,058,207)
Bond Premium - Series 2022A				(106,120)
Developer Advance Payable				(295,000)
Accrued Developer Advance Interest				(45,352)
Net Position of Governmental Activities				<u>\$ (66,987,065)</u>

See accompanying Notes to Basic Financial Statements.

TRUE NORTH COMMONS 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	\$ 1	\$ 3	\$ -	\$ 4
Sales Tax Revenue	-	503,669	-	503,669
Interest Income	847	301,744	69,317	371,908
RTA Funds	-	1,108,899	-	1,108,899
Other Revenue	-	-	157,508	157,508
PIF Revenue	-	1,018,506	-	1,018,506
PILOT Revenue	81,059	897,443	-	978,502
Total Revenues	<u>81,907</u>	<u>3,830,264</u>	<u>226,825</u>	<u>4,138,996</u>
EXPENDITURES				
Current:				
Accounting	35,764	17,429	45,000	98,193
Auditing	7,500	-	-	7,500
URA Admin Fee	-	66,244	-	66,244
PIF Collection Fees	-	7,100	-	7,100
District Management	17,180	-	-	17,180
Dues and Membership	402	-	-	402
Insurance	2,960	-	3,630	6,590
Landscaping	2,220	-	-	2,220
Legal	22,543	-	16,347	38,890
Website	1,576	-	-	1,576
Debt Service:				
Bond interest	-	4,094,725	-	4,094,725
Paying Agent Fees	-	3,500	-	3,500
Capital Projects:				
Capital outlay	-	-	535,997	535,997
Total Expenditures	<u>90,145</u>	<u>4,188,998</u>	<u>600,974</u>	<u>4,880,117</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(8,238)	(358,734)	(374,149)	(741,121)
OTHER FINANCING SOURCES (USES)				
Developer Advance	50,000	-	-	50,000
Total Other Financing Sources	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
NET CHANGE IN FUND BALANCES	41,762	(358,734)	(374,149)	(691,121)
Fund Balances (Deficit) - Beginning of Year	<u>(5,153)</u>	<u>11,598,487</u>	<u>1,165,776</u>	<u>12,759,110</u>
FUND BALANCES - END OF YEAR	<u>\$ 36,609</u>	<u>\$ 11,239,753</u>	<u>\$ 791,627</u>	<u>\$ 12,067,989</u>

See accompanying Notes to Basic Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds \$ (691,121)

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	535,997
Depreciation Expense	(200,328)
Transfer of Public Improvements to Other Governments	(6,089,302)

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	(50,000)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.

CSU Guarantee Interest Income	76,415
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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 on Bonds - Change in Liability	(2,325,590)
Accrued Interest on Developer Advance - Change in Liability	(18,404)
Amortization - 2022A Bond Premium	4,672
CSU Guarantee Deficiency	(156,170)

Changes in Net Position of Governmental Activities	\$ (8,913,831)
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**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 1	\$ 1	\$ -
Interest Income	-	847	847
PILOT Revenue	84,255	81,059	(3,196)
Total Revenues	84,256	81,907	(2,349)
EXPENDITURES			
Accounting	42,000	35,764	6,236
Auditing	6,000	7,500	(1,500)
Contingency	6,750	-	6,750
District Management	37,000	17,180	19,820
Dues and Membership	500	402	98
Insurance	2,750	2,960	(210)
Landscaping	20,000	2,220	17,780
Legal	37,000	22,543	14,457
Website	7,500	1,576	5,924
Total Expenditures	159,500	90,145	69,355
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(75,244)	(8,238)	67,006
OTHER FINANCING SOURCES (USES)			
Developer Advance	27,000	50,000	23,000
Total Other Financing Sources	27,000	50,000	23,000
NET CHANGE IN FUND BALANCE	(48,244)	41,762	90,006
Fund Balance (Deficit) - Beginning of Year	56,052	(5,153)	(61,205)
FUND BALANCE - END OF YEAR	<u>\$ 7,808</u>	<u>\$ 36,609</u>	<u>\$ 28,801</u>

See accompanying Notes to Basic Financial Statements.

TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 DEFINITION OF REPORTING ENTITY

True North Commons Business Improvement District (the District), a quasi-municipal corporation, was organized by ordinance of the City of Colorado Springs (the City) on August 14, 2018, and is governed pursuant to provisions of the Colorado Business Improvement Act (Title 31). 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, including, without limitation, the following types of improvements: water, safety protection, sanitation, dry utilities, streets, curbs, gutters, culverts, drainage facilities, sidewalks, parking facilities, paving, lighting, grading, parks, landscaping and storm and wastewater management facilities, and associated land acquisition and remediation. The District's service area is located in the designated commercial area within the City of Colorado Springs, El Paso County, Colorado.

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 budget is required to be submitted to and approved by the City, thus enabling the City to impose its will on the District. 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.

TRUE NORTH COMMONS 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 general obligation 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.

**TRUE NORTH COMMONS 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.

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.

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.

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.

**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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:

Streets and Street Improvements	30 Years
Landscaping	15 Years

Amortization

Original Issue Premium

In the government-wide financial statements, bond premiums are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

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 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:

**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity (Continued)

Net Position (Continued)

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.

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.

URA Tax Increment Revenues

On July 9, 2019, the City of Colorado Springs Urban Renewal Authority (the Authority) adopted the True North Commons Urban Renewal Plan (the Urban Renewal Plan), which established the True North Commons Urban Renewal Area (the Urban Renewal Area). The Authority serves as the financing entity for the City for Champions Project, which is a regional tourism project established pursuant to the Colorado Regional Tourism Act.

The Urban Renewal Plan authorizes the implementation of tax increment financing for the Urban Renewal Area for the purpose of facilitating an urban renewal project more particularly described therein. In accordance with the Urban Renewal Law, until July 8, 2044, certain City and County sales taxes and certain ad valorem property taxes levied by taxing entities on property in the Urban Renewal Area are to be remitted to the District. Sales Tax Increment Revenues are defined as 87.5% of the City and County's respective 2.00% and 1.00% sales tax rate. The URA ad valorem taxes are based on a 72.215 mill levy rate for collection year 2025.

The District is required to pay a fee of \$60,000 per year to the Authority commencing in 2022. The fee is subject to an increase of 2.00% annually.

**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Payment in Lieu of Tax Fees

The District will impose a Payment in Lieu of Tax Fees (the PILOT) fee on the hotel property which will be exempt from property taxes. The hotel is exempt from property taxes but is subject to the PILOT fees based on both the maximum mill levy of 50.000 mills and the increment mill levy of 72.215 mills. The PILOT fee revenues are not subject to the County Treasurer fee of 1.5% nor does the District receive a portion of Specific Ownership Taxes on the PILOT fees. The District issued a Declaration of PILOT January 31, 2022, which was amended August 15, 2024 and July 1, 2025.

Regional Tourism Act Revenues

The Colorado Regional Tourism Act was adopted by the Colorado General Assembly in 2009 to help fund high-profile regional tourism projects by rebating the State sales tax revenues that new, out-of-state visitors would generate. The Regional Tourism Act established a program of the Colorado Economic Development Commission (the CEDC). The CEDC, in collaboration with the City, the U.S. Olympic Museum, the University of Colorado, Colorado Springs (UCCS), the USAFA, and the Colorado Springs Stadium Authority developed a Regional Tourism Plan to attract new, out-of-state visitors to Colorado Springs.

On December 16, 2013, the CEDC adopted Resolution No. 3, "Resolution by the Colorado Economic Development Commission Concerning the Allocation of State Sales Tax Increment Revenue for the Colorado Springs City for Champions Project", and thereby approved the City for Champions Project, which includes the following project elements: the U.S. Olympic Museum and Hall of Fame, the Colorado Sports and Event Center, the UCCS Sports Medicine and Performance Center, and the U.S. Air Force Academy Visitor's Center.

Resolution No. 3 also allocated 13.08% of the state sales tax increment revenue generated within the Regional Tourism Zone, not to exceed \$120.5 million, to implement the City for Champions Project (the State Sales Tax Increment Revenue). 11.00% of the State Sales Tax Increment Revenue (the Dedicated State Sales Tax Increment Revenue), up to a maximum of \$13,255,000, is dedicated to the District. Revenues collected commencing in 2022 will be pledged to the Series 2022A Bonds, the Series 2022B Bonds and the Series 2022C Bonds.

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 required disclosures are included in Note 10.

**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beginning Balance Reclassification

The District reclassified amounts previously reported as capital assets, not being depreciated to utility assurance assets effective December 31, 2024 in the amount of \$1,550,000 on the Statement of Net Position. There was no change to net position as of December 31, 2024 as a result of this beginning balance reclassification.

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	\$ 19,806
Cash and Investments - Restricted	12,033,167
Total Cash and Investments	<u>\$ 12,052,973</u>

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

Deposits with Financial Institutions	\$ 65,539
Investments	11,987,434
Total Cash and Investments	<u>\$ 12,052,973</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 and a carrying balance of \$65,539.

**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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.

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>
Colorado Local Government	Weighted-Average	
Liquid Asset Trust (COLOTRUST)	Under 60 Days	\$ 6,134,178
U.S. Treasury Money Market Funds	Weighted-Average	
	Under 60 Days	5,853,256
		<u>\$ 11,987,434</u>

TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

COLOTRUST

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

Federated Treasury Money Market Fund

The debt service and capital project money that is included in the trust accounts at BOK Financial is invested in the Federated Treasury Obligations Fund. This portfolio is a money market mutual fund which invests in U.S. Treasury obligations, which are fully guaranteed as to principal and interest by the United States, with maturities of 13 months or less and repurchase agreements collateralized by U.S. Treasury obligations. The Federated Treasury Obligation Fund is rated AAAM by Standard & Poor's.

TRUE NORTH COMMONS 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	\$ 20,414,240	\$ 535,997	\$ 13,468,998	\$ 7,481,239
Total Capital Assets, Not Being Depreciated	<u>20,414,240</u>	<u>535,997</u>	<u>13,468,998</u>	<u>7,481,239</u>
Capital Assets, Being Depreciated:				
Streets and Street Improvements	-	6,746,305	-	6,746,305
Landscaping	<u>-</u>	<u>633,391</u>	<u>-</u>	<u>633,391</u>
Total Capital Assets, Being Depreciated	-	7,379,696	-	7,379,696
Less Accumulated Depreciation for:				
Streets and Street Improvements	-	(168,658)	-	168,658
Landscaping	<u>-</u>	<u>(31,670)</u>	<u>-</u>	<u>31,670</u>
Total Accumulated Depreciation	<u>-</u>	<u>(200,328)</u>	<u>-</u>	<u>200,328</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>7,580,024</u>	<u>-</u>	<u>7,179,368</u>
Governmental Activities Capital Assets	<u>\$ 20,414,240</u>	<u>\$ 8,116,021</u>	<u>\$ 13,468,998</u>	<u>\$ 14,660,607</u>

During 2025, a significant portion of the capital assets constructed by the District were conveyed to other governmental entities. The costs of all capital assets transferred to other governmental entities were removed from the District's financial records. There is 2 year warranty period on the capital assets conveyed to Colorado Springs Utilities. The District anticipates that the costs, if any, associated with the warranty will be insignificant.

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

Governmental Activities	
General Government	\$ (200,328)
Total Depreciation Expense - Governmental Activities	<u>\$ (200,328)</u>

TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

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:					
Special Revenues Bonds Series 2022A	\$ 7,695,000	\$ -	\$ -	\$ 7,695,000	\$ -
Special Revenues Bonds Series 2022B	54,370,000	-	-	54,370,000	655,000
Special Revenues Bonds Series 2022C	24,275,000	-	-	24,275,000	-
Accrued Interest Series 2022C	5,732,617	2,325,590	-	8,058,207	-
Bond Premium - Series 2022A	110,792	-	4,672	106,120	-
Bonds Payable Subtotal	<u>92,183,409</u>	<u>2,325,590</u>	<u>4,672</u>	<u>94,504,327</u>	<u>655,000</u>
Notes/Loans/Bonds from Direct Borrowings and Direct Placements:					
Developer Advance - Operating	245,000	50,000	-	295,000	-
Accrued Interest on: Developer Advance - Operating	26,948	18,404	-	45,352	-
Loans and Notes Payable Subtotal	<u>271,948</u>	<u>68,404</u>	<u>-</u>	<u>340,352</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 92,455,357</u>	<u>\$ 2,393,994</u>	<u>\$ 4,672</u>	<u>\$ 94,844,679</u>	<u>\$ 655,000</u>

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

Revenue Bonds

Special Revenue Bonds, Series 2022A (the Series 2022A Bonds); Special Revenue Bonds, Taxable Series 2022B (the Series 2022B Taxable Bonds and together with the Series 2022A Bonds, the Senior Bonds); and Subordinate Special Revenue Bonds, Series 2022C (the Subordinate Bonds and together with the Senior Bonds, the Bonds). The District issued the Bonds on January 31, 2022, in the amounts of \$7,695,000, \$54,370,000, and \$24,275,000 for the Series 2022A Bonds, the Series 2022B Taxable Bonds, and the Subordinate Bonds, respectively.

Proceeds of the Bonds

Proceeds from the sale of the Senior Bonds were used for the purposes of:

- (a) paying a portion of the Project Costs;
- (b) funding the Reserve Fund to the Reserve Requirement;
- (c) partially funding the Surplus Fund;
- (d) funding capitalized interest; and
- (e) paying the costs of issuance of the Senior Bonds.

**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Bonds (Continued)

Proceeds of the Bonds (Continued)

Proceeds from the sale of the Subordinate Bonds were used for the purpose of paying a portion of the Project Costs and paying the costs of issuance of the Subordinate Bonds.

Senior Bonds Details

The Series 2022A Bonds bear interest at 5.00% and the Series 2022B Taxable Bonds bear interest at rates ranging from 6.00% to 7.00%. Interest on the Senior Bonds are payable semi-annually on June 1 and December 1, beginning on June 1, 2022. Principal payments on the Senior Bonds are due annually on each December 1, beginning on December 1, 2042 for the Series 2022A Bonds and on December 1, 2026 for the Series 2022B Taxable Bonds. The Senior Bonds mature on December 1, 2052.

To the extent principal of any Senior Bond is not paid when due, such principal shall remain outstanding until paid. To the extent interest on any Senior Bond is not paid when due, such interest shall compound semiannually on each interest payment date, at the rate then borne by the Senior Bond.

The Senior Bonds are not subject to early termination and may be subject to acceleration pursuant to mandatory extraordinary redemption provisions as described in the Indenture. Acceleration of the Senior Bonds shall not be an available remedy for an Event of Default.

The Senior Bonds do not have any unused lines of credit and no assets have been pledged as collateral to the Senior Bonds.

Events of Default of the Senior Bonds

Events of default occur if the District fails to impose the District Debt Service Mill Levy, or to apply the Senior Pledged Revenues as required by the Senior Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Senior Indenture. As of December 31, 2025, the District was not in default.

Optional Redemption of the Series 2022A Bonds

The Series 2022A Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2026, 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, 2026, to November 30, 2027	3.00 %
December 1, 2027, to November 30, 2028	2.00
December 1, 2028, to November 30, 2029	1.00
December 1, 2029, and Thereafter	0.00

TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Bonds (Continued)

Optional Redemption of the Series 2022B Taxable Bonds

The Series 2022B Taxable Bonds are subject to redemption prior to maturity, at the option of the District, in whole or in part, on any date. The redemption price shall be the greater of (a) 100% of the principal amount of the bonds redeemed plus accrued interest to the redemption date, or (b) a make-whole redemption price equal to the present value of the remaining scheduled payments of principal and interest to the maturity date of the bonds redeemed, discounted at the applicable United States Treasury Rate plus 0.65% for bonds maturing December 1, 2029, plus 0.70% for bonds maturing December 1, 2042, and plus 0.75% for bonds maturing December 1, 2052, plus accrued interest to the redemption date.

Senior Pledged Revenue

The Senior Bonds are secured by and payable solely from and to the extent of Senior Pledged Revenue derived by the District from the following sources:

- (a) Revenues derived from the District Debt Service Mill Levy;
- (b) Specific Ownership Tax which is collected as a result of the imposition of the District Debt Service Mill Levy;
- (c) Add-On PIF Revenues;
- (d) Colorado Springs Urban Renewal Authority (the Authority) Pledged Revenues, including Pledged Property Tax Increment Revenues, Pledged Sales Tax Increment Revenues, Dedicated State Sales Tax Increment Revenues, County Sales Tax Increment Revenues, and Use Tax Increment Revenues;
- (e) PILOT Revenues: and
- (f) any other legally available amounts which the District determines to credit to the Revenue Fund.

District Debt Service Mill Levy

The District Debt Service Mill Levy is an ad valorem mill levy imposed upon all taxable property of the District each year in the amount of 50 mills, net of the costs of collection and any tax refunds or abatements authorized by or on behalf of El Paso County.

Reserve Fund

The Senior Bonds are additionally secured by the Reserve Fund, which will initially be funded with proceeds of the Senior Bonds in the amount of the initial Reserve Requirement of \$5,853,256.

The Reserve Requirement is an amount equal to the least of (a) 10% of the proceeds of the Senior Bonds, (b) 125% of the average annual debt service requirements of the Senior Bonds or (c) 100% of the maximum annual debt service requirements of the Senior Bonds. The Reserve Requirement amount is recalculated as principal payments on the Senior Bonds are made.

TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Bonds (Continued)

Reserve Fund

Amounts on deposit in the Reserve Fund on the final maturity date of the Bonds are to be applied to the payment of the Bonds on such date.

Moneys in the Reserve Fund shall be used by the Trustee, if necessary, only to prevent a default in the payment of the principal of, premium if any, or interest on the Senior Bonds. The Reserve Fund is pledged to the payment of the Senior Bonds.

Surplus Fund

The Senior Bonds are also secured by the Surplus Fund which was partially funded in the amount of the initial deposit of \$2,600,000 from proceeds of the Series 2022B Taxable Bonds. In addition to the initial deposit to the Surplus Fund, Senior Pledged Revenue that is not needed to pay debt service of the Senior Bonds in any year will be deposited to and held in the Surplus Fund, up to the Surplus Fund Maximum Amount of \$5,200,000. The Surplus Fund is to be maintained for so long as any Senior Bond is outstanding and is pledged to the payment of the Senior Bonds.

Subordinate Bonds Details

The Subordinate Bonds bear interest at a rate of 7.75% per annum payable annually on December 15, to the extent of available Subordinate Pledged Revenue. The Subordinate Bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest. Unpaid interest on the Subordinate Bonds compounds annually on each December 15.

In the event that any amount of principal or interest on the Bonds remains unpaid after the application of all Subordinate Pledged Revenue on December 16, 2061, the Subordinate Bonds and the lien of the Subordinate Indenture securing payment thereof will be deemed discharged.

The Subordinate Bonds may be subject to acceleration pursuant to mandatory extraordinary redemption provisions as described in the Indenture. Acceleration of the Subordinate Bonds shall not be an available remedy for an Event of Default.

The Subordinate Bonds do not have any unused lines of credit and no assets have been pledged as collateral on the Subordinate Bonds.

Events of Default of the Subordinate Bonds

Events of default occur if the District fails to impose the District Debt Service Mill Levy, or to apply the Subordinate Pledged Revenues as required by the Subordinate Indenture and does not comply with other customary terms and conditions consistent with normal municipal financing as described in the Subordinate Indenture. As of December 31, 2025, the District was not in default.

**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Bonds (Continued)

Optional Redemption of the Subordinate Bonds

The Bonds are subject to redemption prior to maturity, at the option of the District, on December 1, 2026, 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, 2026, to November 30, 2027	3.00 %
December 1, 2027, to November 30, 2028	2.00
December 1, 2028, to November 30, 2029	1.00
December 1, 2029, and Thereafter	0.00

Subordinate Bonds Pledged Revenue

The Subordinate Bonds are secured by and payable solely from and to the extent of Subordinate Pledged Revenue which means:

- (a) the Pledged Revenue remaining after all payments and deposits required by the Senior Indenture have been made or provided for in each year;
- (b) any other legally available moneys which the District determines, in its absolute discretion, to credit to the Subordinate Bond Fund.

The District's long-term obligations on the Series 2022A and 2022B Bonds mature as follows:

<u>Year Ending December 31,</u>	<u>Bonded Debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2026	\$ 655,000	\$ 4,094,725	\$ 4,749,725
2027	680,000	4,055,425	4,735,425
2028	855,000	4,014,625	4,869,625
2029	1,015,000	3,963,325	4,978,325
2030	1,220,000	3,900,888	5,120,888
2031-2035	9,510,000	17,974,212	27,484,212
2036-2040	12,940,000	14,235,388	27,175,388
2041-2045	16,265,000	9,132,612	25,397,612
2046-2050	12,360,000	4,632,250	16,992,250
2051-2053	6,565,000	617,050	7,182,050
Total	<u>\$ 62,065,000</u>	<u>\$ 66,620,500</u>	<u>\$ 128,685,500</u>

Authorized Debt

At an election held on November 6, 2018, the eligible electors of the District voting at such Election authorized the issuance of a total of \$565,000,000 of indebtedness for various categories of capital expenditures and services, plus additional authorization in the amount of \$150,000,000 for refunding purposes.

**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Authorized Debt (Continued)

As set forth in the District's 2019 Operating Plan, the City has limited the amount of debt to be issued by the District to a total of \$80,000,000 without further approval by the City. As amended in the District's 2021 Operating Plan, on February 9, 2021, the City has limited the amount of debt to be issued by the District to a total of \$90,000,000. At December 31, 2025, the District had authorized but unissued indebtedness of \$3,660,000.

Developer Advances

The District has entered into Funding and Reimbursement Agreements with the Developer as follows:

Operations and Administrative Reimbursement Agreement

On December 19, 2018, the District entered into an Operations and Administrative Reimbursement Agreement to repay advances made by the Developer for operations and maintenance (O&M) and administrative costs. The District agreed to repay the Developer for such advances plus accrued interest at the rate of 7.00% beginning on the date of the advance to the date of repayment. This agreement terminates on January 1, 2029. As of December 31, 2025, outstanding Developer advances under the agreement totaled \$295,000 and accrued interest totaled \$45,352.

Included in the \$295,000 owed, \$30,000 was requested but not yet received by the District as of December 31, 2025. The \$30,000 represents the Developer Advance Receivable on the Statement of Net Position. The \$30,000 represents the Developer Advance Receivable on the Balance Sheet for Governmental Funds and is included in Developer Advances in the Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds.

Facilities Funding and Acquisition Agreement

On December 19, 2018, the District entered into a Facilities Funding and Acquisition Agreement to repay advances or costs incurred by the Developer for capital infrastructure costs. The District has agreed to repay the Developer for such advances or improvements plus accrued interest at the rate of 8.00% from the date of the expenditure through the date of repayment. The repayment is anticipated to come from future bond issuances of the District. This agreement terminates on December 31, 2048, unless terminated earlier by the mutual written agreement of the parties. Any amount of principal and accrued interest outstanding at such time shall be deemed to be forever discharged and satisfied in full. As of December 31, 2025, no outstanding Developer advances were due under this agreement.

TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 6 NET POSITION

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

Net investment in 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 Authority had net investment in capital assets calculated as follows:

	Governmental Activities
Net Investment in Capital Assets:	
Capital Assets, Net	\$ 7,179,368
Capital-Related Deferred Outflows of Resources	63,692
Less: Outstanding Capital-Related Debt	(9,225,350)
Less: Capital-Related Accounts Payable	(9,524)
Less: Unamortized Original Issue Premiums on Capital Debt	(11,339)
Net Investment in Capital Assets	<u>\$ (2,003,153)</u>

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:

	Governmental Activities
Restricted Net Position:	
Emergencies	\$ 2,500
Debt Service Reserve	5,045,270
Capital Projects Reserve	195,535
Total Restricted Net Position	<u>\$ 5,243,305</u>

The District's unrestricted net position as of December 31, 2025 is \$(70,227,217). This deficit amount is a result of the District being responsible for the repayment of developer advances received for operations and developer advances received for capital and bonds issued for public improvements.

NOTE 7 RELATED PARTIES

The Developer of the property which constitutes the District is Blue & Silver Development Partners, LLC. Certain members of the Board of Directors are officers of, employees of, or associated with the Developer and may have conflicts of interest in dealing with the District.

The Developer advanced funds to the District pursuant to following agreements (see Note 5 Long-Term Obligations):

**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 7 RELATED PARTIES (CONTINUED)

Operations and Administrative Reimbursement Agreement

- Purpose: To pay general, administrative, operations and maintenance costs of the District.
- Parties: The District and Blue & Silver Development Partners, LLC
- Effective Date: December 19, 2018
- Termination Date: January 1, 2029
- Interest Rate: 7.00% per annum from date of deposit
- Principal Balance at December 31, 2025: \$295,000, including \$30,000 in Developer Advance Receivable
- Accrued Interest Balance at December 31, 2025: \$45,352

Facilities Funding and Acquisition Agreement

- Purpose: To fund public improvements within the District.
- Parties: The District and Blue & Silver Development Partners, LLC
- Effective Date: December 19, 2018
- Termination Date: December 31, 2048
- Interest Rate: 8.00% per annum from date of deposit
- As of December 31, 2025, no outstanding balances are due under this agreement

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.

NOTE 9 AGREEMENTS AND COMMITMENTS

Redevelopment Agreement

As amended and restated on August 1, 2021, and again on January 26, 2022, the District entered into an Urban Renewal Agreement for Redevelopment of the area defined in the Urban Renewal Plan (Agreement) with the Developer and Colorado Springs Urban Renewal Authority (Authority). The purposes of this agreement are to renew and improve the environment, enhance the current sales tax base and property tax base, effectively use undeveloped land and promote improved traffic, public transportation, public utilities, and community facilities within the Project Area. In order to facilitate the funding by the District, the Authority agrees to remit, on a monthly basis, all District Property Tax Increment Revenues, to the extent the Authority receives the same from the County. The District agrees to use all District Property Tax Increment Revenues to fund costs related to the redevelopment of the Project Area, as described in further detail in the Cooperation Agreement. Furthermore, an administrative fee in the amount of \$60,000 escalating 2% annually per year, if not reimbursed from other sources, shall be retained annually by the Authority from District Property Tax Increment Revenues.

**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 9 AGREEMENTS AND COMMITMENTS (CONTINUED)

Pledge Agreement

On February 12, 2020, the District and the Authority entered into a Pledge Agreement relating to the issuance of bonds by the District in support of the project. The agreement was amended and restated on August 1, 2021 in its entirety. Pursuant to the amended and restated agreement, the District shall construct the Visitors Center and issue bonds to finance the costs of this project. The Authority shall pay the dedicated State sales tax increment revenues, consisting of portions allocated to the Visitors Center and the Flexible Sub-Account (in accordance with EDC Resolution No. 3), to the District on and after the date of issuance of the bonds. On January 26, 2022, the amended and restated pledge agreement was amended to extend the deadline to issue bonds to February 28, 2022.

Electric Extension and Revenue Guarantee Agreement

On May 19, 2023, the District and Colorado Springs Utilities (Utilities) entered into an Electric Extension and Revenue Guarantee Agreement (Agreement) whereby the District has agreed to provide financial assurances to permit Utilities to commence construction of the electric line extension (project) required to serve the District. These assurances include a \$1,550,000 deposit prior to commencement of construction and a five-year Revenue Guarantee (Guarantee) starting on the date that electrical service is available to the district property. The Guarantee provides that the annual revenue received by Utilities shall meet the annual guaranteed minimum revenue. The Deposit includes interest earned during the term of the Agreement. This agreement shall terminate upon the earlier of the cumulative annual revenue exceeding the actual project cost or the five-year anniversary of the start of service.

During the year ending December 31, 2025, Utilities calculated a deficiency of \$156,170 and interest earned on the deposit of \$76,415. As of December 31, 2025, the deposit balance is \$1,470,245.

NOTE 10 CONCENTRATIONS AND OTHER RISKS

Concentration of Inflows of Resources - PILOT

During the year ended December 31, 2025, 24% of the revenues came from the PILOT with the hotel. Subsequent to year-end, the hotel received notice that it's not exempt from property taxes. The hotel filed a petition disputing their tax status and assessed valuation through a petition with the State. Until this dispute is resolved, it is not known when or how much the District will receive in either TIF or PILOT revenues from the hotel (or property taxes should the hotel lose its appeal of the determination that it is not tax exempt). All TIF or PILOT revenues are pledged to the Bonds and with the hotel's status unresolved at this time, the District will not have enough funds available to make the annual Bond payments once the Surplus Fund is depleted. The District has enough funds available in the Surplus Fund and will result in the District drawing from their Surplus Funds in order to pay the scheduled debt payments for 2026.

TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 11 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 12 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.

At an election held on November 6, 2018, 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.

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.

**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 12 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.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of December 31, 2025, the District had unexpended construction-related contract commitments of approximately \$9,030.

SUPPLEMENTARY INFORMATION

**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2025**

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property Taxes	\$ 3	\$ 3	\$ -
Sales Tax Revenue	1,191,168	503,669	(687,499)
Interest Income	500,000	301,744	(198,256)
RTA Funds	1,174,000	1,108,899	(65,101)
PIF Revenue	1,869,106	1,018,506	(850,600)
PILOT Revenue	941,547	897,443	(44,104)
Total Revenues	5,675,824	3,830,264	(1,845,560)
EXPENDITURES			
Accounting	-	17,429	(17,429)
URA Admin Fee	66,245	66,244	1
PIF Collection Fees	10,000	7,100	2,900
Paying Agent Fees	3,500	3,500	-
Bond Interest	4,094,726	4,094,725	1
Contingency	325,529	-	325,529
Total Expenditures	4,500,000	4,188,998	311,002
NET CHANGE IN FUND BALANCE	1,175,824	(358,734)	(1,534,558)
Fund Balance - Beginning of Year	11,558,450	11,598,487	40,037
FUND BALANCE - END OF YEAR	<u>\$ 12,734,274</u>	<u>\$ 11,239,753</u>	<u>\$ (1,494,521)</u>

**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DECEMBER 31, 2025**

	Budget Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Interest Income	\$ 26,500	\$ 69,317	\$ 42,817
Other Revenue	-	157,508	157,508
Total Revenues	<u>26,500</u>	<u>226,825</u>	<u>200,325</u>
EXPENDITURES			
Accounting	27,500	45,000	(17,500)
Insurance	-	3,630	(3,630)
Legal	27,500	16,347	11,153
Capital Outlay	1,150,000	535,997	614,003
Total Expenditures	<u>1,205,000</u>	<u>600,974</u>	<u>604,026</u>
NET CHANGE IN FUND BALANCE	(1,178,500)	(374,149)	804,351
Fund Balance - Beginning of Year	<u>1,178,500</u>	<u>1,165,776</u>	<u>(12,724)</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 791,627</u>	<u>\$ 791,627</u>

OTHER INFORMATION

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

Bonds and Interest Maturing in the Year Ending December 31,	\$7,695,000 Special Revenue Bonds Interest Rate 5.000% Series 2022A Dated January 31, 2022 Interest Payable June 1 and December 1 Principal Payable December 1			\$54,370,000 Special Revenue Bonds Interest Rate 6.000% - 7.000% Series 2022B Dated January 31, 2022 Interest payable June 1 and December 1 Principal payable December 1		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ -	\$ 384,750	\$ 384,750	\$ 655,000	\$ 3,709,975	\$ 4,364,975
2027	-	384,750	384,750	680,000	3,670,675	4,350,675
2028	-	384,750	384,750	855,000	3,629,875	4,484,875
2029	-	384,750	384,750	1,015,000	3,578,575	4,593,575
2030	-	384,750	384,750	1,220,000	3,516,138	4,736,138
2031	-	384,750	384,750	1,415,000	3,433,787	4,848,787
2032	-	384,750	384,750	1,660,000	3,338,275	4,998,275
2033	-	384,750	384,750	1,890,000	3,226,225	5,116,225
2034	-	384,750	384,750	2,150,000	3,098,650	5,248,650
2035	-	384,750	384,750	2,395,000	2,953,525	5,348,525
2036	-	384,750	384,750	2,515,000	2,791,863	5,306,863
2037	-	384,750	384,750	2,225,000	2,622,100	4,847,100
2038	-	384,750	384,750	2,480,000	2,471,912	4,951,912
2039	-	384,750	384,750	2,715,000	2,304,513	5,019,513
2040	-	384,750	384,750	3,005,000	2,121,250	5,126,250
2041	-	384,750	384,750	3,280,000	1,918,412	5,198,412
2042	600,000	384,750	984,750	3,020,000	1,692,550	4,712,550
2043	600,000	354,750	954,750	3,330,000	1,483,650	4,813,650
2044	600,000	324,750	924,750	2,955,000	1,250,550	4,205,550
2045	600,000	294,750	894,750	1,280,000	1,043,700	2,323,700
2046	600,000	264,750	864,750	1,465,000	954,100	2,419,100
2047	600,000	234,750	834,750	1,650,000	851,550	2,501,550
2048	600,000	204,750	804,750	1,860,000	736,050	2,596,050
2049	600,000	174,750	774,750	2,070,000	605,850	2,675,850
2050	600,000	144,750	744,750	2,315,000	460,950	2,775,950
2051	600,000	114,750	714,750	2,575,000	298,900	2,873,900
2052	1,695,000	84,750	1,779,750	1,695,000	118,650	1,813,650
Total	<u>\$ 7,695,000</u>	<u>\$ 8,738,250</u>	<u>\$ 16,433,250</u>	<u>\$ 54,370,000</u>	<u>\$ 57,882,250</u>	<u>\$ 112,252,250</u>

**TRUE NORTH COMMONS BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)
DECEMBER 31, 2025**

Bonds and Interest Maturing in the Year Ending December 31,	Total Debt Payable June 1 and December 1 Principal due December 1		
	Principal	Interest	Total
2026	\$ 655,000	\$ 4,094,725	\$ 4,749,725
2027	680,000	4,055,425	4,735,425
2028	855,000	4,014,625	4,869,625
2029	1,015,000	3,963,325	4,978,325
2030	1,220,000	3,900,888	5,120,888
2031	1,415,000	3,818,537	5,233,537
2032	1,660,000	3,723,025	5,383,025
2033	1,890,000	3,610,975	5,500,975
2034	2,150,000	3,483,400	5,633,400
2035	2,395,000	3,338,275	5,733,275
2036	2,515,000	3,176,613	5,691,613
2037	2,225,000	3,006,850	5,231,850
2038	2,480,000	2,856,662	5,336,662
2039	2,715,000	2,689,263	5,404,263
2040	3,005,000	2,506,000	5,511,000
2041	3,280,000	2,303,162	5,583,162
2042	3,620,000	2,077,300	5,697,300
2043	3,930,000	1,838,400	5,768,400
2044	3,555,000	1,575,300	5,130,300
2045	1,880,000	1,338,450	3,218,450
2046	2,065,000	1,218,850	3,283,850
2047	2,250,000	1,086,300	3,336,300
2048	2,460,000	940,800	3,400,800
2049	2,670,000	780,600	3,450,600
2050	2,915,000	605,700	3,520,700
2051	3,175,000	413,650	3,588,650
2052	3,390,000	203,400	3,593,400
Total	<u>\$ 62,065,000</u>	<u>\$ 66,620,500</u>	<u>\$ 128,685,500</u>