

**CATALYST CAMPUS BID
El Paso County, Colorado**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

**CATALYST CAMPUS BID
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| COMPILATION REPORT | 1 |
| BASIC FINANCIAL STATEMENTS | |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS | |
| STATEMENT OF NET POSITION | 1 |
| STATEMENT OF ACTIVITIES | 2 |
| FUND FINANCIAL STATEMENTS | |
| BALANCE SHEET – GOVERNMENTAL FUNDS | 3 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS | 4 |
| RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES | 5 |
| GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL | 6 |
| NOTES TO BASIC FINANCIAL STATEMENTS | 7 |



Accountant's Compilation Report

Board of Directors
Catalyst Campus Business Improvement District
El Paso County, Colorado

Management is responsible for the accompanying financial statements of the governmental activities and each major fund of Catalyst Campus Business Improvement District (District), as of and for the year ended December 31, 2022, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has omitted the 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 who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information was subject to our compilation engagement; we have not audited or reviewed the supplementary information, do not express an opinion, a conclusion, nor provide any assurance on such information.

We are not independent with respect to Catalyst Campus Business Improvement District

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

Colorado Springs, Colorado
May 20, 2023

BASIC FINANCIAL STATEMENTS

**CATALYST CAMPUS BID
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

| | <u>Governmental Activities</u> |
|---------------------------|------------------------------------|
| LIABILITIES | |
| Accounts Payable | \$ 8,933 |
| Noncurrent Liabilities: | |
| Due in More Than One Year | <u>166,554</u> |
| Total Liabilities | <u>175,487</u> |
| NET POSITION | |
| Unrestricted | <u>(175,487)</u> |
| Total Net Position | <u><u>\$ (175,487)</u></u> |

See accompanying Notes to Basic Financial Statements.

**CATALYST CAMPUS BID
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

| FUNCTIONS/PROGRAMS | Program Revenues | | | Net Revenues (Expenses) and Change in Net Position | |
|-------------------------------------------------|------------------|----------------------------|------------------------------------------|-------------------------------------------------------------|-----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$ 158,378 | \$ - | \$ - | \$ - | \$ (158,378) |
| Interest and Related Costs on Long-Term Debt | 17,109 | - | - | - | (17,109) |
| Total Governmental Activities | \$ 175,487 | \$ - | \$ - | \$ - | (175,487) |
| | | | | | CHANGE IN NET POSITION |
| | | | | | (175,487) |
| | | | | | Net Position - Beginning of Year |
| | | | | | - |
| | | | | | NET POSITION - END OF YEAR |
| | | | | | \$ (175,487) |

See accompanying Notes to Basic Financial Statements.

**CATALYST CAMPUS BID
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

| | General |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| LIABILITIES AND FUND BALANCES | |
| LIABILITIES | |
| Accounts Payable | \$ 8,933 |
| Total Liabilities | 8,933 |
| FUND BALANCES | |
| Unassigned | (8,933) |
| Total Fund Balances | (8,933) |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Long-term liabilities, including Developer advances payable are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Developer Advance Payable | (149,445) |
| Accrued Interest Payable - Developer Advance | (17,109) |
| Net Position of Governmental Activities | \$ (175,487) |

See accompanying Notes to Basic Financial Statements.

**CATALYST CAMPUS BID
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

| | General |
|---------------------------------------------------------|-------------------|
| EXPENDITURES | |
| Current: | |
| Accounting | \$ 8,095 |
| Organization Costs | 114,238 |
| Legal Services | 36,045 |
| Total Expenditures | 158,378 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (158,378) |
| OTHER FINANCING SOURCES (USES) | |
| Developer Advance | 149,445 |
| Total Other Financing Sources (Uses) | 149,445 |
| NET CHANGE IN FUND BALANCES | (8,933) |
| Fund Balances - Beginning of Year | - |
| FUND BALANCES - END OF YEAR | \$ (8,933) |

See accompanying Notes to Basic Financial Statements.

**CATALYST CAMPUS BID
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Governmental Funds \$ (8,933)

Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g., issuance of bonds, the receipt of Developer advances) provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Developer Advance Receipts (149,445)

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 Developer Advance - Change in Liability (17,109)

Change in Net Position of Governmental Activities \$ (175,487)

**CATALYST CAMPUS BID
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-------------------------------------------------|--------------------|-----------------|-------------------|---------------------------------------------------------|
| EXPENDITURES | | | | |
| Current: | | | | |
| Accounting | \$ 10,000 | \$ 5,000 | \$ 8,095 | \$ (3,095) |
| Organization Costs | - | 150,000 | 114,238 | 35,762 |
| Dues and licenses | 500 | - | - | - |
| Election Expense | 5,000 | 2,500 | - | 2,500 |
| Engineering | 2,000 | - | - | - |
| District Management | 10,000 | 5,000 | - | 5,000 |
| Legal Services | 10,000 | 10,000 | 36,045 | (26,045) |
| Miscellaneous | 2,500 | - | - | - |
| Contingency | 10,000 | - | - | - |
| Total Expenditures | <u>50,000</u> | <u>172,500</u> | <u>158,378</u> | <u>14,122</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | (50,000) | (172,500) | (158,378) | 14,122 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Developer Advance | 50,000 | 172,500 | 149,445 | (23,055) |
| Total Other Financing Sources (Uses) | <u>50,000</u> | <u>172,500</u> | <u>149,445</u> | <u>(23,055)</u> |
| NET CHANGE IN FUND BALANCE | - | - | (8,933) | (8,933) |
| Fund Balance - Beginning of Year | - | - | - | - |
| FUND BALANCE - END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (8,933)</u> | <u>\$ (8,933)</u> |

See accompanying Notes to Basic Financial Statements.

**CATALYST CAMPUS BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 DEFINITION OF REPORTING ENTITY

Catalyst Campus BID (the District), a quasi-municipal corporation, 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, traffic and safety protection, sanitation services, street improvements, parks and recreation, transportation, television relay and translation, mosquito control, security, fire protection and emergency medical. The District's service area is located entirely within the City of Colorado Springs, El Paso County, Colorado.

The District was organized by Ordinance of the City of Colorado Springs on October 6, 2021.

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.

**CATALYST CAMPUS BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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.

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.

**CATALYST CAMPUS BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets (Continued)

The District amended its annual budget for the year ended December 31, 2022.

Equity

Net Position

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

Fund Balance

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

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

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

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

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

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.

**CATALYST CAMPUS BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 LONG-TERM OBLIGATIONS

The following is an analysis of changes in the District's long-term obligations for the year ended December 31, 2022:

| | Balance - December 31, 2021 | Additions | Retirements | Balance - December 31, 2022 | Due Within One Year |
|-------------------------------------------|-----------------------------------|-------------------|-------------|-----------------------------------|------------------------|
| Developer Advances | \$ - | \$ 149,445 | \$ - | \$ 149,445 | \$ - |
| Accrued Interest on Developer Advances | - | 17,109 | - | 17,109 | - |
| Total | <u>\$ -</u> | <u>\$ 166,554</u> | <u>\$ -</u> | <u>\$ 166,554</u> | <u>\$ -</u> |

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 18% per annum. At December 31, 2022, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

| | Authorized November 2, 2021 Election | Remaining at December 31, 2022 |
|----------------------------------|--------------------------------------------|--------------------------------------|
| Streets | \$ 120,000,000 | \$ 120,000,000 |
| Revenue Debt | 120,000,000 | 120,000,000 |
| Special Assessment | 120,000,000 | 120,000,000 |
| Water | 120,000,000 | 120,000,000 |
| Sanitation | 120,000,000 | 120,000,000 |
| Traffic and Safety Control | 120,000,000 | 120,000,000 |
| Television Relay | 120,000,000 | 120,000,000 |
| Park and Recreation | 120,000,000 | 120,000,000 |
| Business Recruitment | 120,000,000 | 120,000,000 |
| Transportation | 120,000,000 | 120,000,000 |
| Mosquito Control | 120,000,000 | 120,000,000 |
| Security Services | 120,000,000 | 120,000,000 |
| Fire Protection | 120,000,000 | 120,000,000 |
| Operations and Maintenance | 120,000,000 | 120,000,000 |
| Refunding | 240,000,000 | 240,000,000 |
| Reimbursement Agreements as Debt | 120,000,000 | 120,000,000 |
| Total | <u>\$ 2,040,000,000</u> | <u>\$ 2,040,000,000</u> |

As set forth in the District's 2021 Operating Plan, the City has limited the amount of debt to be issued by the District to a total of \$90,000,000, without further approval by the City.

**CATALYST CAMPUS BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 LONG TERM OBLIGATIONS (CONTINUED)

Developer Advances

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

Reimbursement Agreement

On December 20, 2021, the District entered into a Reimbursement Agreement to repay advances made by the Developer for capital infrastructure costs and operations and maintenance costs. The District agreed Reimbursement for advances made by the Developer to the District in each year shall include interest on the outstanding amounts due from the District to the Developer at the annual rate of eight (8%) simple interest beginning on the date of advance to the date of repayment. Both such date of advance and date of repayment shall be counted in the determination of the number of days for which interest is payable. As of December 31, 2022, outstanding Developer advances under the agreement totaled \$149,445 and accrued interest totaled \$17,109.

NOTE 4 NET POSITION

The District has net position consisting of one components – unrestricted.

The District has a deficit unrestricted net position of \$(175,487) as of December 31, 2022. This deficit amount is a result of the District being responsible for the repayment of developer advances for operations.

NOTE 5 RELATED PARTIES

The Developer of the property which constitutes the District is The O'Neil Group. The 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.

NOTE 6 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.

**CATALYST CAMPUS BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 AGREEMENTS AND COMMITMENTS

Intergovernmental Agreement

The District (the "Operating District" entered into an Intergovernmental District Facilities Construction and Service Agreement with Catalyst Campus Metropolitan District Nos. 1 and 2 (the "Financing Districts") on December 20, 2021. The purpose of this Agreement is to set forth the rights and obligations of the Districts to fund the Public Improvements and thereafter the continued operation and maintenance of Public Improvements, in addition to the rights and obligations of the Operating District to operate and maintain the Public Improvements on behalf of the Districts.

NOTE 8 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 9 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.

CATALYST CAMPUS BID
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

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.