

Greenwood Athletic Club Metropolitan District

Financial Statements with
Independent Auditor's Report

Year Ended December 31, 2020



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Greenwood Athletic Club Metropolitan District

Year Ended December 31, 2020

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Independent Auditor's Report

To the Board of Directors
Greenwood Athletic Club Metropolitan District

Report on the Financial Statements

We have audited the accompanying financial statements of Greenwood Athletic Club Metropolitan District (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greenwood Athletic Club Metropolitan District as of December 31, 2020, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Wipfli LLP

Wipfli LLP

May 11, 2021
Lakewood, Colorado

Management's Discussion and Analysis

Greenwood Athletic Club Metropolitan District

Management's Discussion and Analysis

The management's discussion and analysis (the "MD&A") is designed to provide an analysis of the Greenwood Athletic Club Metropolitan District's (the "District") financial condition to inform the reader on the District's financial issues and activities for the fiscal year ended December 31, 2020.

The MD&A should be read in conjunction with the District's statement of net position; statement of revenue, expenses, and changes in net position; and statement of cash flows and associated notes to the basic financial statements.

Financial Highlights

- The statement of net position shows total assets and deferred outflows of resources of \$30,267,407 and total liabilities of \$35,146,348 at December 31, 2020.
- In the statement of net position, the liabilities of the District exceeded its assets by \$4,878,941 at December 31, 2020.
- The District's total net position decreased by \$804,112 during the year ended December 31, 2020.

Overview of the Basic Financial Statements

The basic financial statements of the District are presented as a special purpose government engaged in business-type activities - providing health and fitness services and facilities.

The statement of net position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenue, expenses, and changes in net position presents information showing how the District's net position changed during the fiscal period presented. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses reported in this statement are for some items that result in cash flows related to prior fiscal periods or will result in cash flows in future fiscal periods (e.g., revenue received in advance and accrued liabilities).

The statement of cash flows presents information showing how the District's cash position changed during the most recent fiscal period through three categories - operating activities, capital and related financing activities, and investing activities.

The basic financial statements include only the District itself and can be found on pages 8 – 10 of this report.

Greenwood Athletic Club Metropolitan District

Management's Discussion and Analysis

The District's Net Position:

<i>December 31,</i>	<i>2020</i>
Assets:	
Current and other assets	\$ 2,337,568
Property, equipment and improvements, net	24,899,839
Total assets	27,237,407
Deferred outflows of resources	3,030,000
Liabilities:	
Current liabilities	1,684,421
Noncurrent liabilities:	
Due within one year	1,973,712
Long-term notes and bonds payable	31,488,215
Total liabilities	35,146,348
Net position	\$ (4,878,941)

The District's Changes in Net Position:

<i>Year Ended December 31,</i>	<i>2020</i>
Operating revenue	\$ 9,069,466
Operating expenses:	
Salaries and employee benefits	5,527,177
Selling, general, and administrative	2,463,209
Depreciation and amortization	2,362,220
Total operating expenses	10,352,606
Nonoperating revenue and expenses	479,028
Change in net position	(804,112)
Net position - beginning of year	(4,074,829)
Net position - end of year	\$ (4,878,941)

The District currently receives all of its revenue from user fees and charges and lease income. Property taxes are not levied by the District.

Budgetary Highlights

The District's total expenditures for 2020 were less than budgeted appropriations by \$4,414,817. The District's budgetary comparison schedules can be found in the other supplemental information on pages 28 – 29.

Greenwood Athletic Club Metropolitan District

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets for its business-type activities as of December 31, 2020 amounts to \$25,247,869. This investment in capital assets includes office furniture and fixtures, fitness facilities and equipment, vehicles, land and buildings, and other intangible assets.

Major capital asset events during the current fiscal period included the following:

- IT hardware and software Server and computer upgrades, firewall and antivirus upgrades
- Remaining payment for indoor tennis court LED lights
- Cardiovascular equipment
- Men's whirlpool sand filter
- Final construction payments for Recovery Zone
- Door access control system for Recovery Zone
- BioSafe commercial engineered water unit
- Door access control system for Kids' Club main entrance
- Audio and visual equipment to live stream classes
- Various equipment for the small group personal training studio

<i>Year Ended December 31,</i>	2020
Building and building improvements	\$ 30,955,031
Land	4,685,127
Outdoor pool and landscaping	3,032,945
Equipment	4,029,125
Other intangible assets	1,567,532
Total capital assets	44,269,760
Less accumulated depreciation and amortization	(19,021,891)
Total capital assets, net	\$ 25,247,869

Additional information on the District's capital assets can be found in Notes 6 and 7.

Greenwood Athletic Club Metropolitan District

Management's Discussion and Analysis

Debt Administration

The District's issuance of debt for its business-type activities and purchase of the fitness facilities as of December 31, 2020 amounts to \$33,461,927.

	2020
Bonds payable, related party	\$ 21,544,000
Notes payable	13,196,439
Total	34,740,439
Less payments on notes payable	(1,278,512)
Total debt	\$ 33,461,927

Additional information on the District's debt can be found in Notes 9 and 10.

Requests for Further Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District:

Greenwood Athletic Club Metropolitan District
5801 South Quebec Street
Greenwood Village, CO 80111
303-770-2582

Greenwood Athletic Club Metropolitan District

Statement of Net Position

<i>December 31,</i>	2020
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,141,641
Accounts receivable, net	131,235
Inventory	24,711
Total current assets	1,297,587
Noncurrent assets:	
Restricted cash and cash equivalents	691,951
Property, equipment and improvements, net	24,899,839
Intangible assets, net	348,030
Total noncurrent assets	25,939,820
Total assets	27,237,407
Deferred outflows of resources:	
Goodwill, net	3,030,000
Liabilities:	
Current liabilities:	
Accounts payable	349,470
Accrued liabilities and other	464,519
Revenue received in advance	870,432
Current portion of notes payable	1,973,712
Total current liabilities	3,658,133
Noncurrent liabilities:	
Notes payable, net of current portion	9,944,215
Bonds payable, related party	21,544,000
Total noncurrent liabilities	31,488,215
Total liabilities	35,146,348
Net position:	
Net investment in capital assets	19,222,593
Unrestricted	(24,101,534)
Total net position	\$ (4,878,941)

See Accompanying Notes to Financial Statements.

Greenwood Athletic Club Metropolitan District

Statement of Revenue, Expenses and Changes in Net Position

<i>Year Ended December 31,</i>	2020
Operating revenue:	
Membership dues	\$ 6,062,148
Fitness revenue	1,110,079
Sports revenue	1,016,591
Lease revenue	264,809
Initiation fees	138,669
Other revenue	477,170
Total operating revenue	9,069,466
Operating expenses:	
Salaries and employee benefits	5,527,177
Selling, general, and administrative	2,463,209
Depreciation and amortization	2,362,220
Total operating expenses	10,352,606
Operating loss	(1,283,140)
Nonoperating revenue (expense):	
Subordinate bond interest expense	(175,506)
Other interest expense	(586,095)
Loan origination fees	(33,135)
Other income	37,414
Other income - SBA PPP loan forgiveness	1,229,600
Interest income	6,750
Total nonoperating revenue	479,028
Change in net position	(804,112)
Net position - beginning of year	(4,074,829)
Net position - end of year	\$ (4,878,941)

See Accompanying Notes to Financial Statements.

Greenwood Athletic Club Metropolitan District

Statement of Cash Flows

Year Ended December 31,	2020
Cash flows from operating activities:	
Cash received from customers and tenants	\$ 7,647,842
Cash paid to vendors and employees	(8,188,978)
Net cash and cash equivalents used by operating activities	(541,136)
Cash flows from noncapital financing activities - proceeds from SBA PPP loan	1,229,600
Cash flows from capital and related financing activities:	
Acquisition of property, equipment and leasehold improvements	(248,245)
Insurance proceeds received	37,414
Payment of loan origination fees	(33,135)
Repayments on notes payable, bank	(1,278,512)
Interest paid	(761,601)
Net cash and cash equivalents used in capital and related financing activities	(2,284,079)
Cash flows provided by investing activities - interest received	6,750
Net decrease in cash and cash equivalents	(1,588,865)
Cash and cash equivalents, beginning	3,422,457
Cash and cash equivalents, ending	\$ 1,833,592
Classification of cash and cash equivalents	
Cash and cash equivalents	\$ 1,141,641
Restricted cash and cash equivalents	691,951
Total cash and cash equivalents and restricted cash	\$ 1,833,592
Reconciliation of operating loss to net cash from operating activities:	
Operating loss	\$ (1,283,140)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	1,559,520
Amortization	802,700
Bad debt expense	12,231
Changes in net position and liabilities:	
Accounts receivable	83,674
Prepaid and other assets	9,955
Accounts payable	84,526
Accrued and other liabilities	(293,073)
Revenue received in advance	(1,517,529)
Total adjustments	742,004
Net cash and cash equivalents used by operating activities	\$ (541,136)
Supplemental non-cash information:	
Forgiveness of SBA PPP loan	\$ 1,229,600

See Accompanying Notes to Financial Statements.

Greenwood Athletic Club Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 1: Nature of Business

Greenwood Athletic Club Metropolitan District (the "District") is a quasi-municipal organization created by an Order and Decree of the District Court in Arapahoe County, Colorado on November 13, 2003. The purpose of the District is to provide and maintain a health and fitness facility through Club Greenwood (the "Club") for the Club's members. The Club's members primarily live in the Denver metropolitan area.

Note 2: Summary of Significant Accounting Policies

Accounting and Reporting Principles

The District follows accounting principles generally accepted in the United States ("GAAP"), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the significant accounting policies used by the District:

Reporting Entity

The District is governed by an elected board of directors. As required by GAAP, the accompanying statement of net position presents the financial position of the District (the primary government), which has no component units. The District is not financially responsible for any other organization.

Report Presentation

This report includes the fund-based statements of the District. In accordance with government accounting principles, a government-wide presentation with program and general revenue is not applicable to special purpose governments engaged only in business-type activities.

Basis of Accounting

The District's records are maintained on the accrual basis of accounting and economic resource measurement focus in accordance with GAAP, including all applicable statements of the GASB. Revenue is recognized when earned, and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets.

Greenwood Athletic Club Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 2: Summary of Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Cash Equivalents

For the purpose of the accompanying financial statements, the District considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The statement of net position includes both unrestricted and restricted cash and cash equivalents. The carrying amount reported in the statement of net position for unrestricted and restricted cash and cash equivalents approximates fair value due to the short-term nature of these investments.

The District continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of the statement of net position date, and periodically throughout the year, the District has maintained balances in various operating accounts in excess of federally insured limits.

Accounts Receivable

Accounts receivable for membership dues, services, and initiation fees are shown net of sales discounts. An allowance for uncollectible accounts is established on an aggregate basis by using historical write-off rate factors and management's analysis. Management anticipates all receivables will be collected, based on experience with similar types of accounts, and a minimal allowance for doubtful accounts has been established. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible.

Restricted Cash

Restricted cash consists of cash and cash equivalents held in a senior loan/bond reserve account and a capital replacement reserve account, as required by the bonds payable further discussed in Note 10.

Capital Assets

Capital assets include property, equipment, improvements and intangible assets.

Property, equipment and improvements are recorded at cost. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives ranging from 1 to 40 years. Costs of maintenance and repairs are charged to expense when incurred. During the period of construction, all assets are capitalized.

Greenwood Athletic Club Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 2: Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually. Goodwill and intangible assets with indefinite useful lives are amortized over 20 years.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The District reports deferred outflows related to the deferred charge from the excess acquisition cost over fair value of net tangible and identifiable intangible assets of the net position acquired in the purchase transaction, which is reflected as goodwill on the statement of net position.

Net Position

Net position of the District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Revenue Recognition

Initiation fees are nonrefundable and are recognized as revenue as of the effective date of membership. Membership dues are recorded as income on a monthly basis. Membership dues collected in advance are recorded as revenue over the applicable period. Revenue from services and programs is recorded on a monthly basis and recognized as earned.

Budget and Property Taxes

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 level and lapses at year end. The budget may be amended by action of the board of directors upon proper publication. Property taxes are not levied.

Greenwood Athletic Club Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 2: Summary of Significant Accounting Policies (Continued)

Advertising Expense

Advertising expense is charged to expense during the year in which it is incurred. Advertising expense was \$165,391 for the year ended December 31, 2020.

Income Taxes

The District is a political subdivision and body corporate of Arapahoe County, Colorado; as such, the income generated by the District in the exercise of its essential government function is exempt from federal income tax under Section 115 of the Internal Revenue Code. The District has no unrelated business income tax liability recorded as of December 31, 2020. The District has evaluated tax positions taken, and, as none are considered to be uncertain, no amounts have been recognized.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District is currently evaluating the impact this standard will have on the financial statements when adopted. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which postponed the effective date of Statement No. 87 for the District's financial statements to the year ending December 31, 2022.

Greenwood Athletic Club Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 3: Cash Deposits and Investments

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (the "PDPA") requires that all political subdivisions of the State 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. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all 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 equal to 102 percent of the aggregate uninsured deposits. The Colorado Divisions of Banking 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.

<i>December 31,</i>	2020	
	Bank Balance	Carrying Balance
FirstBank deposits	\$ 115,000	\$ 218,574
FirstBank liquid asset savings	922,267	922,267
Petty cash	800	800
Restricted cash and cash equivalents	691,938	691,951
Total	\$ 1,730,005	\$ 1,833,592

The restricted cash and investments constitute funds received from bond issuances that are currently in governmental money market accounts. These funds are held in FirstBank liquid asset savings accounts.

The local government investment pool, which includes COLOTRUST, is rated AAAM by Standard & Poor's.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. At year end, the District had no uninsured or uncollateralized deposits. The District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Greenwood Athletic Club Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 3: Cash Deposits and Investments (Continued)

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include the following:

- Obligations of the U.S. and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

Note 4: Restricted Cash and Cash Equivalents

The following is the detail of restricted cash and cash equivalents at December 31, 2020:

Senior loan/bond reserve	\$	546,396
Capital replacement reserve		145,555
<hr/>		
Total	\$	691,951

Note 5: Accounts Receivable

The following is the detail of accounts receivable at December 31, 2020:

Accounts receivable	\$	132,751
Allowance for doubtful accounts		(1,516)
<hr/>		
Accounts receivable, net	\$	131,235

Greenwood Athletic Club Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 6: Acquired Intangible Assets and Goodwill

Intangible assets of the District at December 31, 2020 are summarized as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:			
Start-up costs	\$ 1,544,488	\$ (1,219,502)	\$ 324,986
Closing costs and prepaid fees	109,512	(86,468)	23,044
Total amortized intangible assets	\$ 1,654,000	\$ (1,305,970)	\$ 348,030

Amortization expense for intangible assets totaled \$82,700 for the year ended December 31, 2020. Amortization expense for the intangible assets will be \$82,700 annually through 2024 and \$17,230 for 2025.

The net carrying value of goodwill is reported as a deferred outflow in the statement of net position. The recorded amount of goodwill at December 31, 2020 is as follows:

Goodwill	\$ 14,400,000
Accumulated amortization	(11,370,000)
Net carrying value	\$ 3,030,000

Goodwill amortization expense totaled \$720,000 for the year ended December 31, 2020. Amortization expense for goodwill will be \$720,000 annually through 2024 and \$150,000 for 2025.

Greenwood Athletic Club Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 7: Capital Assets

Capital asset balances and activity for the year ended December 31, 2020 were as follows:

Governmental Activities:	Balance January 1, 2020	Additions	Disposals and Adjustments	Balance December 31, 2020
Capital assets, not being depreciated:				
Land	\$ 4,685,127	\$ -	\$ -	\$ 4,685,127
Construction in progress	73,260	48,961	(122,221)	-
Subtotal	\$ 4,758,387	\$ 48,961	\$ (122,221)	\$ 4,685,127
Capital assets, being depreciated:				
Building	17,012,650	-	-	17,012,650
Indoor tennis building	5,740,295	-	-	5,740,295
Building improvements	7,147,123	122,221	-	7,269,344
Equipment	3,829,841	199,284	-	4,029,125
Outdoor pool	2,345,473	-	-	2,345,473
Fixtures	932,742	-	-	932,742
Landscaping	687,472	-	-	687,472
Subtotal	37,695,596	321,505	-	38,017,101
Accumulated depreciation:				
Building	(5,727,892)	(425,316)	-	(6,153,208)
Indoor tennis building	(2,128,693)	(143,507)	-	(2,272,200)
Building improvements	(2,497,635)	(400,005)	-	(2,897,640)
Equipment	(2,774,115)	(464,527)	-	(3,238,642)
Outdoor pool	(1,534,331)	(117,274)	-	(1,651,605)
Fixtures	(932,742)	-	-	(932,742)
Landscaping	(647,461)	(8,891)	-	(656,352)
Subtotal	(16,242,869)	(1,559,520)	-	(17,802,389)
Net capital assets being depreciated	\$ 21,452,727	\$ (1,238,015)	\$ -	\$ 20,214,712
Net capital assets	\$ 26,211,114	\$ (1,189,054)	\$ (122,221)	\$ 24,899,839

Greenwood Athletic Club Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 8: Accrued and Other Liabilities

The following is the detail of accrued liabilities at December 31, 2020:

Compensation	\$	216,297
Other		161,388
Vacation		86,834
<hr/>		
Total	\$	464,519

Note 9: Long-Term Debt

Notes payable consist of the following:

Note payable to a bank with an original principal balance of \$16,000,000 and interest at 4.04%. The note requires monthly principal and interest payments of \$125,327 and matures on April 1, 2025.

Note payable to a bank with an original principal balance of \$7,646,240 and interest at 5.12%. The note requires monthly principal and interest payments of \$81,851 and matures on January 1, 2028.

The notes are collateralized by substantially all of the assets of the District and are subject to certain restrictive covenants.

On April 28, 2020, in order to remedy the debt service coverage ratio failure on both notes payable and as a result of the changes to the District's business because of the COVID-19 pandemic, several modifications were made to the original loan documents. The April, May and June 2020 principal and interest payments on the notes payable were deferred for three months, which is reflected in the maturity dates above, however interest continued to accrue. These modifications are also reflected in the disclosures below. The debt service coverage ratio has been waived by the lender until the next test date within 120 days from the District's fiscal year end, December 31, 2021. The District is required to assign a deposit account to the lender as additional security in the amount of \$609,170 while not in compliance with the ratio. These funds will be released when the ratio is again at least 1.20.

Notes payable activity for the year ended December 31, 2020 can be summarized as follows:

	Balance January 1, 2020	Additions	Payments	Balance December 31, 2020	Due Within One Year
<hr/>					
Notes payable:					
\$16,000,000 note	\$ 6,885,700	\$ -	\$ (860,424)	\$ 6,025,276	\$ 1,281,037
\$7,646,240 note	6,310,739	-	(418,088)	5,892,651	692,675
<hr/>					
Total notes payable	\$ 13,196,439	\$ -	\$ (1,278,512)	\$ 11,917,927	\$ 1,973,712

Greenwood Athletic Club Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 9: Long-Term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above notes payable are as follows:

<i>Years Ending December 31:</i>	Principal	Interest	Total
2021	\$ 1,973,712	\$ 512,429	\$ 2,486,141
2022	2,064,007	422,135	2,486,142
2023	2,158,491	327,651	2,486,142
2024	2,256,627	229,514	2,486,141
2025	1,423,574	135,356	1,558,930
2026-2028	2,041,516	122,751	2,164,267
Total	\$ 11,917,927	\$ 1,749,836	\$ 13,667,763

Note 10: Bonds Payable - Related Party

Pursuant to an election held on November 4, 2003 authorizing the District to issue up to \$49,370,000 of bonds, on March 17, 2005, the District issued \$23,786,000 of Series 2005B Bonds (the "bonds") to former owners and members of the board of directors. The bonds bear interest from 3.73 to 13.50 percent per annum or at an amount determined by the board of directors (4.89 percent as of December 31, 2020); mature on March 1, 2030; and are subordinate to the senior notes described in Note 9.

Interest is paid to the bond holders to the extent of net revenue available per the bond agreement. At the beginning of the year, the board of directors approves the amount that will be available for the bond interest expense based on the operating budget. The difference between the approved annual interest payments and the interest calculated using the rates set forth in the bond agreement results in accrued interest. Accrued interest is not reported in the statement of net position, as the District will be fully discharged of all debt under the bonds at the end of the bonds' term, and actual payments of accumulated interest are contingent on the availability of such funds, as set forth below. During the year ended December 31, 2020, the District paid \$0 of accrued accumulated interest. Total cumulative accrued interest was approximately \$6,168,240 at December 31, 2020. During the year ended December 31, 2020, the District paid \$175,506 of current year interest expense.

The bonds were subject to optional early redemption premiums of 2 percent through February 28, 2014. There were no redemptions during 2020.

Greenwood Athletic Club Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 10: Bonds Payable - Related Party (Continued)

Principal on the bonds is payable only after all of the following are paid:

- First, all amounts due on the senior notes described in Note 9
- Second, the amount necessary to replenish the senior loan reserve fund
- Third, to the capital replacement reserve, the lesser of \$500,000 per year or all net revenue remaining after one and two above
- Fourth, the amount due for the current year bond interest payment
- Fifth, any amount available to optionally redeem the bonds and any premium due
- Sixth, the balance of net revenue, if any, will be applied to the principal loan balance for the senior notes described in Note 9 or deposited into the capital replacement reserve, at the District's discretion.

During the year ended December 31, 2020, the District paid \$0 of the principal balance due on the bonds.

Note 11: SBA Paycheck Protection Program Loans

Other Income – Loan Forgiveness

In March 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act created and funded the Small Business Administration ("SBA") Paycheck Protection Program ("PPP") to provide loans designated to help small businesses cover their near-term operating expenses and provide an incentive to retain their employees during the COVID-19 pandemic. The District and its facilities are operated, managed, and staffed through a contractual arrangement with a related party, as further described in Note 14. As a result of closures related to the COVID-19 pandemic, the District was unable to fund the full allocation of operating expenses. The related party received PPP loan proceeds of \$1,229,600 under this program in order to fully fund the District's facility and staff operations. The related party maintains ultimate responsibility for the compliance of the PPP loan. The PPP loan forgiveness application was submitted, and full loan forgiveness notification was received from the SBA in December 2020, thus the income is recognized as other income in the 2020 financial statements in accordance with Accounting Standards Codification ("ASC") Topic 470.

SBA Paycheck Protection Program Loan - Round 2

Subsequent to year-end, the related party received a second PPP loan in the amount of \$1,229,682 in January 2021 that may be partially or fully forgiven based on satisfying the terms and conditions of the program.

The portion of the loan that is forgiven by the SBA will be reflected as debt forgiveness income in the period in which forgiveness is granted. If the criteria are not met, the loan bears interest at 1% and is payable in principal and interest payments every month, beginning March 2021, with the final maturity in February 2026. However, payments will be deferred until the date on which SBA provides to Lender the amount of forgiveness, as determined by SBA under Section 1106 of the CARES Act. The related party maintains ultimate responsibility for the compliance of the PPP loan.

Greenwood Athletic Club Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 12: Operating Leases - Lessor

The District leases space to unrelated entities under four separate noncancelable operating leases expiring in various years through 2024.

The District leases space for a spa to an affiliate under an operating lease. The initial lease was for a term of 10 years, which was extended through December 2030. Along with the renewal, the lease was amended to provide minimum annual base rent of \$121,992 per year and rent one massage room totaling \$6,592 per year.

Future minimum rent on noncancelable leases as of December 31, 2020 for each of the next five years, and in the aggregate, are as follows:

<i>Years Ending December 31:</i>	Related Party	Other	Total
2021	\$ 128,584	\$ 159,967	\$ 288,551
2022	128,584	158,967	287,551
2023	128,584	156,967	285,551
2024	128,584	136,386	264,970
2025	128,584	-	128,584
Thereafter	642,922	-	642,922
Total	\$ 1,285,842	\$ 612,287	\$ 1,898,129

Note 13: Operating Leases - Lessee

The District is obligated under operating leases primarily for office equipment, expiring at various dates through 2026. Total rent expense under these leases was approximately \$38,964 for the year ended December 31, 2020.

Future minimum annual commitments under these operating leases are as follows:

<i>Years Ending December 31:</i>	Amount
2021	\$ 33,479
2022	31,770
2023	30,550
2024	30,550
2025	23,563
Thereafter	375
Total	\$ 150,287

Greenwood Athletic Club Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 14: Related Party Transactions

Sales and Purchases

Each director of the District complies with the Colorado statutes regarding conflicts of interest, including written disclosures to the Secretary of State and to the board of directors and abstention from voting when required. In addition, the first item on the board of directors' agenda at each meeting is an inquiry by the chairman as to whether any member has any other conflict to disclose.

Several members of the board of directors hold ownership interests in the entity that sold the Club. These same owners are the holders of the bonds that were issued to finance the purchase of the Club.

A related party provides the District with management services and personnel to operate the Club. The contract requires monthly payments of \$38,158 plus the personnel costs.

Related party balances and transactions consists of the following for the year ended December 31, 2020:

Subordinated revenue bond holders	\$ 21,544,000
Interest expense on bonds	\$ 175,506
Management fees	\$ 457,892
Rental income	\$ 128,584

Note 15: Intergovernmental Agreements

City of Greenwood Village, Colorado

The District entered into an intergovernmental agreement ("IGA") with the City of Greenwood Village, Colorado (the "City"). The IGA approved the purchase price of the Club and authorized the issuance of revenue bonds to finance the purchase.

At the end of 25 years or when all the District's debt is redeemed, whichever is earlier, the District will convey ownership of the Club to the City.

The debt shall not be refinanced without the prior written permission of the City. The structure of any bonded indebtedness shall be subject to the reasonable approval of the City. The Club must be open to the public on a financial basis to pay the debt when due. The City agrees that city residents who join the Club are eligible for the City's Recreational Reimbursement Program (currently \$500 per year per family).

Greenwood Athletic Club Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 15: Intergovernmental Agreements (Continued)

Other operational matters included in the IGA include the commitment to spend at least \$500,000, as amended, per year on capital maintenance, and terms of contracts and operational leases may not extend beyond the date of conveyance to the City. The District will be governed by a five-member board of directors. To the fullest extent permitted by law, the District shall cooperate in and take steps to arrange the qualification and appointment of two individuals selected by the City to serve as members of the board of directors of the District and one individual selected by the City who is a current member of the Club, a resident of the City at the time of selection, and having no relation to any subordinate bondholder of the District. The intent is for the board to be composed of no more than two subordinate bondholders.

Greenwood Metropolitan District

The District is a party to an IGA with the Greenwood Metropolitan District to provide for a fee to be paid in lieu of taxes. The fee for the year ended December 31, 2020 was \$5,881 and is subject to annual adjustment based on factors such as the Consumer Price Index.

Note 16: Property Tax and TABOR

The District does not currently certify a mill levy, and it is anticipated that it will not do so in the future.

TABOR Amendment

On November 3, 1992, the state of Colorado passed the Taxpayer's Bill of Rights ("TABOR") Amendment. This is a tax, spending, revenue, and debt limitation amendment. This amendment affects the ability of governmental entities to increase property taxes. The District believes it is in substantial compliance with this amendment.

Greenwood Athletic Club Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 17: Risk Management - Colorado Special District's Property and Liability Pool

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 one of approximately 1,400 special districts that are members of the Colorado Special Districts Property and Liability Pool (the "Pool") as of December 31, 2020. The Pool is an organization created by an IGA to provide property and general liability, automobile physical damage and liability, public officials' liability, workers' compensation, crime, excess liability, and equipment breakdown coverage to its members. The Pool is responsible for the first \$300,000 per occurrence on all property claims and is reinsured up to \$750,000,000 per occurrence. The Pool has a stop-loss policy in place for property coverage, which limits the aggregate of its retentions (\$300,000 per occurrence) to \$1,637,971. Additionally, the Pool has entered into reinsurance contracts that offer reinsurance coverage for general, auto, and public officials' liability coverage for amounts in excess of the first \$1,000,000 with reinsurance coverage of a maximum of \$9,000,000.

The District pays annual contributions to the Pool for property, general liability, public officials' liability, auto liability, auto physical damage, excess liability, equipment breakdown, and crime. 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's members. Any excess funds that the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula. However, the Pool has retained these excess funds in order to maintain stable contribution levels, rather than return the funds to the members. The District continues to carry commercial insurance coverage for other risks of loss. Settled claims have not exceeded this commercial coverage since the District's inception.

Note 18: Business Conditions

In March 2020, the World Health Organization declared a global pandemic related to the COVID-19 outbreak. The pandemic has caused unprecedented economic volatility and uncertainty which has negatively impacted the District's 2020 operating results.

In response to the COVID-19 pandemic, the District proactively closed the club the evening of March 16, 2020 for what the District anticipated at the time to be two weeks. Shortly after the District's decision to close, the Governor of Colorado announced a mandatory closure of gyms and health clubs for 30 days pursuant to Public Health Order 20-22. Through various amendments and additional Public Health Orders, the State mandated closure was extended until the Club was legally allowed to open on June 4, 2020 with restrictions in place. After implementing the District's re-opening protocols, the club officially re-opened June 9, 2020.

Since the Club closed well after the billing for March, members were not credited for March dues. However, the District suspended billing for April, May and June. During the time the Club was closed, several members offered to continue being billed for 50% or 100% of their dues. This provided an average of 44% of the District's normal billing for the months January – March prior to the Club's closure. The District commenced its normal billing the first full month of being open on July 1 at 71% its normal billing for the months January – March prior to the Club's closure.

Greenwood Athletic Club Metropolitan District

Notes to Financial Statements

December 31, 2020

Note 18: Business Conditions (Continued)

The District took the following steps to efficiently manage the business, as well as increase liquidity and financial flexibility in order to mitigate the current and anticipated future impact of the COVID-19 pandemic on the District's operations:

- In April 2020, the District received SBA PPP loan funds, as further discussed in Note 11. The funding of \$1,229,600 was fully forgiven in 2020. The SBA PPP loan funds covered payroll and benefit costs through the end of June 2020.
- In January 2021, the District received a second round of SBA PPP loan funds, as further discussed in Note 11. The funding of \$1,229,682 and is expected to be fully forgiven.
- The District worked with its bank to defer the principal and interest payments on its two senior notes payable for April, May and June 2020, and is deferred to the end of the loan term.
- Subordinate bond interest payments have been deferred at least through 2021.
- The majority of capital expenditures for the remaining months of 2020 and for 2021 have been deferred. Some expenditures continue to be made to support vital business initiatives.

The District has continued to operate with limited capacity requirements ranging from 10% to 50% throughout the rest of 2020 and into 2021. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition and future results of operations. Management is actively monitoring the effect of the pandemic on its financial condition, operations, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the extent of the pandemic's impact on the District's operations cannot be reasonably estimated at this time. The District anticipates that the COVID-19 pandemic will continue to negatively impact the District's operating results in future periods. Although it expects the COVID-19 pandemic to continue to negatively impact the District's operations and cash flows, based on management's current expectations and currently available information, the District believes current cash and cash from operations will be sufficient to meet its operating cash requirements and principal and interest payments on its senior notes payable for the foreseeable future.

Note 19: Subsequent Events

Subsequent events have been evaluated by management as of the date of these financial statements. This date represents the date the financial statements were available to be issued.

Other Supplemental Information

Greenwood Athletic Club Metropolitan District

Other Supplemental Information Budgetary Comparison Schedule

Year Ended December 31, 2020:

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue:				
Membership dues and initiation fees	8,833,183	8,833,183	6,200,817	(2,632,366)
Lease revenue	343,360	343,360	264,809	(78,551)
Other revenue	5,500,937	5,500,937	3,870,854	(1,630,083)
Interest income	16,081	16,081	6,750	(9,331)
Total revenue	14,693,561	14,693,561	10,343,230	(4,350,331)
Expenditures:				
Salaries and employee benefits	7,183,840	7,183,840	5,527,177	1,656,663
Selling, general and administrative	3,262,706	3,262,706	2,463,209	799,497
Capital expenditures	707,836	707,836	248,245	459,591
Subordinated bond payments - interest	1,053,037	1,053,037	175,506	877,531
Senior debt - interest	572,183	572,183	586,095	(13,912)
Senior debt - principal	1,913,959	1,913,959	1,278,512	635,447
Total expenditures	14,693,561	14,693,561	10,278,744	4,414,817
Other financing sources (uses):				
Loan origination fees	-	-	(33,135)	(33,135)
Total other financing sources (uses)	-	-	(33,135)	(33,135)
Excess of revenue over (under) expenditures	-	-	31,351	31,351
Funds available - beginning of year	-	-	273,768	273,768
Funds available - end of year	-	-	305,119	305,119

See Independent Auditor's Report.

Greenwood Athletic Club Metropolitan District

Notes to Other Supplemental Information

December 31, 2020

Budgetary Information

In accordance with the State Budget Law, the District's board of directors holds public hearing 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 level and lapses at year end. The budget may be amended by action of the board of directors upon proper publication. Property taxes are not levied.

A reconciliation of the budgetary comparison schedules to the statement of revenue, expenses, and changes in net position is as follows:

<i>Year Ended December 31,</i>	2020
Excess of revenue and other financing sources over expenditures and other financing uses	\$ 31,351
Adjustments to reconcile to GAAP:	
Additions:	
Capital expenditures	248,245
Principal payments on senior debt	1,278,512
Total	1,526,757
Subtractions:	
Depreciation	(1,559,520)
Amortization	(802,700)
Total	(2,362,220)
Change in net position	\$ (804,112)

See Independent Auditor's Report.