

# Greenwood Athletic Club Metropolitan District

Financial Statements and Accompanying Supplemental  
Information with Independent Auditor's Report

Years Ended December 31, 2022 and 2021



**WIPFLI**

# Greenwood Athletic Club Metropolitan District

Years Ended December 31, 2022 and 2021

---

## Table of Contents

Independent Auditor's Report.....	1-3
Management's Discussion and Analysis .....	5-8
Basic Financial Statements	
Statements of Net Position .....	9
Statements of Revenue, Expenses, and Changes in Net Position .....	10
Statements of Cash Flows.....	11-12
Notes to the Financial Statements.....	13-31
Other Supplemental Information	
Budgetary Comparison Schedules .....	33-34
Notes to Other Supplemental Information.....	35

To the Board of Directors  
Greenwood Athletic Club Metropolitan District  
Greenwood Village, Colorado

## **Independent Auditor's Report**

### ***Opinion***

We have audited the accompanying financial statements (the "financial statements") of the business-type activities of Greenwood Athletic Club Metropolitan District (the "District"), as of and for the years ended December 31, 2022 and 2021, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Greenwood Athletic Club Metropolitan District as of December 31, 2022 and 2021, and the respective changes in financial position, its cash flows and the respective budgetary comparisons for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greenwood Athletic Club Metropolitan District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Emphasis of Matter***

#### *Implementation of GASB Statement No. 87*

During the year ended December 31, 2022, the District adopted GASB Statement No. 87 - *Leases*. As a result of the implementation of this standard, the District reported a restatement for the change in accounting principle (Note 2). Our auditor's opinion is not modified with respect to this matter.

### ***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 Greenwood Athletic Club Metropolitan District's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance 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 opinion. 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 GAAS 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 GAAS, 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 Greenwood Athletic Club Metropolitan 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 Greenwood Athletic Club Metropolitan 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 Supplemental Information*

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Auditing Standards Board who 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, 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 financial statements, and other knowledge we obtained during our audit of the 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.

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

Wipfli LLP

Lakewood, Colorado

May 18, 2023

## **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, 2022 and 2021.

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

### Financial Highlights

- The statements of net position shows total assets and deferred outflows of resources of \$30,413,510 and \$31,480,291 and total liabilities and deferred inflows of \$36,015,865 and \$36,853,029 at December 31, 2022 and 2021, respectively.
- In the statements of net position, the liabilities of the District exceeded its assets by \$5,602,355 and \$5,372,738 at December 31, 2022 and 2021, respectively.
- The District's total net position decreased by \$(229,617) and \$(493,797) during the years ended December 31, 2022 and 2021, respectively.

### 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 statements 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 statements 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 statements 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 9 – 12 of this report.

# Greenwood Athletic Club Metropolitan District

## Management's Discussion and Analysis

### The District's Net Position:

<i>December 31,</i>	2022	Restated 2021
<b>Assets:</b>		
Current and other assets	\$ 5,835,980	\$ 5,525,834
Property, equipment and improvements, net	22,987,530	23,644,457
Total assets	28,823,510	29,170,291
Deferred outflows of resources	1,590,000	2,310,000
<b>Liabilities:</b>		
Current liabilities	3,206,577	2,328,685
Lease liability		
Due within one year	30,388	28,633
Long-term lease liability	56,008	81,299
Bonds payable:		
Due within one year	1,466,100	1,418,900
Long-term bonds payable	30,083,700	31,549,800
Total liabilities	34,842,773	35,407,317
Deferred inflows of resources	1,173,092	1,445,712
<b>Net position</b>	<b>\$ (5,602,355)</b>	<b>\$ (5,372,738)</b>

### The District's Changes in Net Position:

<i>Years Ended December 31,</i>	2022	Restated 2021
Operating revenue	\$ 11,614,399	\$ 9,486,224
<b>Operating expenses:</b>		
Salaries and employee benefits	5,680,134	5,119,282
Selling, general, and administrative	3,473,629	2,840,895
Depreciation and amortization	2,256,850	2,296,528
Total operating expenses	11,410,613	10,256,705
Nonoperating revenue and expenses	(433,403)	276,684
Change in net position	(229,617)	(493,797)
Net position - beginning of year	(5,372,738)	(4,878,941)
<b>Net position - end of year</b>	<b>\$ (5,602,355)</b>	<b>\$ (5,372,738)</b>

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

# Greenwood Athletic Club Metropolitan District

## Management's Discussion and Analysis

---

### Budgetary Highlights

The District's total expenditures were the same as the budgeted appropriations in 2022 and the District's total expenditures were less than the budgeted appropriations by \$42,267 in 2021. The District's budgetary comparison schedules can be found in the other supplemental information on pages 33-34.

### Capital Assets and Debt Administration

#### Capital Assets

The District's investment in capital assets for its business-type activities as of December 31, 2022 and 2021 amounts to \$23,170,160 and \$23,909,787, respectively. 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:

- Backdrop curtains for indoor tennis courts
- Pilates equipment
- Resurface indoor pool and kids' outdoor splash pool
- High capacity washing machine
- IT hardware and software
- Sand filter for men's whirlpool
- New outdoor Pickleball courts and lighting system
- Resurface outdoor tennis courts 3 and 4
- Various weight room and cardio equipment
- New locks for women's locker room lockers
- New lockers and locks for men's locker room
- HydroMassage CyroLounge+ chair
- Lane ropes for indoor and outdoor lap pools
- Ballet Barre system for studio 2
- Bench for indoor pool deck area

<i>Year Ended December 31,</i>	2022	2021
Building and building improvements	\$ 31,400,423	\$ 30,955,031
Land	4,685,127	4,685,127
Outdoor pool and landscaping	3,032,945	3,032,945
Equipment	3,795,449	4,267,571
Other intangible assets	1,556,580	1,562,056
Total capital assets	44,470,524	44,502,730
Less accumulated depreciation and amortization	(21,300,364)	(20,592,943)
Total capital assets, net	\$ 23,170,160	\$ 23,909,787

Additional information on the District's capital assets can be found in Notes 7 and 8.

# 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, 2022 and 2021 amounts to \$31,549,800 and \$32,968,700, respectively.

	2022	2021
Bonds payable, related party	\$ 21,544,000	\$ 21,544,000
Bonds payable	11,424,700	12,000,000
Notes payable	-	11,917,927
<b>Total</b>	<b>32,968,700</b>	<b>45,461,927</b>
Less payments on bonds payable	(1,418,900)	(575,300)
Less payments on notes payable	-	(11,917,927)
<b>Total debt</b>	<b>\$ 31,549,800</b>	<b>\$ 32,968,700</b>

Additional information on the District's debt can be found in Notes 10 and 11.

### **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

## Statements of Net Position

<i>December 31,</i>	2022	Restated 2021
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 4,234,535	\$ 3,189,088
Accounts receivable, net	205,990	138,369
Interest receivable	3,276	3,976
Inventory	-	17,314
Current portion of lease receivable	268,212	258,651
Total current assets	4,712,013	3,607,398
Noncurrent assets:		
Restricted cash and cash equivalents	-	443,558
Property, equipment and improvements, net	22,987,530	23,644,457
Intangible assets, net	182,630	265,330
Lease receivable, net of current portion	941,337	1,209,548
Total noncurrent assets	24,111,497	25,562,893
Total assets	28,823,510	29,170,291
Deferred outflows of resources: Goodwill, net	1,590,000	2,310,000
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	494,610	490,565
Accrued liabilities and other	514,658	518,023
Revenue received in advance	2,197,309	1,320,097
Current portion of bonds payable	1,466,100	1,418,900
Current portion of lease liability	30,388	28,633
Total current liabilities	4,703,065	3,776,218
Noncurrent liabilities:		
Bonds payable, net of current portion	8,539,700	10,005,800
Bonds payable, related party	21,544,000	21,544,000
Lease liability, net of current portion	56,008	81,299
Total noncurrent liabilities	30,139,708	31,631,099
Total liabilities	34,842,773	35,407,317
Deferred inflows of resources: Deferred lease revenue	1,173,092	1,445,712
<b>Net position:</b>		
Net investment in capital assets	18,583,515	18,660,173
Unrestricted	(24,185,870)	(24,032,911)
Total net position	\$ (5,602,355)	\$ (5,372,738)

See accompanying notes to the financial statements.

# Greenwood Athletic Club Metropolitan District

## Statements of Revenue, Expenses and Changes in Net Position

<i>Years Ended December 31,</i>	2022	Restated 2021
Operating revenue:		
Membership dues	\$ 7,152,974	\$ 5,690,116
Fitness revenue	1,354,307	1,022,804
Sports revenue	1,607,055	1,533,513
Lease revenue	291,922	276,192
Initiation fees	298,485	252,991
Other revenue	909,656	710,608
<b>Total operating revenue</b>	<b>11,614,399</b>	<b>9,486,224</b>
Operating expenses:		
Salaries and employee benefits	5,680,134	5,119,282
Selling, general, and administrative	3,473,629	2,840,895
Depreciation and amortization	2,256,850	2,296,528
<b>Total operating expenses</b>	<b>11,410,613</b>	<b>10,256,705</b>
Operating income (loss)	203,786	(770,481)
Nonoperating revenue (expense):		
Subordinate bond interest expense	(292,000)	(129,936)
Other interest expense	(355,125)	(580,217)
Interest expense on leases	(3,166)	(4,013)
Loan origination fees	-	(307,942)
Other income	-	16,790
Other income - Employee Retention Tax Credits	162,458	-
Other income - SBA PPP loan forgiveness	-	1,229,682
Interest income	44,930	52,320
Gain on disposal of capital assets	9,500	-
<b>Total nonoperating revenue (expense)</b>	<b>(433,403)</b>	<b>276,684</b>
Change in net position	(229,617)	(493,797)
Net position - beginning of year	(5,372,738)	(4,878,941)
Net position - end of year	\$ (5,602,355)	\$ (5,372,738)

See accompanying notes to the financial statements.

# Greenwood Athletic Club Metropolitan District

## Statements of Cash Flows

<i>Years Ended December 31,</i>	2022	Restated 2021
Cash flows from operating activities:		
Cash received from customers and tenants	\$ 12,144,469	\$ 9,893,920
Cash paid to vendors and employees	(8,899,340)	(7,779,572)
Net cash and cash equivalents provided by operating activities	3,245,129	2,114,348
Cash flows from non-capital financing activities:		
Proceeds from SBA PPP loan	-	1,229,682
Proceeds from ERTC funds	162,458	-
Net cash and cash equivalents provided by non-capital financing activities	162,458	1,229,682
Cash flows from capital and related financing activities:		
Acquisition of property, equipment and leasehold improvements	(790,937)	(98,751)
Proceeds from sale of property, equipment leasehold improvements	9,500	-
Insurance proceeds received	-	16,790
Payment of loan origination fees	-	(307,942)
Repayments on notes payable, bank	-	(976,403)
Proceeds from bond issuance, net of refunding	-	908,623
Repayments on bonds payable, bank	(1,418,900)	(575,300)
Interest paid	(650,291)	(564,313)
Net cash and cash equivalents used in capital and related financing activities	(2,850,628)	(1,597,296)
Cash flows provided by investing activities - interest received	44,930	52,320
Net increase in cash and cash equivalents	601,889	1,799,054
Cash and cash equivalents, beginning of year	3,632,646	1,833,592
Cash and cash equivalents, end of year	\$ 4,234,535	\$ 3,632,646
Classification of cash and cash equivalents:		
Cash and cash equivalents	\$ 4,234,535	\$ 3,189,088
Restricted cash and cash equivalents	-	443,558
Total cash and cash equivalents and restricted cash	\$ 4,234,535	\$ 3,632,646

See accompanying notes to the financial statements.

# Greenwood Athletic Club Metropolitan District

## Statements of Cash Flows

<i>Years Ended December 31,</i>	2022	Restated 2021
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating income (loss)	\$ 203,786	\$ (770,481)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	1,423,401	1,462,630
Amortization	802,700	802,700
Bad debt expense	7,601	8,372
Noncash lease revenue	(272,620)	(272,620)
Noncash lease amortization	30,749	31,198
Changes in net position and liabilities:		
Accounts receivable	(75,222)	(15,506)
Interest receivable	700	(3,976)
Inventory	17,314	7,397
Lease receivable	258,650	250,133
Accounts payable	4,045	141,095
Accrued liabilities and other	(3,365)	53,504
Revenue received in advance	877,212	449,665
Lease liabilities	(29,822)	(29,763)
Total adjustments	3,041,343	2,884,829
Net cash and cash equivalents provided by operating activities	\$ 3,245,129	\$ 2,114,348
<b>Supplemental non-cash information:</b>		
Forgiveness of SBA PPP loan	\$ -	\$ 1,229,682
During 2021, the District refunded its outstanding notes payable through the issuance of \$12,000,000 in Taxable Revenue Improvement and Refunding Bonds, Series 2021. The non-cash refunding payments were as follows:		
Refunding of notes payable, principal	-	(10,941,524)
Refunding of notes payable, interest and fees	-	(149,853)
Total non-cash from refunding of debt	\$ -	\$ (11,091,377)

See accompanying notes to the financial statements.

# Greenwood Athletic Club Metropolitan District

## Notes to Financial Statements

### December 31, 2022 and 2021

---

#### **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 statements 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 the Financial Statements

### December 31, 2022 and 2021

---

#### **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 statements of net position includes both unrestricted and restricted cash and cash equivalents. The carrying amount reported in the statements 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 bond reserve account, as required by the bonds payable further discussed in Notes 4 and 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 the Financial Statements

### December 31, 2022 and 2021

---

#### **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 and Inflows 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 statements of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until then. The District reports deferred inflows related to deferred lease revenue. This amount is recognized over the life of the lease.

##### **Net Position**

Net position of the District is classified in two 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. 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 the Financial Statements

### December 31, 2022 and 2021

---

#### **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 \$216,051 and \$216,036 for the years ended December 31, 2022 and 2021, respectively.

##### **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, 2022 and 2021. 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.

##### **Adoption of GASB Statement No. 87, Leases**

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. The statement enhances the relevance and consistency of reporting for the District's leasing activities by establishing requirements for lease accounting based on the principle that leases are financings of underlying right-to-use assets. A lessee is required to recognize a lease liability and intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. The District adopted this guidance retroactively for the year ended December 31, 2021. The adoption of this guidance affected beginning net position for the year ended December 31, 2021 and, accordingly, restatement of beginning net position was necessary. Ending December 31, 2021 net position decreased by \$24,731 from \$5,397,469 to \$5,372,738.

# Greenwood Athletic Club Metropolitan District

## Notes to the Financial Statements

### December 31, 2022 and 2021

#### 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>	2022	
	<b>Bank Balance</b>	<b>Carrying Balance</b>
UMB deposits	\$ 3,666,339	\$ 4,233,735
Petty cash	800	800
<b>Total</b>	<b>\$ 3,667,139</b>	<b>\$ 4,234,535</b>

<i>December 31,</i>	2021	
	<b>Bank Balance</b>	<b>Carrying Balance</b>
UMB deposits	\$ 2,990,393	\$ 3,188,288
Petty cash	800	800
Restricted cash and cash equivalents	443,558	443,558
<b>Total</b>	<b>\$ 3,434,751</b>	<b>\$ 3,632,646</b>

The restricted cash and investments constituted of funds received from bond issuances that were in governmental money market accounts. In 2021, these funds were held in UMB money market accounts.

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

# Greenwood Athletic Club Metropolitan District

## Notes to the Financial Statements

### December 31, 2022 and 2021

---

#### **Note 3: Cash Deposits and Investments (Continued)**

##### 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.

##### 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, 2022 and 2021:

	2022	2021
Bond reserve	\$ -	\$ 443,558
Total	\$ -	\$ 443,558

The restricted cash was released in 2022 due to the District meeting requirements that were set by the bank for the 2021 bonds noted in Note 10.

# Greenwood Athletic Club Metropolitan District

## Notes to the Financial Statements

### December 31, 2022 and 2021

#### Note 5: Accounts Receivable

The following is the detail of accounts receivable at December 31, 2022 and 2021:

	2022	2021
Accounts receivable	\$ 207,506	\$ 139,885
Allowance for doubtful accounts	(1,516)	(1,516)
Accounts receivable, net	\$ 205,990	\$ 138,369

#### Note 6: Lease Receivable - Lessor

The District leases space to unrelated entities under four separate noncancelable operating leases expiring in various years through 2024. Subsequent to year-end, one of the leases was terminated, which originally required monthly payments of \$2,500 and expired in August 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.

Total lease revenue under these agreements was \$284,422 and \$268,692 for the years ended December 31, 2022 and 2021, respectively.

The implicit rate on the leases was 3.25%. Future minimum rent on noncancelable leases as of December 31, 2022 for each of the next five years, and in the aggregate, are as follows:

<i>Years Ending December 31:</i>	Related Party		
	Principal	Interest	Total
2023	\$ 100,670	\$ 27,914	\$ 128,584
2024	103,991	24,593	128,584
2025	107,422	21,162	128,584
2026	110,965	17,619	128,584
2027	114,626	13,958	128,584
2028-2030	367,069	18,686	385,755
Total	\$ 904,743	\$ 123,932	\$ 1,028,675

# Greenwood Athletic Club Metropolitan District

## Notes to the Financial Statements

### December 31, 2022 and 2021

#### Note 6: Lease Receivable - Lessor (Continued)

<i>Years Ending December 31:</i>	Third Party		
	Principal	Interest	Total
2023	\$ 167,542	\$ 6,971	\$ 174,513
2024	137,264	1,751	139,015
Total	\$ 304,806	\$ 8,722	\$ 313,528

#### Note 7: Acquired Intangible Assets and Goodwill

Intangible assets of the District at December 31, 2022 are summarized as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:			
Start-up costs	\$ 1,544,488	\$(1,373,950)	\$ 170,538
Closing costs and prepaid fees	109,512	(97,420)	12,092
Total amortized intangible assets	\$ 1,654,000	\$(1,471,370)	\$ 182,630

Intangible assets of the District at December 31, 2021 are summarized as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:			
Start-up costs	\$ 1,544,488	\$(1,296,726)	\$ 247,762
Closing costs and prepaid fees	109,512	(91,944)	17,568
Total amortized intangible assets	\$ 1,654,000	\$(1,388,670)	\$ 265,330

# Greenwood Athletic Club Metropolitan District

## Notes to the Financial Statements

### December 31, 2022 and 2021

---

**Note 7: Acquired Intangible Assets and Goodwill** (Continued)

Amortization expense for intangible assets totaled \$82,700 for both years ended December 31, 2022 and 2021. 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 statements of net position. The recorded amount of goodwill at December 31, 2022 and 2021 are as follows:

	2022	2021
Goodwill	\$ 14,400,000	\$ 14,400,000
Accumulated amortization	(12,810,000)	(12,090,000)
Net carrying value	\$ 1,590,000	\$ 2,310,000

Goodwill amortization expense totaled \$720,000 for both years ended December 31, 2022 and 2021. Amortization expense for goodwill will be \$720,000 annually through 2024 and \$150,000 for 2025.

# Greenwood Athletic Club Metropolitan District

## Notes to the Financial Statements

### December 31, 2022 and 2021

#### Note 8: Capital Assets

Capital asset balances and activity for the year ended December 31, 2022 were as follows:

<b>Governmental Activities:</b>	Balance January 1, 2022	Additions	Disposals and Adjustments	Balance December 31, 2022
Capital assets, not being depreciated:				
Land	\$ 4,685,127	\$ -	\$ -	\$ 4,685,127
<b>Subtotal</b>	<b>\$ 4,685,127</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,685,127</b>
Capital assets, being depreciated:				
Building	17,012,650	-	-	17,012,650
Indoor tennis building	5,740,295	-	-	5,740,295
Building improvements	7,269,344	445,392	-	7,714,736
Equipment	4,127,876	345,545	(819,893)	3,653,528
Right of use leased equipment	139,695	6,286	(4,060)	141,921
Outdoor pool	2,345,473	-	-	2,345,473
Fixtures	932,742	-	-	932,742
Landscaping	687,472	-	-	687,472
<b>Subtotal</b>	<b>38,255,547</b>	<b>797,223</b>	<b>(823,953)</b>	<b>38,228,817</b>
Accumulated depreciation:				
Building	(6,578,524)	(425,317)	-	(7,003,841)
Indoor tennis building	(2,415,707)	(143,507)	-	(2,559,214)
Building improvements	(3,289,987)	(409,402)	-	(3,699,389)
Equipment	(3,613,937)	(319,010)	819,893	(3,113,054)
Right of use leased equipment	(31,198)	(30,749)	4,060	(57,887)
Outdoor pool	(1,768,879)	(117,274)	-	(1,886,153)
Fixtures	(932,742)	-	-	(932,742)
Landscaping	(665,243)	(8,891)	-	(674,134)
<b>Subtotal</b>	<b>(19,296,217)</b>	<b>(1,454,150)</b>	<b>823,953</b>	<b>(19,926,414)</b>
<b>Net capital assets being depreciated</b>	<b>\$ 18,959,330</b>	<b>\$ (656,927)</b>	<b>\$ -</b>	<b>\$ 18,302,403</b>
<b>Net capital assets</b>	<b>\$ 23,644,457</b>	<b>\$ (656,927)</b>	<b>\$ -</b>	<b>\$ 22,987,530</b>

# Greenwood Athletic Club Metropolitan District

## Notes to the Financial Statements

### December 31, 2022 and 2021

#### Note 8: Capital Assets (Continued)

Capital asset balances and activity for the year ended December 31, 2021 were as follows:

<b>Governmental Activities:</b>	Restated Balance January 1, 2021	Additions	Disposals and Adjustments	Restated Balance December 31, 2021
Capital assets, not being depreciated:				
Land	\$ 4,685,127	\$ -	\$ -	\$ 4,685,127
<b>Subtotal</b>	<b>\$ 4,685,127</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,685,127</b>
Capital assets, being depreciated:				
Building	17,012,650	-	-	17,012,650
Indoor tennis building	5,740,295	-	-	5,740,295
Building improvements	7,269,344	-	-	7,269,344
Equipment	4,029,125	98,751	-	4,127,876
Right of use leased equipment	139,695	-	-	139,695
Outdoor pool	2,345,473	-	-	2,345,473
Fixtures	932,742	-	-	932,742
Landscaping	687,472	-	-	687,472
<b>Subtotal</b>	<b>38,156,796</b>	<b>98,751</b>	<b>-</b>	<b>38,255,547</b>
Accumulated depreciation:				
Building	(6,153,208)	(425,316)	-	(6,578,524)
Indoor tennis building	(2,272,200)	(143,507)	-	(2,415,707)
Building improvements	(2,897,640)	(392,347)	-	(3,289,987)
Equipment	(3,238,642)	(375,295)	-	(3,613,937)
Right of use leased equipment	-	(31,198)	-	(31,198)
Outdoor pool	(1,651,605)	(117,274)	-	(1,768,879)
Fixtures	(932,742)	-	-	(932,742)
Landscaping	(656,352)	(8,891)	-	(665,243)
<b>Subtotal</b>	<b>(17,802,389)</b>	<b>(1,493,828)</b>	<b>-</b>	<b>(19,296,217)</b>
<b>Net capital assets being depreciated</b>	<b>\$ 20,354,407</b>	<b>\$ (1,395,077)</b>	<b>\$ -</b>	<b>\$ 18,959,330</b>
<b>Net capital assets</b>	<b>\$ 25,039,534</b>	<b>\$ (1,395,077)</b>	<b>\$ -</b>	<b>\$ 23,644,457</b>

# Greenwood Athletic Club Metropolitan District

## Notes to the Financial Statements

### December 31, 2022 and 2021

#### Note 9: Accrued Liabilities and Other

The following is the detail of accrued liabilities at December 31, 2022 and 2021:

	2022	2021
Compensation	\$ 404,395	\$ 357,032
Other	48,637	99,364
Vacation	61,626	61,627
Total	\$ 514,658	\$ 518,023

#### Note 10: 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 required monthly principal and interest payments of \$125,327 and matured on April 1, 2025. The note was refinanced in June 2021 with the proceeds from the Taxable Revenue Improvement and Refunding Bonds, Series 2021 ("Series 2021 bonds") as mentioned below.

Note payable to a bank with an original principal balance of \$7,646,240 and interest at 5.12%. The note required monthly principal and interest payments of \$81,851 and matured on January 1, 2028. The note was refinanced in June 2021 with the proceeds from the Series 2021 bonds as mentioned below.

These above notes were collateralized by substantially all of the assets of the District and were subject to certain restrictive covenants.

On June 30, 2021, the District issued \$12,000,000 Series 2021 bonds. The proceeds were used to pay off the outstanding balances on both notes payable mentioned above and to fund District capital improvements. The Series 2021 bonds bear interest at 3.25%, with a maximum ceiling interest rate authorized of 10% per annum, and mature on March 1, 2029. The Series 2021 bonds are collateralized by substantially all of the assets of the District and are subject to certain restrictive covenants as defined in the agreement. The District believes it was in compliance with the covenants as of December 31, 2022.

# Greenwood Athletic Club Metropolitan District

## Notes to the Financial Statements

### December 31, 2022 and 2021

#### Note 10: Long-Term Debt (Continued)

Long-term debt activity for the year ended December 31, 2022 and 2021 can be summarized as follows:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022	Due Within One Year
Bonds payable:					
Series 2021 bonds	\$ 11,424,700	\$ -	\$ (1,418,900)	\$ 10,005,800	\$ 1,466,100
<b>Total</b>	<b>\$ 11,424,700</b>	<b>\$ -</b>	<b>\$ (1,418,900)</b>	<b>\$ 10,005,800</b>	<b>\$ 1,466,100</b>

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021	Due Within One Year
Notes payable:					
\$16,000,000 note	\$ 6,025,276	\$ -	\$ (6,025,276)	\$ -	-
\$7,646,240 note	5,892,651	-	(5,892,651)	-	-
Bonds payable:					
Series 2021 bonds	-	12,000,000	(575,300)	11,424,700	1,418,900
<b>Total</b>	<b>\$ 11,917,927</b>	<b>\$ 12,000,000</b>	<b>\$ (12,493,227)</b>	<b>\$ 11,424,700</b>	<b>\$ 1,418,900</b>

#### Debt Service Requirements to Maturity

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

<i>Years Ending December 31:</i>	Principal	Interest	Total
2023	\$ 1,466,100	\$ 307,659	\$ 1,773,759
2024	1,514,100	259,388	1,773,488
2025	1,565,800	207,964	1,773,764
2026	1,618,400	155,576	1,773,976
2027	1,672,400	101,438	1,773,838
Thereafter	2,169,000	48,096	2,217,096
<b>Total</b>	<b>\$ 10,005,800</b>	<b>\$ 1,080,121</b>	<b>\$ 11,085,921</b>

# Greenwood Athletic Club Metropolitan District

## Notes to the Financial Statements

### December 31, 2022 and 2021

---

#### **Note 11: 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 ("Series 2005B bonds") to former owners and members of the board of directors. The Series 2005B bonds bear interest from 3.73 to 13.50 percent per annum or at an amount determined by the board of directors (13.50 percent as of December 31, 2022); mature on March 1, 2030; and are subordinate to the senior Series 2021 bonds described in Note 10.

Interest is paid to the Series 2005B bond holders to the extent of net revenue available per the Series 2005B bond agreement. At the beginning of the year, the board of directors approves the amount that will be available for the Series 2005B 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 Series 2005B bond agreement results in accrued interest. Accrued interest is not reported in the statements of net position, as the District will be fully discharged of all debt under the Series 2005B bonds at the end of the Series 2005B bonds' term, and actual payments of accumulated interest are contingent on the availability of such funds, as set forth below. During the years ended December 31, 2022 and 2021, the District paid \$0 of accrued accumulated interest. Total cumulative accrued interest was \$11,563,184 and \$8,946,744 at December 31, 2022 and 2021, respectively. During the years ended December 31, 2022 and 2021, the District paid \$292,000 and \$129,936 of current year interest expense, respectively.

The Series 2005B bonds were subject to optional early redemption premiums of 2 percent through February 28, 2014. There were no redemptions during 2022 or 2021.

Principal on the Series 2005B bonds is payable only after all of the following are paid:

- First, all amounts due on the senior Series 2021 bonds described in Note 10
- 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 Series 2005B bond interest payment
- Fifth, any amount available to optionally redeem the Series 2005B bonds and any premium due
- Sixth, the balance of net revenue, if any, will be applied to the principal bonds balance for the senior Series 2021 bonds described in Note 10 or deposited into the capital replacement reserve, at the District's discretion.

During the years ended December 31, 2022 and 2021, the District paid \$0 of the principal balance due on the Series 2005B bonds.

# Greenwood Athletic Club Metropolitan District

## Notes to the Financial Statements

### December 31, 2022 and 2021

---

#### **Note 12: SBA Paycheck Protection Program Loans**

##### **Other Income – SBA Paycheck Protection Program Loans**

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 15. As a result of closures related to the COVID-19 pandemic, the District was unable to fund the full allocation of operating expenses. In January 2021, the related party received a second PPP loan for \$1,229,682. The related party maintained 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 July 2021, thus the income is recognized as other income in the 2021 financial statements in accordance with Accounting Standards Codification ("ASC") Topic 470.

#### **Note 13: Employee Retention Tax Credit**

##### **Other Income – Employee Retention Tax Credit**

In March 2020, the CARES Act created and funded the Employee Retention Tax Credit ("ERTC") to aid employers that were negatively impacted by the COVID-19 pandemic. The ERTC was designed to provide an incentive to retain employees throughout the pandemic. The District and its facilities are operated, managed, and staffed through a contractual arrangement with a related party, as further described in Note 15. The related party qualified for the credit in various quarters of 2020 and 2021 through a partial or full government-mandated shutdown and a significant decline in revenue for the Club.

The related party received a credit in the amount of \$162,458 during the year that was then transferred to the District. The District has accounted for the ERTC proceeds as grant income, by analogizing to guidance in IAS 20, Accounting for Government Grants and Disclosure of Government Assistance. The District has recognized \$162,458 as other income in the accompanying 2022 statement of revenue, expenses and changes in net position.

In January 2023, the related party received notice and a credit in the amount of \$1,619,465 which was transferred to the District. The District will recognize this as other income in the 2023 statement of revenue, expenses and changes in net position.

Laws and regulations concerning government programs, including the ERTC established by the CARES Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the claim to the ERTC, and it is not possible to determine the impact (if any) this would have upon the District.

# Greenwood Athletic Club Metropolitan District

## Notes to the Financial Statements

### December 31, 2022 and 2021

---

#### Note 14: Leases - Lessee

The terms and expiration dates of the District's leases payable at December 31, 2022, follows:

The District is obligated under leases primarily for office equipment, expiring at various dates through 2026. The interest on the right of use liabilities is 3.25%. Equipment is collateralized by leased equipment (asset).

Total rent expense under these leases was \$33,051 and \$33,479 for the years ended December 31, 2022 and 2021, respectively.

Future minimum annual commitments under these leases are as follows:

<i>Years Ending December 31:</i>	Principal	Interest	Total
2023	\$ 30,388	\$ 2,276	\$ 32,664
2024	31,391	1,270	32,661
2025	24,081	332	24,413
2026	536	1	537
<b>Total</b>	<b>\$ 86,396</b>	<b>\$ 3,879</b>	<b>\$ 90,275</b>

#### Note 15: 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.

One or more members of the board of directors hold ownership interests in the entity that sold the Club. These same owners are the holders of the Series 2005B 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 approximately \$37,500 plus the personnel costs.

# Greenwood Athletic Club Metropolitan District

## Notes to the Financial Statements

### December 31, 2022 and 2021

---

#### **Note 15: Related Party Transactions** (Continued)

Related party balances and transactions consists of the following for the years ended December 31, 2022 and 2021:

	2022	2021
Subordinated revenue bond holders	\$ 21,544,000	\$ 21,544,000
Interest expense on bonds	\$ 292,000	\$ 129,936
Management fees	\$ 449,363	\$ 456,488
Rental income	\$ 128,584	\$ 128,584

#### **Note 16: 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.

In March 2030 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).

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 Athletic Club Metropolitan District

## Notes to the Financial Statements

### December 31, 2022 and 2021

---

#### **Note 16: Intergovernmental Agreements (Continued)**

##### 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 years ended December 31, 2022 and 2021 was \$10,549 and \$10,079, respectively, and is subject to annual adjustment based on factors such as the Consumer Price Index.

#### **Note 17: 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.

#### **Note 18: 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 2,135 special districts that are members of the Colorado Special Districts Property and Liability Pool (the "Pool") as of December 31, 2022. The Pool is an organization created by an IGA to provide property, general liability, automobile liability, automobile physical damage, public officials' liability, workers' compensation, crime, excess liability, and equipment breakdown coverage to its members. The Pool's retention is \$300,000 per occurrence on all other peril property claims and \$1,000,000 per occurrence on wind and/or hail property claims and is reinsured up to \$750,000,000 per occurrence and annual aggregate. The Pool has an annual stop-loss aggregate deductible under the property coverage, which limits its retentions to \$2,501,437 for all other perils and \$7,081,661 for wind/hail claim. Additionally, the Pool has entered into reinsurance contracts that offer reinsurance coverage for general, automobile, 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 .

# **Greenwood Athletic Club Metropolitan District**

## **Notes to the Financial Statements**

### **December 31, 2022 and 2021**

---

#### **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, 2022:*

	Original Budget	Amended and Final Budget	Actual	(Under) Over Final Budget
<b>Revenue:</b>				
Membership dues and initiation fees	\$ 6,822,516	\$ 7,451,459	\$ 7,451,459	\$ -
Lease revenue	304,559	291,922	291,922	-
Other revenue	3,502,247	4,033,476	4,033,476	-
Interest income	810	1,731	1,731	-
Interest income - leases	-	43,199	43,199	-
<b>Total revenue</b>	<b>10,630,132</b>	<b>11,821,787</b>	<b>11,821,787</b>	<b>-</b>
<b>Expenditures:</b>				
Salaries and employee benefits	5,465,953	5,680,134	5,680,134	-
Selling, general and administrative	3,098,154	3,473,629	3,473,629	-
Capital expenditures	500,000	790,937	790,937	-
Capital lease interest	-	3,166	3,166	-
Capital lease principal	-	29,822	29,822	-
Subordinated bond payments - interest	292,000	292,000	292,000	-
Senior debt - interest	355,125	355,125	355,125	-
Senior debt - principal	1,418,900	1,418,900	1,418,900	-
<b>Total expenditures</b>	<b>11,130,132</b>	<b>12,043,713</b>	<b>12,043,713</b>	<b>-</b>
Excess of revenue over (under) expenditures	(500,000)	(221,926)	(221,926)	-
Funds available - beginning of year	1,016,445	1,486,109	1,486,109	-
<b>Funds available - end of year</b>	<b>\$ 516,445</b>	<b>\$ 1,264,183</b>	<b>\$ 1,264,183</b>	<b>\$ -</b>

See Independent Auditor's Report.

# Greenwood Athletic Club Metropolitan District

## Other Supplemental Information Budgetary Comparison Schedule

*Year Ended December 31, 2021:*

	Original Budget	Amended and Final Budget	Restated Actual	(Under) Over Final Budget
<b>Revenue:</b>				
Membership dues and initiation fees	\$ 6,365,943	\$ 5,885,960	\$ 5,943,107	\$ 57,147
Lease revenue	312,325	306,337	276,192	(30,145)
Other revenue	3,958,992	4,785,451	4,513,397	(272,054)
Interest income	606	847	925	78
Interest income - leases	-	-	51,395	51,395
<b>Total revenue</b>	<b>10,637,866</b>	<b>10,978,595</b>	<b>10,785,016</b>	<b>(193,579)</b>
<b>Expenditures:</b>				
Salaries and employee benefits	5,549,380	5,374,659	5,119,282	255,377
Selling, general and administrative	2,682,560	2,790,249	2,840,895	(50,646)
Capital expenditures	-	100,000	98,751	1,249
Capital lease interest	-	-	4,013	(4,013)
Capital lease principal	-	-	29,763	(29,763)
Subordinated bond payments - interest	-	-	129,936	(129,936)
Senior debt - interest	512,429	430,364	430,364	-
Senior debt - principal	1,973,712	1,551,702	1,551,703	(1)
<b>Total expenditures</b>	<b>10,718,081</b>	<b>10,246,974</b>	<b>10,204,707</b>	<b>42,267</b>
<b>Other financing sources (uses):</b>				
Loan origination fees	-	(312,942)	(307,942)	5,000
Notes payable refunding principal payoff	-	(10,941,524)	(10,941,524)	-
Notes payable refunding accrued interest	-	(40,438)	(40,438)	-
Notes payable refunding prepayment penalties	-	(109,415)	(109,415)	-
Bonds payable issuance	-	12,000,000	12,000,000	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>595,681</b>	<b>600,681</b>	<b>5,000</b>
<b>Excess of revenue over (under) expenditures</b>	<b>(80,215)</b>	<b>1,327,302</b>	<b>1,180,990</b>	<b>(146,312)</b>
<b>Funds available - beginning of year</b>	<b>-</b>	<b>-</b>	<b>305,119</b>	<b>305,119</b>
<b>Funds available - end of year</b>	<b>\$ (80,215)</b>	<b>\$ 1,327,302</b>	<b>\$ 1,486,109</b>	<b>\$ 158,807</b>

See Independent Auditor's Report.

# Greenwood Athletic Club Metropolitan District

## Notes to Other Supplemental Information

December 31, 2022 and 2021

### 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 statements of revenue, expenses, and changes in net position is as follows:

<i>Years Ended December 31,</i>	2022	Restated 2021
Excess of revenue and other financing sources over expenditures and other financing uses	\$ (221,926)	\$ 1,180,990
Adjustments to reconcile to GAAP:		
Additions:		
Capital expenditures	790,937	98,751
Proceeds from sale of capital assets	9,500	-
Principal payments on capital leases	29,822	29,763
Principal payments on senior debt	1,418,900	1,551,703
Notes payable refunding principal payoff	-	10,941,524
Total	2,249,159	12,621,741
Subtractions:		
Depreciation	(1,423,401)	(1,462,630)
Bonds payable issuance	-	(12,000,000)
Amortization - leases	(30,749)	(31,198)
Amortization	(802,700)	(802,700)
Total	(2,256,850)	(14,296,528)
Change in net position	\$ (229,617)	\$ (493,797)