

26

ALTO LAKES GOLF AND COUNTRY CLUB, INC.

FINANCIAL STATEMENTS

MARCH 31, 2011 AND 2010

TABLE OF CONTENTS

	<u>Page</u>
Table Of Contents	1
Officers And Directors	2
Accountants' Report	3
Combined Alto And Outlaw Statements	
Balance Sheets	4
Statements Of Activity And Changes In Members' Equity	5
Statements Of Cash Flow	6
Notes To Financial Statements	7
Supplementary Information	11
Alto Lakes Golf And Country Club Division	
Balance Sheets	12
Statements Of Activity And Changes In Members' Equity	13
Statements Of Cash Flow	14
Schedule Of Golf Department Income	15
Schedule Of Food And Beverage Department Income	16
Schedule Of Swim And Tennis Department Income	17
Schedule Of Grounds Department Expenses	18
Schedule Of General And Administrative Expenses	19
Schedule Of House Department Expenses	20
Schedule Of Fitness Department Income	21
Schedule Of Cost Events	22
The Outlaw At Alto Lakes Division	
Balance Sheets	23
Statements Of Activity And Changes In Members' Equity	24
Statements Of Cash Flow	25
Schedule of Golf Department Income	26
Schedule of Food and Beverage Department Income	27
Schedule of Grounds Department Expenses	28
Schedule of General And Administrative Expenses	29
Schedule of Make Ready Department Income	30

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
OFFICERS AND DIRECTORS
March 31, 2011

PRESIDENT Robert Allen
VICE-PRESIDENT Denton DeWitt
TREASURER Lori McKnight
SECRETARY Jerry Ballard
DIRECTOR Mike O'Leary
DIRECTOR Ted Fisher
DIRECTOR David Cecil
DIRECTOR Bill Shipp
DIRECTOR Paul Ragland

Board of Directors
Alto Lakes Golf and Country Club, Inc.
Alto, New Mexico

We have audited the accompanying balance sheets of Alto Lakes Golf and Country Club, Inc. as of March 31, 2011 and 2010 and the related statements of activity and changes in members' equity and cash flow for the years then ended. These financial statements are the responsibility of the Club's management. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alto Lakes Golf and Country Club, Inc. as of March 31, 2011 and 2010, and the results of its activity and its cash flow for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 11 to 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements of Alto Lakes Golf and Country Club, Inc. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Ronnie L. Hemphill, CPA

June 1, 2011



ALTO LAKES GOLF AND COUNTRY CLUB, INC.
COMBINED ALTO AND OUTLAW STATEMENTS
BALANCE SHEETS
March 31, 2011 and 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,505,950	\$ 2,612,556
Cash restricted for capital expenditures	249,823	207,627
Accounts receivable	4,180,033	3,377,297
Less: Allowance for doubtful accounts	(20,413)	(20,664)
Merchandise inventory	65,288	66,748
Prepaid expense	109,538	15,243
Other receivables	4,348	2,582
TOTAL CURRENT ASSETS	<u>7,094,567</u>	<u>6,261,389</u>
LAND, BUILDINGS AND EQUIPMENT	12,100,468	11,483,511
Less: Accumulated depreciation	<u>(4,837,118)</u>	<u>(4,317,020)</u>
TOTAL LAND, BUILDINGS AND EQUIPMENT	<u>7,263,350</u>	<u>7,166,491</u>
OTHER ASSETS		
Water rights	361,093	361,093
Liquor license	70,409	70,409
Other intangible assets	50,193	50,193
Less: Accumulated amortization	<u>(24,440)</u>	<u>(20,946)</u>
TOTAL OTHER ASSETS	<u>457,255</u>	<u>460,749</u>
TOTAL ASSETS	<u>\$ 14,815,172</u>	<u>\$ 13,888,629</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt (below)	\$ 201,217	\$ 213,629
Accounts payable	199,023	149,308
Accrued interest expense	3,246	4,671
Deferred service charges payable	(392)	1,021
Deferred gross receipts tax	172,067	130,729
Other accrued expense and payables	68,338	28,997
Accrued compensation	175,721	174,838
Accrued payroll taxes	15,767	8,503
Accrued property taxes	55,782	25,129
Note payable	217,970	-
Deposits	11,445	4,560
TOTAL CURRENT LIABILITIES	<u>1,120,184</u>	<u>741,385</u>
LONG-TERM DEBT		
Notes payable	943,427	1,427,404
Less: Current portion (above)	<u>(201,217)</u>	<u>(213,629)</u>
TOTAL LONG-TERM DEBT	<u>742,210</u>	<u>1,213,775</u>
DEFERRED INCOME AND ASSESSMENTS	3,687,517	2,982,795
MEMBERS' EQUITY	<u>9,265,261</u>	<u>8,950,674</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 14,815,172</u>	<u>\$ 13,888,629</u>

See accompanying notes and accountants' report.

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
COMBINED ALTO AND OUTLAW STATEMENTS
STATEMENTS OF ACTIVITY AND CHANGES IN MEMBERS' EQUITY
Years Ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
REVENUE		
Alto social dues	\$ 1,473,026	\$ 1,423,176
Alto regular dues	982,103	946,788
Outlaw dues	443,917	-
Golf departments	621,440	521,544
Food and beverage department	1,280,397	1,260,261
Swim and tennis department	954	819
Fitness department	1,291	857
Cost events	109,141	72,224
Membership transfer fees	393,000	444,500
Plan submittal fees	3,240	2,935
Gain (loss) on sale/disposition of assets	25,277	(8,231)
Interest and dividend income	47,736	102,597
Other income	<u>75,877</u>	<u>72,396</u>
TOTAL REVENUE	<u>5,457,399</u>	<u>4,839,866</u>
OPERATING EXPENSE		
Golf departments	477,435	381,231
Food and beverage department	1,898,418	1,736,872
Swim and tennis department	24,863	30,022
Grounds department expense	1,324,629	940,377
General and administrative expenses	975,344	813,933
House department expense	393,924	346,036
Fitness department expense	2,172	1,791
Cost events expense	106,711	72,224
Interest expense	<u>71,069</u>	<u>93,354</u>
TOTAL OPERATING EXPENSE	<u>5,274,565</u>	<u>4,415,840</u>
EXCESS OF REVENUE OVER OPERATING EXPENSE	<u>182,834</u>	<u>424,026</u>
OTHER ITEMS		
Depreciation and amortization expense	<u>(573,276)</u>	<u>(509,668)</u>
TOTAL OTHER ITEMS	<u>(573,276)</u>	<u>(509,668)</u>
EXCESS OF EXPENSES OVER REVENUE	(390,442)	(85,642)
MEMBERS' EQUITY, BEGINNING OF YEAR	8,950,674	8,429,783
MEMBERSHIP ASSESSMENTS	635,029	536,533
MEMBERSHIP SALES AND UPGRADES	<u>70,000</u>	<u>70,000</u>
MEMBERS' EQUITY, END OF YEAR	<u>\$ 9,265,261</u>	<u>\$ 8,950,674</u>

See accompanying notes and accountants' report.

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
COMBINED ALTO AND OUTLAW STATEMENTS
STATEMENTS OF CASH FLOW
Years Ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of expenses over revenues	\$ (390,442)	\$ (85,642)
Noncash items included above:		
Depreciation	573,276	509,668
(Gain) loss on sale of assets	(25,277)	8,231
(Increase) decrease in:		
Accounts receivable (net)	(802,987)	(52,172)
Merchandise inventory	1,460	(13,089)
Prepaid expense	(94,295)	28,320
Other receivables	(1,766)	(2,316)
Increase (decrease) in:		
Accounts payable	49,715	(15,086)
Accrued expenses and deferred charges	116,641	6,595
Deposits	6,885	630
Note payable	217,970	-
Deferred dues	<u>704,722</u>	<u>76,293</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>355,902</u>	<u>461,432</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land, buildings and equipment	(693,961)	(557,073)
Sale of assets	<u>52,597</u>	<u>1,000</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(641,364)</u>	<u>(556,073)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Membership sales and upgrades	70,000	70,000
Membership assessments	635,029	536,533
Long-term debt reduction	<u>(483,977)</u>	<u>(160,164)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>221,052</u>	<u>446,369</u>
NET INCREASE (DECREASE) IN CASH	(64,410)	351,728
CASH, BEGINNING OF YEAR	<u>2,820,183</u>	<u>2,468,455</u>
CASH, END OF YEAR	<u>\$ 2,755,773</u>	<u>\$ 2,820,183</u>
SUPPLEMENTAL DISCLOSURES		
Interest expense	<u>\$ 75,797</u>	<u>\$ 93,354</u>

See accompanying notes and accountants' report.

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2011 and 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Alto Lakes Golf and Country Club, Inc. (the Club) operates two golf country clubs in Lincoln County, New Mexico. In addition to golf course facilities, the Club also operates a restaurant and provides architectural control services for the benefits of its members.

Basis of Accounting

The financial statements of the Club have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Land, Buildings and Equipment

Land, buildings and equipment are reflected at cost for those items acquired after the membership took control of the Club in 1981. Assets transferred to the Club from the developer in 1981 are recorded at the values assigned to the various asset types received at that time. Buildings and equipment are depreciated over their estimated useful lives using the straight line method. When assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the respective departmental income. Construction in progress on various projects at the end of the fiscal year is also included in these amounts.

Income Taxes

The Club was originally formed and operated as an Internal Revenue Code Section 501(C)(7) organization, exempt from income tax on its dues and departmental incomes. In January of 1990, the Club's operations and financial records were examined by the Internal Revenue Service. Per a March 26, 1990 letter from the agent conducting the examination, the Internal Revenue Service revoked the exempt status of the Club retroactive to December 27, 1985. The revocation results from the Club engaging in activities of covenant enforcement, architectural control and other functions similar to those of a homeowners' association and not allowable by an exempt social club.

As of March 31, 2011 and 2010, the Club has losses of \$3,931,442 and \$3,541,000 available as an offset to future member and non-member taxable income, respectively. Such losses begin to expire in the year 2012 if not used. These loss carryovers equate to a combined estimated deferred tax asset of \$778,426, which is not reflected on the balance sheet due to the fact that this tax asset is not expected to be realized.

Revenue Recognition

Income from membership dues is recognized over the period to which the dues relate. Dues billed at year end for future periods are reflected on the balance sheet as deferred dues income.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Club considers certificates of deposits with a maturity of twelve months or less to be cash equivalents instead of the generally accepted accounting principle of maturities of three months or less to be cash equivalents. This departure from generally accepted accounting principles does not materially affect these financial statements.

Inventory

Merchandise inventory is reflected at last cost.

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS – CONTINUED
Years Ended March 31, 2011 and 2010

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - CASH AND CERTIFICATES OF DEPOSIT

Cash consist of the following:

	<u>2011</u>	<u>2010</u>
Demand Accounts:		
Compass Bank	\$ -0-	\$ 197,979
Compass Bank	-0-	15,351
Compass Bank	-0-	9,976
City Bank	(6,923)	45,033
City Bank	53,921	91,165
City Bank	30,361	500
City Bank	12,881	-0-
Certificates of deposit:		
Compass Bank	-0-	207,627
City Bank	2,665,233	2,251,836
Cash on hand	300	716
	<u>\$2,755,773</u>	<u>\$ 2,820,183</u>
Reflected in the financial statements as follows:		
Cash and cash equivalents	\$2,505,950	\$2,612,556
Cash restricted for capital expenditures	249,823	207,627

NOTE C - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following:

	<u>2011</u>	<u>2010</u>
Land	\$ 901,870	\$ 896,635
Paving and grounds improvements	2,316,298	2,316,298
Club buildings	6,287,537	6,204,347
Furniture, fixtures and equipment	888,962	753,204
Carts and pro shop fixtures and equipment	421,663	281,018
Machinery and equipment	902,982	716,127
Office furniture and equipment	153,226	138,628
Fitness room equipment	67,600	27,413
Swim and tennis furniture and equipment	160,330	149,841
	12,100,468	11,483,511
Less accumulated depreciation	(4,837,118)	(4,317,020)
	<u>\$ 7,263,350</u>	<u>\$7,166,491</u>

NOTE D - LONG-TERM DEBT - NOTES PAYABLE

Long-term notes payable consist of the following:

Note payable to City Bank New Mexico, payable \$21,669 per month, including variable interest, currently 6.0%, maturity date is February 18, 2017, secured by a mortgage on Club real estate and personal property . . .

	<u>2011</u>	<u>2010</u>
	\$ 943,427	\$ 1,427,404
Less amount due within one year	(201,217)	(171,452)
	<u>\$ 742,210</u>	<u>\$ 1,255,952</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS -- Continued
Years Ended March 31, 2011 and 2010

NOTE D - LONG-TERM DEBT - NOTES PAYABLE -- Continued

Maturities of long-term notes payable are as follows:

Year Ended <u>March 31</u>	<u>Amount</u>
2012	\$ 201,217
2013	213,629
2014	226,805
2015	240,793
2016	<u>60,983</u>
	<u>\$ 943,427</u>

NOTE E - ALLOWANCE FOR DOUBTFUL ACCOUNTS

Trade accounts receivable are recorded net of an allowance for expected losses. During the current year, the allowance for doubtful accounts has been decreased for known bad debt amounts and increased for accounts that management believes to be uncollectible.

NOTE F - RISK MANAGEMENT

The Club is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Club has obtained insurance through various commercial carriers to minimize any potential loss. The insurance premiums are based on revenues and payroll expenditures, and are not directly related to claims filed.

NOTE G - CONCENTRATIONS OF CREDIT RISK

For the years ended March 31, 2011 and 2010, all bank accounts were fully insured by the FDIC.

NOTE H - DEFINED CONTRIBUTION PLAN

On October 19, 1996, the Board of Directors approved the adoption of a defined contribution plan. The plan consists of a profit sharing plan funded at the discretion of the Club and a 401K salary deferral plan. The Club matches employee 401K contributions by contributing 25 cents for every dollar contributed by employees, but only on the first 3% of compensation contributed. Eligible employees must be at least 21 and have completed 12 months of service of at least 1,000 hours. For the years ended March 31, 2011 and 2010, the Club funded this plan with \$9,230 and \$9,278, respectively, which was allocated among the 18 employees in 2011 and 22 employees in 2010, who were eligible to participate.

NOTE I - OPERATING LEASES

The Club leases copiers and a postage machine on long term lease contracts. Future minimum lease payments due over the remaining terms of the leases are:

Years ending March 31,	2012	22,700
	2013	<u>1,892</u>
Total minimum payments		<u>\$ 24,592</u>

Equipment rental expense for the years ended March 31, 2011 and 2010 were \$41,163 and \$41,460 respectively.

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS -- Continued
Years Ended March 31, 2011 and 2010

NOTE J – OUTLAW GOLF COURSE LEASE

On March 13, 2010, the membership approved a lease to own agreement for the Club to acquire the Outlaw golf course. In May of 2010, the Board of Directors approved the lease document and it was signed by officers of the Club. The terms of the lease are an annual lease rate of \$1.00 per year and to operate and maintain the Outlaw course during the lease period. The lease has two five year renewal options for the same terms. The lease also addresses club memberships and rights as well.

SUPPLEMENTARY INFORMATION

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
ALTO LAKES GOLF AND COUNTRY CLUB DIVISION
BALANCE SHEETS
March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,399,748	\$ 2,612,556
Cash restricted for capital expenditures	249,823	207,627
Accounts receivable	3,553,211	3,377,297
Less: Allowance for doubtful accounts	(20,413)	(20,664)
Merchandise inventory	65,288	66,748
Prepaid expense	33,112	15,243
Other receivables	4,348	2,582
TOTAL CURRENT ASSETS	<u>6,285,117</u>	<u>6,261,389</u>
LAND, BUILDINGS AND EQUIPMENT	11,880,444	11,483,511
Less: Accumulated depreciation	<u>(4,816,152)</u>	<u>(4,317,020)</u>
TOTAL LAND, BUILDINGS AND EQUIPMENT	<u>7,064,292</u>	<u>7,166,491</u>
OTHER ASSETS		
Water rights	361,093	361,093
Liquor license	70,409	70,409
Other intangible assets	50,193	50,193
Less: Accumulated amortization	<u>(24,440)</u>	<u>(20,946)</u>
TOTAL OTHER ASSETS	<u>457,255</u>	<u>460,749</u>
TOTAL ASSETS	<u>\$ 13,806,664</u>	<u>\$ 13,888,629</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt (below)	\$ 201,217	\$ 213,629
Accounts payable	184,540	149,308
Accrued interest expense	2,637	4,671
Deferred service charges payable	(392)	1,021
Deferred gross receipts tax	141,742	130,729
Other accrued expense and payables	66,274	28,997
Accrued compensation	158,929	174,838
Accrued payroll taxes	15,767	8,503
Accrued property taxes	26,959	25,129
Deposits	11,445	4,560
TOTAL CURRENT LIABILITIES	<u>809,118</u>	<u>741,385</u>
LONG-TERM DEBT		
Notes payable	943,427	1,427,404
Less: Current portion (above)	<u>(201,217)</u>	<u>(213,629)</u>
TOTAL LONG-TERM DEBT	<u>742,210</u>	<u>1,213,775</u>
DEFERRED INCOME AND ASSESSMENTS	3,059,282	2,982,795
MEMBERS' EQUITY	<u>9,196,054</u>	<u>8,950,674</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 13,806,664</u>	<u>\$ 13,888,629</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
ALTO LAKES GOLF AND COUNTRY CLUB DIVISION
STATEMENTS OF ACTIVITY AND CHANGES IN MEMBERS' EQUITY
Years Ended March 31, 2011 and 2010

	2011	2010
REVENUE		
Social dues	\$ 1,473,026	\$ 1,423,176
Regular dues	982,103	946,788
Golf department	509,874	521,544
Food and beverage department	1,279,588	1,260,261
Swim and tennis department	954	819
Fitness department	1,291	857
Cost events	77,176	72,224
Membership transfer fees	391,500	444,500
Plan submittal fees	3,240	2,935
Gain (loss) on sale/disposition of assets	25,277	(8,231)
Interest and dividend income	47,736	102,597
Other income	75,877	72,396
TOTAL REVENUE	4,867,642	4,839,866
OPERATING EXPENSE		
Golf department	365,688	381,231
Food and beverage department	1,896,831	1,736,872
Swim and tennis department	24,863	30,022
Grounds department expense	973,821	940,377
General and administrative expenses	897,457	813,933
House department expense	393,924	346,036
Fitness department expense	2,172	1,791
Cost events expense	74,746	72,224
Interest expense	66,341	93,354
TOTAL OPERATING EXPENSE	4,695,843	4,415,840
EXCESS OF REVENUE OVER OPERATING EXPENSE	171,799	424,026
OTHER ITEMS		
Depreciation and amortization expense	(552,310)	(509,668)
TOTAL OTHER ITEMS	(552,310)	(509,668)
EXCESS OF EXPENSES OVER REVENUE	(380,511)	(85,642)
MEMBERS' EQUITY, BEGINNING OF YEAR	8,950,674	8,429,783
MEMBERSHIP ASSESSMENTS	555,891	536,533
MEMBERSHIP SALES AND UPGRADES	70,000	70,000
MEMBERS' EQUITY, END OF YEAR	\$ 9,196,054	\$ 8,950,674

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
ALTO LAKES GOLF AND COUNTRY CLUB DIVISION
STATEMENTS OF CASH FLOW
Years Ended March 31, 2011 and 2010

	<i>2011</i> 2011	<i>2010</i> 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of expenses over revenues	\$ (380,511)	\$ (85,642)
Noncash items included above:		
Depreciation	552,310	509,668
(Gain) loss on sale of assets	(25,277)	8,231
(Increase) decrease in:		
Accounts receivable (net)	300,073	(52,172)
Merchandise inventory	1,460	(13,089)
Prepaid expense	(17,869)	28,320
Other receivables	(1,766)	(2,316)
Increase (decrease) in:		
Accounts payable	35,232	(15,086)
Accrued expenses and deferred charges	38,028	6,595
Deposits	6,885	630
Deferred dues	76,487	76,293
NET CASH USED BY OPERATING ACTIVITIES	<u>585,052</u>	<u>461,432</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land, buildings and equipment	(473,937)	(557,073)
Sale of assets	<u>52,597</u>	<u>1,000</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(421,340)</u>	<u>(556,073)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Membership sales and upgrades	70,000	70,000
Membership assessments	555,891	536,533
Long-term debt reduction	<u>(483,977)</u>	<u>(160,164)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>141,914</u>	<u>446,369</u>
NET INCREASE (DECREASE) IN CASH	305,626	351,728
CASH, BEGINNING OF YEAR	<u>2,820,183</u>	<u>2,468,455</u>
CASH, END OF YEAR	<u>\$ 3,125,809</u>	<u>\$ 2,820,183</u>
SUPPLEMENTAL DISCLOSURES		
Interest expense	<u>\$ 66,341</u>	<u>\$ 93,354</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
ALTO LAKES GOLF AND COUNTRY CLUB DIVISION
SCHEDULE OF GOLF DEPARTMENT INCOME
Years Ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
INCOME		
Green fees	\$ 188,149	\$ 200,532
Cart rental	177,067	179,015
Private cart fees	59,314	110,468
Private cart repair fees	28,310	28,329
Pro shop lease	-	3,000
Other	334	200
TOTAL INCOME	<u>453,174</u>	<u>521,544</u>
EXPENSES		
Labor	256,907	268,575
Employee group insurance	16,180	14,053
Employee meals	7,409	7,866
Payroll taxes	23,007	27,298
Education and training	264	58
Retirement account funding	1,249	1,030
Driving range	5,857	7,958
Dues and subscriptions	1,478	1,448
Equipment repairs	4,957	3,015
Private cart repairs	25,341	26,469
Laundry	1,741	1,398
Printing	2,192	1,388
Services purchased	6,000	6,000
Supplies	9,713	11,464
Telephone	720	720
Travel	2,673	2,491
Miscellaneous	-	-
TOTAL EXPENSES	<u>365,688</u>	<u>381,231</u>
NET INCOME	<u>\$ 87,486</u>	<u>\$ 140,313</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
ALTO LAKES GOLF AND COUNTRY CLUB DIVISION
SCHEDULE OF FOOD AND BEVERAGE DEPARTMENT INCOME
Years Ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
INCOME		
Food sales	\$ 851,168	\$ 861,843
Cost of food sales	<u>496,363</u>	<u>413,816</u>
GROSS PROFIT ON FOOD SALES	<u>354,805</u>	<u>448,027</u>
 Beverage sales	 275,410	 268,822
Cost of beverage sales	<u>134,172</u>	<u>96,690</u>
GROSS PROFIT ON BEVERAGE SALES	<u>141,238</u>	<u>172,132</u>
 Unused food minimum	 <u>153,010</u>	 <u>129,596</u>
 TOTAL INCOME	 <u>649,053</u>	 <u>749,755</u>
EXPENSES		
Labor	870,218	855,216
Employee group insurance	42,224	41,697
Employee meals	29,882	30,061
Taxes - payroll	102,766	86,925
Education and training	890	358
Retirement account funding	1,948	1,962
Dues and subscriptions	37	104
Entertainment	7,641	2,416
Equipment rental	2,040	1,620
Repairs	7,068	12,979
Laundry	60,642	62,280
Member relations	53,694	60,090
Printing	1,167	416
Services purchased	7,063	5,172
Supplies	66,483	54,513
Licenses	1,850	1,850
Telephone	1,207	842
Travel	655	580
Uniforms	7,862	6,795
Miscellaneous	<u>959</u>	<u>490</u>
 TOTAL EXPENSES	 <u>1,266,296</u>	 <u>1,226,366</u>
 NET LOSS	 <u>\$ (617,243)</u>	 <u>\$ (476,611)</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
ALTO LAKES GOLF AND COUNTRY CLUB DIVISION
SCHEDULE OF SWIM AND TENNIS DEPARTMENT INCOME
Years Ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
INCOME		
Swim fees	\$ 849	\$ 754
Tennis fees	<u>105</u>	<u>65</u>
TOTAL INCOME	<u>954</u>	<u>819</u>
EXPENSES		
Labor	9,486	10,542
Payroll taxes	931	1,071
Education and training	192	-
Building and grounds maintenance	359	2,401
Equipment repairs	3,057	348
Chemicals	1,115	3,167
Services purchased	3,392	3,070
Supplies	819	462
Utilities	<u>5,512</u>	<u>8,961</u>
TOTAL EXPENSES	<u>24,863</u>	<u>30,022</u>
NET LOSS	<u>\$ (23,909)</u>	<u>\$ (29,203)</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
ALTO LAKES GOLF AND COUNTRY CLUB DIVISION
SCHEDULE OF GROUNDS DEPARTMENT EXPENSES
Years Ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Labor	\$ 308,609	\$ 307,826
Employee group insurance	22,952	22,427
Employee meals	3,770	3,662
Payroll taxes	27,486	31,288
Education and training	1,052	698
Retirement account funding	217	944
Building and grounds maintenance	10,632	10,443
Dues and subscriptions	842	1,210
Equipment fuel	20,422	17,807
Equipment repairs and rentals	35,344	24,514
Fertilizer and chemicals	43,330	41,105
Irrigation water	353,932	375,818
Laundry	3,233	2,779
Services purchased	8,553	11,757
Supplies	6,734	5,472
Other tax and license	(100)	100
Travel	2,130	1,939
Utilities	54,951	58,634
Telephone	1,081	842
Special projects	<u>11,951</u>	<u>21,112</u>
 TOTAL GROUNDS DEPARTMENT EXPENSES	 <u>\$ 917,121</u>	 <u>\$ 940,377</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
ALTO LAKES GOLF AND COUNTRY CLUB DIVISION
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
Years Ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Labor	\$ 321,881	\$ 288,617
Employee group insurance	38,549	30,601
Employee meals	5,727	5,811
Payroll taxes	31,257	29,335
Education and training	502	218
Retirement account funding	5,545	5,342
Annual meetings and member holidays	45,285	43,717
Bad debt expense	34,036	27,582
Credit card fees	17,875	12,534
Donations	4,335	5,030
Dues and subscriptions	2,292	4,435
Equipment rental	37,883	38,975
Equipment repairs	15,070	16,520
General insurance	82,126	98,394
Legal and professional	30,697	10,644
Office supplies	12,038	9,599
Postage	22,625	26,318
Member services	19,659	15,837
Printing	23,414	24,708
Water company sale expense	-	638
Services purchased	7,055	8,829
Supplies	6,406	3,326
Other taxes	20	60
Property taxes	54,623	50,264
Telephone	16,977	15,621
Travel	10	706
Uniforms	692	429
Outlaw negotiation expense	-	37,257
Miscellaneous	<u>60,878</u>	<u>2,586</u>
 TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	 <u>\$ 897,457</u>	 <u>\$ 813,933</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
ALTO LAKES GOLF AND COUNTRY CLUB DIVISION
SCHEDULE OF HOUSE DEPARTMENT EXPENSES
Years Ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Labor	\$ 80,428	\$ 66,154
Employee group insurance	1,394	1,673
Payroll taxes	5,812	6,724
Cleaning contract	47,609	47,571
Education and training	-	58
Building and grounds maintenance	27,694	25,465
House decorations	4,671	984
Entertainment	850	500
Equipment repairs	10,868	5,811
Security	3,805	4,285
Services purchased	10,518	10,000
Supplies	12,315	10,674
Utilities	187,960	166,137
Miscellaneous	<u>-</u>	<u>-</u>
 TOTAL HOUSE DEPARTMENT EXPENSES	 <u>\$ 393,924</u>	 <u>\$ 346,036</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
ALTO LAKES GOLF AND COUNTRY CLUB DIVISION
SCHEDULE OF FITNESS DEPARTMENT INCOME
Years Ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
INCOME		
Fitness Fees	<u>\$ 1,291</u>	<u>\$ 857</u>
TOTAL INCOME	<u>1,291</u>	<u>857</u>
EXPENSES		
Equipment repairs	46	666
Supplies	<u>2,126</u>	<u>1,125</u>
TOTAL FITNESS DEPARTMENT EXPENSES	<u>2,172</u>	<u>1,791</u>
NET LOSS	<u>\$ (881)</u>	<u>\$ (934)</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
ALTO LAKES GOLF AND COUNTRY CLUB DIVISION
SCHEDULE OF COST EVENTS
Years Ended March 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
INCOME		
Food sales	\$ 32,409	\$ 38,330
Beverage sales	13,673	11,598
Non-inventory sale items	<u>31,094</u>	<u>22,296</u>
TOTAL INCOME	<u>77,176</u>	<u>72,224</u>
EXPENSES		
Cost events expense	<u>74,746</u>	<u>72,224</u>
TOTAL EXPENSES	<u>74,746</u>	<u>72,224</u>
NET LOSS	<u>\$ 2,430</u>	<u>\$ -</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
THE OUTLAW AT ALTO LAKES DIVISION
BALANCE SHEETS
March 31, 2011

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	106,202
Accounts receivable		626,822
Prepaid expense		<u>76,426</u>
TOTAL CURRENT ASSETS		<u>809,450</u>

BUILDINGS AND EQUIPMENT

		220,024
Less: Accumulated depreciation		<u>(20,966)</u>
TOTAL LAND, BUILDINGS AND EQUIPMENT		<u>199,058</u>

TOTAL ASSETS	\$	<u>1,008,508</u>
---------------------	-----------	-------------------------

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Note payable - line of credit	\$	217,970
Accounts payable		14,483
Accrued interest expense		609
Accrued gross receipts tax		2,064
Deferred gross receipts tax		30,325
Accrued compensation		16,792
Accrued property taxes		<u>28,823</u>
TOTAL CURRENT LIABILITIES		311,066

DEFERRED INCOME AND ASSESSMENTS		628,235
--	--	----------------

MEMBERS' EQUITY		<u>69,207</u>
------------------------	--	----------------------

TOTAL LIABILITIES AND MEMBERS' EQUITY	\$	<u>1,008,508</u>
--	-----------	-------------------------

See accompanying notes and accountants' report.

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
THE OUTLAW AT ALTO LAKES DIVISION
STATEMENTS OF CASH FLOW
Year Ended March 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Excess of expenses over revenues	\$ (9,931)
Noncash items included above:	
Depreciation	20,966
(Increase) decrease in:	
Accounts receivable (net)	(626,822)
Prepaid expense	(76,426)
Increase (decrease) in:	
Accounts payable	14,483
Accrued expenses and deferred charges	78,613
Note payable	217,970
Deferred dues	<u>628,235</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>247,088</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of land, buildings and equipment	(220,024)
Sale of assets	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(220,024)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Membership assessments	<u>79,138</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>79,138</u>
NET INCREASE (DECREASE) IN CASH	106,202
CASH, BEGINNING OF YEAR	<u>-</u>
CASH, END OF YEAR	<u>\$ 106,202</u>

See accompanying notes and accountants' report.

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
 THE OUTLAW AT ALTO LAKES DIVISION
 SCHEDULE OF GOLF DEPARTMENT INCOME
 Year Ended March 31, 2011

INCOME	
Green fees	\$ 57,123
Cart rental	44,078
Private cart fees	<u>10,365</u>
TOTAL INCOME	<u>111,566</u>
EXPENSES	
Labor	86,488
Employee group insurance	1,786
Payroll taxes	7,521
Driving range	2,964
Equipment repairs	2,691
Laundry	236
Printing	685
Services purchased	1,500
Supplies	7,087
Telephone	58
Miscellaneous	<u>731</u>
TOTAL EXPENSES	<u>111,747</u>
NET LOSS	<u>\$ (181)</u>

See accompanying notes and accountants' report.

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
 THE OUTLAW AT ALTO LAKES DIVISION
 SCHEDULE OF FOOD AND BEVERAGE DEPARTMENT INCOME
 Year Ended March 31, 2011

INCOME	
Food sales	\$ -
Cost of food sales	<u>-</u>
GROSS PROFIT ON FOOD SALES	<u>-</u>
Beverage sales	1,445
Cost of beverage sales	<u>636</u>
GROSS PROFIT ON BEVERAGE SALES	<u>809</u>
TOTAL INCOME	<u>809</u>
EXPENSES	
Labor	1,414
Taxes - payroll	<u>173</u>
TOTAL EXPENSES	<u>1,587</u>
NET LOSS	<u>\$ (778)</u>

See accompanying notes and accountants' report.

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
THE OUTLAW AT ALTO LAKES DIVISION
SCHEDULE OF GROUNDS DEPARTMENT EXPENSES
Year Ended March 31, 2011

Labor	\$	157,055
Employee group insurance		3,977
Employee meals		123
Payroll taxes		12,944
Education and training		240
Retirement account funding		271
Building and grounds maintenance		11,897
Dues and subscriptions		125
Equipment fuel		13,430
Equipment repairs and rentals		18,135
Fertilizer and chemicals		21,006
Irrigation water		38,041
Laundry		3,624
Services purchased		6,285
Supplies		563
Utilities		52,784
Telephone		1,137
Special projects		<u>9,171</u>
 TOTAL GROUNDS DEPARTMENT EXPENSES	 \$	 <u>350,808</u>

See accompanying notes and accountants' report.

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
THE OUTLAW AT ALTO LAKES DIVISION
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
Year Ended March 31, 2011

Equipment repairs	\$	543
General insurance		13,896
Legal and professional		2,825
Office supplies		294
Member services		51
Property taxes		36,941
Telephone		2,343
Outlaw negotiation expense		9,643
Miscellaneous		<u>11,351</u>
 TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	 \$	 <u>77,887</u>

See accompanying notes and accountants' report.

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
THE OUTLAW AT ALTO LAKES DIVISION
MAKE READY DEPARTMENT
Year Ended March 31, 2011

INCOME	
Make ready to play income	\$ 31,965
TOTAL INCOME	<u>31,965</u>
EXPENSES	
Labor	8,109
Payroll taxes	620
Fertilizer and chemicals	5,356
Services purchased	1,885
Utilities	7,828
Special projects	<u>8,167</u>
TOTAL MAKE READY DEPARTMENT EXPENSES	<u>31,965</u>
NET INCOME	<u>\$ -</u>

See accompanying notes and accountants' report.