

Alto Lakes Golf and Country Club, Inc.

FINANCIAL STATEMENTS

March 31, 2014 and 2013

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OFFICERS AND DIRECTORS

MARCH 31, 2014

President Terry Shaffer

Vice-President Gary Jeffreys

Treasurer Rose Reynolds

Secretary Ron Duncan

Director Jim Arnold

Director Aubrey Johnson

Director Gene King

Director Lauren Zelt

Director Bob Kewley

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Alto Lakes Golf and Country Club, Inc. (the Club), which comprise the balance sheet as of March 31, 2014 and the related statements of income and changes in members' equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Club's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alto Lakes Golf and Country Club, Inc. as of March 31, 2014 and the results of its activity and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of income and expenses on pages 13-20 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The 2013 schedules of income and expenses on those pages were subjected to the auditing procedures applied in the 2013 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2013 financial statements as a whole.

Prior Period Financial Statements

The financial statements of the Club as of March 31, 2013 were audited by other auditors whose report dated June 18, 2013 expressed an unmodified opinion on those statements.

June 12, 2014


Pulakos CPAs, PC

Alto Lakes Golf and Country Club, Inc.

BALANCE SHEETS

March 31, 2014 and 2013

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current assets		
Cash and cash equivalents	\$ 1,557,554	\$ 1,583,538
Accounts receivable, net	3,893,440	3,792,879
Inventory	67,005	78,109
Prepaid expenses and other assets	15,051	5,511
Total current assets	5,533,050	5,460,037
Land, buildings and equipment, net	8,542,014	8,117,336
Other assets		
Water rights	361,093	361,093
Liquor license	70,409	70,409
Other intangible assets, net	34,256	34,745
Total other assets	465,758	466,247
Total assets	<u>\$ 14,540,822</u>	<u>\$ 14,043,620</u>
 <u>Liabilities and Members' Equity</u>		
Current liabilities		
Current portion of long-term debt	\$ -	\$ 291,092
Current portion of capital lease obligation	54,694	-
Line-of-credit	-	122,236
Accounts payable	114,905	44,009
Accrued compensation and payroll taxes	210,697	151,967
Accrued property taxes	37,476	39,292
Other accrued expense and payables	65,709	55,960
Deferred income and assessments	3,618,667	3,453,186
Deposits	26,668	6,362
Total current liabilities	4,128,816	4,164,104
Non-current portion of capital lease obligations	192,749	-
Members' equity	10,219,257	9,879,516
Total liabilities and members' equity	<u>\$ 14,540,822</u>	<u>\$ 14,043,620</u>

Alto Lakes Golf and Country Club, Inc.

STATEMENTS OF INCOME AND CHANGES IN MEMBERS' EQUITY

Years Ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues		
Social dues	\$ 360,213	\$ 372,675
Regular dues	3,104,632	2,880,977
Food and beverage sales	1,652,354	1,601,514
Golf department sales	841,411	786,395
Membership transfer fees	487,999	407,999
Swim and tennis department fees	1,378	1,202
Fitness department fees	1,250	609
Cost events	44,451	86,755
Plan submittal fees	2,213	7,263
(Loss) gain on sale/disposition of assets	(37,614)	71,851
Interest and dividend income	31,894	60,759
Other income	121,915	85,399
	<u>6,612,096</u>	<u>6,363,398</u>
Total revenues		
	6,612,096	6,363,398
Operating expenses		
Food and beverage department	2,333,965	2,315,116
Grounds department	1,796,696	1,670,603
General and administrative	1,077,024	1,055,428
Golf department	689,058	651,590
House department	386,074	399,310
Cost events expense	45,381	87,551
Swim and tennis department	25,032	18,736
Interest expense	13,477	20,249
Fitness department	2,377	1,438
	<u>6,369,084</u>	<u>6,220,021</u>
Total operating expenses		
	6,369,084	6,220,021
Excess of revenues over operating expenses, before depreciation	243,012	143,377
Depreciation	<u>(702,958)</u>	<u>(680,974)</u>
Excess of expenses over revenue	(459,946)	(537,597)
Members' equity, beginning of year	9,879,516	9,572,233
Membership assessments	729,687	704,880
Membership sales and upgrades	<u>70,000</u>	<u>140,000</u>
Members' equity, end of year	<u>\$ 10,219,257</u>	<u>\$ 9,879,516</u>

Alto Lakes Golf and Country Club, Inc.

STATEMENTS OF CASH FLOWS

Years Ended March 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating activities		
Excess of expenses over revenues	\$ (459,946)	\$ (537,597)
Adjustments to reconcile excess of expenses over revenues to net cash provided (used) by operating activities		
Depreciation	702,958	680,974
Loss (gain) on sale/disposition of assets	37,614	(71,851)
Net change in certain operating assets and liabilities		
Accounts receivable	(100,561)	(218,629)
Inventory	11,104	(12,441)
Prepaid expenses and other assets	(12,939)	5,179
Accounts payable	70,896	(203,962)
Accrued expenses and other liabilities	86,969	(101,516)
Deferred income and assessments	165,481	210,564
	<u>501,576</u>	<u>(249,279)</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities		
Purchase of land, buildings and equipment	(911,892)	(1,479,885)
Proceeds from sale/disposition of assets	38,553	79,494
	<u>(873,339)</u>	<u>(1,400,391)</u>
Net cash used by investing activities		
Cash flows from financing activities		
Membership sales and upgrades	70,000	140,000
Membership capital assessments	729,687	704,880
Payments of capital lease obligations	(40,580)	-
Net repayments on line-of-credit	(122,236)	-
Payments on long-term debt	(291,092)	(235,275)
	<u>345,779</u>	<u>609,605</u>
Net cash provided by financing activities		
Net change in cash	(25,984)	(1,040,065)
Cash, beginning of year	1,583,538	2,623,603
Cash end of year	<u>\$ 1,557,554</u>	<u>\$ 1,583,538</u>
Supplemental information:		
Equipment acquired by capital lease	\$ 288,023	\$ -
Cash paid for interest	<u>\$ 13,477</u>	<u>\$ 20,249</u>

Alto Lakes Golf and Country Club, Inc.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Alto Lakes Golf and Country Club, Inc. (the Club) operates two golf courses in Lincoln County, New Mexico. In addition to golf course facilities, the Club also operates restaurant facilities 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.

Use of Estimates

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

Financial Statement Presentation

Certain reclassifications were made to the 2013 financial statements to conform with 2014 presentation.

Cash and Cash Equivalents

For financial reporting purposes, the Club considers certificates-of-deposits with a maturity of twelve months or less to be cash equivalents. Early withdrawal fees to liquidate certificates-of-deposit would be immaterial.

Accounts Receivable

Management reviews the collectability of its receivables and, if necessary, records an allowance for its estimate of uncollectible accounts. Bad debt history and current facts and circumstance are the primary bases for this estimate. Accounts past 30 days due are deemed delinquent. Late charges are assessed at 5% of outstanding balance monthly. The Club has lien capability on the property of members who have unpaid balances owed to the Club. The allowance for uncollectible accounts was \$29,929 and \$54,099 at March 31, 2014 and 2013, respectively. When an account is specifically identified as being uncollectible, it is directly written off.

Inventory

Inventory consists primarily of food and beverage and is stated at lower of cost (first-in, first-out) or market.

Alto Lakes Golf and Country Club, Inc.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014 and 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Land, Buildings and Equipment

Land, buildings and equipment are reflected at cost for those items acquired after the membership assumed control of the Club from the resort developer 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 with a cost greater than \$1,000 are capitalized and depreciated over their estimated useful lives using the straight line method. Construction in progress on various projects at the end of the fiscal year is also included in these amounts. Depreciation expense was \$702,958 and \$680,974 in 2014 and 2013, respectively.

Deferred Income and Assessments

Deferred income and assessments consists primarily of membership dues and assessments that have been billed to members for the upcoming fiscal year. The Club defers amounts that are billed and recognizes the deferred income as revenue on a monthly basis when earned.

Revenue Recognition

Revenue from membership dues is recognized over the period to which the dues relate. Revenue from use of Club services is recognized as incurred.

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 1990, the Club's operations and financial records were examined by the Internal Revenue Service, and as a result, 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.

The liability method is used in accounting for income taxes, which includes the effects of temporary differences between financial and taxable amounts of assets and liabilities.

Financial Instruments

The carrying amounts of cash, receivables, payables, accrued expenses and other liabilities approximate fair value due to the short maturity periods of these instruments. The fair value of long-term debt is the carrying value based on the market rate of interest on the debt.

Subsequent Events

The Club has evaluated all events occurring subsequent to March 31, 2014 and through June 12, 2014, which is the date that the financial statements were issued, and does not believe any events occurred during this period that would require either recognition or disclosure in the accompanying financial statements.

Alto Lakes Golf and Country Club, Inc.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014 and 2013

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalent balances consist of the following at March 31:

	<u>2014</u>	<u>2013</u>
Demand accounts	\$ 300,659	\$ 76,932
Certificates-of-deposits	1,256,071	1,506,192
Cash on hand	<u>814</u>	<u>414</u>
	<u>\$ 1,557,544</u>	<u>\$ 1,583,538</u>

NOTE 3 – LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following:

	<u>2014</u>	<u>2013</u>
Club buildings	\$ 6,440,119	\$ 6,429,369
Paving and grounds improvements	4,163,754	3,516,970
Machinery and equipment	1,319,582	1,166,363
Furniture, fixtures and equipment	1,073,894	1,082,245
Land	1,016,970	968,445
Carts and pro shop fixtures and equipment	585,695	588,177
Swim and tennis furniture and equipment	187,912	199,682
Office furniture and equipment	82,802	168,010
Fitness room equipment	<u>68,568</u>	<u>70,239</u>
	14,939,296	14,189,500
Less accumulated depreciation	<u>(6,397,282)</u>	<u>(6,072,164)</u>
	<u>\$ 8,542,014</u>	<u>\$ 8,117,336</u>

NOTE 4 – LONG-TERM LIABILITIES

	<u>2014</u>	<u>2013</u>
Note payable to bank, 4.00%, secured by property and real estate, monthly principal and interest installments of \$21,669, paid in full in 2014.	\$ -	\$ 291,092
Less current portion	<u>-</u>	<u>291,092</u>
	<u>\$ -</u>	<u>\$ -</u>

Alto Lakes Golf and Country Club, Inc.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014 and 2013

NOTE 5 – INCOME TAXES

	<u>2014</u>	<u>2013</u>
Deferred tax benefit	\$ 176,000	\$ 165,000
Valuation allowance for deferred tax asset	<u>(176,000)</u>	<u>(165,000)</u>
Net deferred tax benefit	<u>\$ -</u>	<u>\$ -</u>

Temporary differences giving rise to the deferred tax asset consists primarily of operating loss carry forwards. Deferred tax assets as of March 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Deferred tax assets	\$ 2,004,000	\$ 1,828,000
Valuation allowance	<u>(2,004,000)</u>	<u>(1,828,000)</u>
Net deferred tax assets, less valuation allowance	<u>\$ -</u>	<u>\$ -</u>

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and tax planning strategies in making this assessment. In order to fully realize the deferred tax asset, the Club will need to generate future taxable income prior to the expiration of the deferred tax assets governed by the tax code. As the Club does not anticipate generate such taxable income, the deferred tax asset has been fully allowed for as of March 31, 2014 and 2013.

The Club has available at March 31, 2014, approximately \$1,877,000 of unused New Mexico State operating loss carry forwards that may be applied against future taxable income, and that expire in years ranging from 2015 to 2019. The Club has available at March 31, 2014 approximately \$5,546,000 of unused Federal operating loss carry forwards that may be applied against future taxable income and that expire in years ranging from 2018 to 2034.

The Club has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions and has evaluated its tax positions taken for all open tax years. Currently, the 2011, 2012 and 2013 tax years are open and subject to examination by the Internal Revenue Service, as well as other state tax jurisdictions. However, the Club is not currently under audit nor has the Club been contacted by any of these jurisdictions.

Based on the evaluation of the Club's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended March 31, 2014.

Alto Lakes Golf and Country Club, Inc.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014 and 2013

NOTE 6 – LEASES

Capital Lease

In 2014, the Club purchased golf course maintenance equipment under a capital lease agreement. The assets and liabilities under capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lesser of their estimated productive lives or lease term.

Under the terms of the agreements, the Club will make monthly principal and interest payments of \$5,283 for the 60 month lease period, after which the Club will have an option to purchase the equipment at a bargain price. Depreciation of assets under capital leases is included in depreciation expense in the accompanying financial statements.

At March 31, 2014, future minimum lease payments under this capital lease are as follows:

2015	\$ 54,694
2016	56,865
2017	59,123
2018	61,473
2019	<u>15,288</u>
Total minimum lease payments	247,443
Less current portion	<u>54,694</u>
Long-term portion	<u>\$ 192,749</u>

The cost of assets under capital lease was \$288,023 as of March 31, 2014. Accumulated depreciation of these assets was \$27,474 as of March 31, 2014.

Operating Leases

The Club leases copiers and a postage machine on long-term operating lease agreements expiring through 2017. Monthly payments on these leases range from \$100 to \$1,215. The Club also leases various pieces of equipment under month-to-month operating lease contracts. Future minimum lease payments due over the remaining terms of long-term leases are:

Years ending March 31:

2015	\$ 29,443
2016	15,723
2017	14,580

Total lease expense was \$49,333 and \$59,755 in 2014 and 2013, respectively.

Alto Lakes Golf and Country Club, Inc.

NOTES TO FINANCIAL STATEMENTS

March 31, 2014 and 2013

NOTE 6 – LEASES – CONTINUED

Outlaw Golf Course Lease

In March 2010, the membership approved a lease to own agreement for the Club to acquire the Outlaw Golf Course. In May 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 per year and to operate and maintain the Outlaw course during the lease period.

The lease contained a provision that upon the sale of the real estate development to another developer, title to the golf course would pass to the Club. In July 2011, the real estate development was sold and the Club received title to the Outlaw Golf Course.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Line-of-Credit

In 2014 and prior years, the Club had a line-of-credit arrangement with a bank. The agreement matured in 2014, at which time, the Club elected not to renew the agreement. All outstanding principal and interest was paid in full in 2014. The outstanding balance on the line was zero and \$122,236 as of March 31, 2014 and 2013, respectively.

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.

Concentration of Credit Risk

The Club management actively diversifies risk relating to cash balances among multiple financial institutions. Due to operational demands, the Club maintains cash balances in financial institutions that at times exceed federally insured limits.

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 401(k) salary deferral plan. The Club matches employee 401(k) 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 or have completed 12 months of service of at least 1,000 hours. For the years ended March 31, 2014 and 2013, the Club incurred costs to fund the plan of \$7,789 and \$8,039, respectively.

SUPPLEMENTAL SCHEDULES

Alto Lakes Golf and Country Club, Inc.

SCHEDULES OF GOLF DEPARTMENT INCOME AND EXPENSES

Years Ended March 31, 2014 and 2013

	Alto Division		Outlaw Division	
	2014	2013	2014	2013
Income				
Green fees	\$ 170,842	\$ 182,334	\$ 174,472	\$ 154,907
Cart rental	167,472	161,486	141,462	118,908
Private cart fees	127,076	129,950	19,194	14,160
Private cart repair fees	40,893	24,650	-	-
Total income	506,283	498,420	335,128	287,975
Expenses				
Wages and benefits	373,251	383,044	229,762	194,163
Private cart repairs	34,823	26,926	-	-
Supplies	12,076	8,744	4,723	5,275
Driving range	6,992	5,327	4,750	4,131
Services purchased	6,900	6,000	1,500	1,500
Travel	2,396	1,963	-	101
Equipment repairs	1,953	3,948	1,330	1,488
Dues and subscriptions	1,282	1,738	-	-
Laundry	1,273	474	441	823
Utilities and telephone	1,078	960	750	720
Printing	842	1,641	478	1,589
Miscellaneous	1,385	969	1,073	66
Total expenses	444,251	441,734	244,807	209,856
Net income	\$ 62,032	\$ 56,686	\$ 90,321	\$ 78,119

See Independent Auditors' Report.

Alto Lakes Golf and Country Club, Inc.

SCHEDULES OF FOOD AND BEVERAGE DEPARTMENT INCOME AND EXPENSES

Years Ended March 31, 2014 and 2013

	Alto		Outlaw	
	2014	2013	2014	2013
Income				
Food sales	\$ 1,027,526	\$ 1,046,603	\$ 90,982	\$ 51,221
Cost of food sales	594,955	602,819	35,297	36,772
Gross profit on food sales	432,571	443,784	55,685	14,449
Beverage sales	374,052	341,173	37,339	30,561
Cost of beverage sales	130,986	138,625	10,982	8,737
Gross profit on beverage sales	243,066	202,548	26,357	21,824
Unused food minimum	122,455	131,956	-	-
Total income	798,092	778,288	82,042	36,273
Expenses				
Wages and benefits	1,114,410	1,143,092	155,629	116,818
Member relations	72,960	69,838	656	36
Supplies	68,489	81,551	-	78
Laundry	67,967	67,756	449	280
Uniforms	17,685	11,893	-	22
Equipment rental and repair	11,915	8,035	-	-
Printing	2,704	1,537	2,119	3,842
Telephone	1,176	1,274	-	-
Miscellaneous	32,155	6,355	13,431	15,756
Total expenses	1,389,461	1,391,331	172,284	136,832
Net loss	\$ (591,369)	\$ (613,043)	\$ (90,242)	\$ (100,559)

Alto Lakes Golf and Country Club, Inc.

SCHEDULES OF GROUNDS DEPARTMENT EXPENSES

Years Ended March 31, 2014 and 2013

	Alto		Outlaw	
	2014	2013	2014	2013
Wages and benefits	\$ 416,488	\$ 416,006	\$ 282,568	\$ 249,764
Irrigation water	431,374	510,759	10,388	27,921
Forest thinning	121,667	-	118,724	-
Utilities	71,248	64,791	99,432	90,760
Fertilizer and chemicals	30,932	33,879	37,997	36,425
Equipment fuel	17,586	27,072	15,603	29,679
Equipment repairs	16,329	19,011	19,623	53,225
Special projects	11,016	21,445	18,096	15,109
Equipment rental	10,508	3,603	-	-
Services purchased	9,652	12,781	3,646	1,448
Supplies	7,909	9,778	12,359	6,590
Building and grounds maintenance	5,820	9,691	7,170	12,283
Dues and subscriptions	1,449	1,570	185	1,160
Miscellaneous	9,317	7,491	9,610	8,362
Total expenses	<u>\$ 1,161,295</u>	<u>\$ 1,137,877</u>	<u>\$ 635,401</u>	<u>\$ 532,726</u>

See Independent Auditors' Report.

Alto Lakes Golf and Country Club, Inc.

SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES

Years Ended March 31, 2014 and 2013

	Alto		Outlaw	
	2014	2013	2014	2013
Wages and benefits	\$ 436,641	\$ 434,851	\$ -	\$ -
Services purchased	99,649	81,690	3,107	1,640
General insurance	96,093	97,638	20,900	-
Property taxes	55,035	54,970	50,779	55,320
Printing	49,700	22,181	-	-
Bad debt expense	40,770	30,051	-	-
Annual meetings and member holidays	37,473	58,313	-	-
Equipment rental	31,966	30,729	-	-
Legal and professional	28,309	33,276	10,600	5,077
Credit card fees	23,816	31,370	-	-
Utilities and telephone	23,551	25,161	1,405	1,510
Postage	22,998	19,448	-	-
Equipment repairs	17,322	17,176	-	-
Office supplies	7,924	14,119	-	76
Supplies	7,506	4,770	-	2,598
Member services	-	10,484	-	-
Miscellaneous	11,480	21,390	-	1,590
Total expenses	<u>\$ 990,233</u>	<u>\$ 987,617</u>	<u>\$ 86,791</u>	<u>\$ 67,811</u>

See Independent Auditors' Report.

Alto Lakes Golf and Country Club, Inc.

SCHEDULES OF HOUSE DEPARTMENT EXPENSES

Years Ended March 31, 2014 and 2013

	Alto		Outlaw	
	2014	2013	2014	2013
Utilities	\$ 167,885	\$ 189,702	\$ 15,006	\$ 14,745
Wages and benefits	116,510	113,709	-	6,171
Building and grounds maintenance	29,704	11,026	1,343	487
Equipment repairs	17,212	25,026	1,140	997
Supplies	13,365	14,451	1,748	793
Services purchased	12,641	6,085	-	-
Security	5,387	4,734	432	83
House decorations	3,392	3,835	-	120
Entertainment	-	4,000	-	-
Equipment rental	-	1,777	-	-
Miscellaneous	240	1,503	69	66
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 366,336</u>	<u>\$ 375,848</u>	<u>\$ 19,738</u>	<u>\$ 23,462</u>

See Independent Auditors' Report.

Alto Lakes Golf and Country Club, Inc.

SCHEDULES OF FITNESS DEPARTMENT INCOME AND EXPENSES

Years Ended March 31, 2014 and 2013

	2014	2013
Income		
Fitness fees	<u>\$ 1,250</u>	<u>\$ 609</u>
Total income	1,250	609
Expenses		
Equipment repairs	1,337	979
Supplies	<u>1,040</u>	<u>459</u>
Total expenses	<u>2,377</u>	<u>1,438</u>
Net loss	<u><u>\$ (1,127)</u></u>	<u><u>\$ (829)</u></u>

Alto Lakes Golf and Country Club, Inc.

SCHEDULES OF SWIM AND TENNIS DEPARTMENT INCOME AND EXPENSES

Years Ended March 31, 2014 and 2013

	2014	2013
Income		
Swim and tennis fees	\$ 1,378	\$ 1,202
Total income	1,378	1,202
Expenses		
Wages and benefits	10,812	10,786
Building and grounds maintenance	7,141	1,488
Utilities	5,489	5,084
Equipment repairs	774	505
Supplies	628	623
Taxes	150	-
Services purchased	38	-
Chemicals	-	250
Total expenses	25,032	18,736
Net loss	\$ (23,654)	\$ (17,534)

Alto Lakes Golf and Country Club, Inc.

SCHEDULES OF COST EVENTS INCOME AND EXPENSES

Years Ended March 31, 2014 and 2013

	2014	2013
Income		
Food sales	\$ 30,738	\$ 39,616
Beverage sales	10,463	11,579
Non-inventory sale items	3,250	35,560
Total income	44,451	86,755
Expenses		
Cost events expense	45,381	87,551
Total expenses	45,381	87,551
Net loss	\$ (930)	\$ (796)