

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2013 AND 2012**

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**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**OFFICERS AND DIRECTORS**  
**March 31, 2013**

PRESIDENT ..... Gene King  
VICE-PRESIDENT ..... Jerry Ballard  
TREASURER ..... Aubrey Johnson  
SECRETARY ..... Rose Reynolds  
DIRECTOR ..... Paul Ragland  
DIRECTOR ..... Ron Duncan  
DIRECTOR ..... Terry Shaffer  
DIRECTOR ..... Bill Shipp  
DIRECTOR ..... Gary Jeffreys

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, 2013 and 2012 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, 2013 and 2012, 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 24 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 18, 2013



**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**BALANCE SHEETS**  
**March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,583,538	\$ 2,425,414
Cash restricted for capital expenditures	-	198,189
Accounts receivable	3,846,978	3,599,186
Less: Allowance for doubtful accounts	(54,099)	(24,936)
Merchandise inventory	78,109	65,668
Prepaid expense	710	1,470
Other receivables	4,801	9,220
<b>TOTAL CURRENT ASSETS</b>	<u>5,460,037</u>	<u>6,274,211</u>
<b>LAND, BUILDINGS AND EQUIPMENT</b>	14,189,500	12,726,417
Less: Accumulated depreciation	(6,072,164)	(5,398,249)
<b>TOTAL LAND, BUILDINGS AND EQUIPMENT</b>	<u>8,117,336</u>	<u>7,328,168</u>
<b>OTHER ASSETS</b>		
Water rights	361,093	361,093
Liquor license	70,409	70,409
Other intangible assets	66,574	60,579
Less: Accumulated amortization	(31,829)	(27,934)
<b>TOTAL OTHER ASSETS</b>	<u>466,247</u>	<u>464,147</u>
<b>TOTAL ASSETS</b>	<u>\$ 14,043,620</u>	<u>\$ 14,066,526</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt (below)	\$ 291,092	\$ 235,585
Accounts payable	44,009	247,971
Accrued interest expense	750	750
Deferred service charges payable	14,536	10,610
Deferred gross receipts tax	190,559	184,063
Other accrued expense and payables	55,210	105,521
Accrued compensation	89,120	212,734
Accrued payroll taxes	48,311	24,403
Accrued property taxes	39,292	-
Note payable	122,236	122,236
Deposits	6,362	7,575
<b>TOTAL CURRENT LIABILITIES</b>	<u>901,477</u>	<u>1,151,448</u>
<b>LONG-TERM DEBT</b>		
Notes payable	291,092	526,367
Less: Current portion (above)	(291,092)	(235,585)
<b>TOTAL LONG-TERM DEBT</b>	<u>-</u>	<u>290,782</u>
<b>DEFERRED INCOME AND ASSESSMENTS</b>	3,262,627	3,052,063
<b>MEMBERS' EQUITY</b>	<u>9,879,516</u>	<u>9,572,233</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<u>\$ 14,043,620</u>	<u>\$ 14,066,526</u>

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**STATEMENTS OF ACTIVITY AND CHANGES IN MEMBERS' EQUITY**  
**Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
REVENUE		
Alto social dues	\$ 1,612,714	\$ 1,496,955
Alto regular dues	1,122,918	1,040,626
Outlaw dues	518,020	558,730
Golf departments	786,395	706,014
Food and beverage department	1,556,005	1,457,529
Swim and tennis department	1,202	1,199
Fitness department	609	948
Cost events	86,755	78,005
Membership transfer fees	407,999	483,033
Plan submittal fees	7,263	1,643
Gain (loss) on sale/disposition of assets	71,851	38,454
Interest and dividend income	60,759	74,138
Other income	<u>85,399</u>	<u>50,798</u>
TOTAL REVENUE	<u>6,317,889</u>	<u>5,988,072</u>
OPERATING EXPENSE		
Golf departments	651,590	638,508
Food and beverage department	2,269,607	2,086,599
Swim and tennis department	18,736	20,928
Grounds department expense	1,670,603	1,609,389
General and administrative expenses	1,055,428	1,003,524
House department expense	399,310	375,067
Fitness department expense	1,438	960
Cost events expense	87,551	77,967
Interest expense	<u>20,249</u>	<u>36,718</u>
TOTAL OPERATING EXPENSE	<u>6,174,512</u>	<u>5,849,660</u>
EXCESS OF REVENUE OVER OPERATING EXPENSE	<u>143,377</u>	<u>138,412</u>
OTHER ITEMS		
Depreciation and amortization expense	<u>(680,974)</u>	<u>(630,275)</u>
TOTAL OTHER ITEMS	<u>(680,974)</u>	<u>(630,275)</u>
EXCESS OF EXPENSES OVER REVENUE	(537,597)	(491,863)
MEMBERS' EQUITY, BEGINNING OF YEAR	9,572,233	9,265,261
MEMBERSHIP ASSESSMENTS	704,880	658,835
MEMBERSHIP SALES AND UPGRADES	<u>140,000</u>	<u>140,000</u>
MEMBERS' EQUITY, END OF YEAR	<u>\$ 9,879,516</u>	<u>\$ 9,572,233</u>

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**STATEMENTS OF CASH FLOW**  
**Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of expenses over revenues	\$ (537,597)	\$ (491,863)
Noncash items included above:		
Depreciation	680,974	630,275
(Gain) loss on sale of assets	(71,851)	(38,454)
(Increase) decrease in:		
Accounts receivable (net)	(218,629)	585,370
Merchandise inventory	(12,441)	(380)
Prepaid expense	760	108,068
Other receivables	4,419	(4,872)
Increase (decrease) in:		
Accounts payable	(203,962)	48,948
Accrued expenses and deferred charges	(100,303)	47,552
Deposits	(1,213)	(3,870)
Note payable	-	(95,734)
Deferred dues	<u>210,564</u>	<u>(635,454)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>(249,279)</u>	<u>149,586</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of land, buildings and equipment	(1,473,890)	(740,114)
Increase in other intangibles	(5,995)	-
Proceeds from sale of assets	<u>79,494</u>	<u>76,583</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(1,400,391)</u>	<u>(663,531)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Membership sales and upgrades	140,000	140,000
Membership assessments	704,880	658,835
Long-term debt reduction	<u>(235,275)</u>	<u>(417,060)</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>609,605</u>	<u>381,775</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(1,040,065)	(132,170)
<b>CASH, BEGINNING OF YEAR</b>	<u>2,623,603</u>	<u>2,755,773</u>
<b>CASH, END OF YEAR</b>	<u>\$ 1,583,538</u>	<u>\$ 2,623,603</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest expense	<u>\$ 20,249</u>	<u>\$ 71,069</u>

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended March 31, 2013 and 2012**

**NOTE A - 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.

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, 2013 and 2012, the Club has losses of \$4,462,075 and \$4,423,305 available as an offset to future member and non-member taxable income, respectively. A portion of these losses expire each year due to the fifteen year loss carryover limitation. The 2013 loss carryovers equate to a combined estimated deferred tax asset of \$892,747, 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, 2013 and 2012**

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>2013</u>	<u>2012</u>
Demand Accounts:		
City Bank	\$ -0-	\$ 3,921
City Bank	36,622	301,250
City Bank	39,464	38,377
City Bank	846	37,970
Certificates of deposit:		
City Bank	1,506,192	2,241,421
Cash on hand	414	664
	<u>\$1,583,538</u>	<u>\$ 2,623,603</u>
Reflected in the financial statements as follows:		
Cash and cash equivalents	\$1,583,538	\$2,425,414
Cash restricted for capital expenditures	-0-	198,189

**NOTE C - LAND, BUILDINGS AND EQUIPMENT**

Land, buildings and equipment consist of the following:

	<u>2013</u>	<u>2012</u>
Land	\$ 968,445	\$ 954,266
Paving and grounds improvements	3,516,970	2,447,885
Club buildings	6,429,369	6,362,154
Furniture, fixtures and equipment	1,082,245	1,002,135
Carts and pro shop fixtures and equipment	588,177	545,078
Machinery and equipment	1,166,363	1,003,099
Office furniture and equipment	168,010	161,225
Fitness room equipment	70,239	69,864
Swim and tennis furniture and equipment	199,682	180,711
	<u>14,189,500</u>	<u>12,726,417</u>
Less accumulated depreciation	<u>(6,072,164)</u>	<u>(5,398,249)</u>
	<u>\$ 8,117,336</u>	<u>\$7,328,168</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 4.0%, original maturity date was February 18, 2017, secured by a mortgage on Club real estate and personal property

	<u>2013</u>	<u>2012</u>
Note payable to City Bank New Mexico, payable \$21,669 per month, including variable interest, currently 4.0%, original maturity date was February 18, 2017, secured by a mortgage on Club real estate and personal property	\$ 291,092	\$ 526,367
Less amount due within one year	<u>(291,092)</u>	<u>(235,585)</u>
	<u>\$ -0-</u>	<u>\$ 290,782</u>

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**NOTES TO FINANCIAL STATEMENTS – Continued**  
**Years Ended March 31, 2013 and 2012**

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

Maturities of long-term notes payable are as follows:

Year Ended	Amount
<u>March 31</u>	
2014	\$ 291,092

**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 year ended March 31, 2013, bank accounts exceeded the FDIC insured amounts by \$451,121 at the fiscal year end. For the year ended March 31, 2012, one certificate of deposit exceeded the FDIC insured amount by \$54,153.

**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, 2013 and 2012, the Club funded this plan with \$8,039 and \$8,432 respectively, which was allocated among the 15 employees in 2013 and 15 employees in 2012, 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,	2014	\$27,624
	2015	25,450
	2016	14,580
	2017	14,580

Equipment rental expense for the years ended March 31, 2013 and 2012 were \$59,755 and \$39,891, including short term rentals, respectively.

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**NOTES TO FINANCIAL STATEMENTS -- Continued**  
**Years Ended March 31, 2013 and 2012**

**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 contained a provision that upon the sale of the real estate development to another developer, title to the golf course would pass to the Alto Lakes Golf and Country Club, Inc. On July 29, 2011, the real estate development was sold and Alto received title to the Outlaw golf course.

**NOTE K – EVALUATION OF SUBSEQUENT EVENTS**

The Club has evaluated subsequent events through June 18, 2013, the date which the financial statements were available to be issued.

**NOTE L – RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS**

The Club has restated its previously issued financial statements for the year ended March 31, 2012 to reflect the correction of overstated accounts receivable and overstated deferred dues income. The effect of the correction of these accounts is as follows. These corrections did not have any effect on the statement of activity.

Accounts receivable at March 31, 2012:	
As previously reported were	\$4,503,109
As restated	\$3,599,186
Deferred dues income at March 31, 2012	
As previously reported	\$3,955,986
As restated	\$3,052,063

## **SUPPLEMENTARY INFORMATION**

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**ALTO LAKES GOLF AND COUNTRY CLUB DIVISION**  
**SCHEDULE OF GOLF DEPARTMENT INCOME**  
**Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>INCOME</b>		
Green fees	\$ 182,334	\$ 174,872
Cart rental	161,486	155,457
Private cart fees	129,950	52,790
Private cart repair fees	24,650	55,923
Other	-	-
<b>TOTAL INCOME</b>	<u>498,420</u>	<u>439,042</u>
<b>EXPENSES</b>		
Labor	311,461	304,067
Employee group insurance	30,416	18,428
Employee meals	9,143	9,230
Payroll taxes	27,789	28,273
Education and training	3,032	1,398
Retirement account funding	1,203	1,101
Driving range	5,327	5,955
Dues and subscriptions	1,738	1,478
Equipment repairs	3,948	12,634
Private cart repairs	26,926	45,479
Laundry	474	1,839
Printing	1,641	1,185
Services purchased	6,000	6,120
Supplies	8,744	7,764
Telephone	960	960
Travel	1,963	2,610
Miscellaneous	969	449
<b>TOTAL EXPENSES</b>	<u>441,734</u>	<u>448,970</u>
<b>NET INCOME</b>	<u>\$ 56,686</u>	<u>\$ (9,928)</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, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>INCOME</b>		
Food sales	\$ 1,046,603	\$ 996,977
Cost of food sales	<u>602,819</u>	<u>573,045</u>
GROSS PROFIT ON FOOD SALES	<u>443,784</u>	<u>423,932</u>
 Beverage sales	 341,173	 320,125
Cost of beverage sales	<u>138,625</u>	<u>129,721</u>
GROSS PROFIT ON BEVERAGE SALES	<u>202,548</u>	<u>190,404</u>
 Unused food minimum	 <u>131,956</u>	 <u>137,054</u>
 TOTAL INCOME	 <u>778,288</u>	 <u>751,390</u>
 <b>EXPENSES</b>		
Labor	928,189	921,420
Employee group insurance	60,511	55,382
Employee meals	30,828	26,953
Taxes - payroll	121,359	116,757
Education and training	644	2,975
Retirement account funding	1,561	2,040
Dues and subscriptions	718	513
Entertainment	(567)	1,185
Equipment rental	2,818	2,110
Repairs	5,217	11,968
Laundry	67,756	64,682
Member relations	69,838	66,266
Printing	1,537	1,188
Services purchased	4,309	8,735
Supplies	81,551	75,326
Licenses	250	1,600
Telephone	1,274	1,602
Travel	273	848
Uniforms	11,893	12,836
Miscellaneous	<u>1,372</u>	<u>983</u>
 TOTAL EXPENSES	 <u>1,391,331</u>	 <u>1,375,369</u>
 NET LOSS	 <u>\$ (613,043)</u>	 <u>\$ (623,979)</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, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>INCOME</b>		
Swim fees	\$ 1,122	\$ 1,054
Tennis fees	<u>80</u>	<u>145</u>
<b>TOTAL INCOME</b>	<u>1,202</u>	<u>1,199</u>
<b>EXPENSES</b>		
Labor	9,724	8,344
Payroll taxes	1,062	921
Education and training	-	185
Building and grounds maintenance	1,488	4,323
Equipment repairs	505	1,966
Chemicals	250	881
Services purchased	-	61
Supplies	623	736
Utilities	<u>5,084</u>	<u>3,511</u>
<b>TOTAL EXPENSES</b>	<u>18,736</u>	<u>20,928</u>
<b>NET LOSS</b>	<u>\$ (17,534)</u>	<u>\$ (19,729)</u>

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**ALTO LAKES GOLF AND COUNTRY CLUB DIVISION**  
**SCHEDULE OF GROUNDS DEPARTMENT EXPENSES**  
**Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Labor	\$ 345,756	\$ 351,743
Employee group insurance	33,432	33,185
Employee meals	4,860	4,828
Payroll taxes	31,171	32,312
Education and training	400	773
Retirement account funding	387	175
Building and grounds maintenance	9,691	9,008
Dues and subscriptions	1,570	710
Equipment fuel	27,072	17,635
Equipment repairs	19,011	21,608
Equipment rental	3,603	-
Fertilizer and chemicals	33,879	29,216
Irrigation water	510,759	443,057
Laundry	3,422	2,247
Services purchased	12,781	11,012
Supplies	9,778	8,428
Other tax and license	60	-
Travel	2,889	1,775
Utilities	62,912	66,794
Telephone	1,879	1,554
Uniforms	1,120	-
Special projects	<u>21,445</u>	<u>14,469</u>
 TOTAL GROUNDS DEPARTMENT EXPENSES	 <u>\$ 1,137,877</u>	 <u>\$ 1,050,529</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, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Labor	\$ 366,710	\$ 381,648
Employee group insurance	29,759	44,384
Employee meals	8,490	5,676
Payroll taxes	31,368	27,691
Education and training	991	2,192
Retirement account funding	(2,467)	4,288
Annual meetings and member holidays	58,313	55,797
Bad debt expense	30,051	24,641
Credit card fees	31,370	25,422
Donations	1,300	1,154
Dues and subscriptions	2,105	2,040
Equipment rental	30,729	35,785
Equipment repairs	17,176	14,980
General insurance	97,638	87,873
Legal and professional	33,276	19,621
Office supplies	14,119	12,906
Postage	19,448	20,847
Member services	10,484	12,444
Printing	22,181	24,231
Services purchased	81,690	14,277
Supplies	4,770	3,171
Other taxes	15	40
Property taxes	54,970	55,135
Telephone	25,161	23,861
Travel	834	243
Uniforms	275	399
Miscellaneous	<u>16,861</u>	<u>4,976</u>
 TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	 <u>\$ 987,617</u>	 <u>\$ 905,722</u>

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**ALTO LAKES GOLF AND COUNTRY CLUB DIVISION**  
**SCHEDULE OF HOUSE DEPARTMENT EXPENSES**  
**Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Labor	\$ 90,796	\$ 84,356
Employee group insurance	14,492	9,789
Payroll taxes	8,377	8,040
Cleaning contract	501	16,938
Education and training	-	80
Retirement account funding	44	(218)
Building and grounds maintenance	11,026	18,458
House decorations	3,835	7,469
Entertainment	4,000	450
Equipment rental	1,777	-
Equipment repairs	25,026	13,248
Security	4,734	4,701
Services purchased	6,085	5,759
Supplies	14,451	14,970
Travel	218	178
Utilities	189,702	190,208
Miscellaneous	<u>784</u>	<u>641</u>
 TOTAL HOUSE DEPARTMENT EXPENSES	 <u>\$ 375,848</u>	 <u>\$ 375,067</u>

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**ALTO LAKES GOLF AND COUNTRY CLUB DIVISION**  
**SCHEDULE OF FITNESS DEPARTMENT INCOME**  
**Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>INCOME</b>		
Fitness Fees	<u>\$         609</u>	<u>\$         948</u>
<b>        TOTAL INCOME</b>	<u>         609</u>	<u>         948</u>
<b>EXPENSES</b>		
Equipment repairs	979	697
Supplies	<u>459</u>	<u>263</u>
<b>        TOTAL FITNESS DEPARTMENT EXPENSES</b>	<u>     1,438</u>	<u>         960</u>
<b>NET LOSS</b>	<u>\$     (829)</u>	<u>\$        (12)</u>

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**ALTO LAKES GOLF AND COUNTRY CLUB DIVISION**  
**SCHEDULE OF COST EVENTS**  
**Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
INCOME		
Food sales	\$ 39,616	\$ 32,717
Beverage sales	11,579	15,723
Non-inventory sale items	<u>35,560</u>	<u>29,565</u>
 TOTAL INCOME	 <u>86,755</u>	 <u>78,005</u>
EXPENSES		
Cost events expense	<u>87,551</u>	<u>77,967</u>
 TOTAL EXPENSES	 <u>87,551</u>	 <u>77,967</u>
NET LOSS	<u>\$ (796)</u>	<u>\$ 38</u>

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**THE OUTLAW AT ALTO LAKES DIVISION**  
**SCHEDULE OF GOLF DEPARTMENT INCOME**  
**Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>INCOME</b>		
Green fees	\$ 154,907	\$ 145,494
Cart rental	118,908	105,947
Private cart fees	14,160	15,531
<b>TOTAL INCOME</b>	<u>287,975</u>	<u>266,972</u>
<b>EXPENSES</b>		
Labor	164,358	154,930
Employee group insurance	7,178	474
Employee meals	5,694	4,619
Payroll taxes	16,427	15,712
Education and training	-	160
Retirement account funding	506	639
Driving range	4,131	2,961
Equipment repairs	1,488	1,900
Laundry	823	700
Printing	1,589	927
Services purchased	1,500	1,500
Supplies	5,275	4,296
Telephone	720	720
Travel	101	-
Uniforms	66	-
<b>TOTAL EXPENSES</b>	<u>209,856</u>	<u>189,538</u>
<b>NET INCOME</b>	<u>\$ 78,119</u>	<u>\$ 77,434</u>

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**THE OUTLAW AT ALTO LAKES DIVISION**  
**SCHEDULE OF FOOD AND BEVERAGE DEPARTMENT INCOME**  
**Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>INCOME</b>		
Food sales	\$ 51,221	\$ -
Cost of food sales	<u>36,772</u>	<u>-</u>
GROSS PROFIT ON FOOD SALES	<u>14,449</u>	<u>-</u>
 Beverage sales	 30,561	 6,024
Cost of beverage sales	<u>8,737</u>	<u>2,651</u>
GROSS PROFIT ON BEVERAGE SALES	<u>21,824</u>	<u>3,373</u>
 TOTAL INCOME	 <u>36,273</u>	 <u>3,373</u>
 <b>EXPENSES</b>		
Labor	94,410	8,464
Taxes - payroll	11,504	-
Employee group insurance	7,692	-
Supplies	15,016	-
Employee meals	3,003	-
Education and training	96	-
Retirement account funding	113	-
Equipment repairs and rentals	280	-
Laundry	36	-
Member relations	3,842	-
Services purchased	78	-
Telephone	210	-
Travel	22	-
Uniforms	<u>530</u>	<u>-</u>
 TOTAL EXPENSES	 <u>136,832</u>	 <u>8,464</u>
 NET LOSS	 <u>\$ (100,559)</u>	 <u>\$ (5,091)</u>

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**THE OUTLAW AT ALTO LAKES DIVISION**  
**SCHEDULE OF GROUNDS DEPARTMENT EXPENSES**  
**Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Labor	\$ 215,659	\$ 201,779
Employee group insurance	8,343	9,444
Employee meals	4,648	4,503
Payroll taxes	20,551	18,148
Retirement account funding	563	407
Building and grounds maintenance	12,283	14,663
Dues and subscriptions	1,160	490
Equipment fuel	29,679	18,758
Equipment repairs and rentals	53,225	25,401
Fertilizer and chemicals	36,425	25,427
Irrigation water	27,921	93,242
Laundry	7,040	5,079
Services purchased	1,448	17,069
Supplies	6,590	4,069
Utilities	90,113	96,423
Telephone	647	1,554
Travel	792	63
Uniforms	530	-
Special projects	<u>15,109</u>	<u>22,341</u>
 TOTAL GROUNDS DEPARTMENT EXPENSES	 <u>\$ 532,726</u>	 <u>\$ 558,860</u>

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**THE OUTLAW AT ALTO LAKES DIVISION**  
**SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES**  
**Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Dues and subscriptions	\$ -	\$ 25
Equipment repairs	-	131
General insurance	-	7,051
Legal and professional	5,077	23,597
Office supplies	76	1,189
Member services	-	983
Services purchased	1,640	-
Supplies	2,598	1,181
Other taxes	1,590	1,808
Property taxes	55,320	55,489
Telephone	1,510	1,422
Travel	-	25
Miscellaneous	-	4,901
	<u>          </u>	<u>          </u>
 TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	 <u>\$ 67,811</u>	 <u>\$ 97,802</u>



**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**  
**THE OUTLAW AT ALTO LAKES DIVISION**  
**SCHEDULE OF HOUSE DEPARTMENT EXPENSES**  
**Years Ended March 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Labor	\$ 6,171	\$ -
Employee group insurance	-	-
Payroll taxes	-	-
Building and grounds maintenance	487	-
House decorations	120	-
Equipment repairs	997	-
Security	83	-
Supplies	793	-
Uniforms	66	-
Utilities	<u>14,745</u>	<u>-</u>
 TOTAL HOUSE DEPARTMENT EXPENSES	 <u>\$ 23,462</u>	 <u>\$ -</u>