

ALTO LAKES GOLF AND COUNTRY CLUB, INC.

FINANCIAL STATEMENTS

MARCH 31, 2005 AND 2004

TABLE OF CONTENTS

	<u>Page</u>
Table Of Contents	1
Officers And Directors	2
Accountants' Report	3
Balance Sheets	4
Statements Of Activity And Changes In Members' Equity.	5
Statements Of Cash Flow	6
Notes To Financial Statements	7
Supplementary Information	12
Schedule of Golf Department Income	13
Schedule of Food and Beverage Department Income	14
Schedule of Swim and Tennis Department Income	15
Schedule of General and Administrative Expenses	16
Schedule of House Department Expenses	17
Schedule of Fitness Department Expenses	18

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
OFFICERS AND DIRECTORS
March 31, 2005

PRESIDENT	Frank Sayner
VICE-PRESIDENT	Clyde Ziegler
TREASURER	David Wiberg
SECRETARY	Karen Higgins
DIRECTOR	Joe Watson
DIRECTOR	Dan Bowden
DIRECTOR	Jack Kastman
DIRECTOR	Tad Smith
DIRECTOR	Mickey Wood

RLH

RONNIE L. HEMPHILL, P.C.
Certified Public Accountant

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, 2005 and 2004 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.

Alto Lakes Water Corporation is a wholly owned subsidiary of Alto Lakes Golf and Country Club, Inc. Generally accepted accounting principles require that parent companies present consolidated financial statements with majority owned subsidiaries. These financial statements do not reflect consolidated amounts. The summary effects of this departure from generally accepted accounting principles are disclosed in Note G.

In our opinion, except for the effects of the preceding paragraph, 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, 2005 and 2004, 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 13 to 18 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

May 16, 2005



ALTO LAKES GOLF AND COUNTRY CLUB, INC.
BALANCE SHEETS
March 31, 2005 and 2004

ASSETS

CURRENT ASSETS

	2005	2004
Cash	\$ 97,646	\$ 147,068
Certificates of deposit	303,181	-
Accounts receivable	2,943,756	2,505,636
Less: Allowance for doubtful accounts	(118,688)	(122,697)
Merchandise inventory	46,174	36,213
Prepaid expense	28,022	36,424
Other receivables	1,311	6,745
Note receivable, short-term	-	15,000
TOTAL CURRENT ASSETS	3,301,402	2,624,389

LAND, BUILDINGS AND EQUIPMENT

Less: Accumulated depreciation	10,036,437	9,784,409
TOTAL LAND, BUILDINGS AND EQUIPMENT	(2,835,023)	(2,396,850)
	7,201,414	7,387,559

OTHER ASSETS

Alto Lakes Water Corporation stock	769,168	769,168
Deferred expense	26,900	-
Water rights	361,093	361,093
Liquor license	70,409	70,409
Other intangible assets	45,754	45,754
Less: Accumulated amortization	(4,067)	(1,017)
TOTAL OTHER ASSETS	1,269,257	1,245,407
TOTAL ASSETS	\$ 11,772,073	\$ 11,257,355

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Current portion of long-term debt (below)	\$ 206,141	\$ 204,447
Book cash overdraft	14,696	-
Accounts payable	120,307	109,485
Accrued interest expense	3,432	6,027
Deferred service charges payable	225,715	185,760
Deferred gross receipts tax	106,559	69,790
Other accrued expense and payables	28,039	51,191
Accrued compensation	84,956	41,342
Accrued payroll taxes	20,744	8,625
Accrued property taxes	26,260	26,529
Deposits	13,070	8,065
TOTAL CURRENT LIABILITIES	849,919	711,261

LONG-TERM DEBT

Notes payable	2,217,996	2,417,096
Less: Current portion (above)	(180,226)	-
Capital lease payables	85,044	-
Less: Current portion (above)	(25,915)	(204,447)
TOTAL LONG-TERM DEBT	2,096,899	2,212,649

DEFERRED INCOME AND ASSESSMENTS

	2,244,925	1,748,040
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MEMBERS' EQUITY

TOTAL LIABILITIES AND MEMBERS' EQUITY	6,580,330	6,585,405
	\$ 11,772,073	\$ 11,257,355

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
STATEMENTS OF ACTIVITY AND CHANGES IN MEMBERS' EQUITY
Years Ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
REVENUE		
Social dues	\$ 371,399	\$ 377,929
Regular dues	838,214	828,161
Golf department	500,758	458,408
Food and beverage department	1,186,013	1,181,298
Swim and tennis department	516	175
Membership transfer fees	549,500	519,400
Plan submittal fees	10,526	8,115
Lot sales (net)	175,775	119,565
Gain (loss) on sale/disposition of assets	(346)	1,439
Interest and dividend income	54,081	62,733
Fire sprinkler arbitration settlement (net)	-	91,979
Other income	34,824	45,609
	<u>3,721,260</u>	<u>3,694,811</u>
TOTAL REVENUE		
	<u>3,721,260</u>	<u>3,694,811</u>
OPERATING EXPENSE		
Golf department	1,116,214	1,013,762
Food and beverage department	1,417,040	1,486,003
Swim and tennis department	26,960	26,268
General and administrative expenses	790,914	826,190
House department expense	270,443	251,727
Fitness department expense	4,788	4,435
Interest expense	93,474	99,989
	<u>3,719,833</u>	<u>3,708,374</u>
TOTAL OPERATING EXPENSE		
	<u>3,719,833</u>	<u>3,708,374</u>
EXCESS OF REVENUE OVER OPERATING EXPENSE	<u>1,427</u>	<u>(13,563)</u>
OTHER EXPENSE		
Depreciation and amortization expense	492,121	483,895
	<u>492,121</u>	<u>483,895</u>
TOTAL OTHER EXPENSE		
	<u>492,121</u>	<u>483,895</u>
EXCESS OF EXPENSES OVER REVENUE	(490,694)	(497,458)
MEMBERS' EQUITY, BEGINNING OF YEAR	6,585,405	6,243,206
MEMBERSHIP ASSESSMENTS	449,298	453,280
MEMBERSHIP SALES AND UPGRADES	36,321	386,377
MEMBERS' EQUITY, END OF YEAR	<u>\$ 6,580,330</u>	<u>\$ 6,585,405</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
STATEMENTS OF CASH FLOW
Years Ended March 31, 2005 and 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ (490,694)	\$ (497,458)
Noncash items included above:		
Depreciation	492,121	483,895
(Gain) loss on sale of assets	(175,429)	(121,004)
(Increase) decrease in:		
Certificates of deposit	(303,181)	-
Accounts receivable (net)	(442,129)	(66,253)
Merchandise inventory	(9,961)	(6,372)
Prepaid expense	8,402	2,374
Other receivables	5,434	(20,987)
Increase (decrease) in:		
Notes payable, short-term	-	(149,000)
Book cash overdraft	14,696	-
Accounts payable	10,822	(30,015)
Accrued expenses and deferred charges	106,441	99,153
Deposits	5,005	(7,020)
Deferred dues	496,885	50,782
NET CASH USED BY OPERATING ACTIVITIES	<u>(281,588)</u>	<u>(261,905)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land, buildings and equipment	(355,075)	(275,128)
Purchase of intangible assets	-	(45,754)
Deferred expense	(26,900)	-
Sale of assets	227,583	164,846
Notes receivable collections	15,000	62,000
NET CASH USED BY INVESTING ACTIVITIES	<u>(139,392)</u>	<u>(94,036)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Membership sales and upgrades	36,321	386,377
Membership assessments	449,298	453,280
Debt proceeds	109,483	-
Long-term debt reduction	(223,544)	(378,197)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>371,558</u>	<u>461,460</u>
NET INCREASE (DECREASE) IN CASH	(49,422)	105,519
CASH, BEGINNING OF YEAR	<u>147,068</u>	<u>41,549</u>
CASH, END OF YEAR	<u>\$ 97,646</u>	<u>\$ 147,068</u>
SUPPLEMENTAL DISCLOSURES		
Interest expense	<u>\$ 99,260</u>	<u>\$ 99,989</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended March 31, 2005 and 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Alto Lakes Golf and Country Club, Inc. (the Club) operates a golf country club 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, 2005 and 2004, the Club has losses of \$2,875,057 and \$2,453,172 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 \$569,261, 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, 2005 and 2004

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>2004</u>	<u>2004</u>
Demand Accounts:		
State National Bank	\$ (14,696)	\$ 76,758
State National Bank	97,356	45,006
Wells Fargo Bank, interest bearing	-0-	7,040
Merrill Lynch CMA, interest bearing	-0-	18,007
Cash on hand	<u>290</u>	<u>257</u>
	<u>\$ 82,950</u>	<u>\$ 147,068</u>

Reflected in the financial statements as follows:

Cash	\$ 97,646	\$ 147,068
Book cash overdraft (current liability)	14,696	-0-

Certificates of deposit consist of the following:

City Bank NM, maturity 9/24/07	\$ 101,060	\$ -0-
City Bank NM, maturity 9/24/07	101,060	-0-
City Bank NM, maturity 9/24/07	<u>101,061</u>	<u>-0-</u>
	<u>\$ 303,181</u>	<u>\$ -0-</u>

NOTE C - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following:

	<u>2005</u>	<u>2004</u>
Land	\$ 939,724	\$ 968,751
Paving and grounds improvements	1,818,061	1,798,728
Club buildings	5,441,968	5,348,192
Furniture, fixtures and equipment	643,483	582,895
Carts and pro shop fixtures and equipment	174,721	182,905
Machinery and equipment	661,246	576,210
Office furniture and equipment	231,160	222,360
Fitness room equipment	35,047	29,752
Swim and tennis furniture and equipment	<u>91,027</u>	<u>74,616</u>
	10,036,437	9,784,409
Less accumulated depreciation	<u>(2,835,023)</u>	<u>(2,396,850)</u>
	<u>\$7,201,414</u>	<u>\$7,387,559</u>

NOTE D - LONG-TERM DEBT – NOTES PAYABLE

Long-term notes payable consist of the following:

Note payable to Jackie Spencer Morgan, payable in annual payments of \$30,578.36, due on May 1 of each year until paid in full, including interest at an annual rate of two percent, unsecured. .

	<u>2005</u>	<u>2004</u>
	\$ 88,184	\$ 116,434

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS—Continued
Years Ended March 31, 2005 and 2004

NOTE D – LONG-TERM DEBT – NOTES PAYABLE (Continued)

	<u>2005</u>	<u>2004</u>
Note payable to Jackie Spencer Morgan, payable in annual payments of \$3,000 plus interest, due on May 1 of each year until paid in full, at an annual rate of two percent, unsecured . . .	9,000	12,000
Note payable to State National Bank, payable \$21,779 per month, including interest at the Wall Street Journal base rate (floating), currently 5.5%, maturity date is February 16, 2017, secured by Club real estate, and the common stock and water rights of Alto Lakes Water Corporation, and the . . .	2,120,812	2,288,662
	2,217,996	2,417,096
	(180,226)	(204,447)
Less amount due within one year	<u>\$2,037,770</u>	<u>\$ 2,212,649</u>

Maturities of long-term notes payable are as follows:

Year Ended <u>March 31</u>	Amount
2006	\$ 180,226
2007	189,173
2008	198,605
2009	174,969
2010	184,839
Thereafter	1,290,184
	<u>\$2,217,996</u>

NOTE E - ALLOWANCE FOR DOUBTFUL ACCOUNTS

Trade accounts receivable are recorded net of an allowance for expected losses. The allowance for doubtful accounts was decreased by \$4,009 (from \$122,697 to \$118,688) for the year ended March 31, 2005 reflecting the current write-off of uncollectible accounts.

NOTE F - RELATED PARTY AND CONTINGENCY

On October 23, 1990 the Club purchased the utility business which supplies water, sanitation, and limited sewer services to the Club and the Club's members. The business was incorporated into a wholly owned subsidiary of the Club under the name of Alto Lakes Water Corporation. The Club's investment in the subsidiary is carried under the "Other Assets" caption on the balance sheet which reflects the stock held at cost in the amount of \$769,168. In addition, the Club provides a \$1,500,000 loan guaranty to the subsidiary's bank on a note payable with a balance due at March 31, 2005 of \$1,200,591, such note maturing in 2009.

The Club is billed for utility services at the prescribed and approved rates as established by the New Mexico Public Service Commission. Payments to Alto Lakes Water Corporation for utility services for the years ended March 31, 2005 and 2004 were \$358,459 and \$328,282, respectively. The Club owed the water company \$18,784 at March 31, 2005 and \$14,549 at March 31, 2004 for utility services.

During the year ended March 31, 2003, the Club loaned Alto Lakes Water Corporation \$62,000 as a short-term non-interest bearing loan. This loan was paid in full during the year ended March 31, 2004.

The water company leases from the Club, 113.75 acre feet of water rights for an annual lease amount of \$1.00. The lease term ends April 30, 2011.

Water rights belonging to the water company were pledged as additional collateral on the Club's note and mortgage to State National Bank (see Note D).

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
Years Ended March 31, 2005 and 2004

NOTE G - CONSOLIDATION

As discussed in the auditors' report, generally accepted accounting principles require that a wholly owned subsidiary (see Note F) be reported with the parent as consolidated unit. A summary of the consolidated balances at March 31, 2005 and 2004 are as follows:

	<u>2005</u>	<u>2004</u>
Assets	\$14,327,295	\$13,453,648
Liabilities	6,842,694	6,125,224
Equity	7,484,601	7,328,424
Net revenue	4,394,940	4,308,377
Expense	4,628,513	4,645,454
Net income (loss)	(233,573)	(337,077)

NOTE H - 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 I - CONCENTRATIONS OF CREDIT RISK

During the years ended March 31, 2005 and 2004, the Club's demand accounts at State National Bank exceeded FDIC insured amounts by varying amounts. At March 31, 2005, the amount in excess of FDIC insured amount was \$8,754. In addition, at March 31, 2005, the Club held three certificates of deposit from City Bank New Mexico, which exceeded the FDIC insured amount at that institution in the amount of \$203,181.

Also at March 31, 2004, the Club had a Merrill Lynch cash management account, and that account was insured by the Securities Investor Protection Corporation.

NOTE J - 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, 2005 and 2004, the Club funded this plan with \$17,643 and \$26,462, respectively, which was allocated among the 17 employees in 2005, and 15 employees in 2004, who were eligible to participate.

NOTE K – CAPITAL LEASES

During the year ended March 31, 2005, the Club acquired golf course equipment, costing \$109,988, by negotiating a capital lease. Assets acquired under this lease are included in the equipment asset amounts and are depreciated accordingly.

Future minimum capital lease payments, including imputed interest of \$8,150, are as follows:

Years ending March 31,	2006	\$ 30,225
	2007	30,225
	2008	30,225
	2009	2,520
		<u>\$ 93,195</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
Years Ended March 31, 2005 and 2004

NOTE L – OPERATING LEASES

The Club leases a copier 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,	2006	\$ 10,250
	2007	8,544
	2008	7,975
	2009	<u>7,975</u>
Total minimum payments		<u>\$ 34,744</u>

Equipment rental expense for the years ended March 31, 2005 and 2004 were \$10,695 and \$8,852 respectively.

NOTE M – SUBSEQUENT EVENTS

The Club is currently in negotiations for the sale of its wholly owned subsidiary, Alto Lakes Water Corporation, to a newly formed water district. Terms of the sale have not yet been finalized.

SUPPLEMENTARY INFORMATION

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
SCHEDULE OF GOLF DEPARTMENT INCOME
Years Ended March 31, 2005 and 2004

	2005	2004
INCOME		
Green fees	\$ 163,685	\$ 176,140
Cart rental	128,160	136,504
Private cart fees	111,083	93,186
Club storage and other	3,990	4,758
Driving range fees	90,840	44,820
Pro shop lease	3,000	3,000
TOTAL INCOME	<u>500,758</u>	<u>458,408</u>
EXPENSES		
Labor	464,733	432,000
Employee group insurance	35,149	47,524
Employee meals	13,166	12,336
Payroll taxes	39,124	34,076
Education and training	1,285	1,184
Retirement account funding	4,963	7,639
Interest expense	5,786	-
Building and grounds maintenance	10,137	20,853
Driving range	6,704	7,939
Dues and subscriptions	2,163	1,526
Equipment fuel	9,906	6,688
Equipment rental	3,355	1,276
Equipment repairs	17,729	21,025
Fertilizer and chemicals	33,941	23,868
Forest thinning	49,732	-
Irrigation water	327,299	304,802
Laundry	1,260	2,746
Printing	1,996	759
Services purchased	8,781	8,899
Supplies	13,797	20,875
Other tax and license	291	-
Tournament expenses	-	1,000
Travel	4,636	3,210
Utilities	43,339	45,565
Telephone	1,451	1,303
Special projects	9,111	6,669
Miscellaneous	6,380	-
TOTAL EXPENSES	<u>1,116,214</u>	<u>1,013,762</u>
NET LOSS	<u>\$ (615,456)</u>	<u>\$ (555,354)</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
SCHEDULE OF FOOD AND BEVERAGE DEPARTMENT INCOME
Years Ended March 31, 2005 and 2004

	2005	2004
INCOME		
Food sales	\$ 865,577	\$ 840,692
Cost of food sales	<u>359,370</u>	<u>388,241</u>
GROSS PROFIT ON FOOD SALES	<u>506,207</u>	<u>452,451</u>
 Beverage sales	 190,654	 203,405
Cost of beverage sales	<u>92,438</u>	<u>81,539</u>
GROSS PROFIT ON BEVERAGE SALES	<u>98,216</u>	<u>121,866</u>
 Unused food minimum	 <u>129,782</u>	 <u>137,201</u>
 TOTAL INCOME	 <u>734,205</u>	 <u>711,518</u>
 EXPENSES		
Labor	644,178	708,546
Employee group insurance	29,283	31,232
Employee meals	31,220	23,064
Taxes - payroll	83,962	86,866
Education and training	1,064	398
Retirement account funding	7,277	10,312
Dues and subscriptions	148	1,454
Equipment rental	1,573	1,532
Repairs	10,145	14,594
Laundry	68,042	63,505
Member relations	19,156	17,993
Printing	-	377
Services purchased	3,293	954
Supplies	51,658	43,292
Licenses	600	593
Telephone	1,619	2,717
Travel	91	256
Uniforms	<u>11,923</u>	<u>8,538</u>
 TOTAL EXPENSES	 <u>965,232</u>	 <u>1,016,223</u>
 NET LOSS	 <u>\$ (231,027)</u>	 <u>\$ (304,705)</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
SCHEDULE OF SWIM AND TENNIS DEPARTMENT INCOME
Years Ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
INCOME		
Swim fees	\$ 496	\$ 150
Tennis fees	<u>20</u>	<u>25</u>
TOTAL INCOME	<u>516</u>	<u>175</u>
EXPENSES		
Labor	9,867	11,677
Payroll taxes	1,456	820
Education and training	-	36
Building and grounds maintenance	613	648
Equipment repairs	1,056	1,924
Chemicals	988	3,067
Services purchased	-	1,705
Supplies	969	1,720
Utilities	<u>12,011</u>	<u>4,671</u>
TOTAL EXPENSES	<u>26,960</u>	<u>26,268</u>
NET LOSS	<u>\$ (26,444)</u>	<u>\$ (26,093)</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
Years Ended March 31, 2005 and 2004

	2005	2004
Labor	\$ 318,692	\$ 256,538
Employee group insurance	25,371	20,323
Employee meals	7,807	4,755
Payroll taxes	25,078	20,410
Education and training	315	256
Retirement account funding	5,403	8,512
Annual meeting	31,025	25,967
Bad debt expense	864	55,907
Credit card fees	31,701	35,409
Donations	115	1,252
Dues and subscriptions	4,905	3,302
Equipment rental	10,965	11,190
Equipment repairs	12,714	10,168
General insurance	134,683	179,058
Legal and professional	19,769	44,916
Long range planning	2,565	3,240
Office supplies	13,647	10,589
Postage	25,218	22,146
Member services	21,415	26,968
Printing	3,428	5,869
Services purchased	10,185	8,192
Supplies	4,062	2,789
Other taxes	303	771
Property taxes	33,397	33,051
Telephone	24,175	15,589
Employee relocation expense	-	1,290
Miscellaneous	22,628	17,240
Travel	484	493
	<hr/>	<hr/>
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$ 790,914	\$ 826,190
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ALTO LAKES GOLF AND COUNTRY CLUB, INC.
SCHEDULE OF HOUSE DEPARTMENT EXPENSES
Years Ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Labor	\$ 36,949	\$ 35,463
Payroll taxes	1,580	1,910
Cleaning contract	56,100	48,627
Employee group insurance	15	-
Building and grounds maintenance	24,087	12,077
House decorations	10,586	11,654
Entertainment	6,051	7,215
Equipment rental	-	283
Equipment repairs	2,182	4,212
Services purchased	7,332	8,830
Supplies	12,063	12,429
Utilities	112,298	108,689
Organic waste removal	<u>1,200</u>	<u>338</u>
 TOTAL HOUSE DEPARTMENT EXPENSES	 <u>\$ 270,443</u>	 <u>\$ 251,727</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.
SCHEDULE OF FITNESS DEPARTMENT EXPENSES
Years Ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Labor	\$ 2,320	\$ 2,099
Equipment repairs	1,131	2,104
Services purchase	881	-
Supplies	<u>456</u>	<u>232</u>
 TOTAL FITNESS DEPARTMENT EXPENSES	 <u>\$ 4,788</u>	 <u>\$ 4,435</u>