

**ALTO LAKES GOLF AND COUNTRY CLUB**

**FINANCIAL REPORT**

**MARCH 31, 2017 AND 2016**

## **C O N T E N T S**

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## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
Alto Lakes Golf and Country Club  
El Paso, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Alto Lakes Golf and Country Club which comprise the balance sheet as of March 31, 2017, and the related statement of income, changes in member's equity and cash flows for the years 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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 entity'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 entity'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 as of March 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

The financial statements of the Club, as of and for the year ended March 31, 2016, before they were restated for the matter discussed in Note 7 to the financial statements, were audited by other auditors, whose report, dated June 14, 2016, expressed an unmodified opinion.

A handwritten signature in black ink that reads "Tauterbach, Borchow & Company". The script is cursive and fluid, with the company name written in a single line.

El Paso, Texas  
December 5, 2017

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.****BALANCE SHEETS****March 31, 2017 and 2016**

			(Restated)
<b>ASSETS</b>	<b>2017</b>		<b>2016</b>
Current Assets			
Cash and cash equivalents	\$ 2,604,907	\$	2,646,373
Accounts receivable, less allowance for doubtful accounts of \$7,509 in 2017 and \$3,458 in 2016	4,232,028		4,199,059
Inventories	90,685		103,824
Prepaid expenses and other assets	-		302
<b>Total current assets</b>	<b>6,927,620</b>		<b>6,949,558</b>
Property and equipment, net	<b>15,929,536</b>		<b>15,432,648</b>
Other assets			
Water rights	2,236,093		2,236,093
Liquor license	70,409		70,409
Other intangible assets, net	-		26,480
	<b>2,306,502</b>		<b>2,332,982</b>
	<b>\$ 25,163,658</b>	<b>\$</b>	<b>24,715,188</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
Current Liabilities			
Accounts payable - trade	\$ 17,443	\$	121,356
Accrued expenses	203,148		192,920
Deferred income and assessments	4,122,439		3,940,268
Deposits	25,662		40,779
Other liabilities	15,899		-
<b>Total current liabilities</b>	<b>4,384,591</b>		<b>4,295,323</b>
Members' Equity			
Members' equity	<b>20,779,067</b>		<b>20,419,865</b>
	<b>20,779,067</b>		<b>20,419,865</b>
<b>Total liabilities and members' equity</b>	<b>\$ 25,163,658</b>	<b>\$</b>	<b>24,715,188</b>

See Notes to Financial Statements

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

**STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY**  
**Years Ended March 31, 2017 and 2016**

	2017	(Restated) 2016
<b>Revenues</b>		
Membership dues	\$ 3,558,141	\$ 3,377,456
Golf revenue	894,305	909,296
Food and beverage	1,601,437	1,714,867
Event revenue	172,321	153,441
Transfer fees	587,193	545,750
Other revenues	182,082	98,318
	<u>6,995,479</u>	<u>6,799,128</u>
<b>Expenses</b>		
Operating expenses:		
Food and beverage department	2,469,935	2,415,077
Grounds department	1,531,266	1,415,523
General and administrative	1,032,841	1,013,071
Golf department	588,815	601,561
Indirect department	585,178	560,520
House department	270,406	236,389
Swim and tennis department	19,733	22,385
Fitness department	8,540	3,411
	<u>6,506,714</u>	<u>6,267,937</u>
Operating income before depreciation	488,765	531,191
Depreciation expense	(1,205,732)	(883,989)
Impairment loss	(26,481)	-
<b>Loss from operations</b>	<u>(743,448)</u>	<u>(352,798)</u>
<b>Other income (expense):</b>		
Interest income	15,883	13,372
Gain on disposal of assets	46,767	46,200
Interest expense	-	(12,548)
<b>Net loss</b>	<u>(680,798)</u>	<u>(305,774)</u>
Members' equity, beginning of year	20,419,865	19,499,639
Membership capital assessments	1,000,000	1,146,000
Membership sales and upgrades	40,000	80,000
Members' equity, end of year	<u>\$ 20,779,067</u>	<u>\$ 20,419,865</u>

See Notes to Financial Statements

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.**
**STATEMENTS OF CASH FLOWS**
**Years Ended March 31, 2017 and 2016**

	2017	2016
Cash Flows From Operating Activities		
Net (loss)	\$ (680,798)	\$ (305,774)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	1,205,732	883,989
Impairment loss	26,481	-
Gain on disposal of assets	(46,767)	(46,116)
(Increase) decrease in assets		
Accounts receivable	(32,969)	(173,307)
Inventories	13,139	(26,021)
Prepaid expenses and other assets	302	30,566
Increase (decrease) in liabilities		
Accounts payable - trade	(103,913)	7,491
Accrued expenses and other liabilities	26,127	(134,374)
Deferred income and assessments	167,053	157,742
<b>Net cash provided by operating activities</b>	<b>574,387</b>	<b>394,196</b>
Cash Flows From Investing Activities		
Capital expenditures	(1,655,853)	(1,004,639)
<b>Net cash used in investing activities</b>	<b>(1,655,853)</b>	<b>(1,004,639)</b>
Cash Flows From Financing Activities		
Membership capital assessments	1,000,000	1,146,000
Payments of capital lease obligations	-	(192,808)
Membership upgrades	40,000	80,000
<b>Net cash provided by investing activities</b>	<b>1,040,000</b>	<b>1,033,192</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(41,466)</b>	<b>422,749</b>
Cash and cash equivalents, beginning of year	2,646,373	2,223,624
Cash and cash equivalents, end of year	2,604,907	\$ 2,646,373
Supplemental information - cash paid for interest	\$ -	13,298

## ALTO LAKES GOLF AND COUNTRY CLUB

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies

Nature of operations: Alto Lakes Golf and Country Club, Inc. (the Club), founded in 1967, operates two golf courses in Lincoln County, New Mexico. In addition to golf course facilities, the Club operates restaurant facilities.

**The following is a summary of the Club's significant accounting policies.**

Cash and cash equivalents: The Club defines cash and cash equivalents as cash, bank deposits, and short-term, highly liquid securities with original maturities of twelve months or less.

Accounts receivable: Accounts receivable are carried at original balances less an estimate made for doubtful receivables based on a yearly review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Late charges are assessed at 2% of outstanding balance monthly. The Club has lien capability on the property on members who have unpaid balance owed to the Club.

Accounts receivable are considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Allowance for past due accounts receivable were \$7,509 and \$3,458 as of March 31, 2017 and 2016, respectively.

Inventories: Inventories are stated at the lower of cost or market where cost is determined by the first-in, first-out method, and consist primarily of food and beverages.

Property and equipment: Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the related assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Long-lived assets: The Club accounts for the valuation of long-lived assets in accordance with the criteria set forth in the Accounting of Impairment or Disposal of Long-Lived Assets Topic of the FASB Accounting Standards Codification (ASC). The ASC requires that long-lived assets and certain identifiable assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows, expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.



## ALTO LAKES GOLF AND COUNTRY CLUB

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (continued)

Revenue recognition: Membership dues, which are billed on at the beginning of the fiscal year or one month in advance depending on the election of the member, are deferred until the period earned. Deposits received for party sales are deferred until the period in which the party is held. Deferred income from members' dues, deposits on party sales, and prepaid special assessments totaled \$4,148,101 and \$3,981,047 at March 31, 2017 and 2016, respectively. Initiation and transfer fees are recorded as revenue when a new member joins the Club or when an existing member transfers to another membership category. Revenues from other Club operations are recognized upon rendering of services.

Advertising: The Club expenses promotional and publicity costs as incurred. Promotional and publicity expense was \$1,433 and \$2,241 for the years ended March 31, 2017 and 2016, respectively.

Income taxes: The Club is required to file an income tax return and to pay income tax on its taxable earnings. Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Club and recognize a tax liability if the Club has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Club, and has concluded that as of March 31, 2017 and 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Club is subject to routine audits by various taxing jurisdictions; however, there are currently no audits for any tax periods in progress. With few exceptions, the Club is no longer subject to state and federal tax examinations by tax authorities for years before 2012.

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

New Accounting Pronouncement: The Financial Accounting Standards Board issued new guidance on accounting for equity investments, ASU No. 2016-1, in which all equity investments will be required to be measured at fair value with changes in the fair value recognized through net income (other than those accounted for under the equity method of accounting or those that result in consolidation of the investee), effective for fiscal years beginning after December 15, 2018. Management is evaluating the effect of the pronouncement on the balance sheet.

## ALTO LAKES GOLF AND COUNTRY CLUB

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Summary of Significant Accounting Policies (continued)**

The Financial Accounting Standards Board issued new guidance on accounting for leases, ASU No. 2016-2, which a lessee will be required to recognize the lease liability and the related right-of-use asset on the balance sheet for all lease types, (capital and operating) effective for fiscal years beginning after December 15, 2019. Management is evaluating the effect of the pronouncement on the balance sheet.

The Financial Accounting Standards Board issued new guidance on revenue recognition, ASU Update 2014-9, Revenue from Contracts with Customers (Topic 606). This guidance is a comprehensive new revenue recognition standard that will supersede substantially all existing revenue recognition guidance. The new standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgement and make more estimates than under existing guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. On July 9, 2015, the FASB agreed to delay the effective date of the standard by one year. Therefore, the new standard will be effective in the first quarter of 2018.

Reclassifications: Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation.

Subsequent events: The Club has evaluated subsequent events through December 5, 2017, the date on which the financial statements were available to be issued.

#### **Note 2. Credit Risk**

The Club maintains its cash and cash equivalents in two financial institutions. Accounts at the institutions are insured by the FDIC, under limits established by federal regulation. The Club believes it is not exposed to any significant credit risk on cash and cash equivalents.

**ALTO LAKES GOLF AND COUNTRY CLUB****NOTES TO FINANCIAL STATEMENTS**

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**Note 3. Property and Equipment**

Property and equipment consisted of the following at March 31:

	2017	2016
Club buildings	\$ 7,940,652	\$ 6,761,454
Land	7,802,682	7,802,682
Paving and grounds improvements	4,644,084	4,541,900
Machinery and equipment	1,807,512	1,607,512
Furniture, fixtures and equipment	1,567,558	1,484,802
Carts and pro shop fixtures and equipment	677,976	655,739
Fitness room equipment	238,292	238,292
Swim and tennis furniture and equipment	190,552	190,552
Office furniture and equipment	126,067	126,067
	24,995,375	23,409,000
Less accumulated depreciation	(9,065,839)	(7,976,352)
	<u>\$ 15,929,536</u>	<u>\$ 15,432,648</u>

**Note 4. Income Taxes**

Deferred tax assets consisted of the following as of March 31:

Deferred tax assets	2017	2016
Net operating loss	\$ 1,049,896	\$ 2,286,000
Property and equipment	12,098	-
	<u>1,061,994</u>	<u>2,286,000</u>
Valuation allowance	<u>(1,061,994)</u>	<u>(2,286,000)</u>
Net deferred tax assets, less valuation allowance	<u>\$ -</u>	<u>\$ -</u>

## ALTO LAKES GOLF AND COUNTRY CLUB

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Income Taxes (continued)

The provision for income taxes charged to operations for the years ended March 31 consists of the following:

	2017
Computed "expected" tax expense	\$ -
Increase (decrease) income taxes resulting from:	
Benefit of income taxes at graduated rates	
Deferred tax expense (benefit):	
Net operating loss	83,794
Fixed assets	12,098
Allowance	(95,892)
	<u>\$ -</u>

The provision for income taxes for the years ended March 31 differs from the amount obtained by applying the U.S. Federal income tax rate to pretax income due to the following:

	2017	2016
Deferred tax expense (benefit)	\$ 95,892	\$ 126,000
	<u>95,892</u>	<u>126,000</u>
Valuation allowance	(95,892)	(126,000)
Net deferred tax benefit	<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 generating such taxable income, the deferred tax asset has been fully allowed for as of March 31, 2017 and 2016.

#### Note 5. Commitments and Contingencies

From time to time the Company is subject to legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or operations of the Company.

## ALTO LAKES GOLF AND COUNTRY CLUB

### NOTES TO FINANCIAL STATEMENTS

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#### Note 6. Post-Retirement Benefits

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 matched 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, 2017 and 2016, the Club incurred costs to fund the plan of \$10,093 and \$6,515, respectively.

#### Note 7. Outlaw Golf Course Purchase and Prior Period Adjustment

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 documents and it was signed by officers of the Club. The terms of the lease were 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.

The assets acquired when the title to the Outlaw Golf Course was received were not recorded at the time of purchase. Pursuant to Accounting Standards Codification 805 for business combinations, the Club recorded a prior period adjustment as of March 31, 2011 in the following amounts to record the assets acquired during the purchase of Outlaw:

Golf course	<u>\$ 6,875,000</u>
Water rights	<u>1,875,000</u>
Members' equity	<u><u>\$ 8,750,000</u></u>

## **SUPPLEMENTARY INFORMATION**

**INDEPENDENT AUDITORS' REPORT ON  
THE SUPPLEMENTARY INFORMATION**

The Board of Directors  
Alto Lakes Golf and Country Club  
El Paso, Texas

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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.

*Lauterbach, Borschow & Company*

El Paso, Texas  
December 5, 2017

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

**Years Ended March 31, 2017 and 2016**

	<b>Alto Division</b>		<b>Outlaw Division</b>	
<b>Food and Beverage Operations</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Sales:				
Food sales	\$ 913,688	\$ 993,294	\$ 104,221	\$ 113,385
Beverage sales	429,346	447,972	31,038	43,032
Gross sales	1,343,034	1,441,266	135,259	156,417
Cost of sales	696,408	758,442	53,928	62,208
Gross profit	646,626	682,824	81,331	94,209
Unused food minimum	123,144	117,184	-	-
Total income	769,770	800,008	81,331	94,209
Operating expenses:				
Wages and benefits	1,308,412	1,202,345	170,270	164,157
Supplies	80,798	79,386	14,894	11,763
Laundry	72,843	68,598	1,799	5,860
Miscellaneous	32,699	39,345	2,118	1,361
Uniforms	11,388	14,953	476	306
Equipment rental and repair	21,211	3,176	1,379	1,100
Printing	1,312	2,077	-	-
Total operating expenses	1,528,663	1,409,880	190,936	184,547
Net income/(loss)	\$ (758,893)	\$ (609,872)	\$ (109,605)	\$ (90,338)



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

**Years Ended March 31, 2017 and 2016**

<b>Grounds Operations</b>	<b>Alto Division</b>		<b>Outlaw Division</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Gross sales	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Operating expenses:				
Wages and benefits	426,818	401,208	350,820	343,078
Irrigation water	453,613	349,601	8,108	-
Fertilizer and chemicals	38,741	32,716	32,461	41,604
Building and grounds maintenance	26,777	7,154	8,081	5,687
Sand, soil, sod & seed	20,938	-	18,872	-
Outside services	17,183	17,609	3,942	3,188
Equipment repairs	14,755	33,158	28,230	24,611
Equipment fuel	15,870	15,873	15,215	16,059
Forest thinning	12,891	14,750	4,084	3,246
Miscellaneous	5,688	17,156	3,538	6,689
Supplies	8,375	8,433	9,504	13,918
Utilities	2,418	1,726	395	396
Dues and subscriptions	1,109	1,183	820	358
Special projects	-	20,116	-	32,973
Equipment rental	-	976	2,020	2,057
Total operating expenses	1,045,176	921,659	486,090	493,864
Net income/(loss)	\$ (1,045,176)	\$ (921,659)	\$ (486,090)	\$ (493,864)

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

**Years Ended March 31, 2017 and 2016**

<b>General and Administrative Operations</b>	<b>Alto Division</b>		<b>Outlaw Division</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Gross rent income	\$ -	\$ -	\$ 9,600	\$ -
Cost of sales	-	-	-	-
Gross profit	-	-	9,600	-
Operating expenses:				
Wages and benefits	604,350	525,214	-	-
Member services	130,433	103,689	-	-
Legal and professional	101,413	47,858	4,800	4,800
Computer supplies	42,160	-	-	-
Miscellaneous	35,496	30,845	-	-
Bad debt expense	30,000	8,000	-	-
Utilities and telephone	27,379	27,991	1,229	1,708
Equipment rental	21,031	23,523	-	-
Office supplies	8,607	8,658	-	-
Postage	8,520	9,514	-	-
Dues and subscriptions	6,135	-	-	-
Outside services	5,129	203,802	-	-
Printing	3,721	6,245	-	-
Credit card fees	2,438	3,506	-	-
Supplies	-	7,718	-	-
Total operating expenses	1,026,812	1,006,563	6,029	6,508
Net income/(loss)	\$ (1,026,812)	\$ (1,006,563)	\$ 3,571	\$ (6,508)

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

**Years Ended March 31, 2017 and 2016**

<b>Golf Operations</b>	<b>Alto Division</b>		<b>Outlaw Division</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Sales:				
Green fees	\$ 190,732	\$ 187,328	\$ 191,492	\$ 200,262
Cart rental	183,065	178,595	138,918	140,158
Private cart fees	98,280	95,980	48,828	56,556
Private cart repair fees	42,990	50,417	-	-
Total income	515,067	512,320	379,238	396,976
Operating expenses:				
Wages and benefits	315,126	316,080	192,454	202,145
Private cart repairs	38,136	40,099	-	-
Supplies	7,199	5,223	2,122	3,586
Outside services	6,595	6,073	1,500	1,500
Driving range	6,218	6,539	4,000	4,076
Equipment repairs	2,812	2,149	3,583	2,923
Travel	2,417	1,701	-	-
Printing	1,214	1,935	800	830
Dues and subscriptions	1,028	1,317	748	748
Utilities and telephone	960	1,737	720	720
Laundry	734	1,093	449	1,087
Total operating expenses	382,439	383,946	206,376	217,615
Net income/(loss)	\$ 132,628	\$ 128,374	\$ 172,862	\$ 179,361

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.****Years Ended March 31, 2017 and 2016**

<b>Indirect Operations</b>	<b>2017</b>	<b>2016</b>
Total income	\$ -	\$ -
Operating expenses:		
Utilities - electricity	253,023	228,817
Property taxes	133,013	105,923
Utilities - water and sanitation	93,468	104,109
General insurance	65,994	81,150
Utilities - gas	29,653	29,899
Utilities - cable	5,878	6,959
Security	4,149	3,663
Total operating expenses	585,178	560,520
Net income/(loss)	\$ (585,178)	\$ (560,520)

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

**Years Ended March 31, 2017 and 2016**

<b>House Operations</b>	<b>Alto Division</b>		<b>Outlaw Division</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Gross sales	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Operating expenses:				
Wages and benefits	124,457	136,362	22,412	25,465
Building and grounds maintenance	49,181	26,088	10,879	4,043
Equipment repairs	24,764	438	1,612	620
Supplies	14,112	24,238	658	2,507
Miscellaneous	5,652	2,382	1,879	313
Outside services	7,323	7,834	1,694	1,716
House decorations	5,783	4,383	-	-
Total operating expenses	231,272	201,725	39,134	34,664
Net income/(loss)	<u>\$ (231,272)</u>	<u>\$ (201,725)</u>	<u>\$ (39,134)</u>	<u>\$ (34,664)</u>

**ALTO LAKES GOLF AND COUNTRY CLUB, INC.****Years Ended March 31, 2017 and 2016**

<b>Swim and Tennis Operations</b>	<b>2017</b>	<b>2016</b>
Sales:		
Swim and tennis fees	\$ 1,806	\$ 991
Total income	1,806	991
Operating expenses:		
Wages and benefits	11,601	10,214
Equipment repairs	3,218	3,444
Chemicals	2,430	2,767
Building and grounds maintenance	1,522	2,259
Outside services	553	977
Supplies	259	2,574
Taxes	150	150
Total operating expenses	19,733	22,385
Net income/(loss)	\$ (17,927)	\$ (21,394)

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

**Years Ended March 31, 2017 and 2016**

<b>Fitness Operations</b>	<b>2017</b>	<b>2016</b>
Sales:		
Fitness fees	<u>\$          1,097</u>	<u>\$          730</u>
Total income	<u>          1,097</u>	<u>          730</u>
Operating expenses:		
Equipment repairs	3,006	1,831
Supplies	<u>          5,534</u>	<u>          1,580</u>
Total operating expenses	<u>          8,540</u>	<u>          3,411</u>
Net income/(loss)	<u><u>\$         (7,443)</u></u>	<u><u>\$         (2,681)</u></u>