

ALTO LAKES GOLF AND COUNTRY CLUB

CONSOLIDATED FINANCIAL REPORT

MARCH 31, 2022 and 2021

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Alto Lakes Golf and Country Club (the Company), which comprise the consolidated balance sheets as of March 31, 2022 and 2021, the related consolidated statements of operations and members' equity, and consolidated cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



El Paso, Texas
July 19, 2022

ALTO LAKES GOLF AND COUNTRY CLUB, INC.

CONSOLIDATED BALANCE SHEETS

March 31, 2022 and 2021

ASSETS	2022	2021
Current Assets		
Cash and cash equivalents	\$ 904,995	\$ 910,576
Accounts receivable, less allowance for doubtful accounts of \$54 in 2022 and \$179 in 2021	5,690,462	4,984,055
Certificates of deposit	1,496,512	1,266,813
Mutual funds		
Trading	484,322	499,073
Held to maturity	500,013	500,013
Inventories	287,843	116,436
Prepaid expenses and other assets	467,740	337,275
Total current assets	9,831,887	8,614,241
Property and equipment, net	20,639,227	18,766,020
Other assets		
Water rights	1,574,218	2,236,093
Liquor license	70,409	70,409
	1,644,627	2,306,502
	\$ 32,115,741	\$ 29,686,763
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable - trade	\$ 302,005	\$ 122,929
Accrued expenses	563,289	179,761
Deferred income and assessments	5,543,949	4,930,251
Deposits	16,946	16,418
Current portion of long term debt	23,626	23,120
Other liabilities	12,865	16,970
Total current liabilities	6,462,680	5,289,449
Long term debt, less current maturities	65,843	89,508
Members' Equity		
Members' equity	25,587,218	24,307,806
	25,587,218	24,307,806
Total liabilities and members' equity	\$ 32,115,741	\$ 29,686,763

See Notes to Financial Statements

ALTO LAKES GOLF AND COUNTRY CLUB, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY
Years Ended March 31, 2022 and 2021

	2022	2021
Revenues		
Membership dues	\$ 4,216,761	\$ 3,832,072
Golf revenue	1,527,192	870,991
Food and beverage	2,678,323	1,412,245
Event revenue	376,113	59,662
Transfer fees	980,750	1,000,500
Other revenues	624,091	297,745
	<u>10,403,230</u>	<u>7,473,215</u>
Expenses		
Operating expenses:		
Food and beverage department	3,967,187	2,873,987
Grounds department	1,548,480	1,755,598
General and administrative	1,233,933	1,005,308
Golf department	1,413,387	775,926
Indirect department	962,908	766,472
House department	370,919	278,353
Swim and tennis department	16,168	4,236
Fitness department	2,495	57,961
Real estate department	230,022	153,791
	<u>9,745,499</u>	<u>7,671,632</u>
Operating income (loss) before depreciation	657,731	(198,417)
Depreciation expense	<u>(1,152,503)</u>	<u>(1,105,455)</u>
Loss from operations	<u>(494,772)</u>	<u>(1,303,872)</u>
Other income/(expense):		
Interest income	22,630	33,525
Gain on disposal of assets	69,144	36,672
Loss on trading securities	(15,298)	(933)
Interest expense	<u>(2,041)</u>	<u>(3,963)</u>
Net loss	<u>(420,337)</u>	<u>(1,238,571)</u>
Members' equity, beginning of year	24,307,806	23,914,690
Membership capital assessments	1,472,892	1,538,687
Membership sales and upgrades	195,000	93,000
ALPOA contributions	<u>31,857</u>	<u>-</u>
Members' equity, end of year	<u>\$ 25,587,218</u>	<u>\$ 24,307,806</u>

See Notes to Financial Statements

ALTO LAKES GOLF AND COUNTRY CLUB, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended March 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Cash received from members and guests	\$ 10,311,049	\$ 7,558,768
Cash paid to suppliers and employees	(9,488,872)	(7,843,627)
Interest paid	(2,041)	(3,963)
Interest received	22,630	33,525
Net cash (used by) provided by operating activities	842,766	(255,297)
Cash Flows From Investing Activities		
Capital expenditures	(2,294,691)	(1,731,245)
Purchase of trading securities	-	(500,006)
Purchase of HTM securities	(458,169)	(714,618)
Maturity of HTM securities	227,923	972,209
Net cash used in investing activities	(2,524,937)	(1,973,660)
Cash Flows From Financing Activities		
Membership capital assessments	1,472,892	1,538,687
Principal payments on long-term borrowings	(23,159)	(22,701)
Membership upgrades	195,000	93,000
ALPOA contributions	31,857	-
Net cash provided by financing activities	1,676,590	1,608,986
Net (decrease) in cash and cash equivalents	(5,581)	(619,971)
Cash and cash equivalents, beginning of year	910,576	1,530,547
Cash and cash equivalents, end of year	\$ 904,995	\$ 910,576
Supplemental information - net change in unrealized gain (loss) on trading securities	\$ (15,298)	\$ (933)

ALTO LAKES GOLF AND COUNTRY CLUB, INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS - (CONTINUED)****Years Ended March 31, 2022 and 2021**

	2022	2021
Reconciliation of net income to net cash provided by operating activities		
Net (loss)	\$ (420,337)	\$ (1,238,571)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	1,152,503	1,105,455
Gain on disposal of assets	(69,144)	(36,672)
Unrealized loss on trading securities	15,298	933
(Increase) decrease in assets		
Accounts receivable	(706,407)	(187,331)
Inventories	(171,407)	7,106
Prepaid expenses and other assets	(130,465)	(104,252)
Increase (decrease) in liabilities		
Accounts payable - trade	179,076	(67,934)
Accrued expenses and other liabilities	379,423	(6,915)
Deferred income, assessments and deposits	614,226	272,884
Net cash (used by) provided by operating activities	\$ 842,766	\$ (255,297)

See Notes to Financial Statements

ALTO LAKES GOLF AND COUNTRY CLUB

NOTES TO FINANCIAL STATEMENTS

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 as well as investment in rental real estate properties.

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of Alto Lakes Golf and Country Club, Inc. and its wholly owned subsidiary ALG&CC Properties, LLC.

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 three 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 \$54 and \$179 as of March 31, 2022 and 2021, respectively.

Investment securities: The Club classifies investment securities as held-to-maturity and trading. The Club does not invest in securities that are considered to be derivatives.

Investment securities held-to-maturity are those securities which management has the ability and intent to hold to maturity. These securities are carried at amortized cost. Discounts and premiums are accreted or amortized using a method that approximates the interest method.

Investment trading securities are those securities that may be sold by the Club in order to meet liquidity requirements or other objectives of the Club. These securities are carried at fair value, with unrealized holding gains and losses included in net income. Discounts and premiums are accreted and amortized using a method that approximates the interest method. Gains or losses on disposition of securities are recognized on a specific identification basis.

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 pro shop merchandise, food, and beverages.

ALTO LAKES GOLF AND COUNTRY CLUB

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

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.

Revenue recognition: Membership dues, which are billed 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 \$5,560,895 and \$4,946,669 at March 31, 2022 and 2021, 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 \$2,562 and \$2,532 for the years ended March 31, 2022 and 2021, 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.

ALTO LAKES GOLF AND COUNTRY CLUB

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

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, 2022 and 2021, 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 federal tax examinations by tax authorities for years before 2019 and is no longer subject to state tax examinations by tax authorities for years before 2018.

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 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, 2021. Management is evaluating the effect of the pronouncement on the balance sheet.

Reclassifications: Certain amounts reported in prior years have been reclassified to conform to the presentation at March 31, 2022.

Subsequent events: The Club has evaluated subsequent events through July 19, 2022, 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**

Note 3. Property and Equipment

Property and equipment consisted of the following at March 31:

	2022	2021
Club buildings	\$ 9,955,946	\$ 8,862,113
Rental properties	1,073,594	954,041
Land	8,484,009	7,822,134
Paving and grounds improvements	7,691,195	7,401,405
Machinery and equipment	2,192,484	2,105,474
Furniture, fixtures and equipment	2,219,312	2,044,254
Carts and pro shop fixtures and equipment	742,050	740,770
Fitness room equipment	238,292	238,292
Swim and tennis furniture and equipment	194,247	194,247
Office furniture and equipment	194,164	194,164
Construction in progress	320,744	248,747
	33,306,037	30,805,641
Less accumulated depreciation	(12,666,810)	(12,039,621)
	<u>\$ 20,639,227</u>	<u>\$ 18,766,020</u>

Total depreciation expense for the years ended March 31, 2022 and 2021 was \$1,152,503 and \$1,105,455, respectively.

ALTO LAKES GOLF AND COUNTRY CLUB

NOTES TO FINANCIAL STATEMENTS

Note 4. Investment Securities and Fair Value Measurements

The amortized cost and estimated market values of investments securities at March 31, 2022 and 2021 were as follows:

March 31, 2022				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Securities held-to-maturity				
U.S. Government agencies	\$ 500,013	\$ 1,683	\$ -	\$ 501,696
Certificates of deposit	1,496,512	25,968	-	1,522,480
Trading securities				
Mutual funds	499,620	-	(15,298)	484,322
	<u>\$ 2,496,145</u>	<u>\$ 27,651</u>	<u>\$ (15,298)</u>	<u>\$ 2,508,498</u>
March 31, 2021				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Securities held-to-maturity				
U.S. Government agencies	\$ 500,013	\$ -	\$ (508)	\$ 499,505
Certificates of deposit	1,266,813	5,504	-	1,272,317
Trading securities				
Mutual funds	\$ 500,006	-	(933)	\$ 499,073
	<u>\$ 2,266,832</u>	<u>\$ 5,504</u>	<u>\$ (1,441)</u>	<u>\$ 2,270,895</u>

At March 31, 2022, there were no securities in a loss position greater than 12 months.

The Fair Value Measurements and Disclosures Topic 820 of the FASB Accounting Standards Codification established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three level of the fair value hierarchy under ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets

ALTO LAKES GOLF AND COUNTRY CLUB

NOTES TO FINANCIAL STATEMENTS

Note 4. Investment Securities and Fair Value Measurements (continued)

- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value hierarchy for assets measured at fair value at March 31, 2022 and 2021 is as follows:

March 31, 2022				
	Level 1	Level 2	Level 3	Total
Securities held-to-maturity				
U.S. Government agencies	\$ 501,696	\$ -	\$ -	\$ 501,696
Certificates of deposit	-	-	1,522,480	1,522,480
Trading securities				
Mutual funds	484,322	-	-	484,322
Total securities	\$ 986,018	\$ -	\$ 1,522,480	\$ 2,508,498
March 31, 2021				
	Level 1	Level 2	Level 3	Total
Securities held-to-maturity				
U.S. Government agencies	\$ 499,505	\$ -	\$ -	\$ 499,505
Certificates of deposit	-	-	1,272,317	1,272,317
Trading securities				-
Mutual funds	499,073	-	-	499,073
Total securities	\$ 998,578	\$ -	\$ 1,272,317	\$ 2,270,895

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

Note 5. Income Taxes

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

	2022	2021
Deferred tax assets		
Net operating loss	\$ 2,259,114	\$ 1,617,006
Valuation allowance	(1,420,539)	(1,131,409)
Total deferred tax assets	<u>838,575</u>	<u>485,597</u>
Deferred tax liabilities		
Property and equipment	<u>(838,575)</u>	<u>(485,597)</u>
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

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

	2022	2021
Computed "expected" tax expense	\$ -	\$ -
Increase (decrease) income taxes resulting from:		
Benefit of income taxes at graduated rates		
Deferred tax expense (benefit):		
Net operating loss	327,773	237,477
Fixed assets	(248,516)	(64,126)
Allowance	(79,257)	(173,351)
	<u>\$ -</u>	<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:

	2022	2021
Deferred tax expense (benefit)	\$ 79,257	\$ 173,351
	<u>79,257</u>	<u>173,351</u>
Valuation allowance	<u>(79,257)</u>	<u>(173,351)</u>
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

ALTO LAKES GOLF AND COUNTRY CLUB

NOTES TO FINANCIAL STATEMENTS

Note 5. Income Taxes (continued)

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, 2022 and 2021.

Note 6. 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.

Note 7. Long Term Debt

Long term debt consists of the following at March 31:

	2022	2021
Note payable to Alto Lakes Water and Sanitation District in the original amount of \$175,787 dated June 28, 2018 payable in monthly installments of \$2,100 including interest of 2.00%. Note matures on January 1, 2026. Note is collateralized by assets of the company.	\$ 89,469	\$ 112,628
Total	89,469	112,628
Less current portion	(23,626)	(23,120)
Total long-term portion	\$ 65,843	\$ 89,508

Aggregate maturities required on long-term debt as of March 31, 2022 are due in future years as follows:

2024	23,626
2025	24,103
2026	24,590
2026	17,150
	<u>\$ 89,469</u>

Note 8. 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 50 cents for every dollar contributed by employees, but only on the first 6% of compensation contributed as of the years ending March 31, 2022 and 2021, respectively. Eligible employees must be at least 21 or have completed 12 months of service of at least 1,000 hours. For the years March 31, 2022 and 2021, the Club incurred costs to fund the plan of \$39,354 and \$38,785, respectively.

SUPPLEMENTARY INFORMATION

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

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

We have audited the consolidated financial statements of Alto Lakes Golf and Country Club (the Company) as of and for the years ended March 31, 2022 and 2021, and have issued our report thereon, which contains an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is 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 audits 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.



El Paso, Texas
July 19, 2022

ALTO LAKES GOLF AND COUNTRY CLUB, INC.

Years Ended March 31, 2022 and 2021

Food and Beverage Operations	Alto Division		Outlaw Division	
	2022	2021	2022	2021
Sales:				
Food sales	\$ 1,369,252	\$ 862,299	\$ 181,560	\$ 119,199
Beverage sales	779,955	365,574	87,925	71,733
Event sales	374,155	57,811	3,386	1,853
Gross sales	2,523,362	1,285,684	272,871	192,785
Cost of sales	1,119,930	544,577	130,062	95,484
Gross profit	1,403,432	741,107	142,809	97,301
Unused food minimum	258,203	(6,562)	-	-
Total income	1,661,635	734,545	142,809	97,301
Operating expenses:				
Wages and benefits	1,957,051	1,732,904	303,412	195,524
Supplies	126,548	115,162	22,254	20,857
Laundry	106,282	58,441	10,585	10,059
Miscellaneous	138,746	22,195	7,650	3,381
Uniforms	6,965	10,598	2,002	78
Equipment rental and repair	23,620	55,414	9,346	4,839
Printing	2,075	3,624	659	850
Total operating expenses	2,361,287	1,998,338	355,908	235,588
Net income/(loss)	\$ (699,652)	\$ (1,263,793)	\$ (213,099)	\$ (138,287)

ALTO LAKES GOLF AND COUNTRY CLUB, INC.

Years Ended March 31, 2022 and 2021

Grounds Operations	Alto Division		Outlaw Division	
	2022	2021	2022	2021
Gross sales	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Operating expenses:				
Wages and benefits	336,942	388,863	490,969	473,201
Irrigation water	400,075	566,744	27,581	54,168
Fertilizer and chemicals	24,022	29,708	33,459	36,138
Building and grounds maintenance	13,366	5,507	4,602	5,734
Sand, soil, sod & seed	24,070	10,367	20,376	10,367
Outside services	16,333	14,886	11,274	12,210
Equipment repairs	27,606	14,073	27,635	67,439
Equipment fuel	16,697	12,838	15,202	10,455
Forest thinning	9,025	8,168	1,382	4,779
Miscellaneous	5,524	2,851	3,355	750
Supplies	17,072	10,386	16,501	11,132
Utilities	1,590	1,353	1,590	1,353
Dues and subscriptions	1,373	733	818	913
Postage	-	25	41	62
Equipment rental	-	287	-	108
Total operating expenses	893,695	1,066,789	654,785	688,809
Net income/(loss)	<u>\$ (893,695)</u>	<u>\$ (1,066,789)</u>	<u>\$ (654,785)</u>	<u>\$ (688,809)</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.

Years Ended March 31, 2022 and 2021

General and Administrative Operations	Alto Division		Outlaw Division	
	2022	2021	2022	2021
Gross rent income	\$ -	\$ -	\$ 3,600	\$ 3,600
Cost of sales	-	-	-	-
Gross profit	-	-	3,600	3,600
Operating expenses:				
Wages and benefits	747,224	684,125	-	-
Member services	184,978	56,178	-	-
Legal and professional	40,743	48,959	12,500	12,500
Computer supplies	92,519	81,539	-	-
Miscellaneous	54,230	54,990	-	-
Bad debt expense	(25,379)	(8,422)	-	-
Utilities and telephone	40,000	33,505	1,464	1,301
Equipment rental	11,023	5,182	-	-
Office supplies	13,067	11,496	-	-
Postage	8,657	10,159	-	-
Dues and subscriptions	9,515	675	-	-
Outside services	23,947	300	-	-
Printing	8,730	6,981	-	-
Credit card fees	6,551	4,386	-	-
Uniforms	3,664	1,454	-	-
Donations	500	-	-	-
Total operating expenses	1,219,969	991,507	13,964	13,801
Net income/(loss)	\$ (1,219,969)	\$ (991,507)	\$ (10,364)	\$ (10,201)

ALTO LAKES GOLF AND COUNTRY CLUB, INC.

Years Ended March 31, 2022 and 2021

Golf Operations	Alto Division		Outlaw Division	
	2022	2021	2022	2021
Sales:				
Green fees	\$ 202,185	\$ 152,760	\$ 174,278	\$ 141,364
Cart rental	198,335	190,115	136,584	145,792
Private cart fees	151,857	134,354	75,010	60,839
Private cart repair fees	41,448	45,767	-	-
Merchandise	547,495	-	-	-
Gross Sales	1,141,320	522,996	385,872	347,995
Cost of Sales	372,986	-	-	-
Total Income	768,334	522,996	385,872	347,995
Operating expenses:				
Wages and benefits	567,264	437,355	367,312	264,793
Private cart repairs	32,921	38,062	-	-
Supplies	23,149	7,909	12,023	4,557
Outside services	-	-	-	-
Driving range	8,245	7,534	4,586	4,220
Equipment repairs	211	14	3,343	940
Travel	2,723	17	333	-
Printing	1,379	2,461	817	1,192
Dues and subscriptions	1,698	1,921	1,251	855
Utilities and telephone	3,116	960	579	720
Laundry	3,515	1,280	1,066	1,132
Miscellaneous	2,018	4	2,336	-
Training expenses	516	-	-	-
Total operating expenses	646,755	497,517	393,646	278,409
Net income/(loss)	\$ 121,579	\$ 25,479	\$ (7,774)	\$ 69,586

ALTO LAKES GOLF AND COUNTRY CLUB, INC.**Years Ended March 31, 2022 and 2021**

Indirect Operations	2022	2021
Total income	\$ -	\$ -
Operating expenses:		
Wages and benefits	102,577	116,881
Utilities - electricity	255,336	259,803
Property taxes	159,062	144,522
Utilities - water and sanitation	121,128	112,087
General insurance	101,525	99,876
Utilities - gas	51,503	24,477
Utilities - cable	4,214	6,967
Miscellaneous	-	(1,597)
Security	3,516	3,456
Water delivery fund	164,047	-
Total operating expenses	962,908	766,472
Net income/(loss)	\$ (962,908)	\$ (766,472)

ALTO LAKES GOLF AND COUNTRY CLUB, INC.

Years Ended March 31, 2022 and 2021

House Operations	Alto Division		Outlaw Division	
	2022	2021	2022	2021
Gross sales	\$ -	\$ -	\$ -	\$ -
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Operating expenses:				
Wages and benefits	165,038	135,307	39,430	32,700
Building and grounds maintenance	83,920	29,602	4,653	14,318
Equipment repairs	22,088	18,839	4,928	9,516
Supplies	24,867	17,680	5,879	5,343
Miscellaneous	5,852	3,505	2,565	1,223
Outside services	5,127	6,884	1,919	1,411
House decorations	4,653	2,025	-	-
Total operating expenses	311,545	213,842	59,374	64,511
Net income/(loss)	<u>\$ (311,545)</u>	<u>\$ (213,842)</u>	<u>\$ (59,374)</u>	<u>\$ (64,511)</u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.

Years Ended March 31, 2022 and 2021

Swim and Tennis Operations	Alto Division		Outlaw Division	
	2022	2021	2022	2021
Sales:				
Swim and tennis fees	\$ 1,734	\$ 380	\$ -	\$ -
Total income	1,734	380	-	-
Operating expenses:				
Wages and benefits	9,850	329	-	-
Equipment repairs	2,930	-	-	-
Chemicals	2,601	1,661	-	-
Building and grounds maintenance	23	777	-	-
Outside services	164	-	-	-
Supplies	600	1,469	-	-
Taxes	-	-	-	-
Total operating expenses	16,168	4,236	-	-
Net income/(loss)	\$ (14,434)	\$ (3,856)	\$ -	\$ -

ALTO LAKES GOLF AND COUNTRY CLUB, INC.**Years Ended March 31, 2022 and 2021**

Fitness Operations	2022	2021
Sales:		
Fitness fees	<u>\$ 3,950</u>	<u>\$ 3,165</u>
Total income	<u>3,950</u>	<u>3,165</u>
Operating expenses:		
Wages and benefits	994	48,039
Equipment repairs	1,384	8,788
Uniforms	5	513
Supplies	<u>112</u>	<u>621</u>
Total operating expenses	<u>2,495</u>	<u>57,961</u>
Net income/(loss)	<u><u>\$ 1,455</u></u>	<u><u>\$ (54,796)</u></u>

ALTO LAKES GOLF AND COUNTRY CLUB, INC.**Years Ended March 31, 2022 and 2021**

Real Estate Operations	2022	2021
Income:		
Lot sales	197,552	79,000
Rental income	105,166	96,446
Total income	<u>\$ 302,718</u>	<u>\$ 175,446</u>
Operating expenses:		
Rental property	9,612	29,404
Utilities - electricity	9,803	8,245
Taxes- Property and License	8,736	7,169
Equipment Repairs	1,906	
Utilities - water and sanitation	7,242	10,692
General insurance	9,841	6,297
Lot sale expense	134,238	56,694
Utilities - gas	5,378	3,677
Utilities - cable	8,115	9,695
Miscellaneous	3,974	4,893
Supplies	8,835	4,952
Travel	323	-
Building and ground maintenance	22,019	12,073
Total operating expenses	<u>230,022</u>	<u>153,791</u>
Net income/(loss)	<u><u>\$ 72,696</u></u>	<u><u>\$ 21,655</u></u>