

ASSUMPTIONS

MEMBERSHIP:

There are several membership "lists". Depending on how they are counted, there are approximately 137 to 173 members. There are numerous types of memberships, all at different prices. These include social/fitness, swimming and snowbird memberships which do not pay anywhere near \$3,000 per year. There is also a list titled "Recently Resigned Members" totaling 17.

For the purpose of the P&L, Members are those who are likely to stay one full year at \$250 (or more) per month or \$3,000 plus \$200 annual driving range privileges. At present, this number appears to be around 120. Last winter, this number dropped to the low 90s. It is understood that no one year signed contracts exist. It is further understood that members paying one year in advance receive a 10% discount. This has not been factored in.

ROUNDS PER YEAR:

Historically, the maximum rounds played at HRCC in any year were around 30,000 (per Bob Knutson and found in 1997 financials). The expected annual rounds by Members are 15,000 (per HRCC management). For the purpose of the P&L, the projected Public play is 15,000 rounds per year.

RESTAURANT/BAR - FOOD/BEVERAGE OPERATION:

For the purpose of the P&L, these operations are leased out to a good, aggressive operator at 8% of the gross against a \$6,500 base, on a net-net lease. The projected gross is \$100,000 per month totally a \$1,200,000 per year. The lessee is to pay half the clubhouse utilities or approximately \$5,000 a month totaling \$60,000 per year.

NO INTERNAL CHARGES:

All purchases to be paid by cash, credit card or pre-approved check. This eliminates half of the accounting related expenses.

PUBLIC GOLF FEES:

It was necessary to pick a figure to work with. \$40 for 18 holes with a riding cart was offered by the club at one time and is a competitive price. This is essentially \$25 for the round and \$15 for the cart. Other pricing structures may be considered but this is the one used for the purposes of the P&L.

METHODOLOGY:

Complete P&Ls on three similar municipal golf courses provided by the City, were compared to very incomplete and suspect figures provided by the HRCC management. Missing categories were filled in, generally using the higher of the cost figures and the lower of the revenue figures. Much later, when figures provided by Merchants Mortgage were received, these were also incorporated using the same approach. Where actual figures were not available, quotes were obtained from outside sources such as vendors, management companies, insurance companies, etc. The resulting projected P&L is just that, a projection, and not an actual one. These numbers are estimates only, and based on the recent financial performance of the Club, will require good management and hard work to attain.

Projected Heather Ridge Country Club Annual P & L - July 22, 2009

Disclaimer: This report was prepared by parties familiar with business operations but not necessarily golf courses. This report is unaudited.

REVENUE - MENS/WOMENS CLUB MEMBERS

120 Members dues-annual	\$3,000	\$360,000
24 Carts-annual	\$1,000	\$29,000
6,965 Cart rentals-each	\$15	\$104,475
Range fees-120 members-annual	\$200	\$24,000
? Tournaments	?	<u>??????</u>
Subtotal		<u>\$517,475</u>

REVENUE - PUBLIC PLAY

6,275 Rounds annually @ \$40 avg w/cart		\$251,000
8,725 Walking rounds @ \$19 avg.		\$165,775
Driving range fees		\$15,000
625 Pull carts @ \$8 per round		\$5,000
Merchandise sales		\$50,000
Restaurant (lease rent) @\$8,000 month		\$96,000
Restaurant Utilities @\$5,000 month		<u>\$60,000</u>
Subtotal		<u>\$642,775</u>

TOTAL REVENUE \$1,160,250

EXPENSES:

PAYROLL

Administration	General Manager	\$72,000
	Accounting	\$36,000
	Membership/Clerical	<u>\$30,000</u>
Subtotal		\$138,000

Golf/Pro Shop	Head Pro	\$36,000
	Assistant Pro	\$22,000
	Seasonal (2)	\$12,800
	Outside Services (5)	<u>\$28,000</u>
Subtotal		\$98,800

Maintenance Operations	Grounds Superintdt	\$68,000
	Asst. Superintendent	\$36,000
	Mechanic	\$32,000
	Irrigation Specialist	\$28,000
	Laborers seasonal (5)	<u>\$30,000</u>
Subtotal		\$194,000

Miscellaneous Labor	Janitorial	<u>\$24,000</u>
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TOTAL PAYROLL \$454,800

Cost of Goods Sold	\$30,000
Golf cart lease costs	\$50,000

Sales Discounts		<u>\$10,000</u>	
Subtotal		\$90,000	
Office Supplies		\$2,400	
Postage		<u>\$5,000</u>	
Subtotal		\$7,400	
Professional Services (legal, audit, tech support, etc.)		<u>\$20,000</u>	
Payroll Related Costs	FICA	\$34,792	
	Other	<u>\$6,000</u>	
Subtotal		\$40,792	
Insurance	Prop/liability	\$25,000	
	Workmens Comp.	<u>\$21,500</u>	
Subtotal		\$46,500	
Course Expenses	Gas, Batteries, etc.	\$8,000	
	Parts	\$15,000	
	Tires	\$2,000	
	Reels	\$12,000	
	Fertilizer	\$25,000	
	Pesticides	\$10,000	
	Insecticides	\$10,000	
	Plant Material	\$1,500	
	Seed	\$15,000	
	Sand	<u>\$10,000</u>	
Subtotal		\$108,500	
Other Expenses	Equipment Leases	\$12,000	
	Advertising	\$24,000	
	R&M	\$25,000	
	Pro Shop supplies	\$6,000	
	Porta Potty service	\$2,000	
	TV Service	\$2,400	
	Computer & Internet	\$18,000	
	Bank Fees	\$6,500	
	Security	\$2,664	
	Janitorial supplies	\$3,000	
	Licenses	<u>?????</u>	
Subtotal		\$101,564	
Utilities	Water & Sewer	\$35,000	
	Electric/ Natural Gas	\$140,000	
	Telephone	\$1,000	
	Trash Disposal	<u>\$2,000</u>	
Subtotal		\$178,000	
TOTAL EXPENSES		<u>\$1,047,556</u>	
TOTAL GROSS REVENUE			\$1,160,250
MINUS TOTAL EXPENSES			<u>-\$1,047,556</u>
NET HRCC			<u>\$112,694</u>