

**THE COUNTRY CLUB OF WATERBURY,
INCORPORATED**

FINANCIAL STATEMENTS

December 31, 2016

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Stockholders and Directors
The Country Club of Waterbury, Incorporated
Waterbury, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of The Country Club of Waterbury, Incorporated (the Club), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets 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.

Auditors' 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 of 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Country Club of Waterbury, Incorporated as of December 31, 2016 and 2015, 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

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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.

*Rachelon Trechetta,
McCrory, Michael & Co.*

Providence, Rhode Island
March 27, 2017

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

ASSETS	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	\$ 211,644	\$ 249,164
Accounts receivable, net of allowance for doubtful accounts 2016 \$15,175; 2015 \$31,541	874,663	633,421
Inventory	91,780	78,479
Prepaid expenses	44,455	53,140
Total current assets	<u>1,222,542</u>	<u>1,014,204</u>
PROPERTY AND EQUIPMENT		
Land	707,986	707,986
Building and improvements	6,788,143	6,736,156
Furniture, fixtures and equipment	1,935,573	1,784,252
Irrigation system	1,484,566	1,484,566
Swimming pool	414,838	406,888
Tennis court	98,969	98,969
	<u>11,430,075</u>	<u>11,218,817</u>
Less accumulated depreciation	<u>(8,335,202)</u>	<u>(8,002,797)</u>
	<u>3,094,873</u>	<u>3,216,020</u>
OTHER ASSETS		
Deposits on property and equipment	27,979	-
Merriman fund investments, at fair value	548,024	512,463
	<u>576,003</u>	<u>512,463</u>
	<u>\$ 4,893,418</u>	<u>\$ 4,742,687</u>

LIABILITIES AND NET ASSETS	2016	2015
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 148,917	\$ 141,455
Current maturities of obligations under capital leases	44,741	12,190
Accounts payable	333,033	283,099
Accrued expenses	346,541	294,500
Advanced deposits	4,000	3,250
Deferred revenue	608,569	465,631
Total current liabilities	1,485,801	1,200,125
OTHER LIABILITIES		
Long-term debt, less current maturities	3,061,385	3,210,301
Obligations under capital leases, less current maturities	112,445	25,644
Interest rate swap	117,205	176,656
Deferred income taxes	24,890	12,000
	3,315,925	3,424,601
NET ASSETS		
Capital stock, \$5 par value, authorized 95,000 shares, issued and outstanding 60,699 shares at December 31, 2016, and 60,846 shares at December 31, 2015	303,115	303,850
Additional paid in capital	64,587	64,366
Unrestricted	(276,010)	(250,255)
	91,692	117,961
	\$ 4,893,418	\$ 4,742,687

See Notes to Financial Statements

THE COUNTRY CLUB OF WATERBURY, INCORPORATED
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended December 31, 2016 and 2015

	2016	2015
CHANGES IN UNRESTRICTED NET ASSETS		
REVENUE		
Dues	\$ 1,804,282	\$ 1,716,556
Initiation fees	-	20,750
Capital assessment	442,022	446,541
Supplemental assessment	-	108,625
Restaurant revenue	1,806,794	1,712,746
Golf revenue	616,607	611,206
Camp fees	18,305	27,510
Pool fees	2,335	2,425
Tennis fees	30	801
Other fees and charges	17,607	19,198
	4,707,982	4,666,358
EXPENSES		
General and administrative	390,094	374,750
Membership services	53,374	51,053
Property	607,750	588,228
Golf course	1,145,843	1,223,484
Subtotal	2,197,061	2,237,515
Program services		
Restaurant	1,609,316	1,543,973
Golf	392,761	382,566
Pool	56,668	61,233
Tennis	35,830	36,902
Camp	18,023	20,117
Total program services	2,112,598	2,044,791
Excess of revenue over expenses before depreciation and other changes in unrestricted net assets	398,323	384,052
OTHER (INCOME) EXPENSES		
Interest and dividends	(14,255)	(13,946)
Interest expense	173,769	173,117
Investment management fees	9,340	9,686
Income tax expense (benefit)	21,378	(9,650)
Loss on disposition of property and equipment	-	2,182
Depreciation	346,857	329,875
	537,089	491,264
Deficiency of revenue over expenses before other changes in unrestricted net assets - forward	(138,766)	(107,212)

See Notes to Financial Statements

THE COUNTRY CLUB OF WATERBURY, INCORPORATED
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended December 31, 2016 and 2015

	2016	2015
Deficiency of revenue over expenses before other changes in unrestricted net assets - forwarded	\$ (138,766)	\$ (107,212)
OTHER CHANGES IN UNRESTRICTED NET ASSETS		
Change in interest rate swap	57,365	35,468
Realized and unrealized gains (losses), net	55,646	(19,750)
	113,011	15,718
 Change in unrestricted net assets	 (25,755)	 (91,494)
 UNRESTRICTED NET ASSETS, beginning	 (250,255)	 (158,761)
UNRESTRICTED NET ASSETS, ending	\$ (276,010)	\$ (250,255)

See Notes to Financial Statements

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ (25,755)	\$ (91,494)
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation	346,857	329,875
Increase (decrease) in allowance for doubtful accounts	(16,366)	(10,569)
Loss on disposition of property and equipment	-	2,182
Realized and unrealized (gains) losses, net	(55,646)	19,750
Increase (decrease) in deferred taxes	12,890	(12,000)
Change in market value of interest rate swap	(59,451)	(35,468)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(224,876)	(139,352)
Inventory	(13,301)	(12,938)
Prepaid expenses	8,685	(4,648)
Increase (decrease) in:		
Accounts payable	49,934	87,270
Accrued expenses	52,041	(8,185)
Advanced deposits	750	(3,919)
Deferred revenue	142,938	121,787
Net cash provided by operating activities	218,700	242,291
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(70,007)	(95,949)
Deposits made on property and equipment	(27,979)	-
Proceeds on sale of Merriman fund investments	275,082	289,605
Purchase of Merriman fund investments	(254,997)	(293,866)
Net cash used in investing activities	(77,901)	(100,210)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(141,454)	(139,877)
Payments on obligations under capital leases	(36,351)	(15,873)
Proceeds from capital stock	2,989	16,835
Repurchase of capital stock	(3,503)	(700)
Net cash used in financing activities	(178,319)	(139,615)
Net increase (decrease) in cash and cash equivalents	(37,520)	2,466
CASH AND CASH EQUIVALENTS		
Beginning	249,164	246,698
Ending	\$ 211,644	\$ 249,164

See Notes to Financial Statements

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2016 and 2015

	2016	2015
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for:		
Interest	\$ 170,820	\$ 173,652
Income taxes	\$ 2,077	\$ 6,954
	<u> </u>	<u> </u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY		
Acquisition of property and equipment through capital lease	\$ 155,703	\$ -
	<u> </u>	<u> </u>

See Notes to Financial Statements

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS December 31, 2016 and 2015

Note 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of organization: The Country Club of Waterbury, Incorporated (the Club) is a nonprofit, private club, incorporated in 1899. The Club is located in Waterbury, Connecticut and was organized for social and recreational purposes, offering golf, swimming, tennis and restaurant and banquet facilities to its membership. The Club is governed by a Board of Directors, which is elected by the membership.

A summary of the Club's significant accounting policies follows:

Basis of presentation: The Club follows accounting principles generally accepted in the United States (GAAP). Under GAAP, a not-for-profit organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. GAAP establishes a specific financial statement reporting format for not-for-profit organizations and requires the statement of activities and changes in net assets to reflect all changes in net assets. The Club does not have any temporarily or permanently restricted net assets at December 31, 2016 and 2015.

Cash equivalents: Cash equivalents consist of highly liquid investments with initial maturities of ninety days or less.

Accounts receivable: The Club carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Club evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on management's evaluation of specific accounts and historical collection results.

Revenue recognition: Membership dues and assessments are recognized as revenue when billed for the applicable dues year. Initiation fees are recorded as revenue in the period in which the fees are due. The Club offers a limited number of members who pay their annual dues in a lump sum in January, a discount as annually determined by the Board. At December 31, 2016 and 2015, deferred revenue included prepaid dues for 86 members and 73 members who will receive a discount of dues totaling approximately \$19,773 and \$18,515, respectively.

Inventory: Inventory consists of food and beverages and is stated at the lower of cost (first-in, first-out method) or market.

Investment valuation and income recognition: The Club's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

Interest income is recorded on the accrual basis. Dividend income is accrued on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from security transactions are reported on the average cost method.

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015**

**Note 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Property and equipment: Property and equipment are recorded at cost. Depreciation of property and equipment is provided on either the straight-line or accelerated method over the estimated useful lives of the assets, ranging from 5 to 33 years.

State sales and dues taxes: The Club collects state sales and dues taxes. The amounts received are credited to a liability account and as payments are made, this account is charged. At any point in time, this account represents the net amount owed to the taxing authorities for amounts collected but not yet remitted. Such amounts are included in accrued expenses on the accompanying statements of financial position.

Derivative financial instrument: The Club has a derivative financial instrument which consists of an interest rate swap against its note payable to bank in order to manage risk against unforeseen interest rate increases on its floating-rate debt. The Club considers the hedge as effective.

Income taxes: The Club is exempt from federal income taxes under section 501(c)(7) of the Internal Revenue Code. The Tax Reform Act of 1969 imposed a corporate income tax on the “unrelated business taxable income” and investment income of an otherwise tax-exempt club. Provision for applicable state and federal income taxes is made in accordance with these statutes.

Deferred state and federal taxes are provided on the differences between the financial statement and tax assets and liabilities. The Club’s deferred tax liability relates primarily to unrealized gains on the Merriman Investments.

Uncertainty in income taxes: The Club recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, Income Taxes. Under that guidance the Club assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the financial statements.

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015**

**Note 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Economic environment: Based upon current economic conditions, many recreational clubs are experiencing negative financial trends. The Club has also experienced these negative trends resulting in operating losses. Management has taken several steps to reduce the impact of these negative trends, including implementation of new membership programs resulting in new members, new revenue streams including initiation fees and assessments and reductions in operating and discretionary costs. Based upon these plans and available resources, management believes that they will continue as a going concern.

Financial statement presentation: Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

Note 2. CONCENTRATION OF CREDIT RISK

The Club maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Club has not experienced any losses in such accounts. The Club believes that it is not exposed to any significant credit risk on cash.

Note 3. INVENTORY

Inventory consisted of the following components as of December 31, 2016 and 2015:

	2016	2015
Food	\$ 38,976	\$ 32,693
Beverages	52,612	45,786
Tobacco	192	-
	<u>\$ 91,780</u>	<u>\$ 78,479</u>

Note 4. MERRIMAN FUND INVESTMENTS

The Club has investments which resulted from a bequest from a former member (the Merriman Fund). The following table sets forth the Club's investments in this fund at cost and fair value as of December 31, 2016 and 2015 as follows:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Cash	\$ 17,140	\$ 17,140	\$ 15,205	\$ 15,205
Common stock	436,837	530,884	438,054	495,205
Government and corporate bonds	-	-	2,006	2,053
	<u>\$ 453,977</u>	<u>\$ 548,024</u>	<u>\$ 455,265</u>	<u>\$ 512,463</u>

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015**

Note 4. MERRIMAN FUND INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return on the Merriman Fund and its classification in the statement of activities for the years ended December 31, 2016 and 2015:

	2016	2015
Interest and dividends	\$ 14,255	\$ 13,946
Realized gain on sale of investments	18,797	14,443
Unrealized gain (loss)	36,849	(34,193)
Investment management fees	(9,340)	(9,686)
Total investment gain (loss)	<u>\$ 60,561</u>	<u>\$ (15,490)</u>

Note 5. FAIR VALUE MEASUREMENTS

GAAP establishes 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 levels of the fair value hierarchy under GAAP are described below:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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 are unobservable inputs for the asset or liability.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

Government and corporate bonds: Values utilized for these securities are obtained from an observable independent third party pricing service that derives the prices through recently reported trades for identical or similar securities with adjustments for trading volumes and market observable information through the reporting date.

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015**

Note 5. FAIR VALUE MEASUREMENTS (CONTINUED)

Interest rate swap: Valued based upon the future net settlement payments, with forecasted payments discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swaps.

The following table sets forth by level, within the fair value hierarchy, the Club's financial assets and liabilities at fair value presented in the statement of financial position as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Financial assets				
Investments:				
Cash	\$ 17,140	-	-	\$ 17,140
Common stock	530,884	-	-	530,884
Financial liability				
Interest rate swap contract	-	117,205	-	117,205

The following table sets forth by level, within the fair value hierarchy, the Club's financial assets and liabilities at fair value presented in the statement of financial position as of December 31, 2015:

	Level 1	Level 2	Level 3	Total
Financial assets				
Investments:				
Cash	\$ 15,205	-	-	\$ 15,205
Common stock	495,205	-	-	495,205
Government and corporate bonds	-	2,053	-	2,053
Financial liability				
Interest rate swap contract	-	176,656	-	176,656

Note 6. LONG-TERM DEBT

Long-term debt consisted of the following as of December 31, 2016 and 2015:

	2016	2015
Note payable bank, interest rate calculated at the one month Libor rate plus 1.75% (2.37% and 1.99% at December 31, 2016 and 2015) due in monthly installments through May 2019, collateralized by substantially all assets of the Club.	\$ 3,201,022	\$ 3,333,689
5.75% equipment note payable, due in six monthly installments annually of \$1,615 through September 2017, collateralized by equipment.	9,280	18,067
	<u>\$ 3,210,302</u>	<u>\$ 3,351,756</u>

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015**

Note 6. LONG-TERM DEBT (CONTINUED)

The note payable bank, is subject to certain financial covenants, including requiring a minimum balance in the Merriman Fund of \$500,000 and a limitation on capital expenditures and debt service and coverage ratios as defined in the loan agreement. The Club was in compliance with these covenants at December 31, 2016 and 2015.

Aggregate maturities required on long-term debt as of December 31, 2016 are due in future years as follows:

Years ending December 31	
2017	\$ 148,917
2018	146,814
2019	2,914,571
	<u>\$ 3,210,302</u>

The Club has an interest rate swap agreement in connection with its note payable due to a bank that expires in May 2019 and has effectively fixed the interest rate on the note at 4.835%. The notational amount is equal to the outstanding balance on the related hedged liability. The agreement manages interest rate exposure over the period of the interest rate swap. The differential to be paid or received on the swap agreement is accrued as interest rates change and is recognized in other changes in net assets in the statements of activities and changes in net assets. The fair value of the swap agreement is included in the other liabilities in the accompanying statements of financial position at December 31, 2016 and 2015. The change in market value of the interest rate swap was recorded in other changes in unrestricted net assets for the years ended December 31, 2016 and 2015.

Note 7. LEASES

The Club leases various equipment under both capital and operating leases.

For capital leases, the assets and liabilities are recorded at the fair market value of the assets. The assets are depreciated over their estimated useful lives. Depreciation of the assets under capital leases charged to expense for the years ended December 31, 2016 and 2015 was \$35,689 and \$11,963, respectively.

Equipment held under capital leases consisted of the following as of December 31, 2016 and 2015:

	2016	2015
Equipment	\$ 236,180	\$ 80,477
Less accumulated depreciation	(79,896)	(32,245)
	<u>\$ 156,284</u>	<u>\$ 48,232</u>

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015**

Note 7. LEASES (CONTINUED)

Minimum future lease payments under the remaining capital leases as of December 31, 2016, for each of the following years and in the aggregate are:

Years ending December 31	
2017	\$ 52,286
2018	51,039
2019	40,816
2020	24,513
2021	4,910
Total minimum lease payments	<u>173,564</u>
Less amount representing interest	<u>(16,378)</u>
Present value of net minimum lease payments	<u><u>\$ 157,186</u></u>

The Club leases vehicles and various equipment under noncancelable operating leases expiring through May 2020. Lease expense for the years ended December 31, 2016 and 2015 amounted to \$184,455 and \$185,434, respectively. Future minimum payments to be made under the leases are as follows:

Years ending December 31	
2017	\$ 163,048
2018	138,280
2019	128,293
2020	36,808
	<u>\$ 466,429</u>

Note 8. INCOME TAX EXPENSE (BENEFIT)

The components of the income tax provision for the years ended December 31, 2016 and 2015 are as follows:

	2016	2015
Current		
Federal	\$ 6,760	\$ 1,318
State	1,728	1,032
	<u>8,488</u>	<u>2,350</u>
Deferred		
Federal	9,830	(8,000)
State	3,060	(4,000)
	<u>12,890</u>	<u>(12,000)</u>
	<u><u>\$ 21,378</u></u>	<u><u>\$ (9,650)</u></u>

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

**NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015**

Note 9. DEFERRED INCOME TAXES

The deferred tax liability included in the accompanying statements of financial position include the following amounts at December 31, 2016 and 2015:

	2016	2015
Deferred tax liabilities		
Federal	\$ 17,830	\$ 8,000
State	7,060	4,000
	\$ 24,890	\$ 12,000

Note 10. 401(k) PROFIT SHARING PLAN

The Club sponsors a 401(k) profit sharing plan that covers all full-time employees who have completed six months of service and have attained age 21. Contributions to the plan are at the discretion of the Board of Directors. There are no employer contributions for the years ended December 31, 2016 and 2015.

Note 11. CAPITAL STOCK AND ADDITIONAL PAID IN CAPITAL CONTRIBUTIONS

The Club's capital stock is purchased and sold for \$3.50 per share. Since the stock has a \$5 par value, the \$1.50 is charged to or transferred from the additional paid in capital contributions account when the stock is purchased or sold.

In 2015, the Club issued shares to members joining in 2013 and 2014. In 2016, the Club issued shares to members joining in 2015.

The following is a summary of the transactions affecting the capital stock and additional capital contributions at December 31, 2016 and 2015:

	Common Stock	APIC
Balance, December 31, 2014 (56,236 shares)	\$ 280,800	\$ 71,281
Sale of stock (4,810 shares)	24,050	(7,215)
Redemption of stock (200 shares)	(1,000)	300
Balance, December 31, 2015 (60,846 shares)	303,850	64,366
Sale of stock (854 shares)	4,270	(1,281)
Redemption of stock (1,001 shares)	(5,005)	1,502
Balance, December 31, 2016 (60,699 shares)	\$ 303,115	\$ 64,587

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

Note 12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 27, 2017, the date of the financial statements were available for issue and determined that there have been no events that have occurred that would require adjustment to the financial statements.

THE COUNTRY CLUB OF WATERBURY, INCORPORATED
SCHEDULES OF GENERAL AND ADMINSTRATIVE EXPENSES
Years Ended December 31, 2016 and 2015

	2016	2015
GENERAL AND ADMINISTRATIVE EXPENSES		
Payroll	\$ 151,297	\$ 144,791
Payroll taxes	14,626	16,407
Computer equipment	19,449	29,050
Dues and subscriptions	3,993	3,748
Employee benefits	11,347	8,766
Equipment lease	1,820	1,442
Credit card fees	50,660	43,132
Office supplies	3,036	3,938
Outside services	32,297	34,033
Printing, stationary and postage	13,775	14,862
Professional fees	28,728	23,783
Telephone	5,748	5,640
Travel	2,798	2,372
Workmens compensation insurance	50,520	42,786
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$ 390,094	\$ 374,750

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

SCHEDULES OF MEMBERSHIP SERVICES EXPENSES

Years Ended December 31, 2016 and 2015

	2016	2015
MEMBERSHIP SERVICES EXPENSES		
Payroll	\$ 40,996	\$ 40,119
Payroll taxes	4,030	5,127
Dues and subscriptions	165	1,091
Employee benefits	778	678
Miscellaneous	3,722	1,637
Office supplies	481	22
Printing, stationary and postage	555	757
Telephone	1,500	1,500
Travel	1,147	122
TOTAL MEMBERSHIP SERVICES EXPENSES	\$ 53,374	\$ 51,053

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

SCHEDULES OF PROPERTY EXPENSES
Years Ended December 31, 2016 and 2015

	2016	2015
PROPERTY EXPENSES		
Payroll	\$ 57,576	\$ 52,077
Payroll taxes	6,416	6,489
Employee benefits	5,762	5,926
Flowers	10,041	7,661
Insurance	73,694	67,335
Miscellaneous	10,111	-
Real estate taxes	264,614	256,288
Repairs and maintenance	59,485	62,217
Utilities	119,981	130,203
Uniforms	70	32
TOTAL PROPERTY EXPENSES	\$ 607,750	\$ 588,228

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

SCHEDULES OF GOLF COURSE EXPENSES
Years Ended December 31, 2016 and 2015

	2016	2015
GOLF COURSE EXPENSES		
Payroll	\$ 516,931	\$ 506,701
Payroll taxes	52,300	58,573
Chemicals, fertilizers, etc.	208,919	261,559
Dues and subscriptions	1,913	1,290
Employee benefits	11,544	8,560
Equipment and tools	112,573	125,396
Irrigation	21,654	28,059
Licenses and taxes	810	738
Miscellaneous	7,737	3,343
Outside services	20,259	24,512
Repairs and maintenance	68,388	68,617
Supplies	14,138	18,334
Telephone	5,507	6,459
Travel	8,467	2,798
Uniforms	11,040	10,749
Utilities	83,663	97,796
TOTAL GOLF COURSE EXPENSES	\$ 1,145,843	\$ 1,223,484

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

SCHEDULES OF RESTAURANT OPERATIONS
Years Ended December 31, 2016 and 2015

	2016	2015
REVENUE		
Food sales	\$ 586,281	\$ 530,886
Special party food sales	541,686	547,315
Banquet service charge	54,022	54,894
Total food sales	1,181,989	1,133,095
Beverage sales	372,090	332,921
Special party beverage sales	159,917	168,051
Beverage service charge	18,517	15,490
Total beverage sales	550,524	516,462
Room charges	34,807	27,549
Minimum charges	39,474	35,640
	1,806,794	1,712,746
COST OF GOODS SOLD	617,414	603,020
EXPENSES		
Payroll	663,062	596,173
Payroll taxes	95,678	99,626
Employee benefits	49,617	42,644
Equipment lease	5,838	5,736
Glass, silver and china	-	976
Licenses and taxes	300	300
Linens and uniforms	23,726	28,076
Member services	28,620	18,256
Miscellaneous	15,030	11,369
Music and entertainment	11,758	12,807
Repairs and maintenance	23,270	42,360
Supplies	64,368	74,401
Travel	3,240	1,200
Utilities	7,395	7,029
	991,902	940,953
NET INCOME FROM RESTAURANT OPERATIONS	\$ 197,478	\$ 168,773

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

SCHEDULES OF GOLF OPERATIONS
Years Ended December 31, 2016 and 2015

	2016	2015
REVENUE		
Golf fees	\$ 157,985	\$ 155,300
Guest green fees	105,606	107,206
Outside events green fees	75,753	87,826
Handicapping fees	1,746	2,157
Locker rental	3,610	3,694
Range fees	273	-
Golf club cleaning	-	400
Golf cart fees	221,650	204,954
Outside events cart fees	49,984	49,669
	616,607	611,206
EXPENSES		
Pro shop:		
Payroll	214,986	204,651
Payroll taxes	19,858	20,823
Dues and subscriptions	2,451	1,139
Employee benefits	14,645	11,995
Miscellaneous	2,323	810
Repairs and maintenance	431	8,915
Supplies	15,939	12,763
Telephone	3,000	3,000
Training and education	4,154	4,402
Uniforms	752	590
	278,539	269,088
Golf cart:		
Cart lease expense	59,570	59,349
Cart outing rental expense	8,036	4,140
Repairs and maintenance	513	2,394
	68,119	65,883
Locker room:		
Payroll	26,110	27,142
Payroll taxes	3,522	3,873
Employee benefits	600	800
Miscellaneous	611	1,941
Repairs and maintenance	2,699	834
Supplies	12,486	12,855
Uniforms	75	150
	46,103	47,595
NET INCOME FROM GOLF OPERATIONS	\$ 223,846	\$ 228,640

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

SCHEDULES OF POOL OPERATIONS
Years Ended December 31, 2016 and 2015

	2016	2015
REVENUE		
Pool fees	\$ 2,335	\$ 2,425
EXPENSES		
Payroll	33,241	32,899
Payroll taxes	5,332	5,473
Chemicals	2,695	1,832
Employee benefits	1,571	1,428
Pool prizes	20	183
Repairs and maintenance	6,871	13,631
Supplies	6,392	5,423
Uniforms	546	364
	<u>56,668</u>	<u>61,233</u>
NET LOSS FROM POOL OPERATIONS	<u>\$ (54,333)</u>	<u>\$ (58,808)</u>

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

SCHEDULES OF TENNIS OPERATIONS
Years Ended December 31, 2016 and 2015

	2016	2015
REVENUE		
Tennis fees	\$ 30	\$ 801
EXPENSES		
Payroll	21,327	1,220
Payroll taxes	2,971	185
Employee benefits	599	546
Outside services	-	25,200
Repairs and maintenance	7,010	7,671
Supplies	3,021	1,481
Tennis prizes	902	599
	<u>35,830</u>	<u>36,902</u>
NET LOSS FROM TENNIS OPERATIONS	<u>\$ (35,800)</u>	<u>\$ (36,101)</u>

THE COUNTRY CLUB OF WATERBURY, INCORPORATED

SCHEDULES OF CAMP OPERATIONS
Years Ended December 31, 2016 and 2015

	2016	2015
REVENUE		
Camp fees	\$ 18,305	\$ 27,510
EXPENSES		
Payroll	8,715	9,236
Payroll taxes	1,796	2,039
Employee benefits and camper meals	2,800	3,815
Golf lessons	1,200	1,100
License and fees	465	540
Pool lessons	963	963
Supplies	1,534	1,874
Tennis lessons	550	550
	<u>18,023</u>	<u>20,117</u>
NET INCOME FROM CAMP OPERATIONS	<u>\$ 282</u>	<u>\$ 7,393</u>