



FINANCIAL STATEMENTS
PERIODS ENDED DECEMBER 31, 2025 AND 2024

Inverness Golf Club

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Inverness Golf Club
Inverness, Illinois

Opinion

We have audited the accompanying financial statements of **Inverness Golf Club**, which comprise the statement of financial position as of December 31, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Inverness Golf Club as of December 31, 2025 and 2024, and changes in its members' equity 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. 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 Club 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 Club's ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Club'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 Club'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.

Selden Fox, Ltd.

March 13, 2026

Inverness Golf Club
Statement of Financial Position
December 31,

	2025	2024
Assets		
Current assets:		
Cash	\$ 2,023,745	\$ 2,101,292
Certificate of deposit	866,874	-
Accounts receivable, net of allowance for credit losses of \$5,990 and \$13,250, respectively	486,471	556,386
Insurance claim receivable	-	119,159
Inventories	277,840	249,111
Prepaid expenses	240,147	286,052
Total current assets	3,895,077	3,312,000
Property and equipment:		
Land	193,000	193,000
Land improvements	4,738,159	4,369,434
Buildings and improvements	17,492,575	17,492,746
Furniture, fixtures and equipment	5,599,009	4,712,920
Capital improvements in progress	240,174	261,229
Total property and equipment	28,262,917	27,029,329
Less accumulated depreciation	13,312,667	12,543,611
Net property and equipment	14,950,250	14,485,718
Operating lease right-of-use asset	226,327	42,679
Total assets	\$ 19,071,654	\$ 17,840,397

(cont'd)

Inverness Golf Club
Statement of Financial Position (cont'd)
December 31,

	2025	2024
Liabilities and Members' Equity		
Current liabilities:		
Accounts payable:		
Trade	\$ 172,238	\$ 210,464
Capital improvements	144,723	-
Accrued expenses:		
Payroll and related	419,917	316,594
Real estate taxes	608,032	443,000
Other	25,060	59,040
Contract liabilities	27,122	77,736
Current portion of operating lease liability	33,978	42,679
Current portion of long-term debt	362,275	329,180
	1,793,345	1,478,693
Total current liabilities		
Operating lease liability, net of current portion	192,349	-
Long-term debt, net of current portion	4,542,211	4,956,206
	6,527,905	6,434,899
Total liabilities		
Members' equity	12,543,749	11,405,498
	12,543,749	11,405,498
Total liabilities and members' equity	\$ 19,071,654	\$ 17,840,397

See accompanying independent auditor's report and notes to the financial statements.

**Inverness Golf Club
Statement of Activities
For the Year Ended December 31,**

	<u>2025</u>	<u>2024</u>
Revenues:		
Membership dues	\$ 3,684,788	\$ 3,644,654
Operating assessment	257,265	-
Food and beverages	3,316,310	3,307,789
Sports and recreation:		
Golf operations	1,583,728	1,482,001
Tennis and swimming	284,676	210,886
Locker rooms	102,970	105,744
Entertainment and other recreation	50,418	66,652
Interest income	59,274	62,015
Total revenues	<u>9,339,429</u>	<u>8,879,741</u>
Expenses:		
Food and beverages	3,226,044	3,620,306
Sports and recreation:		
Golf operations	1,299,088	1,180,656
Golf course maintenance	1,268,102	1,368,663
Tennis and swimming	528,131	458,783
Locker rooms	132,199	146,678
Entertainment and other recreation	59,812	80,010
Clubhouse operations	360,320	338,053
Administrative and general	1,647,982	1,860,040
Energy costs	244,682	245,849
Real estate taxes	592,184	452,352
General insurance	285,681	169,203
Total expenses	<u>9,644,225</u>	<u>9,920,593</u>
Loss before other items of income (expense)	(304,796)	(1,040,852)
Depreciation expense	(807,223)	(777,185)
Loss on sale of equipment	(5,724)	-
Net gain associated with insurance proceeds received	-	430,093
Results of operations	<u>(1,117,743)</u>	<u>(1,387,944)</u>
Other changes in members' equity:		
Initiation fees	416,832	371,245
Capital dues	366,410	364,865
Bunker and pool renovation assessment	1,029,072	-
Facilities plan capital assessment	633,495	610,047
Equity refunds	(21,000)	(10,000)
Interest expense	(168,815)	(180,668)
Total other changes in members' equity	<u>2,255,994</u>	<u>1,155,489</u>
Net change in members' equity	1,138,251	(232,455)
Members' equity, beginning of year	<u>11,405,498</u>	<u>11,637,953</u>
Members' equity, end of year	<u>\$ 12,543,749</u>	<u>\$ 11,405,498</u>

See accompanying independent auditor's report and notes to the financial statements.

**Inverness Golf Club
Statement of Cash Flows
For the Year Ended December 31,**

	2025	2024
Cash flows from operating activities:		
Net change in members' equity	\$ 1,138,251	\$ (232,455)
Adjustments to reconcile net change in members' equity to net cash flows from operating activities:		
Depreciation expense	807,223	777,185
Loss on sale of equipment	5,724	309
Provision for credit losses	-	15,531
Net gain associated with insurance proceeds received	-	(430,093)
Amortization of operating lease right-of-use assets	75,298	42,170
Other changes in members' equity, excluding interest expense	(2,424,809)	(1,336,157)
Changes in:		
Accounts receivable	189,074	122,941
Inventories	(28,729)	(15,298)
Prepaid expenses	45,905	(42,559)
Accounts payable	(38,226)	(4,574)
Accrued expenses	234,375	85,793
Contract liabilities	(50,614)	(20,968)
Operating lease liability	(75,298)	(42,170)
Net cash from operating activities	(121,826)	(1,080,345)
Cash flows from investing activities:		
Maturities of certificates of deposit	-	500,000
Purchases of certificate of deposit	(866,874)	-
Purchases of property and equipment	(1,137,756)	(801,308)
Proceeds from sale of equipment	5,000	-
Insurance proceeds received for replacement of damage to property and equipment	-	310,934
Net cash from investing activities	(1,999,630)	9,626
Cash flows from financing activities:		
Proceeds from long-term debt	67,372	-
Principal payments on long-term debt	(448,272)	(327,020)
Initiation fees collected	416,832	371,245
Capital dues collected	366,410	364,865
Bunker and pool renovation assessment collected	1,029,072	-
Facilities plan capital assessment collected	633,495	610,047
Equity refunds paid	(21,000)	(10,000)
Net cash from financing activities	2,043,909	1,009,137
Net change in cash	(77,547)	(61,582)
Cash, at beginning of the year	2,101,292	2,162,874
Cash, at end of the year	\$ 2,023,745	\$ 2,101,292
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 168,815	\$180,668
Supplemental disclosure of noncash investing activities:		
Additions to property and equipment included in accounts payable	\$ 144,723	\$ -

See accompanying independent auditor's report and notes to the financial statements.

Inverness Golf Club
Notes to the Financial Statements

1. Nature of Operations

Inverness Golf Club (the “Club”), a private member-owned country club located in Inverness Illinois, was incorporated in the State of Illinois in 1954 as a not-for-profit corporation to serve the social and recreational needs of its members.

2. Summary of Significant Accounting Policies

Basis of Presentation – The Club is required to report information regarding its financial position and activities according to two classes of members’ equity, which may also be referred to as net assets: members’ equity without donor restrictions and members’ equity with donor restrictions, based on the existence or absence of donor-imposed restrictions. There is no members’ equity with donor restrictions.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events – The Club has evaluated subsequent events through March 13, 2026, the date the financial statements were approved and available for issuance.

Ownership Transactions – Initiation fees, capital dues and capital assessments are accounted for as equity transactions because of the various membership rights and obligations associated with such payments. These ownership transactions are recorded when payment is received. The Board of Directors has designated that these items be used to fund property and equipment purchases and for repayment of debt associated with capital improvement projects.

Prior to 2024, new members were allowed to pay their initiation fee over time. The Club expects to collect \$2,000 in each of the next three years under these former installment plans.

Inverness Golf Club
Notes to the Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

Ownership Transactions (cont'd) – The Club’s bylaws provide for the issuance of equity certificates to members of the Club to assist in financing capital improvements. The terms and conditions for equity certificate offerings, when applicable, shall be determined by the Board of Directors. An equity certificate holder must surrender their equity certificate for purchase by the Club upon their resignation or transfer to another class of membership. The Club reserves the right to defer the purchase of a member’s equity certificate until the resulting vacancy in the membership is filled. A regular member may elect to forfeit all or part of their equity certificate in order to pay the initiation fee of their sponsored legacy member. Currently, the Board of Directors has set the purchase price of outstanding equity certificates equal to twenty percent of the replacement member’s initiation fee. At December 31, 2025 and 2024, there were 64 and 66 members with equity certificates outstanding and \$21,000 and \$10,000 or equity certificates were redeemed and recorded as equity refunds paid on the statement of activities, respectively.

Revenue Recognition – The Club’s revenues are primarily derived from membership dues, food and beverages sales, and sports and recreation revenues. The Club’s products and services are marketed and sold to its members. The results of operations can be substantially affected by economic conditions and also by member disposable income levels and spending habits.

Nature of Products and Services:

Membership dues are billed in advance and then recognized ratably over the period to which those billings relate, which is when the Club’s performance obligation is satisfied. An operating assessment was approved by the Board in 2025 and recorded at the point in time it was billed to the membership, which is when the Club’s performance obligation had been met and it had an enforceable right to collect the assessment.

Food and beverages sales, and sports and recreation revenues like pro shop merchandise sales, guest fees and cart rentals, are recorded upon delivery of these goods and services to the member, which is when the performance obligation is satisfied. Locker room fees and other golf revenues like bag storage and range fees are billed in advance and recognized ratably over the period to which the billings relate, which is when the Club’s performance obligation is satisfied. Entertainment and other recreation income consists of charges for member events and are recorded once the event has occurred, which is when the performance obligation was satisfied.

Inverness Golf Club
Notes to the Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

Revenue Recognition (cont'd)

Total contract revenues, classified between being recognized at a point in time and over time, were as follows:

	2025	2024
Contract revenues recognized at a point in time	\$ 5,390,834	\$ 4,973,924
Contract revenues recognized over time	3,889,321	3,843,802
	\$ 9,280,155	\$ 8,817,726

Interest income is not considered a contract revenue under Accounting Standards Codification ("ASC") 606 and therefore excluded from the table above.

Sales and use taxes: The Club collects sales and use taxes at the point of sale for retail transactions and reports such amounts under the net method on the statements of activities. Accordingly, these taxes are not included in gross revenues.

Payment terms for dues, fees and goods and services billed to members' accounts are typically net 30 days. In instances where the timing of revenue recognition differs from the timing of the right to bill, the Club has determined that a significant financing component does not exist. The primary purpose of the Club's billing terms is to provide members with simplified and predictable ways of purchasing goods and services and not receive financing from or providing financing to the member. Additionally, the Club has elected the practical expedient that permits it to not recognize a significant financing component if the time between the transfer of a good or service and payment are one year or less.

Transaction Price:

The transaction price of goods and services related to food and beverages sales and sports and recreation charges is the amount of consideration to which the Club expects to be entitled in exchange for transferring goods and services to the member. These revenues are recorded based on a fixed transaction price.

Contract Balances:

The Club records accounts receivable when it has the unconditional right to issue a bill and receive payment, regardless of whether revenue has been recognized. When consideration is received and revenue has not yet been recognized, a contract liability is also recorded. The Club does not recognize revenue in advance of the right to bill and therefore has not recorded a contract asset. The opening balances of accounts receivable and contract liabilities at January 1, 2024, were \$694,858 and \$98,704, respectively.

Inverness Golf Club
Notes to the Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

Cash and Certificates of Deposit – For purposes of the statement of cash flows, the Club considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Club's certificate of deposit has an original maturity in excess of ninety days and is carried at cost.

Financial instruments that potentially subject the Club to a concentration of risk consist principally of cash deposits with a financial institution which, at times, may exceed federally insured limits. At December 31, 2025, the uninsured balance approximated \$1,651,000. Management believes there is minimal risk of loss associated with the Club's cash accounts.

Accounts Receivable – Accounts receivable, consisting primarily of amounts due from members, are carried at the amount billed less an allowance for credit losses that reflects management's estimate of the amount that will not be collected. The determination of the allowance requires management to collectively evaluate receivables by classifying them into pools that share similar risk characteristics, where applicable. Each account balance is individually reviewed when all or a portion of the balance exceeds ninety days from the invoice date. Based on management's assessment of the member's current creditworthiness, an estimate is made of the portion, if any, of the balance that will not be collected. In addition, for balances that are not individually reviewed, management estimates an additional allowance based on available and relevant internal and/or external information about historical loss experience with similar assets, current conditions, and, if applicable, reasonable and supportable forecasts that affect the expected collectability of the reported amount of financial assets that have an extended contractual term. Receivables are written off as a charge to the allowance for credit losses when, in management's estimation, it is probable that the receivable is not collectible.

Charge-offs to the allowance for credit losses totaled \$7,260 and \$2,281 in 2025 and 2024, respectively. No provision for credit losses was required in 2025. The provision for credit losses in 2024 totaled \$15,531.

Inventories – Food and beverages inventories are reported at the lower of cost or net realizable value, using the first-in, first-out basis. Merchandise inventories are reported at the lower of cost or net realizable value, using the average cost method. Inventories consist of the following:

	2025	2024
Food	\$ 35,687	\$ 41,496
Beverages	46,576	41,061
Merchandise	195,577	166,554
Total	\$ 277,840	\$ 249,111

Inverness Golf Club
Notes to the Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

Property and Equipment – Property and equipment are stated at cost. Expenditures for ordinary repairs and maintenance are charged to operations as incurred, while property and equipment purchases and significant betterments that extend the useful life of an asset are capitalized and depreciated over their estimated useful lives. Depreciation is calculated using the straight-line method based upon estimated useful as follows:

Land improvements	3 – 40 years
Buildings and improvements	5 – 40 years
Furniture, fixtures and equipment	3 – 40 years

The Club evaluates its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying values of any such assets may not be recoverable. An asset is considered impaired when the associated estimated future discounted operating cash flow is less than the asset's carrying value. To the extent an impairment has occurred, the excess of the carrying value of the asset over its estimated fair value would be charged to operations. As of December 31, 2025, management does not believe that the carrying amounts of the Club's property and equipment have been impaired.

Contract Liabilities – Contract liabilities consists of member dues, locker room fees and club storage fees collected in advance of the services being provided.

Income Taxes – The Club is exempt from federal income taxes under Section 501(c)(7) of the Internal Revenue Code. Under this section, investment income and unrelated business income, as defined, are subject to federal and state taxes at corporate rates. As of December 31, 2025, the Club's income tax returns for 2022 and subsequent are open to examination by the Internal Revenue Service ("IRS").

Uncertain income tax positions are required to be recorded in the financial statements at an amount that would most likely be realized assuming a review by the tax authorities. Management has evaluated the Club's income tax positions and has concluded that the Club has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the Income Tax Topic of the ASC.

Inverness Golf Club
Notes to the Financial Statements (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

Lease Accounting – Management evaluates the Club’s contracts at their inception to determine if an arrangement contains a lease based on whether the Club has the right to control the asset during the contract period and other facts and circumstances. Leases are classified as either financing or operating, with classification affecting the pattern of expense recognition in the statement of activities. As a lessee, the Club records a right-of-use (“ROU”) asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. For leases with a term of less than 12 months, the Club does not record a ROU asset and lease liability and the payments will be recognized in results of operations over the lease term. ROU assets and liabilities are recognized at commencement date based on the present value of the future lease payments over the lease term. The Club includes lease extensions in the lease term when it is reasonably certain that it will exercise the extension. The discount rates used to determine the ROU asset and lease liability are the lease’s implied rate, if readily determinable. If the implied rate is not readily determinable, the discount rate used is the Club’s incremental borrowing rate unless the Club has elected the practical expedient to use the risk-free rate as the lease’s discount rate, which is applied by asset class. For lease agreements with both lease and non-lease components, the Club elected the practical expedient to account for them as a single lease component. The ROU asset also includes initial direct costs and prepaid lease payments made less lease incentives and deferred rent, if any. The Club’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

3. Liquidity and Availability

Assets available to meet cash needs for general expenditures within one year, without contractual restrictions, consist of the following at December 31:

	2025	2024
Cash	\$ 2,023,745	\$ 2,101,292
Certificate of deposit	866,874	-
Accounts receivable, net	486,471	556,386
Less minimum balance of cash and certificate of deposit required as collateral for long-term debt	(1,117,694)	-
Less additional amounts designated for capital improvements	(1,014,000)	(1,348,000)
Total	\$ 1,245,396	\$ 1,309,678

The Club bills membership dues at least one month in advance. Dues billed in advance but not collected by December 31 are excluded from accounts receivable, net above because the Club's performance obligation has yet to be satisfied. Membership dues are meant to provide for future operating obligations as they become due. Also, if necessary, the membership can be assessed or the Club can draw upon the bank line of credit described in Note 6 to meet its obligations. Amounts that are collateral for long-term debt and amounts designated by the Board of Directors for capital improvements represent monies set aside to fund capital improvements and are not considered to be available to meet general expenditures.

Inverness Golf Club
Notes to the Financial Statements (cont'd)

4. Expenses Reported by Function and Nature

The program services columns below present the cost of providing social and recreational activities at the Club. Program service expenses are those directly associated with members' use of the Club's facilities. Supporting services represent expenses incurred to administer the program services.

	2025		
	Program Services	Supporting Services	Total
Cost of sales	\$ 1,559,202	\$ -	\$ 1,559,202
Payroll and related	4,094,318	1,182,539	5,276,857
Supplies, services and other	2,057,042	751,124	2,808,166
Subtotal	7,710,562	1,933,663	9,644,225
Depreciation expense	807,223	-	807,223
Interest expense	168,815	-	168,815
Total	<u>\$ 8,686,600</u>	<u>\$ 1,933,663</u>	<u>\$ 10,620,263</u>
	2024		
	Program Services	Supporting Services	Total
Cost of sales	\$ 1,532,944	\$ -	\$ 1,532,944
Payroll and related	4,356,924	1,308,094	5,665,018
Supplies, services and other	2,001,482	721,149	2,722,631
Subtotal	7,891,350	2,029,243	9,920,593
Depreciation expense	777,185	-	777,185
Interest expense	180,668	-	180,668
Total	<u>\$ 8,849,203</u>	<u>\$ 2,029,243</u>	<u>\$ 10,878,446</u>

Inverness Golf Club
Notes to the Financial Statements (cont'd)

5. Capital Assessments

In 2020, the membership approved a facilities plan capital assessment to help fund a renovation of the clubhouse and construction of the Centre Court facility. Regular members were given the option of making a one-time payment of \$22,500; a one-time payment of \$7,500 and 120 monthly payments of \$175; or 120 monthly payments of \$275. Other membership categories were assessed proportionately and given similar payment options. Members over the age of 80 were not assessed.

Amounts expected to be collected from members electing to pay in installments over each of the next five years, based on membership at December 31, 2025, are as follows:

<i>Year ending December 31,</i>	<i>Amount</i>
2026	\$ 614,000
2027	614,000
2028	614,000
2029	614,000
2030	409,000
Total	\$ 2,865,000

In August 2024, the membership approved an assessment to fund a bunkers and pool renovation project. Regular members were each assessed \$3,500 and other membership classes were assessed proportionately. The assessment, totaling \$1,029,072, was recorded when collected in January 2025.

6. Bank Line of Credit

The Club has available a \$500,000 bank line of credit that expires on May 25, 2026. Interest on any outstanding borrowing is payable monthly at the bank's prime rate subject to a 5.00% minimum bank prime rate. There were no outstanding borrowings on this line of credit at December 31, 2025 and 2024.

Inverness Golf Club
Notes to the Financial Statements (cont'd)

7. Long-Term Debt

In 2021, the Club obtained a \$6,000,000 bank loan to help fund the facilities plan described in Note 5. The loan requires monthly principal and interest payments of \$42,298, with interest calculated at 3.25% per annum. In addition to required payments, the Club also made approximately \$94,556 of unscheduled principal payments during 2025. The loan matures in November 2028, at which time a balloon payment of approximately \$3,858,000 becomes due. The outstanding balance on the loan was \$4,851,226 and \$5,285,386, at December 31, 2025 and 2024, respectively.

Both the bank loan and the bank line of credit described in Note 6 are collateralized by all of the Club's assets and include a negative pledge agreement on its land and structures which preclude their encumbrance without lender approval. The Club is also required to maintain its checking account and certificate of deposit with the lender and maintain a minimum balance of \$369,869 and \$850,000 in each account, respectively. The loans are also subject to various bank covenants including maintenance of a debt service coverage ratio of 1.10:1, tested annually, and cannot enter into certain loans or leases without prior consent of the lender. The Club was in compliance with its debt service coverage ratio covenant and minimum checking and certificate of deposit balances. The bank issued a waiver for noncompliance associated with entering into certain new loans and leases for the year ended December 31, 2025.

In 2025, the Club entered into an equipment finance agreement related to the purchase of golf cart GPS units for approximately \$67,000 using an imputed interest rate of 3.89%. The agreement requires two monthly payments of \$99 beginning in March 2025 and then 36 monthly payments of \$1,933 beginning in May 2025 and had a balance of \$53,260 at December 31, 2025.

Annual principal maturities of long-term debt due over each of the next three years, are as follows:

Year ending December 31,	Amount
2026	\$ 362,275
2027	374,373
2028	4,167,838
Total	\$ 4,904,486

Inverness Golf Club
Notes to the Financial Statements (cont'd)

8. Operating Lease

Prior to 2025, the Club leased its golf cart fleet under an operating lease that required monthly payments from May to October each year of \$7,167. In 2025, the Club replaced its expired golf carts lease with a new operating lease that requires monthly payments from May to October each year of \$7,125 through 2031. The ROU asset and lease liability for the new lease at its commencement was \$258,946. Operating lease cost, which is recognized on a straight-line basis over the lease term, is included in golf operations expense on the statement of activities and approximated \$43,000 in both 2025 and 2024. As of December 31, 2025 and 2024, the remaining lease term was 6 years and 1 year, respectively, and the discount rate used to calculate the amount of the operating lease right-of-use assets and associated operating lease liability was 4.09% and 1.20%, respectively.

Future minimum lease payments due under the lease at December 31, 2025, are as follows:

Year ending December 31,	Amount
2026	\$ 42,750
2027	42,750
2028	42,750
2029	42,750
2030	42,750
2031	42,750
Total minimum lease payments	256,500
Less imputed interest	(30,173)
Present value of the operating lease liability	\$ 226,327

8. Employee Benefit Plan

The Club sponsors a 401(k) plan for employees who have completed one year of service and have obtained 21 years of age. The plan allows employees to contribute a percentage of their annual compensation on a pre-tax basis, subject to annual IRS limitations. The Club currently makes a matching contribution equal to 50% of the first 6% of participant contributions to the plan. Participants are immediately vested in their contributions and vest over five years in any matching contributions made by the Club. The Club's matching contributions approximated \$37,000 and \$41,000 in 2025 and 2024, respectively.

9. Insurance Claim

In 2024, the Club received insurance proceeds of \$729,351 and recorded an additional \$119,159 receivable for insurance proceeds received after year-end associated with a claim filed as a result of significant storm damage to the Club's golf course, paddle tennis facility and other structures. The Club used \$418,417 of the proceeds for mitigation costs and \$310,934 to replace damaged property and equipment. The insurance proceeds received and receivable, net of mitigation costs incurred through December 31, 2024, is presented as a gain of \$430,093 on the 2024 statement of activities.