WESTCHESTER COUNTRY CLUB, INC.
AND SUBSIDIARIES

Consolidated Financial Statements
for the years ended
December 31, 2025
and
December 31, 2024

COMD
Certified Public Accountants

One Battery Park Plaza
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Independent Auditor's Report

To the Board of Governors
Westchester Country Club, Inc. and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Westchester Country Club, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2025 and December 31, 2024 and the related consolidated statement of activities and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Westchester Country Club, Inc. and Subsidiaries as of December 31, 2025 and December 31, 2024 and the results of their activities and their 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 Consolidated Financial Statements section of our report. We are required to be independent of Westchester Country Club, Inc. and Subsidiaries 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Westchester Country Club, Inc. and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Westchester Country Club, Inc. and Subsidiaries' 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.

Condon O'Meara McGinty & Donnelly LLP

April 16, 2026

WESTCHESTER COUNTRY CLUB, INC. AND SUBSIDIARIES

Consolidated Statement of Financial Position

Assets

	December 31 2025	December 31 2024
Current assets		
Cash and short-term investments	$ 22,117,890	$ 25,630,327
Accounts and other receivables, net	25,744,997	23,627,813
Inventories and supplies	487,267	573,449
Prepaid expenses and other current assets	564,663	687,809
Total current assets	48,914,817	50,519,398
Restricted fund		
Cash	391,538	391,538
Deferred tax	20,000	-
Property and equipment, net	58,217,376	50,305,019
Right-of-use assets – operating leases	838,154	1,028,577
Total assets	**$108,381,885**	**$102,244,532**

Liabilities and Net Assets

	2025	2024
Current liabilities		
Accounts payable	$ 1,553,040	$ 1,443,962
Contracts payable	477,043	-
Accrued expenses and other	6,107,345	5,782,343
Unearned revenue	20,977,036	19,585,130
Current portion of operating leases	135,584	190,424
Current portion of long-term debt	1,256,094	1,261,356
Current portion of deferred compensation	139,848	139,848
Total current liabilities	30,645,990	28,403,063
Long-term liabilities		
Deferred easement revenue	1,025,000	-
Deferred tax	-	145,000
Operating leases, net of current portion	702,570	838,153
Long-term debt	18,471,240	20,130,705
Unearned revenue	5,346,238	4,931,626
Deferred compensation	653,217	757,064
Tenant security deposits	391,538	391,538
Total long-term liabilities	26,589,803	27,194,086
Total liabilities	57,235,793	55,597,149
Non-controlling interest	312,856	325,527
Net assets (see note 14)	50,833,236	46,321,856
Total liabilities and net assets	**$108,381,885**	**$102,244,532**

See notes to the consolidated financial statements.

WESTCHESTER COUNTRY CLUB, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

	December 31	
	2025	**2024**
Revenue		
Membership dues	$ 19,406,356	$ 18,101,262
Golf and locker room	3,360,489	3,316,591
Beach club	4,034,419	3,938,879
Rooms	7,787,444	7,440,579
Food and beverage	15,352,900	13,948,869
Other operating departments	577,695	703,865
Investment income and other	1,299,042	1,676,290
Rental and other	804,080	783,518
Total revenue	52,622,425	49,909,853
Cost and expenses		
Cost of food and beverage	4,278,557	3,960,007
Payroll and related expenses	30,665,291	28,629,561
Other expenses		
Golf and locker room	2,220,478	2,339,798
Beach club	1,384,991	1,400,349
Rooms	524,873	497,750
Food and beverages	1,198,685	1,157,823
Other operating departments	803,705	795,859
General maintenance and repairs	1,555,047	1,342,453
Heat, light and power	1,731,903	1,737,023
Administrative and general	2,363,978	1,990,155
Insurance	1,534,629	1,363,000
Real estate taxes	1,528,721	1,481,922
Total other expenses	14,847,010	14,106,132
Total costs and expenses	49,790,858	46,695,700
Excess of revenue before other non-operating items	2,831,567	3,214,153
Capital fund dues	4,783,468	3,346,480
Initiation fees	3,605,634	2,394,629
Depreciation	(5,878,030)	(5,193,580)
Interest	(858,930)	(927,166)
Income tax benefit (expense)	15,000	(459,450)
Non-controlling interest	12,671	2,582
Increase in net assets	**4,511,380**	**2,377,648**
Net assets, beginning of year	**40,013,796**	**37,636,148**
Net assets, end of year	**$ 44,525,176**	**$ 40,013,796**

See notes to the consolidated financial statements.

WESTCHESTER COUNTRY CLUB, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

	Year Ended December 31 2025	Year Ended December 31 2024
Cash flows from operating activities		
Increase in net assets	$ 4,511,380	$ 2,377,648
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	5,878,030	5,193,580
Non-controlling interest	(12,671)	(2,582)
Deferred tax expense (credit)	(165,000)	40,000
Capital fund dues and initiation fees	(8,389,102)	(5,741,109)
(Increase) decrease in assets		
Accounts and other receivables, net	(2,119,668)	(1,408,718)
Inventories and supplies	86,182	(49,949)
Prepaid expenses and other current assets	123,146	289,906
Increase (decrease) in liabilities		
Accounts payable, accrued expenses and other	434,080	1,049,117
Unearned revenue	1,806,518	1,623,268
Tenant security deposit liability	-	17,288
Deferred compensation, net	(103,848)	(103,848)
Net cash provided by operating activities	2,049,047	3,284,601
Cash flows from investing activities		
Additions to property and equipment	(13,790,386)	(4,779,707)
Proceeds for grant of easement	1,027,484	-
Increase in contract payables	477,043	-
Net cash (used in) investing activities	(12,285,859)	(4,779,707)
Cash flows from financing activities		
Capital fund dues and initiation fees	8,389,102	5,741,109
Repayment of long-term debt	(1,664,727)	(982,732)
Net cash provided by financing activities	6,724,375	4,758,377
Increase (decrease) in cash and short-term investments	**(3,512,437)**	**3,263,271**
Cash and short-term investments, beginning of year	**26,021,865**	**22,758,594**
Cash and short-term investments, end of year	**$ 22,509,428**	**$ 26,021,865**
Cash and short-term investments consist of:		
Current asset	$ 22,117,890	25,630,327
Restricted	391,538	391,538
Total	$ 22,509,428	$ 26,021,865

See notes to the consolidated financial statements.

WESTCHESTER COUNTRY CLUB, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
December 31, 2025 and December 31, 2024

Note 1 – Nature of organizations

The Westchester Country Club, Inc. (the "Club") is a membership owned private club incorporated in 1929 under the Not-For-Profit Law of the State of New York. The Club provides golf, tennis and other sporting facilities for its members. In addition, the Club maintains a clubhouse in which dining facilities, lodging and a beach facility are available for the membership. The Club is funded by dues, fees and charges to the membership for the use and maintenance of the facilities.

Harrison-Rye Realty Corporation ("HRRC"), a subsidiary of the Club, leases its land and facilities to the Club under three separate leases. During 2017, the Club and HRRC agreed to amend and restate the existing leases for a term of forty-nine years expiring October 31, 2067.

During November 2022, Biltmore Gardens Development LLC ("Biltmore Gardens") was organized as a limited liability company under the laws of the State of Delaware. The Club is the sole member of Biltmore Gardens. The sole business activity of Biltmore Gardens is to acquire and hold certain real property on behalf of the Club. On December 9, 2022, Biltmore Gardens purchased land for $7,250,000.

Note 2 – Summary of significant accounting policies

Net assets

The Club's net assets are without donor restrictions and are available to support operations. The only limits on the use of these net assets, if any, are internal Board designations.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Club, HRRC, and Biltmore Gardens (disregarded entity). The Club owns 100% of the Class B preferred stock and approximately 88% of the common stock of HRRC. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Class B preferred stock has a $3 per share cumulative dividend. Dividends on the Class B preferred stock are authorized by the Board of Directors of HRRC. Cumulative unpaid dividends on the Class B preferred stock aggregated $124,020 at December 31, 2025 and December 31, 2024. The Board of Directors of HRRC did not declare or pay dividends on the Class B preferred stock during 2025 or 2024.

Dividends may not be paid or declared on common stock of HRRC as long as the shares of its Class B preferred stock are outstanding.

WESTCHESTER COUNTRY CLUB, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2025 and December 31, 2024

Note 2 – Summary of significant accounting policies (continued)

Income taxes

Effective January 1, 2017, the Club became exempt from federal income taxes under Section 501(c)(7) of the Internal Revenue Code except as to a tax on its net unrelated business income. Unrelated business income consists primarily of revenue generated from non-member use of the Club's facilities and interest income. HRRC is a taxable entity and files separate federal and state income tax returns. Biltmore Gardens is treated as a disregarded entity for corporate filing purposes and all of its balances and transactions are reflected on the information tax return of the Club.

Revenue recognition

The Club recognizes membership dues as revenue ratably over the period in which those billings relate, which is when the Club's performance obligation is satisfied. The membership dues period is effective from April 1st through March 31st. Dues for the period are billed in the preceding December. Initiation fees and capital dues are recognized when billed, which is when the performance obligation is satisfied.

Unearned revenue consists of payments for membership dues and fees received in advance to be earned and recognized in future periods. The recognition of unearned revenue is based on the Club's expected delivery of services or goods in the normal course of business. When consideration is received and revenue has not yet been recognized, a deferred liability is recorded (for membership dues and fees collected in advance). Unearned revenue is classified between current and long-term based on the period in which the related performance obligations are expected to be satisfied.

Food and beverage sales, golf operations and other revenue are recognized as revenue when earned, which is at the time of sale or when the services are provided, and the Club is not required to provide additional goods and/or services to the member.

Total revenue (operating and non-operating) recognized over time and at a point in time is as follows for the years ended December 31, 2025 and December 31, 2024:

	2025	2024
Revenue recognized over time	$19,406,356	$18,101,262
Revenue recognized at a point in time	40,306,129	35,873,410
Total	$59,712,485	$53,974,672

The Club collects and remits sales and use taxes for certain revenue transactions. The Club reports such amounts under the net method and accordingly, these taxes are not included in the accompanying consolidated financial statements.

WESTCHESTER COUNTRY CLUB, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2025 and December 31, 2024

Note 2 – Summary of significant accounting policies (continued)

Revenue recognition (continued)

Balances related to accounts receivable and unearned revenue are reflected in the consolidated statement of financial position at December 31, 2025 and December 31, 2024, with beginning balances for these categories at January 1, 2024, of $22,219,095 and $22,893,488, respectively.

Assessments

In April 2025, in connection with future capital projects, the membership approved an assessment of $2,150 for Regular members and prorated amounts for other classes of membership over a 5- year period, effective June 1, 2025.

Short-term investments

Included in short-term investments are U.S. Treasury Bills totaling a $15,000,300 and $19,000,300 as of December 31, 2025 and December 31, 2024, respectively. The Club's investments are measured using Level 1 inputs, which are defined as quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date.

Accounts receivable and allowance for credit losses

Members' accounts are charged to bad debt expense when they are deemed uncollectible based upon a periodic review of aging and collections. Losses, when realized, have been within the range of the Club's expectations and, historically, have not been significant. An allowance for credit losses of $76,000 and $52,000 has been established for the years ended December 31, 2025 and December 31, 2024, respectively. Such estimates are based on management's experience, the aging of the receivables, subsequent receipts and current and anticipated future economic conditions.

The following is the activity in the allowance for credit losses for the years ended December 31, 2025 and December 31, 2024:

	2025	2024
Balance, beginning of year	$ 52,000	$ 37,000
Additions	24,000	24,000
Write-offs	-	(9,000)
Balance, end of year	$ 76,000	$ 52,000

Note 2 – Summary of significant accounting policies (continued)

Property and equipment

Property and equipment with a useful life greater than one year and a nominal amount are capitalized and recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets ranging from 3 to 30 years. Expenditures for maintenance and repairs are charged to operations in the period incurred. When property and equipment is sold, or otherwise disposed of, the cost and related accumulated depreciation is eliminated from the accounts and any resulting gain or loss is reflected in the consolidated statement of activities.

Operating leases

The Club recognizes right-of-use ("ROU") assets, which represent the right to control the use of a respective asset for the lease term, and a lease liability on the consolidated statement of financial position. The Club has elected to exclude leases with terms less than twelve months and has determined that it is not material to discount its leases to their net present value.

The Club accounts for long-term easements as operating leases. Consideration received in advance is recorded as deferred easement revenue and recognized on a straight-line basis over the term of the arrangement.

The Club owns a majority of the shares of common stock in HRRC. The recognition of an asset and corresponding liability is eliminated in consolidation.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances that indicate that the carrying value of the assets may not be recoverable. The effects of impairments, if any, are reflected in the consolidated statement of activities.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results could differ from those estimates.

WESTCHESTER COUNTRY CLUB, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2025 and December 31, 2024

Note 2 – Summary of significant accounting policies (continued)

Concentrations of credit risk

The Club's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, short-term investments, and accounts receivable. The Club places its cash with what it believes to be quality financial institutions. At times during the year, the balances in the Club's bank accounts exceeded the FDIC insurance limit; however, the Club has not experienced any losses in such accounts to date. The Club invests in U.S. Treasury Bills. The Club's accounts receivable consist principally of amounts due from members. The Club believes no significant concentrations of credit risk exist with respect to its cash, short-term investments and accounts receivable.

Subsequent events

The Club has evaluated events and transactions for potential recognition or disclosure through April 16, 2026, which is the date the consolidated financial statements were available to be issued.

Note 3 – Liquidity and availability of financial assets

The Club's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts from dues and other revenue items. The following is a summary of the Club's financial assets as of December 31, 2025 and December 31, 2024 that are available for general use within one year of the consolidated statement of financial position date:

	2025	2024
Cash and short-term investments	$ 22,117,890	$ 25,630,327
Accounts and other receivables, net	25,744,997	23,627,813
Total	$ 47,862,887	$ 49,258,140

In addition, the Club has available a $5,000,000 working capital revolving line of credit to finance future capital improvements (see note 7) which may be used, as necessary, during the year.

Note 4 – Restricted cash

Restricted cash consists of tenant security deposits of $391,538 as of December 31, 2025 and December 31, 2024.

WESTCHESTER COUNTRY CLUB, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2025 and December 31, 2024

Note 5 – Property and equipment

The cost and the accumulated depreciation of land, buildings, improvements, furniture, fixtures, and equipment were as follows at December 31, 2025 and December 31, 2024:

	2025	2024
Land and land improvements	$ 26,864,437	$ 24,729,359
Buildings and improvements	84,642,352	80,932,412
Furniture, fixtures and equipment	33,386,315	25,440,946
Total	144,893,104	131,102,717
Less: accumulated depreciation	86,675,728	80,797,698
Property and equipment, net	$ 58,217,376	$ 50,305,019

Note 6 – Grant of easement

In September 2025, HRRC granted an easement to a third-party (the “Grantee”) which is being accounted for as an operating lease, providing for the grant of a long-term easement over a portion of the rooftop and related areas of HRRC’s property and the assignment of HRRC’s beneficial interests in certain existing telecommunications lease agreements. In connection with the transaction, the HRRC assigned its rights to receive rental income under the existing telecommunications leases subject to the terms of the agreement.

The total consideration for the transaction is $5,400,000, payable in installments consisting of $1,050,000 at closing (proceeds from easement recorded net of prorated rent), $1,800,000 on the first anniversary of closing, $1,800,000 on the second anniversary of closing and $750,000 on the third anniversary of closing. Upon closing, the Grantee became entitled to all rental income attributable to periods subsequent to closing under the assigned leases.

The easement has an initial term of 55 years, subject to earlier termination under certain conditions specified in the agreement. HRRC retains ownership of the underlying property and remains responsible for obligations not specifically assigned, including property ownership-related obligations. In addition, HRRC is entitled to receive 50% of net rental revenues generated from any additional telecommunications tenants added to the easement area beyond the existing anchor tenants, as defined in the agreement.

The easement arrangement is accounted for as an operating lease. Consideration received under the agreement is recorded as deferred easement revenue and recognized on a straight line basis over the 55 year term of the easement. Since HRRC retains ownership of the underlying property, no lease receivable or asset is recognized for the total contractual consideration.

WESTCHESTER COUNTRY CLUB, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2025 and December 31, 2024

Note 7 – Bank financing

Revolving line of credit

The Club has available a $5,000,000 working capital line of credit, which expires October 31, 2028. Interest is payable at the bank's prime rate with a floor of 3%. As of December 31, 2025, the Club had no outstanding borrowings under this line.

Non-revolving line of credit loan agreement

In connection with the refinancing of the long-term debt, the Club obtained a $5,000,000 non-revolving line of credit loan agreement (the "loan agreement") to finance future capital improvements. The Club had the ability to borrow against the line of credit until March 31, 2021 at which time the loan amount then outstanding converted to a 15-year term loan.

During January 2021, the Club converted the $1,500,000 outstanding line of credit balance into a promissory note (see next page). In addition, the loan agreement was amended to extend the drawdown period until March 31, 2023, at which time the loan amount then outstanding was converted to a term loan. During August 2021, the line of credit was increased from $5,000,000 to $10,000,000.

During October 2023, the Club borrowed $10,000,000 against the line of credit. The line of credit required payments of interest only at a fixed rate of 3.80% through March 31, 2024. On April 1, 2024, the line of credit converted to a loan. The loan requires a payment of interest only on April 10, 2024. On May 10, 2024, the loan requires monthly payments of $77,120 applicable first to interest at a fixed rate of 3.80% per annum and the balance to principal. The loan will amortize over a 14-year year period and matures April 10, 2038. Once each loan year, the Club may prepay up to $750,000 of the outstanding loan balance without penalty or prepayment fee so long as the funds are generated internally and do not come from a refinance with another lender. The loan is secured by all business assets of the Club and contains certain financial covenants as outlined in the agreement.

$6,000,000 term loan

During 2017, the Club obtained a $6,000,000 term loan. The loan was obtained to repay the line of credit borrowings and provide funds for capital improvements. The loan is due November 2032. During January 2021, the Club refinanced the loan. Commencing February 1, 2021, the loan requires monthly payments of $30,791 applicable first to interest at a fixed rate of 3.65% per annum and the balance to principal. Once each loan year, the Club may prepay the outstanding loan balance without penalty or prepayment fee so long as the funds are generated internally and do not come from a refinance with another lender. The loan is secured by all business assets of the Club and contains certain financials covenants as outlined in the agreement.

Note 7 – Bank financing (continued)

$1,500,000 promissory note

During January 2021, the Club converted the non-revolving line of credit into a $1,500,000 15-year loan. The loan, which matures February 1, 2036 is evidenced by a promissory note. Commencing March 1, 2021, the loan requires monthly payments of $10,997 applicable first to interest at a fixed rate of 3.80% per annum and the balance to principal. Once each loan year, the Club may prepay the outstanding principal loan balance without penalty or prepayment fee so long as the funds are generated internally and do not come from a refinance with another lender. The loan is secured by all business assets of the Club and contains certain financial covenants as outlined in the agreement.

$3,750,000 promissory note

During September 2021, the Club obtained a $3,750,000 term loan. The loan, which matures October 1, 2036, is evidenced by a promissory note. Commencing November 1, 2022, the loan requires monthly payments of $27,790 applicable first to interest at a fixed rate of 3.97% per annum and the balance to principal. Once each loan year, the Club may prepay the outstanding principal loan balance without penalty or prepayment fee so long as the funds are generated internally and do not come from a refinance with another lender. The loan is secured by all business assets of the Club and contains certain financial covenants as outlined in the agreement.

$500,000 promissory note

During December 2022, in connection with purchase of land by Biltmore Gardens (see note 1), the Club obtained a $500,000 term loan. The Club owns 100% of Biltmore Gardens. The loan, which was scheduled to mature on January 1, 2030, was evidenced by a promissory note. Commencing February 1, 2023, the loan required monthly payments of $7,171 applicable first to interest at a fixed rate of 5.44% per annum and the balance to principal. The Club had the ability to prepay the outstanding principal loan balance without penalty or prepayment fee so long as the funds are proceeds from the sale of the property or generated internally and prepayment do not come from a refinance with another lender. The loan was secured by a negative pledge on the Club's property and all business assets of the Club and contains certain financial covenants as outlined in the agreement. During February 2025, the outstanding balance of the loan was paid in full.

WESTCHESTER COUNTRY CLUB, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2025 and December 31, 2024

Note 7 – Bank financing (continued)

$4,500,000 term loan

During December 2022, in connection with the purchase of land by Biltmore Gardens (see note 1), the Club obtained a $4,500,000 term loan. The Club owns 100% of Biltmore Gardens. Commencing February 1, 2023, the loan requires payments of interest only at a fixed rate of 5.31%. Commencing February 1, 2025, the loan will require monthly payments of $32,395 applicable first to interest and the balance to principal. The loan will amortize over an 18-year period and matures in 10 years on January 1, 2033, at which time a balloon payment of approximately $3,000,000 plus all unpaid and accrued interest will be due and payable. The Club may prepay the outstanding principal loan balance without penalty or prepayment fee so long as the funds are proceeds from the sale of the property or generated internally and prepayment do not come from a refinance with another lender. The loan is secured by a $4,500,000 mortgage on the Club's property and all business assets of the Club and contains certain financial covenants as outlined in the agreement.

The following is a summary of the long-term debt at December 31, 2025 and December 31, 2024:

Original Principal	Maturity Date	Interest Rate	Payment	2025	2024
$10,000,000	April 10, 2038	3.80%	$ 77,120	$ 9,072,448	$ 9,636,522
6,000,000	November 1, 2032	3.65%	30,791	2,261,707	2,544,366
1,500,000	February 1, 2036	3.80%	10,997	1,106,569	1,193,829
3,750,000	October 1, 2036	3.97%	27,790	2,924,345	3,135,330
500,000	January 1, 2030	5.44%	7,171	-	382,014
4,500,000	January 1, 2033	5.31%	32,395	4,362,265	4,500,000
	Total outstanding long-term debt			19,727,334	21,392,061
	Less: current portion			1,256,094	1,261,356
	Non-current portion			$ 18,471,240	$ 20,130,705

Scheduled maturities on the long-term debt are as follows:

Year	Amount
2026	$ 1,256,094
2027	1,307,384
2028	1,360,249
2029	1,416,407
2030	1,474,363
2031 and thereafter	12,912,837
Total	$ 19,727,334

WESTCHESTER COUNTRY CLUB, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2025 and December 31, 2024

Note 8 – Operating leases

The Club leases golf cars under an operating lease. The golf car lease requires six monthly payments (May-October) commencing at $21,300 and increases by 3% every two years and expires in 2031. Lease cost for the years ended December 31, 2025, and 2024, was $190,423.

Future minimum annual lease payments are as follows as of December 31, 2025:

Year	Amount
2026	$ 135,583
2027	135,583
2028	139,650
2029	139,650
2030	143,844
2031	143,844
Total	$ 838,154
Weighted-average remaining lease term	6.0 years

Note 9 – Deferred compensation

Supplementary Executive Retirement Plan

The Club sponsors an unfunded Supplementary Executive Retirement Plan (SERP) with a former key employee of the Club. The SERP provides for a fifteen-year payout of $139,848 per year following the later of the key employee attaining age sixty-five or the employee's termination of employment. The employee retired effective December 31, 2017 and began receiving payments in 2018. If the former employee were to expire before benefit payments have been completed, the remaining benefit payments will be paid to his designated beneficiary.

The Club has accrued deferred compensation of $793,065 and $896,912 for the SERP as of December 31, 2025 and December 31, 2024, respectively. The amount accrued is based on the present value of the fifteen-year payout, using a risk-free interest rate of return.

Note 10 – Retirement plans

401(k) plan

The Club maintains a 401(k) plan (the "Plan") for all eligible employees. Eligible employees can contribute a portion of their compensation not to exceed limits set by the Internal Revenue Code for a 401(k) plan. The Club's expense for the Plan totaled $243,000 and $284,000 for the years ended December 31, 2025 and December 31, 2024, respectively.

WESTCHESTER COUNTRY CLUB, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2025 and December 31, 2024

Note 10 – Retirement plans (continued)

Multiemployer pension plan

The Club contributes to a multiemployer defined benefit pension plan (the "Plan") under the terms of a collective-bargaining agreement that covers its union-represented employees. The risks of participating in this multiemployer plan are different from a single-employer plan in the following respects:

- Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Club chooses to stop participating in the multiemployer plan, the Club may be required to pay the Plan an amount based on the underfunded status of the Plan, referred to as withdrawal liability.

The Club's participation in this Plan for the years ended December 31, 2025 and December 31, 2024, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number ("EIN") and the three-digit Plan number. The next column lists the expiration date of the collective-bargaining agreement to which the Plan is subject. The most recent Pension Protection Act (PPA) zone status available in 2025 and 2024 is for the Plan's year-end at December 31, 2024 and December 31, 2023, respectively. The zone status is based on information that the Club received from the Plan and is certified by the Plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are between 65 percent and 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

Pension Fund	EIN/Pension Plan Number	Expiration Date of Collective Bargaining Agreement	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Surcharge Imposed	Contributions to Plan	
			2024	2023			2025	2024
32BJ North Pension Fund (Local 32BJ)	13-1819138 001	3/16/2028	Green	Green	No	No	$ 444,638	$ 418,612

WESTCHESTER COUNTRY CLUB, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2025 and December 31, 2024

Note 11 – Income taxes

Provision for income taxes

The provision for income taxes consist of the following:

	2025	2024
Current expense (credit)	$ (15,000)	$ 459,450

Deferred taxes

The deferred tax, which relates to HRRC, consists of the following:

	2025	2024
Differences in book and tax bases for depreciation and capitalization of assets and deferred easement revenue	$ (20,000)	$ 145,000

HRRC has available net operating loss carryforwards totaling approximately $-0- for Federal purposes and $242,000 for New York State purposes included in this net deferred tax asset.

Note 12 – Commitments

Employment agreements

The Club has employment agreements with certain key employees that expire at various times through December 31, 2027.

Construction agreements

In December 2023, in connection with the irrigation project, the Club entered into a construction contract for approximately $8,400,000. The project is expected to commence in May 2026 and is expected to be completed in 2027.

In February 2025, in connection with the exterior repair work, the Club entered into a construction contract for approximately $4,200,000 inclusive of approved change orders. The Club has incurred costs of approximately $3,200,000 related to this project. The project is expected to be completed in 2026.

In August 2025, in connection with the pool work, the Club entered into a construction contract for approximately $2,000,000. The Club has incurred costs of approximately $1,100,000. The project is expected to be completed in 2026.

In September 2025, in connection with the locker room renovation, the Club entered into a construction contract for approximately $670,000. The Club has incurred costs of approximately $300,000. The project is expected to be completed in 2026.

WESTCHESTER COUNTRY CLUB, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2025 and December 31, 2024

Note 12 – Commitments (continued)

Construction agreements (continued)

In December 2025, in connection with the hotel rooms renovation, the Club entered into a construction contract for approximately $1,100,000. The project is expected to be completed in 2026.

Note 13 – Litigation

The Club, as defendant, is involved in litigation arising in the ordinary course of business. The Club is being defended in these matters by legal counsel appointed by its insurance carrier, and management believes the Club maintains adequate insurance coverage for these claims. The Club intends to defend itself vigorously and, in the opinion of management, the disposition of these matters will not have a material effect, if any, on the Club's consolidated financial statements.

Note 14 – Net assets

The net assets at December 31, 2025 and December 31, 2024 consist of:

	2025	2024
Certificates of interest	$ 1,334,250	$ 1,334,250
Net assets	49,498,986	44,987,606
Total net assets	$ 50,833,236	$ 46,321,856

Certificates of interest

The Club has issued and outstanding 1,914 Certificates of Interest (the "Certificates"), the proceeds of which were used to purchase both the Class B preferred and the common stock of HRRC owned by the Club. These Certificates are secured and have as collateral all of the Class B preferred stock of HRRC held by the Club, but none of HRRC's common stock. The Club will hold all such Class B preferred stock for the benefit of the Certificate holders until such time that HRRC calls for redemption of such stock and at such time, the full proceeds of redemption will be distributed (ex-dividends) pro rata to such Certificate holders.

Redeemable capital contribution

Pursuant to a plan for the complete renovation of the Sport House, each member contributed a specified sum, relative to their membership classification, in the form of a redeemable capital contribution, which is included in the Club's net assets.

WESTCHESTER COUNTRY CLUB, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (continued)
December 31, 2025 and December 31, 2024

Note 15 – Supplemental disclosures of cash flows information

Cash paid during the year for:

	2025	2024
Interest	$ 858,930	$ 927,166
Income taxes	451,466	266,839

Note 16 – Functional expenses

The costs of providing the various program and supporting activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. The following is a summary of the Club's functional expenses (operating expense) for the years ended December 31, 2025 and December 31, 2024:

	2025		
	Program Services	Supporting Activities	Total
Costs and expenses			
Cost of sales	$ 4,278,557	$ -	$ 4,278,557
Payroll and related expenses	26,575,387	4,089,904	30,665,291
Other expenses	12,483,032	2,363,978	14,847,010
Depreciation	5,878,030	-	5,878,030
Total costs and expenses	$ 49,215,006	$ 6,453,882	$ 55,668,888

	2024		
	Program Services	Supporting Activities	Total
Costs and expenses			
Cost of sales	$ 3,960,007	$ -	$ 3,960,007
Payroll and related expenses	24,820,733	3,808,828	28,629,561
Other expenses	12,115,977	1,990,155	14,106,132
Depreciation	5,193,580	-	5,193,580
Total costs and expenses	$ 46,090,297	$ 5,798,983	$ 51,889,280

Functional expenses include depreciation and other costs not presented within operating expenses on the consolidated statement of activities.