



2026 Lake Royale Town Hall

Our Community • Our Course • A Brighter Tomorrow

THE RIVER GOLF CLUB – A LEGACY WORTH BUILDING ON



Originally owned by Lake Royale Corporation
(developer out of Texas)



Sold to Tar River Associates, Inc.
February 10, 1994.



Tar River Associates, Inc. changed corporation
name 5/20/02 to River Golf and Country Club, Inc.



River Golf and Country Club, Inc. d/b/a
Tar River Associates, Inc. sold golf course
to LRPOA 1/28/20.



C Corp created on 3/6/25 to mitigate the tax
liability of the LRPOA from operations of a
public golf course and offset its revenue with
non-exempt expenses.

*More than 30 years of golf tradition
now positioned for its next chapter.*





**1D PRACTICE
FACILITIES**



**1E MEMBER RESERVATION
PORTAL LAUNCH**



**1F BUILDING A STRONGER CLUB FOR
MEMBERS, RESIDENTS, AND FUTURE GENERATIONS.**



LEARNING CURVE

YEAR ONE



New responsibilities



Changeover in personnel



Cash flow management



Legal requirements



Policies & procedures



Not knowing what is unknown



LEARN



ADAPT



IMPROVE



GROW



EXCEL



SYSTEMS CHANGEOVER



Golf course management systems

4UP → **GolfNow**



Financial reporting
and record keeping

Third party → In-house



Staff training
and adoption



Integration with
existing processes



Data accuracy
and continuity



FAILING IRRIGATION SYSTEM



40+ year old pumps and piping
Original system installed in the early 1980s



Exceeded life expectancy
Increasing failures and downtime



Pump failures / pipe degradation
Risk to course conditions and playability



**Phase 2 of modernization
system never completed**
Leaves critical components vulnerable



An aging infrastructure
is impacting reliability,
efficiency, and course conditions.

2026/2027 CHALLENGES

CHALLENGES MET – FOUNDATION ESTABLISHED



Membership Growth and Retention



Improved Course Conditions



New Equipment Investments



Cart Path Improvements with LRPOA



Practice Facility Enhancements



Real-Time Financial Reporting



Member Reservation Portal Launch



Stronger Operational Controls



Irrigation Modernization Planning Underway

*The first year was spent learning, stabilizing,
and building the foundation for sustainable long-term success.*



THE RIVER
— Golf Club —
at Lake Royale

OUR COMMUNITY. OUR COURSE. A BRIGHTER TOMORROW.



Today's
Pin
Location
Is

#1

Cart
Restrictions
For Today's
Round

**90
DEGREE**

TOWN HALL PRESENTATION

ACT II

FINANCIAL UPDATE

*Where We Stand.
Where We're Headed.*



OUR COMMUNITY. OUR COURSE. A BRIGHTER TOMORROW.



FINANCIAL RESULTS FOR FYE 3/31/26

Actual to Prior Year

Distribution account	Actual FYE 3/31/24	Actual FYE 3/31/25	Actual FYE 3/31/26
Golf Revenues	653,951	661,663	837,243
Pro Shop	123,080	120,337	99,766
Total Revenue	777,031	782,000	937,009
Gross Profit	777,031	782,000	937,009
Operations	267,494	368,010	335,263
Payroll and Benefits	477,988	494,923	491,987
General and Administrative	106,793	139,212	152,127
Purchases - Pro Shop	72,931	63,060	75,434
Total for Expenses	925,206	1,065,205	1,054,811
Net Operating Income	(148,175)	(283,205)	(117,802)
Total for Other Income	0	728	7,103
Total for Other Expenses	0	0	8,636
Net Other Income	0	728	(1,533)
Net Income	(148,175)	(282,477)	(119,335)

KEY TAKEAWAYS

- Revenue > \$155K**
 Memberships > \$145K; 3rd-party bookings/discounts > \$30K; Pro Shop < \$20K.
- Operations < \$33K**
 Landscaping < \$22K, Repair & Maintenance < \$5K and Fuel < \$3K
- Payroll essentially flat**
 Wages > \$19K; benefits > \$10K; payroll processing/taxes > \$12K.
- G&A < \$13K**
 Professional Fee < \$19K
- Purchases - Pro Shop < \$12K**
 Merchandise, drinks and snacks



BUDGET ASSUMPTIONS FOR FYE 3/31/27

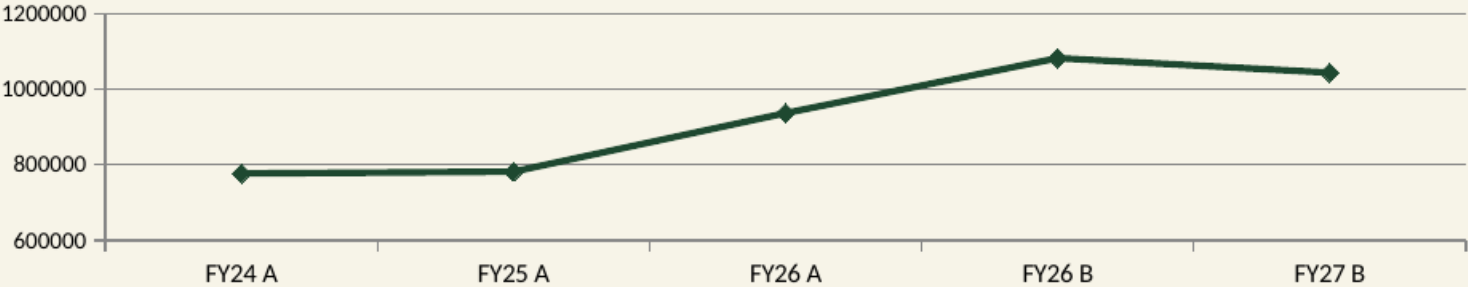
Understanding Revenue Assumptions

Distribution account	Actual FYE 3/31/24	Actual FYE 3/31/25	Actual FYE 3/31/26	Budget FYE 3/31/26	Budget FYE 3/31/27
Total Revenue	777,031	782,000	937,009	1,083,000	1,044,500
Total for Expenses	925,206	1,065,205	1,054,811	1,055,680	1,127,973
Net Operating Income	(148,175)	(283,205)	(117,802)	27,320	(83,473)
Net Other Income	-	728	(1,533)	4,000	(4,595)
Net Income	(148,175)	(282,477)	(119,335)	31,320	(88,068)

KEY TAKEAWAYS

- **Revenue budget: \$1.045M**
11.5% above FY26 actual.
- **FY26 budget gap**
FY26 actual revenue finished \$146K below budget.
- **Growth is pricing + rounds**
FY27 assumptions rely on higher rates and increased play.

TOTAL REVENUE





BUDGET ASSUMPTIONS FOR FYE 3/31/27

Revenue Detail

Distribution account	Actual FYE 3/31/26	Budget FYE 3/31/26	Budget FYE 3/31/27
401 Green Fees	364,070	500,000	500,000
402 Cart Fees	99,336	90,000	90,000
403 Range	27,105	15,000	17,600
404 Golf Membership	94,238	150,000	140,500
405 Golf Membership - LRPO	200,000	200,000	200,000
406 Tournament Income (net)	23,026	28,000	-
407 Green/Cart Fees - 3rd Party Bookings	37,188	-	-
408 Discounts Given	(7,720)	-	-
Total for 400 Golf Revenues	837,243	983,000	948,100
411 Sales - Beer	25,754	24,000	32,000
412 Snack Bar/Drinks	29,977	26,000	24,400
413 Sales Pro-Shop	44,035	50,000	40,000
Total for 410 Pro Shop	99,766	100,000	96,400
Total Revenue	937,009	1,083,000	1,044,500

KEY TAKEAWAYS

- Green fees remain the anchor**
\$500K FY27 budget.
- Membership**
\$140.5K FY27 budget plus \$200K LRPO contribution.
- Pro Shop**
\$96.4K FY27 budget.
- Total revenue**
\$1.0445M FY27 budget.



BUDGET ASSUMPTIONS FOR FYE 3/31/27

Pricing, Rounds and Operating Assumptions

- Pricing reset: weekday \$52 → \$55; weekend \$62 → \$65.
- Cart / guest / membership pricing: 9 holes \$10 → \$15; 18 holes \$20 → \$25; POA guest \$40 → \$45; annual plan \$1,000 → \$1,200.
- Rounds should benefit from better grooming equipment, paved cart paths and range upgrades.
- New software and timely financial reporting improve revenue visibility and forecasting.
- Planning assumptions: 2.5% inflation; headcount reduced by one with 2.5% wage increases; fuel expected to ease.

KEY TAKEAWAYS

- **Pricing reset**
Rates and membership pricing were increased.
- **More rounds**
Course improvements are expected to support higher play.
- **Better information**
New systems improve revenue visibility and forecasting.



BUDGET ASSUMPTIONS FOR FYE 3/31/27

Cost Pressures and Capital

- Fertilizers & chemicals: projected +10–15%; advance purchasing helps mitigate supply-chain, tariff and production-cost pressure.
- Equipment R&M: expected higher to meet new John Deere warranty protocols.
- Workers' compensation: projected +4.9%.
- Insurance: D&O expected flat; liability projected +3–4%.
- Capital expenditures: none included in this operating budget.

KEY TAKEAWAYS

- **Input costs rising**
Chemicals and fertilizer remain the largest pressure.
- **Maintenance discipline**
Warranty protocols raise near-term R&M.
- **Capital excluded**
No capital expenditures are included in this operating budget.



BUDGET FOR FYE 3/31/27

Operating Budget

Distribution account	Actual FYE 3/31/24	Actual FYE 3/31/25	Actual FYE 3/31/26	Budget FYE 3/31/27
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Payroll and Benefits	477,988	494,923	491,987	542,222
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Total for Other Income	0	728	7,103	6,000
Total for Other Expenses	0	0	8,636	10,595
Net Other Income	0	728	(1,533)	(4,595)
Net Income	(148,175)	(282,477)	(119,335)	(88,068)

KEY TAKEAWAYS

- Revenue > 11.5% YOY**
 Higher pricing and rounds played.
- Operations > \$69K**
 \$25K chemicals, \$11K R&M, \$12K lease and \$24K depreciation, partly offset elsewhere.
- Payroll > \$51K**
 2.5% wage factor plus budgeted hours.
- G&A < \$27K**
 Lower professional fees and office supplies.
- Pro Shop purchases < \$19K**
 Tighter cost control.



YEAR TO DATE

8/31/2026

Distribution Account	Actual YTD 8/31/26	Budget YTD 8/31/26	Actual YTD 8/31/25
Total Revenue	\$510,222	\$573,143	\$482,605
Gross Profit	\$510,222	\$573,143	\$482,605
Operations	\$211,074	\$168,599	\$175,734
Payroll and Benefits	\$216,861	\$225,926	\$211,102
General and Administrative	\$75,658	\$51,908	\$73,095
Purchases - Pro Shop	\$26,889	\$32,480	\$42,605
Golf course Annual Lease	\$100	—	—
Total for Expenses	\$530,582	\$478,913	\$502,536
Net Operating Income	(\$20,360)	\$94,230	(\$19,930)
Total for Other Income	\$1,527	\$2,500	\$19
Total for Other Expenses	\$5,003	\$4,415	\$173
Net Other Income	(\$3,476)	(\$1,915)	(\$154)
Net Income	(\$23,836)	\$92,315	(\$20,085)

KEY TAKEAWAYS

- **Revenue 5.7% > LY**
Budget 18.8% > LY.
- **Operations \$42K > plan**
Due to \$20K increased chemical costs , \$13K higher fuel and \$9K pipe breakage. i
- **Payroll & benefits \$9K < plan**
Certain employees were not replaced.
- **G&A \$24K > plan**
Due to \$25K in pump rental.
- **Pro Shop purchases \$6K < plan**
Expenses are being managed.



FROM DEFERRED MAINTENANCE TO CAPITAL PLAN



Aging infrastructure
across the course



Deferred maintenance
increases long-term costs



Reliability and operational
risk to playability



Strategic capital planning
needed for sustainability



Investing today to protect
tomorrow



*Addressing deferred maintenance today
ensures a stronger, more reliable course
tomorrow.*



IRRIGATION MODERNIZATION IS A THREE-PART PROGRAM

A phased plan to protect what we built

2022 APPROVED PROJECT

Two phases of irrigation work approved by the POA.

WHAT WAS COMPLETED

- ✓ New control wiring
- ✓ New sprinkler heads

WHAT WAS NOT COMPLETED

- ✗ Laterals around greens and tees

TODAY: A COMPLETE RESTORATION PLAN

New to the timeline of the C-Corp and presented as one project — not piecemeal.



1

Existing Pump House
The system we inherited



2

Removal in Progress
Old pumps being removed



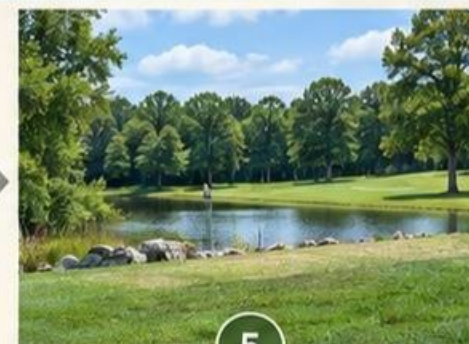
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Pumps Removed
Over 40 years of service



4

New Pump Installation
Installation in progress (photo coming soon)



5

Restored Area
Pump house removed — new system below grade

OPERATING SUPPORT vs. CAPITAL REIMBURSEMENT



OPERATING SUPPORT

Supports the golf operation

- ✓ Annual support addresses the economics of operating the course.
- ✓ Helps bridge the gap between earned revenue and the cost of maintaining course quality.
- ✓ RGC remains responsible for improving revenue, utilization and expense management.



CAPITAL REIMBURSEMENT

Invests in POA-owned infrastructure

- ✓ Pump and irrigation infrastructure are POA capital responsibilities.
- ✓ These assets do not sit on RGC's balance sheet.
- ✓ Reimbursement — funds the restoration of the community asset.



A healthier golf operation can reduce the operating burden — it does not eliminate the POA's responsibility to maintain its capital assets.

WHY MODERNIZATION MATTERS

Reliability. Efficiency. A Better Experience.



RELIABILITY

A system we can count on

- Fewer breakdowns and emergency repairs
- Consistent turf conditions year-round
- Protects course quality and playability
- Supports member and guest satisfaction



EFFICIENCY

Doing more with less

- Modern technology reduces water usage
- Lower ongoing maintenance costs
- Remote monitoring and system diagnostics
- More sustainable operation for the future



A BETTER EXPERIENCE

For members, guests and our community

- Healthier, more consistent playing conditions
- Improved aesthetics across the course
- Maximizes the value of our community asset
- Positions the club for long-term success



*Modernization is not just about replacing equipment —
it's about protecting today and enhancing tomorrow.*

THREE PATHS — ONLY ONE BUILDS A STRONGER TOMORROW

Defer. Fail. Rent. Or Invest and Move Forward.



DEFER

Kick the Can



- Short-term savings, but growing risk
- Higher likelihood of emergency repairs
- Increased disruption to play
- Longer-term costs are almost certain to be higher



FAIL

Let It Run Its Course



- System failure will happen — it's a *when, not if*
- Loss of course quality and playability
- Significant unplanned expenses
- Potential long-term closure
- Greater negative impact on property values and the community



RENT

Outsource the Solution



- May preserve short-term operations
- Provides a path for outside revenue to help reduce POA dependence
- Less control over quality, costs and timing
- Does not build long-term equity in our asset
- Still requires POA capital responsibility



Investing in modernization is the path that protects our course, our community and our future.

But I Don't Play Golf...

*"... and I don't know
how to swim!"*

**Usage is not
the same as value.**

Lake Royale's Two Most Valuable Assets



“The lake is our most valuable asset.”



“The golf course is our second most valuable asset.”

Richard Dyer, President, LRPOA – Lake Royale Board Update, August 11, 2026

Lake & Golf Course: Shared Traits

Different economics. Similar stewardship obligations.



THE LAKE

A Shared Natural Asset



Requires continuous maintenance



Deferred maintenance becomes expensive



Directly used by a portion of residents



Benefits from POA investment



Physical capacity has limits



THE GOLF COURSE

A Shared Recreational Asset



Requires continuous maintenance



Deferred maintenance becomes expensive



Directly used by a portion of residents



Generates significant earned revenue



Tee-time capacity has limits

Different assets. Different economics. Same need for stewardship.

Capital Investment: Perspective Matters

Major community assets are long-term infrastructure — not one-time projects.



LAKE DREDGING

\$1M+

equipment purchased to date

- + engineering / headwall
- + ongoing labor, maintenance & operations



GOLF COURSE IRRIGATION

PHASE 1

\$235K

pump modernization

PHASES 2 & 3

\$750K

mainline + laterals

TOTAL IRRIGATION PROGRAM: \$985K

A SHARED OPPORTUNITY

Properly processed dredging spoils may provide locally sourced fill for appropriate golf-course repairs.

Coordinated planning can create efficiencies between community investments.

Rehearsal figures. Dredging amounts beyond confirmed purchases require final sourcing before publication.

What Does Annual Golf Support Cost Per Property?

Move the discussion from the size of the budget to the scale of the household contribution.

FIXED ANNUAL OPERATING CONTRIBUTION

\$4.07
PER MONTH

\$48.78 annually per billable property

~ 3.9% of annual POA dues

Based on 4,100 currently billable properties

THE OBJECTIVE

**As RGC earned revenue grows,
dependence on POA operating
support declines.**

Outside play and other earned revenue can reduce the community share — but tee-time inventory is finite, and member access must remain part of the balance.

Protect the asset. Grow earned revenue. Reduce the community operating percentage over time.

\$4.07 reflects only the fixed \$200,000 annual operating contribution. Operational shortfalls and POA-funded capital improvements are separate obligations.



What Research Tells Us

The argument is not “everyone plays golf.” The argument is that durable amenities are capitalized into property values.

7.6%

Direct golf-course location premium

A matched-pair study found that golf-course location added 7.6% to sales price. Best use: establishes direct contributory value, not a community-wide average.

19–26%

Adjacent-lot premiums can be much higher

A golf-subdivision hedonic study found large premiums for homes adjacent to the course. Best use: shows value is strongest where visibility/frontage is direct.

Context

Open-space value depends on place

Broader open-space research finds proximity benefits vary by density, neighborhood traits, amenity type, and local market preferences.

A desirable lake and a well-maintained golf course create a stronger community — and that strength can translate into higher property values.

*The question is not whether every resident uses the amenity.
The question is whether it helps make Lake Royale a more valuable place to own a home.*

Lake Royale Valuation Model

Triangulate the evidence, then ask: how small an amenity effect would justify protecting the asset?

Local Market Evidence

- Marketed as a Lake + Golf community
- Amenities influence demand beyond fronted homes
- Two major amenities strengthen overall market positioning

Practitioner Evidence
Stellar Realty / Allen Tate

- Supports property value, social engagement and broader buyer appeal
- Water + golf creates year-round premium positioning
- Broadens buyer demographic beyond seasonal lake focus

Practitioner Evidence
Century 21 Folks Properties

- Golf access and fairway views are active selling features
- “Lake Royale Golf Course” is a distinct market area
- The River strengthens buyer appeal, marketability and long-term real-estate value

Sensitivity model: conservative residential base

Illustrative base: 1,000 homes × \$361K average value = \$361M. Excludes vacant lots and other POA value.

Break-even test: support ÷ \$361M = value preservation needed.

1%
potential value support

2%
potential value support

5%
potential value support

Even a low-single-digit amenity effect translates into a multi-million-dollar community asset question.

Local basis: public Lake Royale and real-estate pages current as of Aug. 31, 2026; model is directional and should not be represented as an appraisal or MLS regression.

An Amenity That Helps Fund Itself

Outside revenue complements POA support — every additional dollar earned reduces the amount residents otherwise have to fund.

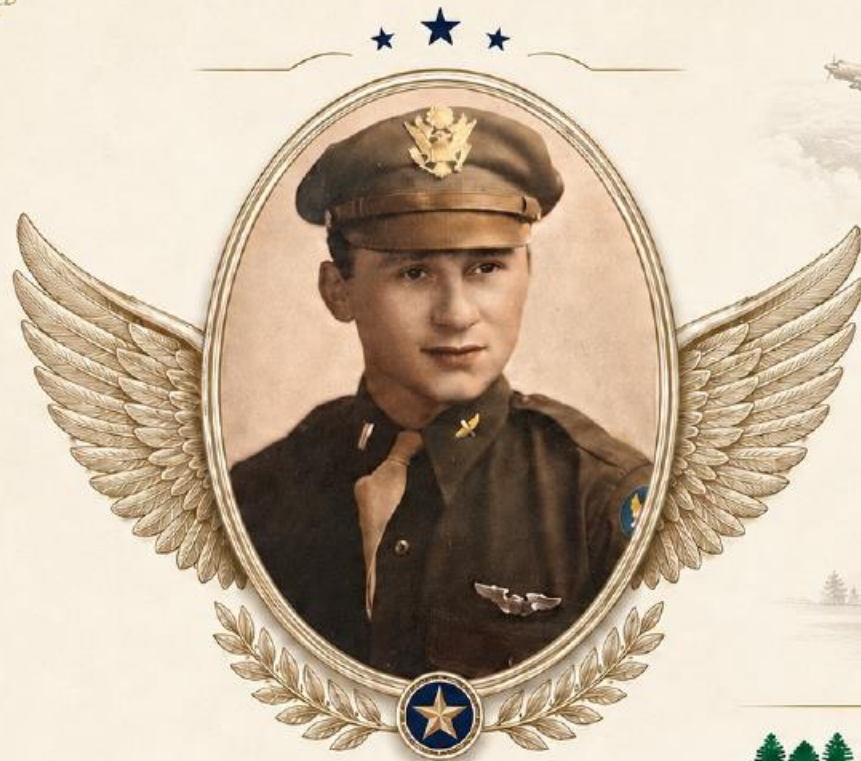
*More play.
More events.
A stronger
community.*



THE POINT

**Outside
revenue helps
offset costs
and strengthens
Lake Royale
for everyone.**

It doesn't replace
POA support —
it multiplies
the value of it.



THE MAJOR JOE BALOGH
VETERANS DAY
GOLF TOURNAMENT



Benefiting the Patriot Foundation



THE RIVER
Golf Club
At Lake Royale



A Community Idea — Now Underway

A Platform for Community Good

Golf can bring a community together around a purpose that extends far beyond the game.

THE MAJOR
JOE BALOGH

★
*A lifetime of service.
A lasting legacy.*

Supporting today's heroes tomorrow.

11 • 11 • 11

TEE OFF AT 11:00 AM | NOVEMBER 11

A DAY TO PLAY. A GREATER PURPOSE.



HONOR

Celebrate an extraordinary member of the Lake Royale community.



ENGAGE

Bring residents, golfers, guests and local partners together.



GIVE BACK

Turn a community amenity into a platform for philanthropy.



GOLF, DINNER, AWARDS, AUCTION

Benefiting the Patriot Foundation



Challenges Met — Foundation Established

From addressing critical issues to building a stronger, more sustainable future.

A YEAR AGO

Significant challenges to overcome.



Deferred maintenance



Limited operating visibility



Reactive decision-making



Weak long-range capital planning



TODAY

Real progress and a stronger foundation.



Better course conditions



Modern operating systems



Clearer financial reporting



Irrigation plan underway



New revenue initiatives

The work is not finished. But the conversation has changed.

From Reaction to Planning

A more proactive, disciplined approach to maximize the value of our golf asset.



REACT

Fix what is failing

- Address urgent issues
- Keep the course playable
- Mitigate operational risks
- Stabilize core systems



MEASURE

Know the business

- Understand true costs
- Track performance metrics
- Improve financial reporting
- Identify opportunities



PLAN

Prioritize investment

- Develop a multi-year plan
- Align investments with ROI
- Balance operations and capital
- Build resilience and flexibility



GROW

Build outside revenue

- Expand memberships
- Host events and tournaments
- Leverage pro shop and amenities
- Strengthen community partnerships



A governance change became an operating advantage.

The C-Corp was created for tax reasons. Its dedicated Board also created something the golf asset had lacked: sustained focus, accountability, business planning, and a stronger link to the broader Association.

One Community • Shared Assets • Shared Future



Usage is individual. Value is communal.

Healthy amenities strengthen the experience, identity and market position of Lake Royale as a whole.

A STRONGER CLUB — A STRONGER LAKE ROYALE

Act VII • The Future

A STRONGER CLUB

Disciplined operations
and reporting

Planned capital
investment

Growing membership and
public play

Events, partnerships and
outside revenue

A STRONGER ASSET

Better protected
infrastructure

More self-supporting
economics

Improved resident
experience

Greater long-term
resilience

A STRONGER COMMUNITY

Shared amenity value

Broader Lake Royale
appeal

More use of POA facilities

A future planned—not
inherited

**The objective is not to make every resident a golfer.
It is to make the golf course a better community asset.**

Why the Opportunity Is Growing

Regional growth is expanding the potential member, public-play and event audience.

TRIANGLE GROWTH

- Raleigh-Durham-Cary remains one of the nation's faster-growing regions.
- Wake County remains North Carolina's largest county.
- Wake Forest added roughly 11,000 residents from 2020–2024.

OUTWARD MOMENTUM

- Growth is moving into suburbs and outlying counties.
- Franklin County grew faster than Wake from 2020–2023.
- Lake Royale sits in the path of that expansion.

WHAT IT MEANS FOR RGC

- Larger pool for outside memberships and public play.
- More demand for outings, clinics, events and partnerships.
- Opportunity grows only if the experience is strong.

The market is moving toward us — but the experience must make people want to stay.

QUESTIONS & DISCUSSION



