2015
ANNUAL REPORT

PISMO COAST VILLAGE RV RESORT

1975 2016

41 Years of Quality Recreation

Pismo Coast Village, Inc.

165 South Dolliver Street, Pismo Beach, CA 93449

1-888-RV-BEACH

www.pismocoastvillage.com

rv@pismocoastvillage.com

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PRESIDENT'S ANNUAL REPORT

By Ronald Nunlist

It is with great pleasure that I report to you that Pismo Coast Village, Inc. ended the fiscal year 2015 in a very strong financial position. Revenue increased 7.36% from 2014. Revenue increases were the result of increased occupancy, increased storage, and rate increases. Occupancy for the year was 82.77%, an increase of 5.4% over fiscal year 2014, and a record high.

We now have nearly 2,000 trailers in storage, and have quite an extensive waiting list for specific storage space sizes. Please call the Accounting/Storage Office if you would like to discuss your needs for storage space.

The new fence across the front of the Resort was completed in 2014. Other accomplishments include the purchase of additional property adjacent to Storage Lot C in Oceano to be used to build a state-of-the-art RV repair facility, installation of security systems for storage lots, and additional equipment for the Wi-Fi system. We also were in a position to pay down the long-term debt an additional $450,000.

Accomplishments such as these cannot be achieved without great teamwork between the Directors, Management, Staff and every employee.

I would like to thank our CEO/General Manager, Jay Jamison and his staff for their efforts to make our Resort the premier Resort on the Central Coast. They are the best.

I also want to thank the Directors for the giving of their time to help lead this Corporation.

On behalf of the Board of Directors, I want to thank the Shareholders for their support.

OFFICERS

BOARD OF DIRECTORS

PHOTO
NOT
AVAILABLE

RONALD NUNLIST
President

PHOTO
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AVAILABLE

TERRIS HUGHES
Executive Vice
President

PHOTO
NOT
AVAILABLE

GEORGE PAPPI, JR.
Vice President –
Secretary

PHOTO
NOT
AVAILABLE

WAYNE HARDESTY
Vice President – Finance
Chief Financial Officer

PHOTO
NOT
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DWIGHT PLUMLEY
Vice President –
Operations

DIRECTORS
BOARD OF DIRECTORS

PHOTO NOT AVAILABLE

Kurt Brittain

PHOTO NOT AVAILABLE

Harry Buchaklian

PHOTO NOT AVAILABLE

Rodney Enns

PHOTO NOT AVAILABLE

Douglas Eudaly

PHOTO NOT AVAILABLE

William Fischer

PHOTO NOT AVAILABLE

R. Elaine Harris

PHOTO NOT AVAILABLE

Dennis Hearne

PHOTO NOT AVAILABLE

Glenn Hickman

PHOTO NOT AVAILABLE

Garry Nelson

PHOTO NOT AVAILABLE

Jerald Pettibone

PHOTO NOT AVAILABLE

Jerry Roberts

PHOTO NOT AVAILABLE

Gary Willems

PHOTO NOT AVAILABLE

Jack Williams

MANAGEMENT STAFF

PHOTO
NOT
AVAILABLE

JAY JAMISON
Chief Executive Officer/
General Manager/
Asst. Corp. Secretary

JAY JAMISON has been employed by the Company since June 1997 as General Manager and serves as Assistant Corporate Secretary. In March 2007, the Board changed his title to Chief Executive Officer/General Manager. He has a B.S. degree in Agricultural Management from Cal Poly San Luis Obispo, graduating in 1976. Mr. Jamison was raised on his family's guest ranch, Rancho Oso, in Santa Barbara County, which included a recreational vehicle park, resident summer camp, equestrian facilities and numerous resort amenities. He worked on the ranch throughout his childhood and after college. The family business was sold in 1983, at which time Mr. Jamison was hired by Thousand Trails, Inc., a private membership resort, as a Resort Operations Manager. His last ten years at Thousand Trails were spent managing a 200-acre, 518-site, full-service resort near Hollister, California. He also managed Thousand Trails resorts in Acton and Idyllwild in Southern California. Prior to his employment with the Company, Mr. Jamison was a General Manager with Skycrest Enterprises in Redding and managed Sugarloaf Marina and Resort on Lake Shasta in Northern California between January 1995 and June 1997. Mr. Jamison was appointed to and served as a commissioner on the Pismo Beach Conference and Visitors Bureau from February 1998 to January 2010, serving as Chair from August 1999 until February 2009. At the 1999 National Association of RV Parks and Campgrounds Annual Convention, he was elected to serve on the Board of Directors representing the ten western states. During his two terms on the Board, he served four years as Treasurer of the National Association, a position he held until he termed out December 2005. In June of 2002, Mr. Jamison was installed as a Director on the Board for the San Luis Obispo County Chapter of the American Red Cross, and served until June 2011, including from June 2006 until July 2008 as Board Chairman. In February 2006, Mr. Jamison was elected to serve as a commissioner on the California Travel and Tourism Commission, which markets California to potential domestic and international visitors. During his two four-year terms, he served on the Audit Committee, two years as committee Chairman, and one year on the Executive Committee. He termed out as a commissioner in June 2014; however, he still remains a member of the Audit Committee. Mr. Jamison was installed as a member of the Board of Directors for the San Luis Obispo County Conference and Visitors Bureau in 2012, and currently serves as Board Chair.

CHARLES AMIAN has held the position of Operations Manager since June 1995. He began his career with PCV in June 1984 in the Maintenance Department, and has held various positions within the Company, including Reservations Supervisor and Store Supervisor. At the California Association of RV Parks and Campgrounds Annual Convention in March 2001, he was elected Board President and served two successful terms. At the 2002 National Association of RV Parks and Campground's Annual Convention, he was appointed to chair the State President's meeting. He served ten years on the CalARVC Board of Directors and is a Past President. Mr. Amian served four years on the Camp-California Marketing Board of Directors. He served fifteen years on the Board of Trustees of REC PAC (a California Recreation Political Action Committee formed to help protect, preserve and further recreational interests in California), and served two terms as Chair. Mr. Amian is a lifetime-designated Certified Park Operator.

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CHARLES AMIAN
Operations Manager

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following analysis discusses the Company's financial condition as of September 30, 2015, compared with September 30, 2014. The discussion should be read in conjunction with the audited financial statement and the related notes to the financial statement and the other financial information included elsewhere in this Annual Report.

Certain information included herein contains statements that may be considered forward-looking statements, such as statements relating to anticipated expenses, capital spending and financing sources. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made herein. These risks and uncertainties include, but are not limited to, those relating to competitive industry conditions, California tourism and weather conditions, dependence on existing management, leverage and debt service, the regulation of the recreational vehicle industry, domestic or global economic conditions and changes in federal or state tax laws or the administration of such laws.

OVERVIEW

Pismo Coast Village, Inc. operates as a 400-space recreational vehicle resort. The Company includes additional business operations to provide its users with a full range of services expected of a recreational resort. These services include a store, video arcade, laundromat, recreational vehicle repair, RV parts shop and an RV storage operation.

The Company is authorized to issue 1,800 shares, of one class, all with equal voting rights and all being without par value. Transfers of shares are restricted by Company bylaws. One such restriction is that transferees must acquire shares with intent to hold the same for the purpose of enjoying camping rights and other benefits to which a shareholder is entitled. Each share of stock is intended to provide the shareholder with the opportunity for 45 nights of free site use per year. However, if the Company is unable to generate sufficient funds from the public, the Company may be required to charge shareholders for services.

Management is charged with the task of developing sufficient funds to operate the Resort through site sales to general public guests by allocating a minimum of 175 sites to general public use and allocating a maximum of 225 sites for shareholder free use. The other service centers are expected to generate sufficient revenue to support themselves and/or produce a profit.

The Company continues to promote and depend upon recreational vehicle camping as the primary source of revenue. The rental of campsites to the general public provides income to cover expenses, complete capital improvements, and allow shareholders up to 45 free nights camping annually. Additional revenues come from RV storage and spotting, RV service and repair, on-site convenience store, and other ancillary activities such as laundromat, arcade, and bike rental.

The RVing public actively seeks accommodations on the Central Coast despite volatile fuel prices and personal financial uncertainties. RVing offers an affordable outdoor recreational experience, and the Company provides quality facilities and services in a highly popular location. Site occupancy for fiscal year 2015 was up 5.4% due to good weather and the improving economy. Revenues from ancillary operations such as the General Store, RV service, laundromat, arcade, and bike rental, are up 1% to 13% at year-end.

RV storage continues to provide a significant portion of the Company's revenue. RV storage provides numerous benefits to the customer including: no stress of towing, no need to own a tow vehicle, use of RV by multiple family members, and convenience.

After years with no debt, the Board of Directors approved expansion of the RV storage program and understood this investment would require substantial financing. Management has made it a high priority to affect timely construction and successful marketing in order to maximize return on this investment.

Ongoing investment in resort improvements has assured resort guests and shareholders a top quality, up-to-date facility. This quality and pride of ownership was evident when the National Association of RV Parks and Campgrounds Park of the Year was awarded to the resort for 2007 - 2008. In addition, in 2008 the resort was the only industry rated "A" park in California for customer satisfaction based on Internet visitor surveys collected nationally by Guest Reviews. The resort also received the Guest Reviews “A” rated park recognition for the years 2011, 2012, 2013, and 2014.

The Company's commitment to quality, value, and enjoyment is underscored by the business's success due to word of mouth and referrals from guests. In addition, investment for online marketing, ads in the leading national directories, and trade magazine advertising formulates most of the business-marketing plan.

CURRENT OPERATING PLANS

The Board of Directors continues its previously established policy by adopting a stringent conservative budget for fiscal year 2016, which projects a positive cash flow of approximately $1,529,653 from operations. This projection is based on paid site occupancy reflecting some influence from El Nino and decreasing 3% from what was a record occupancy year. The 2016 budget plan also includes a $2 per night site rental rate increase for all nightly rates effective January 1, 2016. While the Company projects a positive cash flow, this cannot be assured for fiscal year 2016.

FINANCIAL CONDITION

The business of the Company is seasonal and is concentrated on prime days of the year which are defined as follows: President's Day Weekend, Easter week, Memorial Day Weekend, summer vacation months, Labor Day, Thanksgiving Weekend, and Christmas vacation. There are no known trends that affect business or affect revenue.

The Company develops its income from two sources: (a) Resort Operations, consisting of revenues generated from RV site rentals, from RV storage space operations, and from lease revenues from laundromat, arcade, restaurant operations and property leases for cell tower communications facilities by third party lessees; and (b) Retail Operations, consisting of revenues from general store operations and from RV parts and service operations.

The Company has arranged a $500,000 line of credit that is currently not drawn on. Besides the financing resulting from the purchase of RV storage property, the Company has no other liabilities to creditors other than current accounts payable arising from its normal day-to-day operations and advance Resort rental reservation deposits, none of which are in arrears.

LIQUIDITY

The Company's policy is to use its ability to generate operating cash flow to meet its expected future needs for internal growth. The Company has continued to maintain sufficient cash so as to not require the use of a short-term line of credit during the off-season period, and the Company expects to be able to do so (although no assurance of continued cash flow can be given).

Net cash provided by operating activities totaled $1,439,656 in 2015, consistent with the 2014 fiscal year.

During fiscal year 2015, capital investment of $688,066 was made that included replacement of the fence along the front of the resort, road paving, security system for RV storage lots, General Store walk-in cooler upgrade and new ice-making machine, and computer equipment. These projects were completed on time and within budget. During fiscal year 2014, capital expenditures of $696,811 were made that included replacement of Restroom #2, road paving, new security vehicle, and replacement of a playground. As of September 30, 2015, the Company carried a debt of $1,878,039 as a result of acquiring the three RV storage properties.

With the possibility of requiring additional funds for planned capital improvements and the winter season, the Company maintains a $500,000 Line of Credit to insure funds will be available if required. In anticipation of future large projects, the Board of Directors has instructed management to build operational cash balances.

Fiscal year 2015's current ratio (current assets to current liabilities) of 1.34 increased from fiscal year 2014's current ratio of 1.30. The increase in current ratio is the result of increased cash and cash equivalents.

Working Capital increased to $654,282 at the end of fiscal year 2015, compared with $548,486 at the end of fiscal year 2014. This increase is primarily a result of cash and cash equivalents reflecting increased business revenues, accounts receivables, and inventory.

CAPITAL RESOURCES AND PLANNED EXPENDITURES

The Company plans capital expenditures up to $825,000 in fiscal year 2016 to further enhance the Resort facilities and services. This would include construction of a new RV service and repair facility, road paving, RV storage lot security, new trailer tow truck, forklift, Wi-Fi upgrade, and repairs to the Overlook structure. Funding for these projects is expected to be from normal operating cash flows and, if necessary, supplemented with outside financing. These capital expenditures are expected to increase the Resort's value to its shareholders and the general public.

RESULTS OF OPERATIONS

YEAR TO YEAR COMPARISON

Revenue: Operating revenue, interest and other income increased above the prior fiscal year ended September 30, 2014, by $524,743, or 7.36%.

REVENUE BY SEGMENT

	2015	2014
OCCUPANCY		
% of Shareholder Site Use	24.8%	23.6%
% of Paid Site Rental	58.0%	54.8%
% Total Site Occupancy	82.8%	78.5%
% of Storage Rental	99.0%	98.0%
Average Paid Site	$ 53.34	$ 51.71
RESORT OPERATIONS		
Site Rental	$ 4,515,635	$ 4,138,859
Storage Operations	1,631,372	1,538,894
Support Operations	183,173	177,568
Total	6,330,180	5,855,321
RETAIL OPERATIONS		
Store	754,319	704,982
RV Repair/Parts Store	559,918	558,719
Total	1,314,237	1,263,701
INTEREST INCOME	3,629	4,281
TOTAL REVENUE	$7,648,046	$7,123,303

Occupancy rates on the previous table are calculated based on the quantity occupied as compared to the total sites available for occupancy (i.e., total occupied to number of total available). Average paid site is based on site revenue and paid sites. Resort support operations include revenues received from the arcade, laundromat, recreational activities, and other less significant sources.

2015 COMPARED WITH 2014

Resort operations income increased $474,859, or 8.1%, primarily due to a $376,776, or 9.1%, increase in site rental revenue. This increase reflects a 5.7% increase in paid site occupancy and rate increases effective January 1, 2015. RV storage and spotting activity increased $92,478, or 6.0%, above the previous year. This increase in storage activity was primarily due to new storage customers and trailer spotting activity.

Retail operations income increased $50,536, or 4.0%, due to a $49,337, or 7.0%, increase in the General Store operation, and a $1,199, or 0.2%, increase in the RV Service Department. This increase is attributed to the increase in total site occupancy and overall improvement in the economy. The RV Service Department growth was less than expected due to extended periods without full staffing. In an effort to maximize revenue, management continues to stock more appropriate items, more effectively merchandise, and pay greater attention to customer service. In addition, management has actively promoted the RV service and retail operation locally compared to previous years.

Interest/Dividend Income decreased $652, or 15.2%, below the previous year. Loss on Disposal of Assets decreased $28,442, or 94.8%, below the previous year due to fewer assets that had been disposed of or no longer in service to the Company. In addition, Interest Expense decreased $29,647, or 18.8%, due to accelerating the payments and interest adjustments on financing the RV storage properties.

Operating Expenses increased $209,223, or 4.5%, as a result of labor, payroll taxes, employee benefits, tree trimming, property tax, credit card processing, RV storage lot security, television, and electricity.

Maintaining a conservative approach, most expense items were managed well below plan and in many categories below the previous year. The Board of Directors has directed management to continue maintenance projects as needed to provide a first class resort for campers using recreational vehicles.

Income before provision for income taxes of $1,706,422, a 26.9% increase above last year, is reflective of increased income from operations, and, decreased interest expense in 2015.

Net income of $961,322 for fiscal year 2015 shows an increase of $212,236, or 28.3%, above a net income of $749,086 in 2014. This increase in net income is a reflection of increased resort and retail income, and a decrease in interest expense.

INFLATION has not had a significant impact on our profit position. The Company has increased rates, which have more than compensated for the rate of inflation.

FUTURE OPERATING RESULTS could be unfavorably impacted to the extent that changing prices result in lower discretionary income for customers and/or increased transportation costs to the Resort. In addition, increasing prices affect operations and liquidity by raising the replacement cost of property and equipment.

FACTORS THAT MAY AFFECT FUTURE OPERATING RESULTS:

A number of factors, many of which are common to the lodging industry and beyond our control, could affect our business, including the following:

- increased gas prices;
- increased competition from other resorts in our market;

- increases in operating costs due to inflation, labor costs, workers' compensation and healthcare related costs, utility costs, insurance and unanticipated costs such as acts of nature and their consequences and other factors that may not be offset by increased rates;

- changes in interest rates and in the availability, cost and terms of debt financing;

- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances;

- adverse effects of market conditions, which may diminish the desire for leisure travel; and

- adverse effects of a downturn in the leisure industry.

The leisure and travel business is seasonal and seasonal variations in revenue at our resort can be expected to cause quarterly fluctuations in our revenue.

Our revenue is generally highest in the third and fourth quarters. Quarterly revenue also may be harmed by events beyond our control, such as extreme weather conditions, terrorist attacks or alerts, contagious diseases, economic factors and other considerations affecting travel. To the extent that cash flow from operations is insufficient during any quarter due to temporary or seasonal fluctuations in revenue, we have to rely on our short-term line of credit for operations.

In the recent past, events beyond our control, including an economic slowdown and terrorism, harmed the operating performance of the leisure industry generally, and if these or similar events occur again, our operating and financial results may be harmed by declines in average daily rates or occupancy.

Carrying our outstanding debt may harm our business and financial results by:

- requiring us to use a substantial portion of our funds from operations to make required payments on principal and interest, which will reduce the amount of cash available to us for our operations and capital expenditures, future business opportunities and other purposes;

- making us more vulnerable to economic and industry downturns and reducing our flexibility in responding to changing business and economic conditions;

- limiting our ability to borrow more money for operations, capital expenditures or to finance acquisitions in the future; and

- requiring us to sell one or more properties, possibly on disadvantageous terms, in order to make required payments of interest and principal.

Our resort has a need for ongoing renovations and potentially significant capital expenditures in connection with improvements, and the costs of such renovations or improvements may exceed our expectations.

Occupancy and the rates we are able to charge are often affected by the maintenance and capital improvements at a resort, especially in the event that the maintenance of improvements are not completed on schedule, or if the improvements result in the closure of the General Store or a significant number of sites. The costs of capital expenditures we need to make could harm our financial condition and reduce amounts available for operations. These capital improvements may also give rise to additional risks including:

- construction cost overruns and delays;
- a possible shortage of available cash to fund capital improvements and the related possibility that financing of these expenditures may not be available to us on favorable terms;
- uncertainties as to market demand or a loss of market demand after capital improvements have begun;
- disruption in service and site availability causing reduced demand, occupancy, and rates; and
- possible environmental issues.

We rely on our executive officers, the loss of whom could significantly harm our business.

Our continued success will depend to a significant extent on the efforts and abilities of our C.E.O. and General Manager, Jay Jamison. Mr. Jamison is important to our business and strategy and to the extent that were he to depart and is not replaced with an experienced substitute, Mr. Jamison's departure could harm our operations, financial condition and operating results.

Uninsured and underinsured losses could harm our financial condition, and results of operations.

Various types of catastrophic issues, such as losses due to wars, terrorist acts, earthquakes, floods, pollution or environmental matters, generally are either uninsurable or not economically insurable, or may be subject to insurance coverage limitations, such as large deductibles or co-payments. Our resort is located on the coast of California, which has been historically at greater risk to certain acts of nature (such as severe storms, fires and earthquakes).

In the event of a catastrophic loss, our insurance coverage may not be sufficient to cover the full current market value or replacement cost of our lost properties. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in the resort, as well as the anticipated future revenue from the resort. In that event, we might nevertheless remain obligated for any notes payable or other financial obligations related to the property. Inflation, changes in building codes and ordinances, environmental considerations and other factors might also keep us from using insurance proceeds to replace or renovate the resort after it has been damaged or destroyed. Under these circumstances, the insurance proceeds we receive might be inadequate to restore our economic position on the damaged or destroyed property.

MARKET FOR COMMON STOCK

Common stock of the Corporation is not listed through an exchange or quoted on NASDAQ or any other national quotation system. While Pismo Coast Investments, a licensed broker/dealer located at 165 South Dolliver Street, Pismo Beach, California 93449, assists shareholders by processing trades and occasionally taking positions in the Company’s stock for its own account, that firm does not technically make a market in the stock, as that term is commonly understood in the securities industry. Thus, there is not a true “public market” for the stock of the Company. However, through the last fiscal year the sales process of transactions informally reported to the Company ranged from a low selling price of $28,000 to a high selling price of $33,000, with an average selling price of $31,236.84. Stock trades are reported to the Company through the licensed broker/dealer or private parties processing transfers as appropriate. The Board must act to approve all trades, which if approved, are then forwarded to the official transfer agent. No dividends were paid on common stock for fiscal year 2015.

(a.) The approximate number of holders of the Company’s stock on September 30, 2015 was 1,528.

(b.) The Company has paid no dividends since it was organized in 1975, and although there is no legal restriction impairing the right of the Company to pay dividends, the Company does not intend to pay dividends in the foreseeable future. The Company selects to invest its available working capital to enhance the facilities at the Resort.

(c.) The Company renewed a lease agreement with Ms. Jeanne Sousa, a California Corporations Licensed Broker, for the lease of a 200-square foot building at the Resort from which she conducts sales activities in the Company's stock. The term of the lease is for three years commencing on January 1, 2014, and ending on December 31, 2016. Continued renewal is expected without significant impact. Termination or cancellation may be made by either Lessor or Lessee by giving the other party sixty-days (60 days) written notice.

Effective July 30, 2007, Computershare Trust Company, N.A. ("Computershare") has served as the transfer agent and registrar for the Company. The contact information for Computershare is as follows:

For Standard U. S. Postal Mail
Computershare Trust Company, N.A.
P O Box 43070
Providence RI 02940-3070

For Overnight/Express Delivery
Computershare Trust Company, N.A.
250 Royall Street
Canton MA 02021

Telephone and Fax
Toll free 1-800-962-4284
Telephone 1-303-262-0600
Fax 1-303-262-0700

Website
www.computershare.com

Shareholders wishing to receive a copy of the Corporation's Annual Report to the Securities Exchange Commission on Form 10-K may do so, without charge, by writing to Jay Jamison, Chief Executive Officer/General Manager, at the Corporate address listed on the cover of this report.

DIRECTORS AND OFFICERS OF THE CORPORATION

KURT BRITTAIN, Director. Retired.

HARRY BUCHAKLIAN, Director. Retired.

RODNEY ENNS, Director. Mr. Enns teaches mathematics at Mission Oak High School in Tulare, California.

DOUGLAS EUDALY, Director. Retired.

WILLIAM FISCHER, Director. Retired.

WAYNE HARDESTY, Director, Vice President – Finance, and Chief Financial Officer. Mr. Hardesty is a licensed Enrolled Agent and currently operates Hardesty Financial Services in Rancho Cucamonga, California.

R. ELAINE HARRIS, Director. Retired.

DENNIS HEARNE, Director. Mr. Hearne serves as a member of the board of directors for his family's agriculture business, L.A. Hearne Company, located in the Salinas Valley in California.

GLENN HICKMAN, Director. Retired.

TERRIS HUGHES, Director and Executive Vice President. Retired.

GARRY NELSON, Director. Retired.

RONALD NUNLIST, Director and President. Retired.

GEORGE PAPPI, JR., Director. Mr. Pappi is employed as a property major case general adjustor for The Hartford Insurance.

JERALD PETTIBONE, Director. Retired.

DWIGHT PLUMLEY, Director and Vice President - Operations. Mr. Plumley owns, operates and is president of Packers Manufacturing, Inc., a company that produces fruit and vegetable packing and processing systems. The company is located in Visalia, California.

JERRY ROBERTS, Director. Mr. Roberts is a Certified Public Accountant and is a partner in Lampros & Roberts Management Services, a financial and tax consulting firm, operating in Los Gatos, California.

GARY WILLEMS, Director. Retired.

JACK WILLIAMS, Director. Mr. Williams owns and operates a CPA practice in Bakersfield, California.

OTHER OFFICERS AND KEY EMPLOYEES:

JAY JAMISON, Chief Executive Officer/General Manager and Assistant Corporate Secretary.

DESCRIPTION OF BUSINESS

The Company is engaged in only one business, namely, the ownership and operation of the recreational vehicle resort with recreational vehicle storage lots and a repair and service facility. Accordingly, all of the revenues, operating profit (loss) and identifiable assets of the Company are attributable to a single industry segment. The Company engages in no foreign operations and derives no revenues or income from export sales.

REPORT OF INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Shareholders of Pismo Coast Village, Inc.
Pismo Beach, California

We have audited the accompanying balance sheets of Pismo Coast Village, Inc. (the Company) (a California corporation) as of September 30, 2015 and 2014, and the related statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BROWN ARMSTRONG ACCOUNTANCY CORPORATION

Bakersfield, California
November 13, 2015

PISMO COAST VILLAGE, INC.
BALANCE SHEETS
SEPTEMBER 30, 2015 AND 2014

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,235,807	$ 2,029,094
Accounts receivable	43,916	17,990
Inventory	190,442	177,409
Current deferred taxes	103,500	92,600
Prepaid expenses	29,034	53,021
Total current assets	2,602,699	2,370,114
Pismo Coast Village Recreational Vehicle Resort and Related Assets – Net	14,953,463	14,657,454
Other Assets	6,018	8,347
Total Assets	$17,562,180	$17,035,915
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$224,639	$203,915
Accrued salaries and vacation	284,426	245,106
Rental deposits	1,261,191	1,133,015
Income taxes payable	50,700	139,100
Current portion of long-term debt	127,461	100,492
Total current liabilities	1,948,417	1,821,628
Long-Term Liabilities		
Long-term deferred taxes	928,400	918,400
N/P Donahue Transportation Service	36,207	55,740
N/P RLC Funding	28,072	38,994
N/P Heritage Oaks Bank	1,781,034	2,322,425
Total Liabilities	4,722,130	5,157,187
Stockholders' Equity		
Common stock – no par value, 1,800 shares issued, 1,783 shares outstanding at September 30, 2015 and 2014	5,594,369	5,594,369
Retained earnings	7,245,681	6,284,359
Total shareholders' equity	12,840,050	11,878,728
Total Liabilities and Shareholders' Equity	$17,562,180	$17,035,915

The accompanying notes are an integral part of these financial statements.

PISMO COAST VILLAGE, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
Income		
Resort operations	$6,330,180	$5,855,321
Retail operations	1,314,237	1,263,701
Total income	7,644,417	7,119,022
Costs and Expenses		
Operating expenses	4,856,295	4,647,072
Cost of goods sold	564,869	564,374
Depreciation	390,510	378,932
Total costs and expenses	5,811,674	5,590,378
Income from operations	1,832,743	1,528,644
Other Income (Expense)		
Interest/dividend income	3,629	4,281
Interest expense	(128,403)	(158,050)
Loss on disposal of assets	(1,547)	(29,989)
Total other income (expense)	(126,321)	(183,758)
Income Before Provision for Income Taxes	1,706,422	1,344,886
Income Tax Expense	745,100	595,800
Net Income	961,322	749,086
Retained Earnings – Beginning of Year	6,284,359	5,630,723
Redemption of Stock	-	(95,450)
Retained Earnings – End of Year	$7,245,681	$6,284,359
Net Income Per Share	$ 539.16	$ 420.13

The accompanying notes are an integral part of these financial statements.

PISMO COAST VILLAGE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
Cash Flows From Operating Activities		
Net income	$ 961,322	$ 749,086
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	390,510	378,932
(Increase) Decrease in deferred income tax	(900)	14,700
Loss on disposal of capital assets	1,547	29,989
(Increase) Decrease in accounts receivable	(25,926)	9,395
(Increase) in inventory	(13,033)	(15,556)
(Increase) Decrease in prepaid expenses	23,987	(4,885)
Decrease in prepaid income taxes	-	-
Decrease in other assets	2,329	9,927
Increase in accounts payable and accrued liabilities	20,724	16,955
Increase in accrued salaries and vacation	39,320	30,745
Increase in rental deposits	128,176	198,786
Increase (Decrease) in income taxes payable	(88,400)	18,000
Total adjustments	478,334	686,988
Net cash provided by operating activities	1,439,656	1,436,074
Cash Flows From Investing Activities		
Capital expenditures	(688,066)	(696,811)
Net cash used in investing activities	(688,066)	(696,811)
Cash Flows from Financing Activities		
Redemption of stock	-	(108,000)
Principal payments of notes payable	(544,877)	(708,008)
Net cash used in financing activities	(544,877)	(816,008)
Net increase (decrease) in cash and cash equivalents	206,713	(76,745)
Cash and Cash Equivalents – Beginning of Year	2,029,094	2,105,839
Cash and Cash Equivalents – End of Year	$2,235,807	$2,029,094
Schedule of Payments of Interest and Taxes		
Cash paid for income tax	$ 695,300	$ 442,000
Cash paid for interest	$ 128,403	$ 158,050

The accompanying notes are an integral part of these financial statements.

NOTE 1 - Nature of Business

Pismo Coast Village, Inc. (Company) is a recreational vehicle camping resort. Its business is seasonal in nature with the fourth quarter, the summer, being its busiest and most profitable.

NOTE 2- Summary of Significant Accounting Policies

Revenue and Cost Recognition

The Company's revenue is recognized on the accrual basis of accounting as earned based on the date of stay. Expenditures are recorded on the accrual basis of accounting whereby expenses are recorded when incurred, rather than when paid.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Company considers all highly liquid investments, including certificates of deposit with maturities of three months or less when purchased, to be cash equivalents.

Inventory

Inventory has been valued at the lower of cost or market on a first-in, first-out basis. Inventory is comprised primarily of goods in the general store and parts in the RV repair shop.

Property and Equipment

All property and equipment are recorded at cost. Depreciation of property and equipment is computed using straight-line method on cost of the assets, less allowance for salvage value, where appropriate. Depreciation rates are based upon the following estimated useful lives:

Building and park improvements	5 to 40 years
Furniture, fixtures, equipment and leasehold improvements	3 to 31.5 years
Transportation equipment	5 to 10 years

Earnings Per Share

The earnings per share are based on the 1,783 shares issued and outstanding at September 30, 2015 and 2014. The financial statements report only basic earnings per share, as there are no potentially dilutive shares outstanding.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2- Summary of Significant Accounting Policies (Continued)

Advertising

The Company follows the policy of charging the costs of non-direct response advertising to expense as incurred. Advertising expense was $50,216 and $48,874 for the years ended September 30, 2015 and 2014, respectively.

Concentration of Credit Risk

At September 30, 2015, the Company had cash deposits in excess of the $250,000 federally insured limit with Heritage Oaks Bank of $369,634; however, in the past the Company has used an Excess Deposit Insurance Bond, which secures deposits up to $1,500,000. It has recently been stated by bank regulators that this insurance bond is not enforceable. Heritage Oaks Bank is a member of the Certificate of Deposit Account Registry Service (CDARS). Large deposits are divided into smaller amounts and placed with other FDIC insured banks which are also members of the CDARS network. Then, those member banks issue CDs in amounts under $250,000, so that the entire investment is eligible for FDIC insurance.

Recent Accounting Pronouncements

The Company has reviewed all recently issued accounting pronouncements and does not believe the adoption of such pronouncements have an impact on the Company's financial condition or results of operations. Various accounting standards and updates were issued with effective dates subsequent to September 30, 2014 and 2013. The Company has evaluated these recently issued accounting pronouncements and does not believe they will have a material effect on the Company's financial position, results of operations, or cash flows when adopted.

Subsequent Events

Subsequent events have been evaluated through November 13, 2015, which is the date the financial statements were available to be issued.

NOTE 3 – Pismo Coast Village Recreational Vehicle Resort and Related Assets

At September 30, 2015 and 2014, property and equipment included the following:

	2015	2014
Land	$10,394,746	$ 9,957,263
Building and park improvements	11,227,437	11,073,714
Furniture, fixtures, equipment and leasehold improvements	599,355	534,546
Transportation equipment	479,592	484,607
Construction in progress	107,225	102,346
	22,808,355	22,152,476
Less: accumulated depreciation	(7,854,892)	(7,495,022)
	$14,953,463	$14,657,454

NOTE 4 – Line of Credit

The Company has a revolving line of credit with Heritage Oaks Bank for $500,000, expiring March 22, 2016. There were no outstanding amounts as of September 30, 2015 or 2014.

NOTE 5 – Notes Payable

The Company secured permanent financing on the purchase of storage lot land in Arroyo Grande, California, with Heritage Oaks Bank. The loan originated on May 8, 2008. The total loan currently outstanding is $1,878,041, and was financed over a period of ten years at a variable interest rate currently at 5.0%. The payments are currently $15,416 per month interest and principal. The Company secured a vehicle lease with Donahue Transportation Services Corp on a 2008 Tow Truck. The loan originated on December 9, 2009. The total loan currently outstanding is $14,444 and financed over a period of seven years at an interest rate of 8.39%. The payments are currently $799 per month interest and principal. The Company secured a lease which has been classified as a capital lease and included with notes payable. The capital lease is with Donahue Transportation Service Corp on a 2013 Hino Truck. The lease originated on May 10, 2012. The total balance currently outstanding is $41,297 and is financed over a period of seven years at an interest rate of 4.751%. The payments are currently $1,046 per month interest and principal. The Company secured a lease which has been classified as a capital lease and included with notes payable. The capital lease is with RLC Funding on a security system for Lot-K. The lease originated on November 8, 2013. The total balance currently outstanding is $38,994 and is financed over a period of five years at an interest rate of 13.537%. The payments are currently $1,295 per month interest and principal.

Principal payments of the notes payable are as follows:

Year Ending September 30,	
2016	$ 127,461
2017	127,774
2018	1,709,050
2019	8,489
2020	-
	$1,972,774

NOTE 6 – Common Stock

Each share of stock is intended to provide the shareholder with a maximum free use of the park for 45 days per year. If the Company is unable to generate sufficient funds from the public, the Company may be required to charge shareholders for services.

A shareholder is entitled to a pro rata share of any dividends as well as a pro rata share of the assets of the Company in the event of its liquidation or sale. The shares are personal property and do not constitute an interest in real property. The ownership of a share does not entitle the owner to any interest in any particular site or camping period.

NOTE 7 – Income Taxes

The provision for income taxes is as follows:

	2015	2014
Current:		
Federal	$584,500	$450,000
State	161,500	131,100
	746,000	581,100
Deferred:		
Federal	(4,900)	13,100
State	4,000	1,600
	$745,100	$595,800

The deferred tax assets (liabilities) are comprised of the following:

	2015		2014	
	Current	Long-Term	Current	Long-term
Deferred tax assets:				
Federal	$ 97,200	$ -	$ 86,100	$ -
State	6,300	-	6,500	-
Deferred tax liabilities				
Federal	-	(869,100)	-	(862,900)
State	-	(59,300)	-	(55,500)
	$103,500	$(928,400)	$ 92,600	$(918,400)

The deferred tax assets (liabilities) consist of the following temporary differences:

	2015	2014
Depreciation	$(928,400)	$(918,400)
Total gross deferred tax liabilities	(928,400)	(918,400)
Vacation accrual	30,600	31,400
Federal benefit of state taxes	72,900	61,200
Total gross deferred tax assets	103,500	92,600
	$(824,900)	$(825,800)

NOTE 7 – Income Taxes (continued)

The effective income tax rate varies from the statutory federal income tax rate as follows:

	2015	2014
Statutory federal income tax rate	34.0%	34.0%
Increase (decrease):		
State income taxes, net of federal benefit	5.8%	5.8%
Nondeductible variable costs of shareholder usage	3.8%	4.7%
Other miscellaneous adjustments	(0.0)%	(0.2)%
Effective Income Tax Rate	43.6%	44.3%

The Company uses the asset-liability method of computing deferred taxes in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 (previously Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes"). The difference between the effective tax rate and statutory tax rate is due primarily to the effects of the graduated tax rates, state taxes net of the federal tax benefit and nondeductible variable costs of shareholder usage.

ASC Topic 740 requires, among other things, the recognition and measurement of tax positions based on a "more likely than not" (likelihood greater than 50%) approach. As of September 30, 2015, the Company did not maintain any tax positions that did not meet the "more likely than not" threshold and, accordingly, all tax positions have been fully recorded in the provision for income taxes. It is the policy of the Company to consistently classify interest and penalties associated with income tax expense separately from the provision for income taxes. No interest or penalties associated with income taxes have been included in this calculation, or separately in the Statements of Income and Retained Earnings, and no significant increases or decreases are expected within the following twelve-month period. Although the Company does not maintain any uncertain tax positions, tax returns generally remain subject to examination by the Internal Revenue Service for fiscal years ending on or after September 30, 2012, and by the California Franchise Tax Board for fiscal years ending on or after September 30, 2011.

NOTE 8 – Operating Leases

The Company leases a lot in Oceano, California, and is leased at $2,933 per month. The lease has converted to a month-to-month lease; however, the lessor is considering a long-term renewal at this time.

The Company has a five-year lease obligation for a copier. Rental expense under this operating lease is $414 per month.

Future minimum lease payments under the property lease and the obligation to lease equipment are as follows:

Year Ended September 30,	
2016	$ 3,724
	$ 3,724

Rent expense under these agreements was $42,735 and $42,123 for the years ended September 30, 2015 and 2014, respectively.

NOTE 9 – Employee Retirement Plan

The Company is the sponsor of a 401(k) profit sharing pension plan, which covers substantially all full-time employees. Employer contributions are discretionary and are determined on an annual basis. The contribution to the pension plan, for the years ended September 30, 2015 and 2014, is $55,804 and $53,275, respectively.

NOTE 10 – Operating Expenses

Operating expenses for the years ended September 30, 2015 and 2014, consisted of the following:

	2015	2014
Administrative salaries	$ 502,163	$ 465,552
Advertising and promotion	50,216	48,874
Auto and truck expense	111,824	140,295
Bad debts	1,070	13
Contract services	94,808	69,111
Corporation expense	49,212	49,163
Custodial supplies	28,796	32,299
Direct labor	1,658,751	1,523,031
Employee travel and training	35,957	20,339
Equipment lease	5,363	5,415
Insurance	634,914	659,110
Miscellaneous	44,596	79,773
Office supplies and expense	51,389	52,167
Payroll tax expense	197,699	168,545
Payroll service	35,003	35,691
Pension plan match	55,804	53,275
Professional services	94,995	91,001
Property taxes	199,816	191,131
Recreational supplies	6,248	9,174
Rent - storage lots	42,735	42,123
Repairs and maintenance	146,773	163,182
Retail operating supplies	3,874	4,777
Security	15,506	10,954
Service charges	136,398	121,828
Taxes and licenses	7,448	16,432
Telephone	40,600	40,143
Uniforms	27,170	23,691
Utilities	577,167	529,983
Total Operating Expenses	$4,856,295	$4,647,072

INDEPENDENT AUDITOR'S REPORT

ON ADDITIONAL INFORMATION

To the Board of Directors and
Shareholders of Pismo Coast Village, Inc.
Pismo Beach, California

Our report on our audits of the basic financial statements of Pismo Coast Village, Inc. as of September 30, 2015 and 2014 appears on page 16. Those audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The statements of income (unaudited) for the three months ended September 30, 2015 and 2014 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we express no opinion on it.

BROWN ARMSTRONG ACCOUNTANCY CORPORATION

Bakersfield, California
November 13, 2015

PISMO COAST VILLAGE, INC.
STATEMENTS OF INCOME (UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
Income		
Resort operations	$ 1,938,016	$ 1,895,217
Retail operations	436,660	376,738
Total income	2,374,676	2,271,955
Costs and Expenses		
Operating expenses	1,457,006	1,435,273
Cost of goods sold	174,001	164,110
Depreciation	95,951	105,865
Total costs and expenses	1,726,958	1,705,248
Income from operations	647,718	566,707
Other Income (Expense)		
Interest income	1,009	1,756
Interest expense	(31,173)	(38,984)
(Loss) on sale of Capital Assets	(1,547)	(29,989)
Total other income (expense)	(31,711)	(67,217)
Income Before Provision for Income Taxes	616,007	499,490
Provision for Tax Expense	213,600	225,300
Net Income	$ 402,407	$ 274,190
Earnings Per Share	$ 225.69	$ 153.78