

# 2021 ANNUAL REPORT



## **Pismo Coast Village, Inc.**

165 S. Dolliver Street, Pismo Beach, CA 93449

1-888-RV-BEACH

[www.pismocoastvillage.com](http://www.pismocoastvillage.com)

[rv@pismocoastvillage.com](mailto:rv@pismocoastvillage.com)

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## PRESIDENT'S ANNUAL REPORT

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By Garry Nelson

On behalf of the Board of Directors, management and employees, I want to take this opportunity to thank our shareholders for your continued support of Pismo Coast Village RV Resort during this stressful and uncertain COVID-19 pandemic. We hope you and your family have remained healthy and safe throughout the year.

COVID-19 continues to be a major factor in how we conduct our business. Our Board meetings this past year have been, for the most part, closed to our shareholders. Our January 2021 Annual Shareholders' Meeting was held as a virtual electronic meeting using Zoom video conferencing, and our Shareholders' Wine Reception was cancelled. We are hoping and anticipating that normal resort activities will be able to resume with our shareholders in the near future.

Even though the resort has operated this year under ever-changing COVID-19 restrictions, the financial performance of the resort has been excellent as can be seen in our year-end financial report. As the year progressed, the resort experienced record occupancy and site revenue was high. We always want to be mindful of our general public guests, and thank them for choosing Pismo Coast Village RV Resort as their preferred destination.

The new RV facility is now open with some of our service repair operations being transferred to that facility. The plan is to continue moving our service operations to the new facility as additional RV service technicians are hired.

As reported last year, our RV storage enterprise remains an excellent source of revenue. Our waiting list of people wanting to store their RVs with us continues to grow.

Our Reservations Department has done an excellent job in these challenging times. The new check-in system is working well and expedites the check-in process. The General Store has been consistent with carrying a broad selection of merchandise to meet our guests' day to day needs. The Maintenance/Housekeeping Department has been diligent in the upkeep of the resort and servicing guest requests.

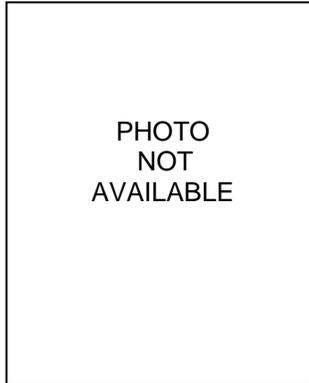
This being my first year as President of the Board, I want to thank all of our Board members for your support and encouragement this year. I appreciate each of you and the expertise you bring to the Board.

Also, a big thanks to our CEO/General Manager, the leadership team and all our employees for a job well done and keeping Pismo Coast Village RV Resort a premiere resort destination.

It has been my pleasure to serve you this year as President of the Board. I wish each of you a blessed and healthy 2022.

Garry Nelson

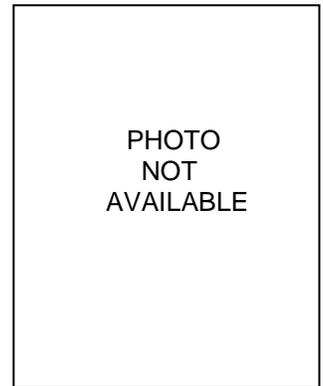
**OFFICERS  
BOARD OF DIRECTORS**



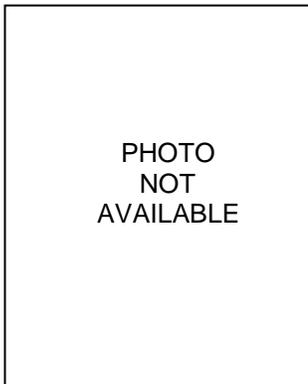
GARRY NELSON  
President



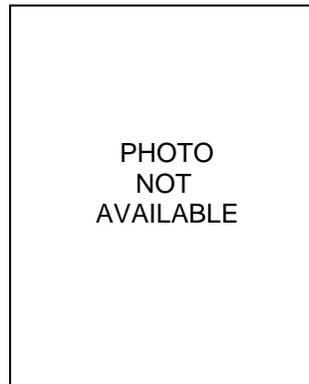
GEORGE PAPPI, JR.  
Executive Vice  
President



BRIAN J. SKAGGS  
Vice President –  
Secretary



JACK WILLIAMS  
Vice President – Finance  
Chief Financial Officer



RODNEY ENNS  
Vice President –  
Operations

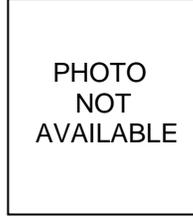
**DIRECTORS  
BOARD OF DIRECTORS**



**David Bessom**



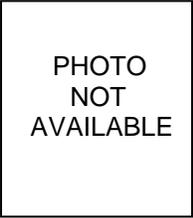
**Sam Blank**



**Harry Buchaklian**



**William Fischer**



**Wayne Hardesty**



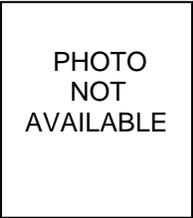
**Dennis Hearne**



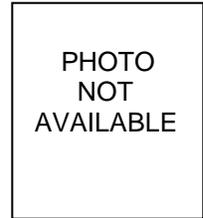
**Terris Hughes**



**Marcus Johnson**



**Karen King**



**Ronald Nunlist**



**Dwight Plumley**



**Jerry Roberts**



**Gary Willems**

## 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 three-year 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 (Visit San Luis Obispo County) in 2012, and currently serves on the Executive Committee following two years as Board Chair. Since 2014 Mr. Jamison has served as a member of the Advisory Council for the Experience Industry Management (EIM) Department at Cal Poly San Luis Obispo.

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. 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. In November of 2016, Mr. Amian was appointed to serve as a member of the Board of Directors of the National Association of RV Parks and Campgrounds. In November of 2021, he was reelected to serve a second term.

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AVAILABLE

**CHARLES AMIAN**  
Operations Manager

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

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The following analysis discusses the Company's financial condition as of September 30, 2021, compared with September 30, 2020. 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.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. In response, the County of San Luis Obispo followed by the Governor of California issued a Shelter at Home order effective March 19, 2020, requiring certain non-essential businesses to temporarily close to the public. The Company began canceling reservations on March 19 and closed the park on March 23. The resort remained closed until May 22, 2020 at which time the County of San Luis Obispo permitted occupancy to fifty percent. On June 5, 2020, the County of San Luis Obispo allowed lodging businesses to operate at full capacity with restrictions on amenities.

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 2020 was down 18.0%, following the previous year's occupancy, primarily due to the impacts of COVID-19. Revenues from ancillary operations, such as the General Store, RV service, laundromat, arcade, and bike rental, were significantly decreased due to the COVID-19 closure and ongoing impact.

Following the full resort reopening on June 5, 2020, the company experienced multiple months of record occupancy, including fiscal year 2021 reflecting record occupancy. This occupancy has directly impacted the increase of revenue in all segments of the company.

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.

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, 2014, 2015, 2016 and one of 30 parks nationally in 2017.

The Company's commitment to quality, value, and enjoyment is underscored by the business' 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 2022, which projects a positive cash flow of approximately \$2,757,241 from operations. This projection is based on paid site occupancy reflecting similar occupancy as experienced in fiscal year 2019, as fiscal year 2020 occupancy was skewed due to the COVID-19 closure. The 2022 budget plan includes a \$5 per night increase for all site rentals effective January 1, 2022. While the Company projects a positive cash flow, this cannot be assured for fiscal year 2022.

#### 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 weekend, Thanksgiving week, and Christmas/New Year's week. 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 lease revenues from the 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.

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 ensure funds will be available if required. In anticipation of future large projects, the Board of Directors has instructed management to build operational cash balances. 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 \$3,001,405 in 2021, compared to \$1,424,339 for the 2020 fiscal year.

During fiscal year 2021, capital investment of \$169,180 was made that included a new street sweeper, a garbage compactor container, and final construction on the RV shop. During fiscal year 2020, capital

investment of \$637,041 was made that included construction on the new RV service facility, and a new Hino trailer tow truck. These projects were completed on time and within budget.

Fiscal year 2021's current ratio (current assets to current liabilities) of 3.06 increased from fiscal year 2019's current ratio of 2.60. The increase in current ratio is the result of increased cash and cash equivalents.

Working Capital increased to \$6,377,259 at the end of fiscal year 2021, compared to \$4,288,675 at the end of fiscal year 2020. This increase is primarily a result of increased cash and cash equivalents as a result of increased income from Resort operations and postponement of some capital projects.

#### CAPITAL RESOURCES AND PLANNED EXPENDITURES

The Company plans capital expenditures up to \$223,000 in fiscal year 2022 to further enhance the Resort facilities and services. This would include upgrading the resort Wi-Fi system, installing six surveillance cameras on the resort, replacing two older pickups, and replacing a tractor. Funding for these projects is expected to come 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, 2020, by \$2,379,128, or 32.0%.

#### REVENUE BY SEGMENT

	<u>2021</u>	<u>2020</u>
<u>OCCUPANCY</u>		
% of Shareholder Site Use	23.8%	20.4%
% of Paid Site Rental	65.4%	47.1%
% Total Site Occupancy	87.5%	67.7%
% of Storage Rental	99.0%	99.0%
Average Paid Site	\$ 67.27	\$ 64.80
<u>RESORT OPERATIONS</u>		
Site Rental	\$ 6,421,329	\$ 4,469,703
Storage Operations	1,895,295	1,788,939
Support Operations	<u>188,275</u>	<u>121,726</u>
Total	8,504,899	6,380,368
<u>RETAIL OPERATIONS</u>		
Store	705,779	554,899
RV Repair/Parts Store	<u>600,228</u>	<u>495,488</u>
Total	1,306,007	1,050,387
INTEREST INCOME	<u>981</u>	<u>2,004</u>
TOTAL REVENUE	<u>\$ 9,811,887</u>	<u>\$ 7,432,759</u>

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.

## 2021 COMPARED WITH 2020

Resort operations income increased \$2,124,531, or 33.3%, primarily due to COVID-19 and the resort campsites being closed from March 23, 2020 until May 22, 2020. Paid site revenue increased \$1,951,626, or 43.7%, due to an increase of 26,372, or 38.2% in paid site night occupancy. Due to the temporary resort closure in 2020, RV Storage and RV Spotting revenue increased \$111,526, or 6.5%, for fiscal year ended September 30, 2021.

Retail operations income increased \$255,620, or 24.3%, primarily due to the impact of COVID-19 on all resort retail segments during fiscal year 2020. While the RV Service operation was able to remain open, the General Store on the resort was closed from March 23, 2020 until June 5, 2020. The RV Service department revenue increased \$104,740, or 21.1% above the previous year. The General Store revenue increased \$150,879, or 27.2% above the previous year. 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 \$1,023, or 51.0%, below the previous year. Interest Expense decreased to \$13,545 in 2021 compared to \$17,413 the previous year.

Operating Expenses increased \$581,865, or 11.1%, as a result of labor, small equipment, credit card service expense, land lease, utilities including water/sewer, gas, electricity, and garbage, and vehicle expense. During the 2020 COVID-19 closure, 50% of the staff continued working. During this time, many expenses were reduced or managed accordingly.

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 tax of \$3,470,535, a 172.3% increase above last year, is reflective of increased income from operations. In addition, this reflects the Paycheck Protection Program loan forgiveness income of \$557,635.

Net income of \$2,413,335 for fiscal year 2021 shows an increase of \$1,534,479, or 174.6%, above a net income of \$878,856 in 2020. This increase in net income is a reflection of the increase in the income before provision for income tax.

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, 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 is 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.

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## MARKET FOR COMMON STOCK

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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 \$40,000 to a high selling price of \$44,000, with an average selling price of \$42,805. 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 2021.

- (a) The approximate number of holders of the Company's stock on September 30, 2021 was 1,506.
- (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, 2020 and ending on December 31, 2022. 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 505005  
Louisville, KY 40233-5005

For Overnight/Express Delivery  
Computershare Trust Company, N.A.  
462 South 4<sup>th</sup> Street  
Louisville, KY 40202

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

Website  
[www.computershare.com](http://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.**

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## DIRECTORS AND OFFICERS OF THE CORPORATION

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**DAVID BESSOM**, Director. Retired.

**SAM BLANK**, Director. Mr. Blank is a retired school administrator, and a licensed real estate agent for Coldwell Banker Realty in the San Diego, California area.

**HARRY BUCHAKLIAN**, Director. Retired.

**RODNEY ENNS**, Director and Vice President - Operations. Mr. Enns teaches mathematics and engineering at Milpitas High School in Milpitas, California.

**WILLIAM FISCHER**, Director. Retired.

**WAYNE HARDESTY**, Director. Mr. Hardesty is a licensed Enrolled Agent and currently operates Hardesty Financial Services in Rancho Cucamonga, California.

**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.

**TERRIS HUGHES**, Director. Semi-retired.

**MARCUS JOHNSON**, Director. Mr. Johnson is a retired educator with thirty-seven years of active service. He currently serves as the K-12 liaison with the Central Valley Higher Education Consortium (CVHEC), and is also the Executive Director of the Fresno Compact in Fresno, California.

**KAREN KING**, Director. Mrs. King is Vice President, Senior Business Control Associate with Wells Fargo Bank in Camarillo, California.

**GARRY NELSON**, Director and President. Retired.

**RONALD NUNLIST**, Director. Retired.

**GEORGE PAPPI, JR.**, Director and Executive Vice President. Mr. Pappi is employed as a property major case general adjuster for The Hartford Insurance.

**DWIGHT PLUMLEY**, Director. Retired. Mr. Plumley owned, operated and was president of Packers Manufacturing, Inc., a company that produced fruit and vegetable packing and processing systems. The company was located in Visalia, California.

**JERRY ROBERTS**, Director. Mr. Roberts is a Certified Public Accountant and is a partner in the firm of Lampros & Roberts, a financial and tax consulting firm, practicing in Los Gatos, California.

**BRIAN SKAGGS**, Director and Vice President - Secretary. Mr. Skaggs is a Registered Civil Engineer and a partner in Summers Engineering, Inc., a consulting engineering firm operating in Hanford, California, which specializes in water resources with an emphasis on municipal water supply, irrigation and drainage projects.

**GARY WILLEMS**, Director. Retired.

**JACK WILLIAMS**, Director and Vice President – Finance, and Chief Financial Officer. 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.

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**DESCRIPTION OF BUSINESS**

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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  
Pismo Coast Village, Inc.  
165 South Dolliver Street  
Pismo Beach, California

**Opinion on the Financial Statements**

We have audited the accompanying balance sheets of Pismo Coast Village, Inc. (the Company) (a California corporation) as of September 30, 2021 and 2020, and the related statements of income and comprehensive income, stockholders' equity, and cash flows for each of the years in the two-year period ended September 30, 2021 and 2020, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended September 30, 2021, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

*Income Taxes*

Management's estimates of the deferred tax assets, liabilities and provisions disclosed in Note 7 are based primarily on the differences between depreciation measurements on a tax basis versus GAAP basis, and timing of vacation expense recognition and shareholder site usage. We evaluated the key factors and assumptions used to develop the estimates of income tax provisions in determining that they are reasonable in relation to the financial statements taken as a whole.

We identified the evaluation of the Company's income tax provisions as a critical audit matter because the application of tax law and timing of recognition of income tax expense and benefits is complex and involves subjective judgement.

We have served as the Company's auditor since 2005.

BROWN ARMSTRONG ACCOUNTANCY CORPORATION

Bakersfield, California  
November 12, 2021

**PISMO COAST VILLAGE, INC.**  
**BALANCE SHEET**  
**SEPTEMBER 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 9,226,456	\$ 6,452,110
Accounts receivable	36,764	25,610
Inventories	200,107	190,211
Prepaid income taxes	-	271,200
Prepaid expenses	16,657	22,086
Total current assets	9,479,984	6,961,217
<b>Property and equipment</b>		
Net of accumulated depreciation and amortization	15,262,544	15,537,195
Total assets	\$ 24,742,528	\$ 22,498,412
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 319,576	280,784
Accrued salaries and vacation	417,544	278,874
Rental deposits	2,244,848	2,058,135
Income taxes payable	60,000	-
Current portion of capital lease obligations	60,757	54,749
Total current liabilities	3,102,725	2,672,542
<b>Long-term liabilities</b>		
Deferred taxes	443,300	423,100
PPP Loan Payable	-	555,715
Capital lease obligations, net of current portion	156,638	220,525
Total liabilities	3,702,663	3,871,882
<b>Stockholders' equity</b>		
Common stock - no par value, 1,800 shares issued, 1,775 shares outstanding	5,569,268	5,569,268
Retained earnings	15,470,597	13,057,262
Total stockholders' equity	21,039,865	18,626,530
Total liabilities and stockholders' equity	\$ 24,742,528	\$ 22,498,412

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

**PISMO COAST VILLAGE, INC.**  
**STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Income</b>		
Resort operations	\$ 8,504,899	\$ 6,380,368
Retail operations	1,306,007	1,050,387
Total income	<u>9,810,906</u>	<u>7,430,755</u>
<b>Costs and expenses</b>		
Operating expenses	5,816,253	5,234,388
Cost of goods sold	625,358	491,597
Depreciation	443,831	414,805
Total costs and expenses	<u>6,885,442</u>	<u>6,140,790</u>
Income from operations	2,925,464	1,289,965
<b>Other income (expense)</b>		
Interest and dividend income	981	2,004
Interest expense	(13,545)	(17,413)
PPP loan forgiveness income	557,635	-
Total other income (expense)	<u>545,071</u>	<u>(15,409)</u>
<b>Income before provision for income tax</b>	3,470,535	1,274,556
<b>Provision for income tax</b>	<u>1,057,200</u>	<u>395,700</u>
<b>Net income</b>	2,413,335	878,856
<b>Net income per share</b>	<u>\$ 1,359.63</u>	<u>\$ 495.13</u>
<b>Total comprehensive income per share</b>	<u>\$ 1,359.63</u>	<u>\$ 495.13</u>

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

**PISMO COAST VILLAGE, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	Common Stock		Retained Earnings	Accumulated	Total
	Shares	Amount		Other Comprehensive Income	
<b>Balance - September 30, 2018</b>	<u>1,775</u>	<u>\$ 5,569,268</u>	<u>\$ 10,700,173</u>	<u>\$ 78,004</u>	<u>\$ 16,347,445</u>
Net Income			1,478,233		1,478,233
Unrealized gain on investments				(78,004)	(78,004)
<b>Balance - September 30, 2019</b>	<u>1,775</u>	<u>\$ 5,569,268</u>	<u>\$ 12,178,406</u>	<u>\$ -</u>	<u>\$ 17,747,674</u>
Net Income			878,856		878,856
Unrealized gain on investments				-	-
<b>Balance - September 30, 2020</b>	<u>1,775</u>	<u>\$ 5,569,268</u>	<u>\$ 13,057,262</u>	<u>\$ -</u>	<u>\$ 18,626,530</u>
Net Income			2,413,335		2,413,335
Unrealized gain on investments				-	-
<b>Balance - September 30, 2021</b>	<u>1,775</u>	<u>\$ 5,569,268</u>	<u>\$ 15,470,597</u>	<u>\$ -</u>	<u>\$ 21,039,865</u>

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

**PISMO COAST VILLAGE, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Net Income	\$ 2,413,335	\$ 878,856
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	443,831	414,805
PPP loan forgiveness income	(555,715)	-
Accounts receivable	(11,154)	24,802
Inventory	(9,896)	1,035
Prepaid income taxes	271,200	(266,300)
Prepaid expenses	5,429	4,021
Accounts payable and accrued liabilities	38,792	4,413
Accrued salaries and vacation	138,670	(81,036)
Rental deposits	186,713	465,443
Income taxes payable	60,000	-
Deferred taxes	20,200	(21,700)
Total adjustments	588,070	545,483
Net cash provided by operating activities	3,001,405	1,424,339
 <b>Cash flows from investing activities</b>		
Purchases of property and equipment	(169,180)	(637,041)
Net cash used in investing activities	(169,180)	(637,041)
 <b>Cash flows from financing activities</b>		
Proceeds from Loans	-	555,715
Acquisition of capital lease assets	-	81,669
Principal payments on capital lease obligations	(57,879)	(48,596)
Net cash used in financing activities	(57,879)	588,788
Net increase in cash and cash equivalents	2,774,346	1,376,086
 <b>Cash and cash equivalents – beginning of year</b>	6,452,110	5,076,024
 <b>Cash and cash equivalents – end of year</b>	\$ 9,226,456	\$ 6,452,110
 <b>Schedule of payments of interest and taxes</b>		
Cash paid for income tax	\$ 705,768	\$ 663,631
Cash paid for interest	\$ 13,545	\$ 17,413

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

**PISMO COAST VILLAGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**

**NOTE 1: Nature of Business**

Pismo Coast Village, Inc. (the 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 from Contracts with Customers**

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs-Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. The cumulative impact of adopting FASB ASC 606 was immaterial and did not require an adjustment to retained earnings.

Revenue primarily consists of recreational camping space rentals, revenue from recreational vehicle storage space and RV service and repairs, food and beverage sales and other ancillary goods and services. Revenue is recognized when spaces are occupied or goods and services have been delivered or rendered, respectively.

Sales taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue. Finally, the Company collects Transient Occupancy Taxes (TOT) and Tourism Business Improvement District (TBID) assessments from guests, which are remitted to the City of Pismo Beach and County of San Luis Obispo and are excluded from revenues. At September 30, 2021 and 2020, the Company had \$85,714 and \$71,145 in TOT and TBID assessments due to the City of Pismo Beach and the County of San Luis Obispo included in accrued expenses on the combined balance sheet, respectively.

**Performance Obligations**

For performance obligations related to the Company accommodations and other ancillary goods and services, control transfers to the customer at a point in time. The Company's principal terms of sale occur simultaneously when control of the goods and services are transferred to the customer and payment is accepted. The Company does not have any significant financing components.

The Company does not disclose the value of unsatisfied performance obligations for contracts with an expected length of one year or less. Due to the nature of the business, the Company's revenue is not significantly impacted by refunds. Cash payments received in advance of guests staying at the resort are refunded to guests if the guest cancels within the specified time period, before any services are rendered. Refunds related to services are generally recognized as an adjustment to the transaction price at the time the resort stay occurs or services are rendered.

**Disaggregation of Revenue**

Revenue from performance obligations satisfied at a point in time consists of sales related to the Company accommodations and other ancillary goods and services at the location in Pismo Beach,

**PISMO COAST VILLAGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**  
**PAGE 2**

NOTE 2: Summary of Significant Accounting Policies (Continued)

California. The geographic nature of the revenue could affect the nature, timing, amount and uncertainty of revenue and cash flows. Revenue from site rentals, storage rental, spotting, and store and accessory sales accounts for approximately 66%, 14%, 4%, and 13% of the Company total revenue for the period ended September 30, 2021, respectively. Revenue from other ancillary goods and services accounts for the remaining 3% of revenue for the period ended September 30, 2021.

**Customer Deposits**

The Company does not recognize revenue when a customer prepays for resort accommodations. Rather, the Company records a deferred revenue liability equal to the amount received. Revenue is then recognized when the customer stays at the resort. As of September 30, 2021 and 2020, the Company had Customer deposits related to prepaid village accommodations was \$2,244,848 and \$2,058,135 on the balance sheet as rental deposits, respectively.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all highly liquid investments including certificates of deposit with an original maturity of three months or less when purchased to be cash equivalents. As of September 30, 2021 and 2020, the Company had \$6,097 and \$6,096 of cash equivalents.

**Allowance for Doubtful Accounts**

It is the policy of management to review the outstanding accounts receivable at year-end, as well as historical bad debt write-offs, and establish an allowance for doubtful accounts for estimated uncollectible accounts. Management did not believe an allowance for doubtful accounts was necessary as of September 30, 2021 or 2020.

**Inventories**

Inventories have been valued at the lower of cost or market on a first-in, first-out basis. Inventories are comprised primarily of finished goods in the general store and in the RV repair shop.

**Property and Equipment**

All property and equipment are recorded at cost. Depreciation of property and equipment is computed using the straight line method based on the 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	5 to 31.5 years
Transportation equipment	5 to 10 years

**PISMO COAST VILLAGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**  
**PAGE 3**

**NOTE 2: Summary of Significant Accounting Policies (Continued)**

**Earnings Per Share**

The earnings per share are based on the 1,775 shares issued and outstanding. 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.

**Advertising**

The Company follows the policy of charging the costs of non-direct advertising as incurred. Advertising expense was \$38,690 and \$39,589 for the years ended September 30, 2021 and 2020, respectively. Advertising expense was included in operating expenses on the statement of operations.

**Concentration of Credit Risk**

At September 30, 2021 and 2020, the Company had cash deposits of \$7,400,355 and \$4,591,578 in excess of the \$250,000 federally insured limit with Pacific Premier Bank, respectively. However, because Pacific Premier 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 deposit balance is eligible for FDIC insurance.

**Risks and Uncertainties**

Due to uncertainty surrounding the recent COVID-19 pandemic, the length and severity of the outbreak, and the volatility in the world investment markets, there is increasing uncertainty as to how these events will affect results of operations and financial position of the Company going forward. As required by executive order by the Governor of California in March 2020, all non-essential businesses were required to close services offered in person to the public. As such, the recreational vehicle camping resort operated by the Company was required to close and thereby effecting the occupancy rate. However, the Company did see an increase in occupancy rates from July through the report date.

**Income Taxes**

The Company uses the asset-liability method of computing deferred taxes in accordance with ASC Income Taxes topic. ASC 740 requires, among other things, that if income is expected for the entire year, but there is a net loss to date, a tax benefit is recognized based on the annual effective tax rate.

FASB ASC 740 also requires, among other things, the recognition and measurement of uncertain tax positions based on a "more likely than not" (likelihood greater than 50%) approach. As of September 30, 2021, management has considered its tax positions and believes that the Company did not maintain any uncertain tax positions under this approach and, accordingly, all tax positions have been fully recorded in the provision for income taxes.

**PISMO COAST VILLAGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**  
**PAGE 4**

**NOTE 2: Summary of Significant Accounting Policies (Continued)**

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, and accordingly no interest or penalties associated with income taxes have been included in this calculation, or separately in the Statement of Operations and Retained Earnings. The Company does not expect any material changes through September 30, 2022. Although the Company does not maintain any uncertain tax positions, tax returns remain subject to examination by the Internal Revenue Service for fiscal years ending on or after September 30, 2018 and by the California Franchise Tax Board for fiscal years ending on or after September 30, 2017.

**NOTE 3: Property and Equipment**

At September 30, 2021 and 2020, property and equipment included the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 10,394,747	\$ 10,394,747
Building and resort improvements	13,185,090	11,349,248
Furniture, fixtures, equipment and leasehold improvements	777,074	679,303
Transportation equipment	794,974	794,974
Construction in progress	87,589	1,852,022
	<u>25,239,474</u>	<u>25,070,294</u>
Less accumulated depreciation	<u>(9,976,930)</u>	<u>(9,533,099)</u>
	<u>\$ 15,262,544</u>	<u>\$ 15,537,195</u>

Depreciation and amortization expense was \$443,831 and \$414,805 for the years ended September 30, 2021 and 2020, respectively.

At September 30, 2021 and 2020 the cost of assets under capital lease was \$405,819 and \$405,819, respectively, and related accumulated amortization was \$267,393 and \$196,991, respectively. Depreciation expense on assets under capital lease was \$70,402 and \$70,276 for the years ended September 30, 2021 and 2020, respectively.

**NOTE 4: Line of Credit**

The Company had a revolving line of credit with Pacific Premier Bank (formerly Heritage Oaks Bank) for \$500,000, expiring April 1, 2022. The Company received a Letter of Credit written in favor of the County of San Luis Obispo (the County), California for \$412,062 to cover a bond requirement relating to public improvements as part of the Company's construction of a new RV service facility. The Company completed the required public improvements and the Letter of credit has been exonerated.

**PISMO COAST VILLAGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**  
**PAGE 5**

**NOTE 5: Capital Lease Obligations**

At September 30, 2021 and 2020, capital lease obligations consisted of the following:

	<u>2021</u>	<u>2020</u>
A 2016 Hino truck leased from Donahue Transportation Services Corp, payable in monthly installments of \$1,159, including interest at 4.532% per annum, through January 2023.	\$ 16,373	\$ 29,261
A 2018 Hino truck leased from Donahue Transportation Services Corp, payable in monthly installments of \$1,147, including interest at 4.644% per annum, through September 2024.	36,762	48,552
A 2019 Hino truck leased from Donahue Transportation Services Corp, payable in monthly installments of \$1,151, including interest at 4.181% per annum, through May 2025.	44,677	56,411
A 2019 Hino truck leased from Donahue Transportation Services Corp, payable in monthly installments of \$1,151, including interest at 4.101% per annum, through December 2025.	51,419	62,874
A 2020 Hino truck leased from Donahue Transportation Services Corp, payable in monthly installments of \$1,166, including interest at 5.406% per annum, through May 2027.	68,164	78,176
	\$ 217,395	\$ 275,274
Less current portion	(60,757)	(54,749)
Total capital lease obligations, net of current portion	<u>\$ 156,638</u>	<u>\$ 220,525</u>

At September 30, 2021, future minimum payments on capital lease obligations were as follows:

<b><u>For the Twelve Months Ending September 30,</u></b>		
	2022	\$ 69,611
	2023	58,468
	2024	53,374
	2025	34,615
	2026	13,992
	Thereafter	9,328
Present value of future minimum payments		239,388
Less amount representing interest		<u>(21,993)</u>
		217,395
Less current portion of capital lease obligations		<u>(60,757)</u>
Total capital lease obligations, net of current portion		<u>\$ 156,638</u>

**PISMO COAST VILLAGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**  
**PAGE 6**

**NOTE 6: Common Stock**

Each share of stock is intended to provide the shareholder with free use of the resort for a maximum of 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 provisions for income taxes for the years ended September 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
<b>Current:</b>		
Federal	\$ 661,700	\$ 291,200
State	<u>375,400</u>	<u>126,200</u>
	1,037,100	417,400
<b>Deferred:</b>		
Federal	24,400	(20,900)
State	<u>(4,300)</u>	<u>(800)</u>
Provision for income taxes	<u>\$ 1,057,200</u>	<u>\$ 395,700</u>

The Company uses the asset-liability method of computing deferred taxes in accordance with FASB ASC Topic 740. The difference between the effective tax rate and the statutory tax rates is due primarily to the impact of state taxes net of the federal tax benefit and nondeductible variable costs of shareholder usage.

At September 30, 2021 and 2020, the deferred income tax liabilities consisted of the following:

	<u>2021</u>	<u>2020</u>
<b>Deferred tax assets (liabilities):</b>		
Federal	\$ (390,800)	\$ (366,400)
State	<u>(52,500)</u>	<u>(56,700)</u>
Net deferred income taxes	<u>\$ (443,300)</u>	<u>\$ (423,100)</u>

Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, which will result in taxable or deductible amounts in the future. The majority of the balance is due to timing differences of depreciation expense, caused by the use of accelerated depreciation methods for tax calculations.

**PISMO COAST VILLAGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**  
**PAGE 7**

**NOTE 7: Income Taxes (Continued)**

At September 30, 2021 and 2020, the deferred income tax liabilities consisted of the following temporary differences:

	<u>2021</u>	<u>2020</u>
Depreciation	\$ (552,900)	\$ (492,200)
Unrealized gain on investments	-	-
Total gross deferred tax liabilities	<u>(552,900)</u>	<u>(492,200)</u>
Vacation accrual	30,100	30,700
Federal benefit of state taxes	<u>79,500</u>	<u>38,400</u>
Total gross deferred tax assets	<u>109,600</u>	<u>69,100</u>
	<u>\$ (443,300)</u>	<u>\$ (423,100)</u>

There were no net operating loss or tax credit carryforwards for the year ended September 30, 2021 or 2020 for federal or state.

**NOTE 8: Payroll Protection Plan Loan**

On April 28, 2020, the Company (the "Borrower") was granted a loan in the aggregate amount of \$553,802, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan, which was in the form of a note dated April 28, 2020 issued by the borrower, matures on April 28, 2022 and bears interest at a rate of 0.98% per annum, payable monthly commencing on November 28, 2020. The note may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the loan were only used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Company received full forgiveness of the loan as of May 10, 2021.

**NOTE 9: Operating Leases**

The Company leases a lot located in Oceano for \$3,575 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 \$384 per month. Future minimum lease payments under this obligation are as follows:

<b><u>For the Twelve Months Ending September 30,</u></b>	
2021	\$ 4,608
2022	<u>1,920</u>
	<u>\$ 6,528</u>

Rent expense under these lease agreements was \$55,945 and \$26,091 for the years ended September 30, 2021 and 2020, respectively.

**PISMO COAST VILLAGE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021 AND 2020**  
**PAGE 8**

**NOTE 10: Employee Retirement Plans**

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 Company's matching portion of the 401(k) safe harbor plan was \$64,148 and \$64,089 for the years ended September 30, 2021 and 2020, respectively.

**NOTE 11: Subsequent Events**

Events subsequent to September 30, 2021 have been evaluated through November 12, 2021, which is the date the financial statements were available to be issued. Management did not identify any subsequent events that required disclosure.

**PISMO COAST VILLAGE, INC.**  
**SCHEDULE OF OPERATING EXPENSES**  
**SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Administrative salaries	\$ 665,879	\$ 565,767
Advertising and promotion	38,690	39,589
Auto and truck expense	100,628	98,201
Bad debts	1,237	2,192
Contract services	40,051	69,744
Corporation expense	43,886	35,794
Custodial supplies	27,060	23,049
Direct labor	2,067,476	1,756,135
Employee travel and training	23,904	30,975
Equipment lease	5,178	5,080
Insurance	512,414	511,556
Miscellaneous	56,312	40,538
Office supplies and expense	83,937	78,981
Payroll tax expense	216,173	193,100
Payroll service	36,518	47,625
Pension plan match	64,148	64,089
Professional services	94,236	117,041
Property taxes	230,197	227,009
Recreational supplies	962	519
Rent - storage lots	50,767	21,011
Repairs and maintenance	201,268	298,569
Retail operating supplies	6,805	4,397
Security	13,738	14,281
Service charges	294,955	209,820
Taxes and licenses	11,917	11,251
Telephone	34,658	31,748
Uniforms	32,604	27,505
Utilities	<u>860,655</u>	<u>708,822</u>
 Total operating expenses	 <u>\$ 5,816,253</u>	 <u>\$ 5,234,388</u>

INDEPENDENT AUDITOR'S REPORT

ON ADDITIONAL INFORMATION

To the Board of Directors and Shareholders  
Pismo Coast Village, Inc.  
165 South Dolliver Street  
Pismo Beach, California

We have audited the financial statements of Pismo Coast Village, Inc. (the Company) as of and for the years ended September 30, 2021 and 2020, and our reports thereon dated November 12, 2021, which expressed an unqualified opinion on those financial statements, appears on page 16. The supplementary information contained in the Statements of Operations for the Three Months Ended September 30, 2021 and 2020, has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplementary information is the responsibility of the Company's management. Our audit procedures included determining whether the supplementary information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplementary information. In forming our opinion on the supplementary information, we evaluated whether the supplementary information, including its form and content, is presented in conformity with accounting principles generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

BROWN ARMSTRONG ACCOUNTANCY CORPORATION

Bakersfield, California  
November 12, 2021

**PISMO COAST VILLAGE, INC.**  
**STATEMENTS OF INCOME (UNAUDITED)**  
**THREE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Income:</b>		
Resort operations	\$ 2,549,078	\$ 2,372,518
Retail operations	361,810	389,306
Total income	<u>2,910,888</u>	<u>2,761,824</u>
<b>Costs and expenses:</b>		
Operating expenses	1,836,557	1,462,417
Cost of goods sold	180,249	199,329
Depreciation	122,747	104,988
Total costs and expenses	<u>2,139,553</u>	<u>1,766,734</u>
Income from operations	<u>771,335</u>	<u>995,090</u>
<b>Other income (expense):</b>		
Interest income	70	500
Interest expense	<u>(2,639)</u>	<u>(4,250)</u>
Total other income (expense)	<u>(2,569)</u>	<u>(3,750)</u>
<b>Income before provision for income taxes</b>	768,766	991,340
<b>Provision for income tax</b>	<u>1,696,100</u>	<u>486,800</u>
<b>Net income</b>	<u>\$ (927,334)</u>	<u>\$ 504,540</u>
<b>Net income per share</b>	<u>\$ (522.44)</u>	<u>\$ 284.25</u>
<b>Total comprehensive income per share</b>	<u>\$ (522.44)</u>	<u>\$ 284.25</u>