

# CUTTY'S NEWSLETTER - - EIGHTH EDITION - - August 24, 2009

## Series #9 - - Report on the Club's Financial Progress from July '08 to July '09

On June 4<sup>th</sup>, 2009, an Open Board Meeting was held and at that meeting the financial condition of the Club was discussed. The July, 2008 finances were compared to the year-to-date, 2009 finances. Similar information was discussed at the July 5<sup>th</sup>, 2009 Annual Meeting.

As the information presented at those two meetings was reviewed, it suddenly became apparent that the Members who attended those meetings were the only Members aware of the financial progress made to date. The following is the information presented at those meetings:

In July '08, Cutty's DM Camping Club had the following financial obligations:

A. 50-Amp Electrical Loan	\$504,000
B. Accounts Payable	260,000
C. Operating Loan	260,000
D. Money needed to finish the year and operate the first quarter of fiscal '09	<u>260,000</u>
<b>TOTAL</b>	<b>\$1,284,000</b>

First Bank demanded the operating loan be paid, insisted interest be paid monthly, withdrew money out of the Club's bank account, and then gave the Club until October 31<sup>st</sup>, 2008 to make a substantial payment on the operating loan. On October 31, 2008, a payment was also due on the 50-Amp Electrical Loan. Food vendors, various suppliers, etc. were demanding their bills be paid and in some cases, the Club was shut off from further purchases. During the months of August and September, arrangements were made with some vendors to pay ½ on the due date and ½ two weeks later.

The Member Loan Program (MLP) was started. Members loaned the Club money and in return would get a mortgage on an undivided interest owned by the Club. For each \$3000 loaned to the Club, an additional undivided interest of the Club would be mortgaged. The Club raised \$314,720 with this program. Since the Club did not have any money to pay taxes, the members were assessed for the taxes owed.

### How Was the Money Spent?

Money Raised:	Member Loan Program	\$314,720
	Tax Assessment	<u>138,549</u>
	<b>TOTAL COLLECTED</b>	<b>\$453,269</b>
Money Spent:	Operating Loan-Pd. Off	\$260,000
	Electrical Mortgage Loan (2 of 6 total payments <\$98,568 each> made Oct. 31, 2008 & May 1, 2009)	197,136
	Taxes	165,756
	Accounts Payable (1 old bill remaining)	<u>242,894</u>
	<b>TOTAL LOANS AND BILLS PAID</b>	<b>\$865,786</b>
	<b>MINUS COLLECTED</b>	<b>(453,249)</b>
		<b>\$412,537</b>

\$412,537 paid on loans and bills over and above the money collected on MLP and Tax Assessment!!

## Where Did The Extra Money Come From?

1. 2009's dues income
2. Other areas:
  - a. Cost reductions in the current year
    1. Eliminated manager and other office costs
    2. Reduce maintenance crew from October to April
    3. Reduce maintenance crew from May to September
  - b. Opened park middle of May rather than in April
  - c. Eliminated all spending except on all but absolutely needed items
  - d. Reduced gate hours
  - e. Reduced rental unit cleaning hours
  - f. Reduced labor in Store
  - g. Reduced Store hours
  - h. Reduced inventory purchases
  - i. Used fiscal '09 income to pay for old bills

## How will using '09 operating money affect this year's ability to finish '09 without financial problems?

- A. First of all, you must realize every loan or bill paid **had** to be paid!
- B. Joe Sassatelli, Char Mollendor and Jim Murtha have studied the budget, reviewed costs and have determined it may be possible to just barely squeeze by! This means:
  1. All cost reduction programs currently in operation must be successful.
  2. We must operate extremely tight and no spending unless absolutely required.
  3. Every Member cooperates!! How:
    - a. Watch your electrical usage, turn off lights, air, fans, etc. when possible. Electrical costs can be as high as \$25,000 in the summer.
    - b. Watch water use.
    - c. Don't let vandals deface Club property.
- C. Last year 100 more Members paid their dues in a lump sum payment in March. We assume they switched to quarterly, but we will not know this until later this year!
- D. The Work Camper Program was expected to be better received than it was. We are hoping the participation will grow each and every year.
- E. We need to see spending in the Store and Snack Bar increase since all Profit goes into the general fund. Any price increases that you may see are directly related to vendor increases.
- F. As you can see, all old Accounts Payable but one and the operating loan have been paid off! What remains now is to pay off the Electrical Mortgage Loan. In July, 2008, the loan was \$504,000. A payment of \$98,568 was made on October 31, 2008, and another payment of \$98,568 was made on May 1, The following payments are still due on this loan:
  1. November 1, 2009.....\$98,568 (Principal & Interest)
  2. May 1, 2010.....\$98,568 (Principal & Interest)
  3. November 1, 2010.....\$98,568 (Principal & Interest)
  4. May 1, 2011.....Remainder of Principal & Interest

Does this mean all old bills, loans, etc. will be behind us May 1, 2011? **YES**, as long as the future Board runs the Club as a business and is wise in its financial responsibilities!

**Question: What will the financial condition of the Club be when all the loans, old Accounts Payables are paid off?**

A. We have studied this question and have determined that we should have an annual cash flow of between \$315,000 and \$440,000. This figure may increase once the sales program gets the Members who want to sell their memberships caught up. The sales program is to be commended for the 70+ transferred memberships to date.

Today is August 24, 2009. Following is the financial status of the Club as of today's date:

Vision Bank (Operating account).....	\$86,973
Vision Bank (Money Market Acct).....	\$84,185
Current Accounts Payable.....	\$12,853
Old Accounts Payable.....	\$16,500
1 <sup>st</sup> half taxes due 9/09.....	\$90,604
50-Amp Electrical Loan.....	\$98,568

We are working diligently to balance the income and expenses for the remainder of the fiscal year. We intend to follow many of the same guidelines as 2008, such as maintaining the same staff numbers, working with reduced hours in the Store, Clubhouse and gatehouse and eliminating all spending except on all but absolutely needed items. If this can be done, we could just barely squeeze by.

**Where Do the Bankruptcy Interests Stand?**

In 1980, Mr. Cutler started Cutty's Des Moines Camping Club, Inc. Two separate organizations were involved, the first was Cutty's, Inc. (Developer) and the second was the Club. Cutty's, Inc. issued 3000 undivided interests and these were to be sold to people interested in being a member-owner of Cutty's DM Camping Club. Once the sale was made, the purchase price of the interest went to Cutty's, Inc. and the new owner received a 1/3000ths undivided interest in the Club. Once the purchase price was paid in full and the timeline of January, 1986 was met, a Warranty Deed was issued.

Cutty's, Inc. sold 2068 interests into Cutty's DM Camping Club, Inc. by 1986. At that time, Mr. Cutler made the decision to no longer sell the interests. In 1988, a firm in California obtained Cutty's, Inc. and the 932 interests still owned by Cutty's, Inc. The supposed plan was for them to sell those remaining interests. Not one interest was sold by the California firm. At that time, since the Club did not own any interests, a sales program was out of the question.

In 2002, the California firm declared bankruptcy on the assets of Cutty's, Inc. This bankruptcy was filed in the state of Ohio. *(Please understand that it is Cutty's, Inc. that has filed bankruptcy, not Cutty's DM Camping Club, Inc. in which you are the owners of a 1/3000ths undivided interest).* The bankruptcy Trustee has moved slowly, but apparently the 932 interests are the only items left to close the bankruptcy.

Currently, the Board of Directors is in the process of formulating a new approach to the purchase of the 932 interests currently in bankruptcy. When more information is available, the Members will be notified.

Sincerely,

James Murtha, President

**There will soon be a "Members Only" section on the cutty's.com website. Once completed, all newsletters and minutes will be available on that site. If you are not able to receive these communications via computer, please call the Club office at 515-986-3929 or 1-800-798-2267 to be put on the mailing list.**

*Recent comment from a Coast to Coast visitor: "This is the nicest park we have been in. It is beautiful!"*

