

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cutty's Des Moines Camping Club
Grimes, Iowa

We have audited the accompanying financial statements of Cutty's Des Moines Camping Club (a nonprofit corporation), which comprise the statements of assets, liabilities and members' equity— income tax basis as of October 31, 2019 and 2018, and the related statements of revenues and expenses— income tax basis, members' equity— income tax basis and cash flows— income tax basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the income tax basis of accounting described in Note 1; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Club's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and members' equity of Cutty's Des Moines Camping Club as of October 31, 2019 and 2018, and its revenues and expenses, members' equity, and cash flows for the years then ended, in accordance with the basis of accounting the Club uses for income tax purposes as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting Cutty's Des Moines Camping Club uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
January 17, 2020

Cutty's Des Moines Camping Club
STATEMENTS OF ASSETS, LIABILITIES AND MEMBERS' EQUITY—INCOME TAX BASIS

	October 31	
ASSETS	2019	2018
CURRENT ASSETS		
Cash	\$ 741,924	\$ 552,331
Accounts receivable	10,199	17,613
Income tax receivable	468	13,000
Inventory, store	71,866	70,332
Prepaid expenses, insurance and other	30,255	33,493
Total current assets	854,712	686,769
PROPERTY AND EQUIPMENT		
Land and improvements	1,681,522	1,681,522
Buildings	3,737,511	3,733,267
Furniture, fixtures and equipment	1,595,363	1,583,999
Construction in progress	20,872	3,550
	7,035,268	7,002,338
Less accumulated depreciation	5,628,337	5,494,640
Total property and equipment	1,406,931	1,507,698
OTHER ASSETS		
Membership units	300,000	300,000
Totals	\$2,561,643	\$2,494,467
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 8,552	\$ 7,085
Current maturities of special assessment payable	—	8,802
Rental deposit	1,775	675
Accounts payable		
Trade	14,827	26,742
Payroll taxes including amounts withheld from employees	2,774	2,903
Property and sales taxes payable	130,323	130,817
Accrued interest	—	44
Total current liabilities	158,251	177,068
LONG-TERM LIABILITIES, less current maturities		
Notes payable	16,520	24,325
Total long-term liabilities	16,520	24,325
MEMBERS' EQUITY		
Totals	2,386,872	2,293,074
Totals	\$2,561,643	\$2,494,467

See Notes to Financial Statements.

Cutty's Des Moines Camping Club
STATEMENTS OF REVENUES AND EXPENSES—INCOME TAX BASIS

	Year ended October 31	
	2019	2018
REVENUES		
Membership dues, net of discount	\$ 607,551	\$ 576,856
Fees and charges	691,554	693,598
Permit sales	6,710	4,940
Coin operated machines	8,414	11,180
Merchandise sales - RV parts	31,669	30,756
Merchandise sales - snack bar	82,777	88,656
Merchandise sales - store	26,163	27,309
Electric and sewer surcharge	27,521	29,327
Interest income	3,566	3,248
Miscellaneous	1,365	3,750
Total revenues	1,487,290	1,469,620
EXPENSES		
Salaries	426,298	463,109
Employee benefits	56,315	59,461
Payroll taxes	46,401	45,777
Contract labor	2,271	16,722
Merchandise purchases	676	451
Cost - RV parts	21,767	27,884
Cost - merchandise used	37,602	40,362
Cost - store	18,715	18,194
Activities	20,213	17,587
Advertising	11,545	8,692
Maintenance	127,636	107,323
Utilities	169,168	178,723
Telephone and internet	10,285	9,380
Property taxes	153,721	161,979
Insurance	28,800	29,196
Membership sales	11,280	12,700
Office supplies	15,914	21,130
Professional fees	18,062	16,328
Collection expenses	24,549	16,962
Depreciation and amortization	133,697	200,970
Other	43,607	41,396
Interest expense	2,438	4,321
Use tax	—	2,892
Spoilage/expired goods	—	1,734
Income tax expense	12,532	—
Total expenses	1,393,492	1,503,273
Excess (deficiency) of revenues over expenses—income tax basis	\$ 93,798	\$ (33,653)

See Notes to Financial Statements.

Cutty's Des Moines Camping Club
STATEMENTS OF MEMBERS' EQUITY—INCOME TAX BASIS

	Year ended October 31	
	2019	2018
BALANCE , beginning	\$2,293,074	\$2,326,727
Excess (deficiency) of revenues over expenses—income tax basis	93,798	(33,653)
BALANCE , ending	\$2,386,872	\$2,293,074

See Notes to Financial Statements.