

**Cutty's Des Moines Camping Club  
Grimes, Iowa**

**FINANCIAL REPORT**

**October 31, 2023 and 2022**

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the accompanying financial statements of Cutty's Des Moines Camping Club (a nonprofit organization), which comprise the statements of financial position as of October 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cutty's Des Moines Camping Club as of October 31, 2023 and 2022, and the changes in its net assets and its 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cutty's Des Moines Camping Club and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cutty's Des Moines Camping Club's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cutty's Des Moines Camping Club's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cutty's Des Moines Camping Club's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Denman CPA LLP*  
Denman CPA LLP

West Des Moines, Iowa  
July 11, 2024

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

ASSETS	October 31	
	2023	2022
<b>CURRENT ASSETS</b>		
Cash	\$1,158,012	\$1,200,494
Accounts receivable	7,701	7,698
Income tax receivable	—	11,866
Inventory, store	65,002	67,679
Prepaid expenses, insurance and other	38,990	36,395
Total current assets	1,269,705	1,324,132
<b>PROPERTY AND EQUIPMENT</b>		
Land and improvements	2,049,658	1,712,729
Buildings	3,757,607	3,745,622
Furniture, fixtures and equipment	1,832,885	1,830,178
Construction in progress	74,898	24,883
	7,715,048	7,313,412
Less accumulated depreciation	6,165,541	6,033,452
Total property and equipment	1,549,507	1,279,960
<b>OTHER ASSETS</b>		
Membership units	300,000	300,000
Totals	\$3,119,212	\$2,904,092
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Rental deposit	\$ 1,427	\$ 1,427
Accounts payable		
Trade	13,248	24,101
Payroll taxes including amounts withheld from employees	1,412	1,912
Income tax payable	43,869	—
Property and sales taxes payable	123,250	136,912
Total current liabilities	183,206	164,352
<b>MEMBERS' EQUITY</b>		
	2,936,006	2,739,740
Totals	\$3,119,212	\$2,904,092

See Notes to Financial Statements.

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

	<u>Year ended October 31</u>	
	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Membership dues, net of discount	\$ 662,571	\$ 665,769
Fees and charges	965,086	834,586
Permit sales	7,960	7,332
Coin operated machines	9,301	7,095
Merchandise sales - RV parts	41,890	30,553
Merchandise sales - snack bar	137,268	102,924
Merchandise sales - store	27,109	23,864
Electric and sewer surcharge	25,951	33,199
Interest income	12,805	2,676
Miscellaneous	2,007	4,642
Total revenues	<u>1,891,948</u>	<u>1,712,640</u>
<b>EXPENSES</b>		
Salaries	471,193	457,886
Employee benefits	67,876	63,492
Payroll taxes	39,244	43,773
Contract labor	15,387	18,785
Merchandise purchases	12,832	2,014
Cost - RV parts	31,687	25,187
Cost - merchandise used	54,049	58,251
Cost - store	23,870	21,986
Activities	36,371	25,669
Advertising	15,001	11,946
Maintenance	144,280	165,350
Utilities	258,879	244,760
Telephone and internet	9,039	11,459
Property taxes	134,305	162,992
Insurance	47,239	41,184
Membership sales	21,287	16,448
Office supplies	20,488	17,674
Printing	1,282	-
Professional fees	24,199	27,893
Collection expenses	18,565	13,697
Depreciation	133,852	142,237
Other	41,215	36,091
Penalties	434	-
Income tax expense	73,108	27,545
Total expenses	<u>1,695,682</u>	<u>1,636,319</u>
Excess of revenues over expenses—income tax basis	<u>\$ 196,266</u>	<u>\$ 76,321</u>

See Notes to Financial Statements.

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

	<u>Year ended October 31</u>	
	<u>2023</u>	<u>2022</u>
<b>BALANCE</b> , beginning	\$2,739,740	\$2,663,419
Excess of revenues over expenses	<u>196,266</u>	<u>76,321</u>
<b>BALANCE</b> , ending	<u>\$2,936,006</u>	<u>\$2,739,740</u>

See Notes to Financial Statements.

**Cutty's Des Moines Camping Club**  
**STATEMENTS OF CASH FLOWS—INCOME TAX BASIS**

	<b>Year ended October 31</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 196,266	\$ 76,321
Adjustments to reconcile excess of revenues over expenses—income tax basis to net cash provided by operating activities		
Depreciation	133,852	142,237
Loss on disposal of assets	737	—
Change in assets and liabilities		
Accounts receivable	(3)	(2,025)
Income tax receivable	11,866	(11,866)
Rental deposit	—	(348)
Inventory	2,677	(4,172)
Prepaid expenses	(2,595)	(3,939)
Accounts payable and accrued expenses, net of property and equipment payables	(11,353)	17,180
Income tax payable	43,869	(12,866)
Property and sales taxes payable	(13,662)	11,093
Net cash provided by operating activities	<u>361,654</u>	<u>211,615</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(404,136)	(245,014)
Net cash (used in) investing activities	<u>(404,136)</u>	<u>(245,014)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(42,482)	(33,399)
<b>CASH</b>		
Beginning	1,200,494	1,233,893
Ending	<u>\$1,158,012</u>	<u>\$1,200,494</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash payments for interest	\$ —	\$ —
Cash payments for income taxes	<u>\$ 17,373</u>	<u>\$ 38,800</u>

See Notes to Financial Statements.



**Cutty's Des Moines Camping Club**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

Cutty's Des Moines Camping Club was organized for the purpose of promoting social relationships among its members, providing recreational camping opportunities for its members, and maintaining and preserving campground property near Des Moines, Iowa. As of October 31, 2023, the Club has 3,000 deeded members, including 206 inactive members (non-dues paying), and 1,803 memberships that have been returned to or purchased by the Club.

**Basis of Accounting**

The Club's policy is to prepare its financial statements on the accounting basis used for income tax purposes. The method used is an other method of accounting that differs from generally accepted accounting principles in the following significant respects. Certain revenue, principally membership dues, are recognized when received rather than when earned or incurred. In addition, depreciation charges are based on rates and lives established or permitted by the Internal Revenue Service rather than over the future period expected to be benefited. In addition, the Club includes items of nontaxable revenue and nondeductible expenses in the accompanying statements of revenues and expenses.

**Property and Equipment**

The Club's policy for recognizing common property as assets in its statement of assets, liabilities and members' equity is to recognize (a) common personal property, (b) real property transferred from the developer not associated with camp sites and (c) acquisitions of real property from member assessments. The Club is responsible for preserving and maintaining the property and may dispose of it only with seventy-five percent of the members consenting, with the proceeds from the disposition remitted to the members.

Property and equipment are stated at cost. Depreciation is provided based on the straight-line method over the regular recovery period as established or permitted by the Internal Revenue Service or the accelerated depreciation method.

**Inventory**

Store inventory is valued at cost and stated on the first in, first out basis.

**Accounting Estimates and Assumptions**

The preparation of financial statements in accordance with the income tax basis of accounting requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Presentation of Sales Tax**

The State of Iowa imposes a sales tax on certain Club sales. The Club collects sales tax from customers and remits the entire amount to the State. The Club's accounting policy is to exclude the tax collected and remitted from revenue and cost of sales.

**Cutty's Des Moines Camping Club  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 INCOME TAXES**

The Club is organized as a corporation under the Iowa Nonprofit Corporation Act, Chapter 504A, Code of Iowa, but has elected to be taxed on its profits.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Club and recognize a tax liability (or asset) for an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has evaluated their material tax positions and determined there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosures in the financial statements. The years from October 31, 2020 through current are subject to U.S. federal income tax examinations by tax authorities. The Club has not been notified of any impending examinations by tax authorities, and no examinations are in process.

**NOTE 3 LEASE COMMITMENTS**

The Club leases a copier, postage meter, and trash compactor under noncancelable lease agreements. The leases require monthly payments totaling \$1,118. The copier and postage meter leases expire January 2027, and the trash compactor lease expires June 2028. Total rent expense under these leases was \$13,413 and \$9,861 for the years ended October 31, 2023 and 2022, respectively. Future minimum lease payments required under the lease agreements are as follows:

<u>Year ending October 31</u>	<u>Amount</u>
2024	\$ 13,413
2025	13,413
2026	13,413
2027	6,191
2028	<u>2,397</u>
Total	<u>\$ 48,827</u>

**NOTE 4 MEMBERSHIP UNITS**

During the year ended October 31, 2010, the Club purchased 932 membership units from the original developer for \$300,000. The membership units will remain an asset on the Club's statement of assets, liabilities and members' equity until they are sold.

**NOTE 5 RELATED PARTY TRANSACTIONS**

The Club pays a transfer fee to multiple board members for facilitating membership transfers. The total amount of fees paid to the Board President during the years ended October 31, 2023 and 2022 was \$15,900 and \$11,050, respectively. The total amount of fees paid to the Board Secretary during the years ended October 31, 2023 and 2022 was \$1,300 and \$4,850, respectively.

**NOTE 6 CONCENTRATIONS OF CREDIT RISK**

The Club maintains cash balances at different financial institutions, which are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution which at times can exceed the limitation. Management's policy is to maintain funds at highly rated, financially sound institutions.

**Cutty's Des Moines Camping Club  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 SUBSEQUENT EVENTS**

The Club has evaluated subsequent events through July 11, 2024, the date which the financial statements were available to be issued. There were no subsequent events that required accrual or disclosure.