2017
ANNUAL REPORT

1975 2018

43 Years of Quality Recreation

Pismo Coast Village, Inc.

165 South Dolliver Street, Pismo Beach, CA 93449

1-888-RV-BEACH

www.pismocoastvillage.com

rv@pismocoastvillage.com

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PRESIDENT'S ANNUAL REPORT

By Terry Hughes

It has been an honor and privilege to serve as Board President for another year. I appreciate the opportunity to work among some of the most dedicated individuals I have ever met. Although we experience a great comradeship on the Board, you can be assured that there is one thread that weaves itself through our management process. It is our continued effort to solidify Pismo Coast Village RV Resort as the premiere RV resort on the central coast.

I'm pleased to announce that Pismo Coast Village, Inc. ended fiscal year 2017 in a very solid financial position. We continue to look at sustainable revenues in 2018. With dedicated and committed management and board members, we were able to pay off our outstanding bank note. This note was made when we purchased additional property for our trailer storage program.

Occupancy in 2017 indicated a small increase in General Public usage and a slight decrease in Shareholder site nights. Overall, we saw a 1% increase in occupancy from our record breaking year in 2016. People continue to enjoy the RV experience, and we are fortunate to have our location here on the central coast.

We continue to maintain a strong position in our trailer storage program. We still maintain approximately 2,200 trailers in storage at our various lots. Although acreage is at a premium value in our area, we continue to look for strategic property for additional RV storage.

At the end of fiscal year 2017, we had invested $339,329 into improvements to our resort. These improvements included a new fiberglass coating for our pool, upgrade of the parking and basketball court area, a new pool cover, Clubhouse improvements, TV system upgrade, road paving, and continued efforts to prepare for our new RV Service Facility.

Capital expenditures are forecasted to be approximately $899,000 in fiscal year 2018. Plans include work on our new RV Service Facility, Hino Tow Truck replacement, upgrade of our surveillance monitoring capabilities and installation of a HVAC system in our General Store to meet Title 24 regulations. All these expenditures will further enhance our Resort facilities and services.

We are beginning to show progress on our new RV Service Facility. In September of 2017, we secured our minor use permit from San Luis Obispo County and have now submitted our building and grading permit applications for their review and approval. Hopefully, we will have a final ruling early in 2018 and can begin construction in mid-year.

I would be amiss if I did not recognize the management staff and employees of Pismo Coast Village RV Resort. We are truly fortunate to have people working for this corporation that present a positive image to our shareholders and guests. My appreciation to our CEO/General Manager, Jay Jamison, and staff for their outstanding performance in 2017. Staff's initial contact with shareholders and guests many times influences the RV experience they will have. I'm glad we have employees with the demeanor and attitude that contributes to this experience. I commend them for their efforts and contributions to the success of our corporation.

I want to extend a personal thank you to each Board member for their efforts during the year. These individuals volunteer their time and talents to assure our continued success at Pismo Coast Village. Their support of this corporation is unwavering, and I appreciate their dedication. Although we have encountered several resignations the last couple of years, new members come in and contribute new suggestions and talents to our efforts. I encourage shareholders to go to the Corporate Office and inquire about becoming a potential board member.

It has been a privilege to serve another term as your President of the Board of Directors for Pismo Coast Village.

OFFICERS
BOARD OF DIRECTORS

PHOTO
NOT
AVAILABLE

TERRIS HUGHES
President

PHOTO
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GARRY NELSON
Executive Vice
President

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GEORGE PAPPI, JR.
Vice President –
Secretary

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WAYNE HARDESTY
Vice President – Finance
Chief Financial Officer

PHOTO
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DWIGHT PLUMLEY
Vice President –
Operations

DIRECTORS
BOARD OF DIRECTORS

PHOTO NOT AVAILABLE
David Bessom

PHOTO NOT AVAILABLE
Sam Blank

PHOTO NOT AVAILABLE
Harry Buchaklian

PHOTO NOT AVAILABLE
Rodney Enns

PHOTO NOT AVAILABLE
William Fischer

PHOTO NOT AVAILABLE
Dennis Hearne

PHOTO NOT AVAILABLE
Glenn Hickman

PHOTO NOT AVAILABLE
Karen King

PHOTO NOT AVAILABLE
Ronald Nunlist

PHOTO NOT AVAILABLE
Jerald Pettibone

PHOTO NOT AVAILABLE
Jerry Roberts

PHOTO NOT AVAILABLE
Brian Skaggs

PHOTO NOT AVAILABLE
Gary Willems

PHOTO NOT AVAILABLE
Jack Williams

MANAGEMENT STAFF

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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 Recreation, Parks, and Tourism Administration (RPTA) 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.

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CHARLES AMIAN
Operations Manager

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

The following analysis discusses the Company's financial condition as of September 30, 2017, compared with September 30, 2016. The discussion should be read in conjunction with the audited financial statement and the related notes to the financial statement and the other financial information included elsewhere in this Annual Report.

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

OVERVIEW

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

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

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

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

The RVing public actively seeks accommodations on the Central Coast despite volatile fuel prices and personal financial uncertainties. RVing offers an affordable outdoor recreational experience, and the Company provides quality facilities and services in a highly popular location. Site occupancy for fiscal year 2017 was up 0.05%, following last year's record occupancy, due to good weather, the improving economy, and a nationwide increased demand for outdoor recreation and camping. Revenues from ancillary operations, such as the General Store, RV service, laundromat, arcade, and bike rental, all contribute to the profitability 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.

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

Ongoing investment in resort improvements has assured resort guests and shareholders a top quality, up-to-date facility. This quality and pride of ownership was evident when the National Association of RV Parks and Campgrounds Park of the Year was awarded to the resort for 2007 - 2008. In addition, in 2008 the resort was the only industry rated "A" park in California for customer satisfaction based on Internet visitor surveys collected nationally by Guest Reviews. The resort also received the Guest Reviews "A" rated park recognition for the years 2011, 2012, 2013, 2014, and one of 32 parks nationally in 2016.

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

CURRENT OPERATING PLANS

The Board of Directors continues its previously established policy by adopting a stringent conservative budget for fiscal year 2018, which projects a positive cash flow of approximately $1,886,810 from operations. This projection is based on paid site occupancy reflecting similar occupancy as experienced in fiscal year 2017. The 2018 budget plan does not include any rate increases. While the Company projects a positive cash flow, this cannot be assured for fiscal year 2018.

FINANCIAL CONDITION

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

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

The Company has arranged a $500,000 line of credit that is currently not drawn on. The financing resulting from the purchase of RV storage property was paid off through accelerated payments and eliminated in September 2017. The Company has no other liabilities to creditors other than current accounts payable arising from its normal day-to-day operations and advance Resort rental reservation deposits, none of which are in arrears.

LIQUIDITY

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

Net cash provided by operating activities totaled $1,903,655 in 2017, compared to $1,287,902 for the 2016 fiscal year.

During fiscal year 2017, capital investment of $339,329 was made that included three utility pick-ups, fiberglass swimming pool, upgrade parking lot and sport court, upgrade TV system, a new trailer tow truck, and engineering and permits for the new RV service facility. During fiscal year 2016, capital investment of $288,045 was made that included road paving, a new trailer tow truck, a new forklift, ice cream freezer, Wi-Fi equipment, golf cart, and engineering and permits for the new RV service facility. These projects were completed on time and within budget. As of September 30, 2017, the Company eliminated all debt as a result of acquiring the three RV storage properties.

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

Fiscal year 2017's current ratio (current assets to current liabilities) of 1.39 decreased from fiscal year 2016's current ratio of 1.48. The decrease in current ratio is the result of decreased prepaid income taxes, increase in rental deposits and Income taxes payable, and the elimination of current portion of note payable.

Working Capital decreased to $861,070 at the end of fiscal year 2017, compared with $981,514 at the end of fiscal year 2016. This decrease is primarily a result of increased rental deposits and accrued salaries and vacation. It should be noted the Company paid off all remaining balance of the note payable of $1,431,890 during fiscal year 2017.

CAPITAL RESOURCES AND PLANNED EXPENDITURES

The Company plans capital expenditures up to $1,000,000 in fiscal year 2018 to further enhance the Resort facilities and services. This would include construction of a new RV service and repair facility, a new trailer tow truck, resort surveillance upgrade, and installation of a new HVAC system in the General Store. Funding for these projects is expected to be from normal operating cash flows and, if necessary, supplemented with outside financing. These capital expenditures are expected to increase the Resort's value to its shareholders and the general public.

RESULTS OF OPERATIONS

YEAR TO YEAR COMPARISON

Revenue: Operating revenue, interest and other income increased above the prior fiscal year ended September 30, 2016, by $229,189, or 2.9%.

REVENUE BY SEGMENT

	2017	2016
OCCUPANCY		
% of Shareholder Site Use	24.4%	24.8%
% of Paid Site Rental	59.0%	58.6%
% Total Site Occupancy	83.4%	83.4%
% of Storage Rental	99.0%	99.0%
Average Paid Site	$ 58.11	$ 54.91
RESORT OPERATIONS		
Site Rental	$ 5,004,605	$ 4,696,011
Storage Operations	1,813,755	1,704,119
Support Operations	194,143	214,683
Total	7,012,503	6,614,813
RETAIL OPERATIONS		
Store	671,948	715,039
RV Repair/Parts Store	522,612	648,312
Total	1,194,560	1,363,351
INTEREST INCOME	4,331	4,041
TOTAL REVENUE	$ 8,211,394	$ 7,982,205

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.

2017 COMPARED WITH 2016

Resort operations income increased $397,690, or 6.0%, primarily due to a $308,594, or 6.6%, increase in site rental revenue. This increase reflects a 0.7% increase in paid site occupancy and rate increases effective January 1, 2017. RV storage and spotting activity increased $109,636, or 6.4%, above the previous year.

Retail operations income decreased $168,791, or 12.4%, partly due to a $125,701, or 19.4%, decrease in the RV Service Department revenue. The RV Service Department operated most of the year with less technical staff than the previous year which significantly decreased labor related income. 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 increased $290, or 7.2%, above the previous year. Loss on Disposal of Assets for fiscal year 2017 increased to $5,248 compared to $1,551 the previous year. In addition, Interest Expense decreased $35,195, or 35.4%, due to accelerating the payments and interest adjustments on financing the RV storage properties.

Operating Expenses increased $39,816, or 0.76%, as a result of labor, payroll taxes, credit card processing, computer expenses, water and sewer, electrical, and RV storage lot maintenance. Expenses that were significantly below the previous year included workers' compensation, interest, garbage, and landscaping (specifically tree maintenance).

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

Income before provision for income taxes of $1,926,302, a 16.6% increase above last year, is reflective of increased income from operations and decreased interest expense.

Net income of $1,092,302 for fiscal year 2017 shows an increase of $163,413, or 17.6%, above a net income of $928,889 in 2016. This increase in net income is a reflection of increased resort income and decreased interest expense.

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

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

FACTORS THAT MAY AFFECT FUTURE OPERATING RESULTS:
A number of factors, many of which are common to the lodging industry and beyond our control, could affect our business, including the following:

- increased gas prices;

- increased competition from other resorts in our market;

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

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

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

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

- adverse effects of a downturn in the leisure industry.

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

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

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

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

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

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

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

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

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

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

- construction cost overruns and delays;

- a possible shortage of available cash to fund capital improvements and the related possibility that financing of these expenditures may not be available to us on favorable terms;

- uncertainties as to market demand or a loss of market demand after capital improvements have begun;

- disruption in service and site availability causing reduced demand, occupancy, and rates; and

- possible environmental issues.

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

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

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

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

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

MARKET FOR COMMON STOCK

Common stock of the Corporation is not listed through an exchange or quoted on NASDAQ or any other national quotation system. While Pismo Coast Investments, a licensed broker/dealer located at 165 South Dolliver Street, Pismo Beach, California 93449, assists shareholders by processing trades and occasionally taking positions in the Company's stock for its own account, that firm does not technically make a market in the stock, as that term is commonly understood in the securities industry. Thus, there is not a true "public market" for the stock of the Company. However, through the last fiscal year the sales process of transactions informally reported to the Company ranged from a low selling price of $35,000 to a high selling price of $38,000, with an average selling price of $36,238.95. 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 2017.

(a.) The approximate number of holders of the Company's stock on September 30, 2017 was 1,512.

(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, 2017, and ending on December 31, 2019. Continued renewal is expected without significant impact. Termination or cancellation may be made by either Lessor or Lessee by giving the other party sixty-days (60 days) written notice.

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

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

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

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

Website
www.computershare.com

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

DIRECTORS AND OFFICERS OF THE CORPORATION

DAVID BESSOM, Director. Retired. Mr. Bessom was appointed by the Board Directors, on November 11, 2017, to fill a vacancy created by the resignation of director Glenn Hickman.

SAM BLANK, Director. Mr. Blank is a licensed real estate agent for Coldwell Banker Real Estate in the San Diego, California area.

HARRY BUCHAKLIAN, Director. Retired.

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

WILLIAM FISCHER, Director. Retired.

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

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

GLENN HICKMAN, Director. Retired. Mr. Hickman submitted his resignation from the Board of Directors for personal reasons on September 16, 2017.

TERRIS HUGHES, Director and President. Retired.

KAREN KING, Director. Mrs. King is a Mortgage Operations Risk Consultant with Wells Fargo Bank in Camarillo, California.

GARRY NELSON, Director and Executive Vice President. Retired.

RONALD NUNLIST, Director. Retired.

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

JERALD PETTIBONE, Director. Retired.

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

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

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

GARY WILLEMS, Director. Retired.

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

<u>OTHER OFFICERS AND KEY EMPLOYEES</u>:

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

DESCRIPTION OF BUSINESS

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

REPORT OF INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying balance sheets of Pismo Coast Village, Inc. (the Company) (a California corporation) as of September 30, 2017 and 2016, and the related statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BROWN ARMSTRONG ACCOUNTANCY CORPORATION

Bakersfield, California
November 15, 2017

PISMO COAST VILLAGE, INC.
BALANCE SHEETS
SEPTEMBER 30, 2017 AND 2016

	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,811,766	$ 2,616,670
Accounts receivable	21,261	42,327
Inventories	191,023	191,229
Prepaid income taxes	-	156,200
Prepaid expenses	19,976	23,745
Total current assets	3,044,026	3,030,171
Pismo Coast Village Recreational Vehicle Resort and Related Assets –		
Net of accumulated depreciation and amortization	14,725,872	14,827,813
Other Assets	-	3,688
Total Assets	$17,769,898	$17,861,672
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$267,750	$266,482
Accrued salaries and vacation	326,082	285,679
Rental deposits	1,488,886	1,340,592
Income taxes payable	52,600	-
Current portion of note payable	-	116,048
Current portion of capital lease obligations	47,638	39,856
Total current liabilities	2,182,956	2,048,657
Long-Term Liabilities		
Long-term deferred taxes	810,600	846,200
Note payable, net of current portion	-	1,315,842
Capital lease obligations, net of current portion	131,101	98,034
Total Liabilities	3,124,657	4,308,733
Shareholders' Equity		
Common stock – no par value, 1,800 shares issued, 1,775 and 1,775 shares outstanding at September 30, 2017 and 2016, respectively	5,569,268	5,569,268
Retained earnings	9,075,973	7,983,671
Total shareholders' equity	14,645,241	13,552,939
Total Liabilities and Shareholders' Equity	$17,769,898	$17,861,672

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

PISMO COAST VILLAGE, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
Income		
Resort operations	$7,012,503	$6,614,813
Retail operations	1,194,560	1,363,351
Total income	8,207,063	7,978,164
Costs and Expenses		
Operating expenses	5,287,893	5,248,077
Cost of goods sold	509,810	566,279
Depreciation	417,899	414,472
Total costs and expenses	6,215,602	6,228,828
Income from operations	1,991,461	1,749,336
Other Income (Expense)		
Interest/dividend income	4,331	4,041
Interest expense	(64,242)	(99,437)
Loss on disposal of fixed assets	(5,248)	(1,551)
Total other income (expense)	(65,159)	(96,947)
Income Before Provision for Income Tax	1,926,302	1,652,389
Provision for Income Tax	834,000	723,500
Net Income	1,092,302	928,889
Retained Earnings – Beginning of Year	7,983,671	7,245,681
Redemption of Stock	-	(190,899)
Retained Earnings – End of Year	$9,075,973	$7,983,671
Earnings Per Share	$ 615.38	$ 523.32

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

PISMO COAST VILLAGE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
Cash Flows From Operating Activities		
Net income	$ 1,092,302	$ 928,889
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	417,899	414,472
(Increase) Decrease in deferred income tax	(35,600)	21,300
Loss on disposal of fixed assets	5,248	1,551
Decrease in accounts receivable	21,066	1,589
(Increase) Decrease in inventory	206	(787)
(Increase) Decrease in prepaid income taxes	156,200	(156,200)
Decrease in prepaid expenses	3,769	5,291
Increase in accounts payable and accrued liabilities	1,268	41,843
Increase in accrued salaries and vacation	40,403	1,253
Increase in rental deposits	148,294	79,401
Increase (Decrease) in income taxes payable	52,600	(50,700)
Total adjustments	811,353	359,013
Net cash provided by operating activities	1,903,655	1,287,902
Cash Flows From Investing Activities		
Proceeds from sale of fixed assets	21,811	-
Capital expenditures	(339,329)	(288,045)
Net cash used in investing activities	(312,710)	(288,045)
Cash Flows from Financing Activities		
Redemption of stock	-	(216,000)
Principal payments on note payable	(1,431,890)	(446,149)
Principal payments on capital lease obligations	39,857	43,155
Acquisition of capital lease assets	80,706	-
Net cash used in financing activities	(1,391,041)	(618,994)
Net increase in cash and cash equivalents	195,096	380,863
Cash and Cash Equivalents – Beginning of Year	2,616,670	2,235,807
Cash and Cash Equivalents – End of Year	$ 2,811,766	$2,616,670
Schedule of Payments of Interest and Taxes		
Cash paid for income tax	$ 860,000	$ 860,000
Cash paid for interest	$ 64,242	$ 99,437

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

PISMO COAST VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

NOTE 1 - Nature of Business

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

NOTE 2- Summary of Significant Accounting Policies

Revenue and Cost Recognition

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

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Company considers all highly liquid investments with an original maturity of three months or less when purchased to be 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, 2017 or 2016.

Inventory

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

Property and Equipment – Pismo Coast Village

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

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

Earnings Per Share

The earnings per share reported on the financial statements are based on the 1,775 shares 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.

NOTE 2- Summary of Significant Accounting Policies (Continued)

Advertising

The Company follows the policy of charging the costs of non-direct advertising as incurred. Advertising expense was $59,890 and $46,998 for the years ended September 30, 2017 and 2016, respectively. Advertising expense was included in operating expenses on the statement of operations.

Concentration of Credit Risk

At September 30, 2017 and 2016, the Company had cash deposits of $946,168 and $725,895, respectively, in excess of the $250,000 federally insured limit with Pacific Premier Bank (formerly Heritage Oaks Bank). 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.

Reclassifications

Certain reclassifications have been made to prior year balances to conform to current year presentation. These reclassifications had no effect on the Company's results of operations or financial position.

Subsequent Events

Events subsequent to September 30, 2017, have been evaluated through November 15, 2017, which is the date the financial statements were available to be issued. Management did not identify any subsequent events that required disclosure.

Income Taxes

The Company uses the asset-liability method of computing deferred taxes in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Income Taxes topic. FASB 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, 2017, 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. 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, 2018. 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, 2014 and by the California Franchise Tax Board for fiscal years ending on or after September 30, 2013.

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

At September 30, 2017 and 2016, property and equipment included the following:

	2017	2016
Land	$10,394,746	$10,394,746
Building and resort improvements	11,343,482	11,295,967
Furniture, fixtures, equipment and leasehold improvements	666,766	661,583
Transportation equipment	704,358	632,779
Construction in progress	144,328	105,660
	23,253,680	23,090,735
Less: accumulated depreciation	(8,527,808)	(8,262,922)
	$14,725,872	$14,827,813

Depreciation and amortization expense was $417,899 and $414,472 for the years ended September 30, 2017 and 2016, respectively.

At September 30, 2017 and 2016, the cost of assets under capital lease was $292,802 and $263,077, respectively, and related accumulated amortization was $147,336 and $160,772, respectively. Depreciation expense on assets under capital lease was $37,545 and $25,685 for the years ended September 30, 2017 and 2016, respectively.

NOTE 4 – Line of Credit

The Company has a revolving line of credit with Pacific Premier Bank for $500,000, expiring March 20, 2018. There was no outstanding balance on the line of credit at September 30, 2017 or 2016.

NOTE 5 – Notes Payable

As of September 30, 2016, the Company had a note payable to Pacific Premier Bank (formerly Heritage Oaks Bank) with a remaining outstanding balance of $1,431,890. Although the note's original maturity was May 2018, during 2017 the Company paid off the note in its entirety. As of September 30, 2017, there was no remaining balance on this note.

NOTE 6 – Capital Lease Obligations

At September 30, 2017 and 2016, capital lease obligations consisted of the following:

	2017	2016
A 2013 Hino truck leased from Donahue Transportation Services Corp. payable in monthly installments of $1,046, including interest at 4.751% per annum, through April 2019.	$ 19,115	$ 30,469
A security system for Lot-K leased from RLC Funding, payable in monthly installments of $1,295, including interest at 13.537% per annum, through October 2018.	15,576	28,072
A 2016 Hino truck leased from Donahue Transportation Services Corp, payable in monthly installments of $1,116, including interest at 4.532% per annum, through January 2023.	63,342	73,610
A 2018 Hino truck leased from Donahue Transportation Services Corp, payable in monthly installments of $1,116, including interest at 4.644% per annum, through January 2024.	80,706	-
Total capital lease obligations	$ 178,739	$ 132,151

At September 30, 2017, future minimum payments on capital lease obligations were as follows:

For the Twelve Months Ending September 30,	
2018	$ 55,686
2019	35,404
2020	26,784
2021	26,784
2022	26,784
Thereafter	31,248
Present value of future minimum payments	202,690
Less amount representing interest	(23,951)
	178,739
Less current portion of capital lease obligations	(47,638)
Total capital lease obligations, net of current portion	$ 131,101

NOTE 7 – Common Stock

Each share of stock is intended to provide the shareholder with a 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 – Common Stock (continued)

On March 31, 2016, the Company repurchased 8 shares of the stock for $27,000 per share for a total purchase price of $216,000. This stock redemption reduced the number of outstanding shares from 1,783 to 1,775.

NOTE 8 – Income Taxes

The provision for income taxes for the years ended September 30, 2017 and 2016 are as follows:

	2017	2016
Income tax provision	$ 834,000	$ 723,500

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

	2017	2016
Statutory federal income tax rate	34.0%	34.0%
Increase (decrease):		
State income taxes, net of federal benefit	5.7	5.8
Nondeductible variable costs of shareholder usage	2.9	4.0
Other miscellaneous adjustments	(1.1)	0.0
Effective income tax rate	41.5%	43.8%

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 effects of the graduated tax rates, state taxes net of the federal tax benefit and nondeductible variable costs of shareholder usage.

The Company has early adopted Accounting Standards Update (ASU) 2015-2017, Balance Sheet Classification of Deferred Taxes, to simplify and improve the usefulness of the financial statements. The amendments in this ASU require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position.

This ASU is effective for financial statements issued for annual periods beginning after December 15, 2018. Earlier application is permitted as of the beginning of an interim or annual reporting period. The Company has made this classification update as of October 1, 2016, and has applied this change retrospectively to all periods presented. Below is a table summarizing the changes in presentation for the periods ended September 30, 2017 and 2016:

NOTE 8 – Income Taxes (continued)

	2017	2016
Total assets – original presentation	$ 17,888,598	$ 17,969,672
Total liabilities – original presentation	3,243,357	4,416,733
;		
Total assets – change in presentation	(118,700)	(108,000)
Total liabilities – change in presentation	(118,700)	(108,000)
Total assets – updated presentation	17,769,898	17,861,672
Total liabilities – updated presentation	3,124,657	4,308,733

As of September 30, 2017 and 2016, the Company's deferred tax liability was $810,600 and $846,200, respectively. 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.

NOTE 9 – Operating Leases

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

The Company has a five-year lease obligation for a copier. Rental expense under this operating lease is $384 per month. Future minimum lease payments under this obligation are as follows:

For the Twelve Months Ending September 30,	
2018	$ 4,608
2019	4,608
2020	4,608
2021	4,608
2022	1,920
	$20,352

Rent expense under these lease agreements was $43,928 and $43,066 for the years ended September 30, 2017 and 2016, respectively.

NOTE 10 – Employee Retirement Plan

The Company is the sponsor of a 401(k) profit-sharing pension plan, which covers substantially all full-time employees. Employer contributions are discretionary and are determined on an annual basis. The Company's matching portion of the 401(k) safe harbor plan was $57,083 and $56,717 for the years ended September 30, 2017 and 2016, respectively.

NOTE 11 – Operating Expenses

Operating expenses for the years ended September 30, 2017 and 2016, consisted of the following:

	2017	2016
Administrative salaries	$ 559,000	$ 512,873
Advertising and promotion	59,890	46,998
Auto and truck expense	122,501	119,826
Bad debts	1,857	-
Contract services	65,537	192,340
Corporation expense	68,720	54,199
Custodial supplies	25,289	29,805
Direct labor	1,771,028	1,751,553
Employee travel and training	34,810	31,675
Equipment lease	4,809	5,419
Insurance	589,551	666,850
Miscellaneous	88,456	57,237
Office supplies and expense	77,986	47,973
Payroll tax expense	203,047	182,563
Payroll service	41,243	39,794
Pension plan match	57,083	56,717
Professional services	103,582	93,855
Property taxes	215,809	210,273
Recreational supplies	4,069	14,570
Rent - storage lots	43,928	43,066
Repairs and maintenance	219,478	215,360
Retail operating supplies	6,124	3,030
Security	15,143	17,514
Service charges	154,877	138,628
Taxes and licenses	8,609	12,544
Telephone	37,024	50,792
Uniforms	26,056	28,580
Utilities	682,387	624,043
Total Operating Expenses	$5,287,893	$5,248,077

INDEPENDENT AUDITOR'S REPORT

ON ADDITIONAL INFORMATION

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

Our report on our audits of the basic financial statements of Pismo Coast Village, Inc. as of September 30, 2017 and 2016 appears on page 16. Those audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The statements of income (unaudited) for the three months ended September 30, 2017 and 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we express no opinion on it.

BROWN ARMSTRONG ACCOUNTANCY CORPORATION

Bakersfield, California
November 15, 2017

PISMO COAST VILLAGE, INC.
STATEMENTS OF INCOME (UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
Income		
Resort operations	$ 2,170,779	$ 2,055,750
Retail operations	348,949	400,832
Total income	2,516,728	2,456,582
Costs and Expenses		
Operating expenses	1,605,028	1,486,939
Cost of goods sold	147,568	169,895
Depreciation	105,004	103,623
Total costs and expenses	1,857,600	1,760,457
Income from operations	662,128	696,125
Other Income (Expense)		
Interest income	1,117	505
Interest expense	(12,291)	(21,796)
Gain/(Loss) on sale of fixed assets	(3,944)	-
Total other income (expense)	(15,118)	(21,291)
Income Before Provision for Income Taxes	647,010	674,834
Provision for Tax Expense	276,800	301,600
Net Income	$ 370,210	$ 373,234
Earnings Per Share	$ 208.57	$ 210.27