

## **Naturist Legacy Financial Report**

### **For year 2013.**

In 2013, Naturist Legacy Park experienced its first full season of operations. All the amenities of the Park were in place and opened on schedule. This means that for the first time, we now have a benchmark to begin a measure of complete operations and expenses in order to refine our budget and operations process for future years. We are now able to begin this process in a meaningful way in our 2014 budget.

We went into this spring with an aggressive campaign to find the moneys to build the last primary structure of the Park, the Clubhouse. Thanks to the overwhelming response from the membership, we raised enough moneys to begin the build. As the close of the Park, we have the building shell fully completed. Interior work and remaining exterior access work will begin in the spring.

After this meeting, I will be looking to propose to the Board that we spend the winter of 2013-14 developing a solid plan to attract and capture new memberships, amongst the other winter work scheduled. The best way to effect our bottom line is with growth, and I see this a critical and key target for the coming year. The weather has not been our best friend this past summer, with Manitoba setting a record for 22 days of below seasonal temperatures in a row, coming right in the middle of our best time to find new members. Market reports for Manitoba show a great many outdoor business sectors down as well due to this summers conditions, so we are not alone. Should the weather grant us an early spring and great summer in 2014, we will be ready to capture new memberships. As an outdoor-based Club, weather will always be an issue in our operations and growth. Therefore, developing "weather strategies" for poor years is sound planning.

### **Corporate Documents and Tax Returns**

The Corporation did, by way of a paid certified accountant, submit its T2 Tax return for the year 2012. We did not pay any taxes, and we did not receive any returns. This Return is available for review by request. The Board of Directors has also submitted the yearly updated documents to the Companies Office, with respect to our corporation's status.

### **A Breakdown of the Numbers**

A breakdown of our fundraising efforts to this date is as follows. From date of inception, we have raised \$210,053.91 in Pay Forward moneys, and \$41,063.72 in total Donations from all donation categories. We have managed to acquire a total of \$251,117.63 as a result. We are \$1,117.63 over our posted goal of finding \$250,000 to build a Park. Ladies and gentlemen, in a mere three and a half years, we have beaten our target and raised over a ¼ of a million dollars to finance the purchase and development of the Park. The fundraising chart is now officially retired!

### **Challenges for 2014**

As was mentioned in last years report, the challenge for the finances of Naturist Legacy in the coming year needs to be directly focused on the sound stewardship of our internal debt, being that of the Pay Forward accounts. This continues to be a personal focus and goal. My desire is still to expense out this debt as quickly, but prudently, as possible, in order to sharply reduce, and eventually eliminate our internal liabilities.

We can all relate to our internal debt in terms of a mortgage. A great many of us have had or still have mortgages that we service each month, all the while looking forward to the day that it is all paid off and we own our home. Well, in our situation, that very process is in effect. Once a year, during the billing cycle, we service our mortgage in terms of reimbursements back to the members who have contributed to Pay Forward accounts. Just like any one of us would like to get rid of our mortgages as soon as we can, Naturist Legacy is no different. We do it with good planning and good financial management, and we track our progress with all due diligence. If we are to forecast out our mortgage, every single penny will be returned in about 15 years, with the vast majority of members being fully reimbursed in the next 3 to 5 years.

The need to build the membership to a level that will assist in sustainable income as we bill against pay forward accounts until they are exhausted should be our primary focus for 2014 in terms of our business agenda. So many members have participated in the Pay Forward program, and with that meaning that every member has their membership dues returned each year through that program, we now only have a total of 20 people out of 72 members paying memberships in the form of cash on a yearly basis. Membership growth is our future, as we have for the first time in our new home experienced the pain of loss through members passing. Where new memberships this year only filled the attrition gap and did not propel us to our targeted growth numbers. We still need to very much focus on a target of finding 10 new members each and every year for the next several years, less any attrition rate. Why, for two reasons. One, more members on the list means more people active within the Park on any given time. One cannot have social nudism without people around. Secondly, the more activity, the more new people checking us out see us as functioning and viable and real. It is hard to sell a community and social nudism when first timers show up and the Park is empty, or nearly so.

Again this coming year, excluding the largest of the pay forwards, we hope to continue to be able to reimburse on this years invoices as much of the lot fees, not just membership fees, which will allow the majority be billed to 0 in approximately 3 to 5 years on average if we can stay on target with our current percentages. Due to the added moneys received this year for the Clubhouse build, the projection on the payback curve is once more extended as a result, so we are still talking another 5 years from this point forward instead of only 3 as would have been. This of course will be done on levels that are affordable to the Club, so as to not jeopardize our own survival and growth. Each successful year of Pay Forward growth has come with the effect of moving the liability pay off date further away. Now that we have met our fundraising goals, this target should no longer be moving further down the road. This is where Donations were and still are the most useful, as they do not cause a reaction to the reimbursement curve.

With that said, the Board made a key decision this year to close the Pay Forward program until further notice. To again use the mortgage example, we are now at our borrowing limit in terms of our ability to carry internal debt and we are not in a position to acquire any more. We had planned for a total fundraising of \$250,000 with both Pay Forwards and Donations, in order to build our Park, and we have exceeded that goal, so we are now at the phase where our business model says we must stop the Pay Forward component and begin the return of funds in earnest. Given that the process was successful in raising moneys for projects, once this "development debt" is fully returned, nothing hinders future Boards from using the pay forward system to raise smaller targeted moneys for added value projects in the future, but only if the revenue stream into the Park can sustain the reimbursement process. That will have to be evaluated carefully at that time. We have

proven that the Pay Forward concept works very well in terms of raising moneys, now we are actively proving it works in terms of getting that money back into the pockets from which it came.

I am currently forecasting that if all things remain the same, we will have likely returned approximately \$66,000.00 in a 5-year period, from 2011 when we began the reimbursements to 2018, reducing our total liability to approximately \$144,000.00. That is almost 32% of our mortgage paid in a very short time. I know we all wish we could do that to our own home mortgages in 5 years. By the year 2019, 65% of our yearly invoices will be at the full invoiced value. Bear in mind that if revenues over expenses are healthy enough, we can look to increasing the rate of returns over the period, thus reducing our debt load much faster. Likewise, if they are not, we will reduce that rate of return in order to serve our operating expenses. That will all depend on growth, attrition, and costs of business, to name a few of the variables that can affect the process.

By the year 2020, again with all things remaining the same, we will have approximately \$98,000 liability remaining. At that value, we will then be at less than half our mortgage, and with the greatest majority of members paid back in full. Currently I am forecasting a full payback of the debt in 15 years from now. That will be a monumental outcome and one that will mean a very large event to celebrate, a mortgage burning party to our own internal mortgage. There are not that many businesses, or nudist Parks for that matter that can say they went from nothing and full debt, to completely debt free in a mere 17 years. What we are achieving here is truly unique.

This is our future. Our “legacy” business model works, in that so long as there are enough members to pay the yearly operations bills, the Park can and will operate, as designed.

As has been the process since we began, over the coming winter, the Board will once again be looking to the Advisory Council, not only for ideas and advice, but also for active players in the process. We must all continue to work together as we have thus far, to now maintain and build on the dream that is Naturist Legacy Park. The Advisory Council has been absolutely invaluable to the Board in terms of advice, direction, and support. We are now at long last, and not without a few cuts and bruises, and a few poison ivy rashes along the way (much less this year) in a place that we have rebuilt from the ashes of our lost home, and from my perspective, ended up with a far greater home, a far nicer home, with far greater possibilities yet to be realized, as a result. Although it has been a painful and difficult process, I believe the owners of our old home did us a favor in the long run, not intentionally, but in the way the last standing Crocus Board managed the crisis, and the way the new NLI Board took that foundation and turned that tragedy into an opportunity that will serve us far longer than the old home could have ever done. This change broke us from a failing business and club model, broke us from an aging infrastructure that would have required a great deal of money to refurbish, and allowed us to find new and creative ways to generate moneys to build, and of course a fresh new piece of land, a property that is more than double the size in terms of potential, and all brand new facilities and infrastructure that will carry us well into our future. With all the new facilities and infrastructure built to current code and more, with it all built to the highest standards we could achieve, and with best materials we could afford, we are no longer living with bits and scraps cobbled together to work. We have a strong and dependable Park to take us forward.

The struggles of the past years have also allowed one other unique outcome, the rebuilding and solidifying of a strong and supportive nudist community. When people are

put in crisis, when there is mutual loss, when the chips are down, people of like minds are attracted to each other to pick up that challenge and see it through. In that process new and old friendships are found and strengthened, and out of that a true “community” is born. We are no longer just a club, or a business to pay to enjoy nudism, we are now a strong and active community that watches over each other, that supports each other, that takes care of the new and exciting home we have all sweat and toiled to build together. In the end, that is the greatest outcome from this whole experience, the building of our community.

I wish to express my personal thanks to everyone that participated in this years work, and stayed with us on task until the job was done. I wish to express my ongoing thanks for all the support, kind words, and encouragements that I have received this year. It is those words and friendships, more than anything else, which makes the time and work worth the effort. We can now fully focus on taking what we have achieved to move forward and open up opportunities for those who wish to join us in nudism/naturism.

Treasurer...Mark B.