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Letter From the President and General Manager

To the Stockholders of the Romney Mountain Orchard Company:

As President and Manager of the above company it is incumbent upon me to report to you the result of the past year's operation and the condition of the company's affairs, which I regret to say is anything but encouraging

The past three seasons have been simply disastrous to the peach industry in West Virginia. The year of 1912 was almost and that of 1913 a total failure, the freeze occurring on the 9th of May. This year we had the fruit all right, but no market. We did fairly well with our Elbertas. This made us optimistic, but when the European War got under

way the tide turned and while we hoped and had every reason to expect an improvement daily, it got worse and worse until we could hardly get a commission house to undertake to sell our fruit on consignment, to say nothing of our inability to make f. o. b. sales.

The balance sheet attached shows the company's assets and liabilities. The end of the season has found us without funds to meet current indebtedness. My brother and I have advanced, through the South Branch Development Company, in which we are the largest stockholders, as loans, \$12,000. We are not only endorsers on the \$2500, of the orchard company's paper in the bank but on \$4000 of paper given by individuals for stock, which the company discounted for its current use, in the bank, and which has not been paid. We are therefore unable to go any further in financing the company.

Two suits were instituted by creditors against the company and others were threatened, consequently on the 4th inst., the South Branch Development Company, as a creditor and stockholder, filed a bill in Equity asking the court to appoint a receiver to take charge of and protect the property and the court, in accordance with the prayer, appointed the undersigned as receiver and enjoined the creditors from instituting or prosecuting suits.

Should there be a prospect of a crop of fruit in the spring I have every reason to believe the court will continue the receivership and allow it to be operated during the sea-

son. The entire property will be in bearing next year, about 35,000 peach trees. The 8,000 apple trees are still too young to bear, and with a full crop and normal market conditions, a single season would put the company in good shape. A possible failure, of course, means the receivership would not be continued but that the property would have to be sold.

Although 100 acres of the orchard was too young to have a full crop and the price of peaches, as above stated, was lower than ever before known, the production and sales this year, were as follows:

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| Gross sales, 45,302 Delaware baskets..... | \$33,945.15 |
| Deduction to commission merchants..... | \$2,264.96 |
| Freight, icing and demurrage..... | 6,677.40 |
| Expressage and icing..... | 402.76 |
| Cartage at destination..... | 439.67 |
| Demurrage and switching..... | 85.60 |
| | <hr/> |
| | \$9,870.39 |
| Net Revenue..... | \$23,199.90 |

From the above, of course, must be deducted the expense of maintaining the orchard property, as a whole, the productive and unproductive parts; the cultivation, spraying, picking, packing, cost of packages, &c., but the amount of fruit, the gross sales at unheard-of-low prices, and the fact that another year the entire property will be in production, shows the ground for my belief that, should the year of 1915

be a normal one—in production and price—that a single season would enable the company to be rehabilitated.

I realize that comparatively few of the stockholders have ever been on the property. However, there is no question what the result would have been under normal conditions, but we can not successfully contend against the elements and a European war thrown in. We have tried it and failed.

I have put the matter before you. I realize that investors expect dividends, not explanations. I shall be very sorry if the property has to be sacrificed and you suffer a loss. I also realize that it is no consolation to you to know that our loss will be many times heavier. I am not guaranteeing that some mistakes of management may not have been made. But the books are open and scrutiny of all transactions invited. We expected to make money for our friends, a costly effort.

You will understand that this has been a process of building and growing an orchard and making permanent improvements, and that the property has just reached the point where it is all productive and can be maintained at a reduced cost, as a further explanation of the statement that under normal conditions another year the company can be rehabilitated.

Respectfully submitted,

W. B. CORNWELL,
President and General Manager.