



LINDO MAR FINANCIAL RECAP – JUNE 2024

In keeping with the continuing effort to provide as much current information as possible to the member/owners, the Lindo Mar Board of Directors has directed that a recap of each meeting ...both in general and specifically in the area of finance be prepared and posted for review. The following presents a functional understanding of Lindo Mar Resort's financial position as of end of May, 2024.

Background:

The 2024 budget was prepared in October of 2023 and used the best available information at the time.

*Average USD/Mex Peso exchange rate in Oct 2021 was 20.285

*Average USD/Mex Peso exchange rate in Oct 2022 was 20.146

*Average USD/Mex Peso exchange rate in Oct 2023 was 17.738

Which meant that the US dollar was decreasing in value. **In October of 2023 during budget consideration, we adopted an exchange rate of 18 pesos to the US dollar.** The peso actually dropped to its lowest rate of 16.32 in early 2024 before it started a slow climb up. That had huge budgetary implications. The BOD also raised the Maintenance Fees by 15%. That decision took a long time with a lot of discussion recognizing discouraging financial facts and three (3) attempts to bring the motion to a vote. It was a difficult but right thing to do. We had been informed of the Mexican government mandated 20-25% increase in minimum wages and benefits i.e. vacation time plus increased taxes.

A couple of things to remember: the 6-year Mexican election was taking place in June, 2024, and it behooved the candidates to court the electorate with a stronger peso and to mandate a higher minimum wage with more benefits. The Mexican election is over and reality is setting back in. **Today the Mexican Peso is 18.28 and rising.** Mexico is the US's largest trading partner (with trade reaching nearly \$798 billion in 2023) overtaking China. It is courting US businesses to come build factories in Mexico instead of looking to the East.

What does all that mean to us right now?

*By the end of January of 2024, the Association was operating with a cumulative Operating **deficit of \$223,747** with a reserve fund of \$168,629.

*By the end of April, 2024, the Association was operating with a cumulative Operating **deficit of \$158,344** with a reserve fund of \$168,631.

* By the end of May, 2024, the Association was operating with a cumulative Operating **deficit of \$119,228** with a reserve fund of \$168,634.

Lindo Mar is cutting the deficit down with careful attention to cost of sales (purchasing), price points (increased restaurant and bar prices), delays in contributing to the Reserve fund, (completing the remodel project – 9th floor) a delay of the Reserve Study (the study to determine the replacement of

common assets). We will address these delays as soon as fiscal policy allows. We have been informed that every ½ percentage peso drop equates to a dollar value of \$40k. Recognition must be given to our professional, respectful and experienced general manager, Ulises Alfaro, who implemented much of the required action directed by the BOD. His efforts have increased the local population's patronage at our restaurant, La Playita, that resulted in a near 50% increase of the restaurant's revenue stream. It's a careful dance between the increased revenue and the need to accommodate both owner/members and local guests. Increased revenue assists in keeping Maintenance Fees reasonable.

The BOD is aware of the financial concern expressed by some owners/members and is taking steps to reassure you that Lindo Mar Resort is responding appropriately to the fluctuating business currents. We have made a suggestion of the formation of a Finance Committee....in large part to capture the expertise that is available in our list of owners/members but also to have another avenue of factual information sharing with those same owners/members. As Treasurer, I have prepared and shared documents for the full Board comparing several months of LMR financial progress along with additional questions of various line-item expenses. We are watching. We are listening.

In conclusion, I believe that Lindo Mar Resort will continue to be the best of Puerto Vallarta. We all have a huge stake in a successful operation. We encourage owners/members to be a part of the on-going Board meetings via in person or by zoom. You are very welcome here.

Sandra Erickson

BOD Treasurer