

Schonwit & Associates

Certified Public Accountants

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November 2, 2020

Lindo Mar Adventure Club, LTD.
c/o Trading Places International
25510 Commercentre Drive, Suite 100
Lake Forest, Calif. 92630

To the Board of Directors:

Enclosed you will find the final version of the financial statements for Lindo Mar Adventure Club, LTD. If you should have any questions, please contact our office for further explanation.

Again, it has been a pleasure providing service for your Association.

Sincerely,


Schonwit & Associates

Enclosures

LINDO MAR ADVENTURE CLUB, LTD.
FINANCIAL STATEMENTS
DECEMBER 31, 2019

LINDO MAR ADVENTURE CLUB, LTD.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Owners
Lindo Mar Adventure Club, LTD.

I have reviewed the accompanying balance sheet of Lindo Mar Adventure Club, LTD., a California non-profit corporation, which comprise the balance sheet as of December 31, 2019, and the related statements of revenues, expenses and changes in fund balances, and cash flows for the year then ended and the related notes to financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statement for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based upon my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States.

Supplementary Information

Accounting principles generally accepted in the United States of America require that supplementary information on future major repairs and replacements on page 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. Such information was not audited or reviewed by me and, accordingly, I do not express an opinion or provide any assurance on it.

Schonwit & Associates
SCHONWIT & ASSOCIATES
Costa Mesa, California

July 13, 2020

LINDO MAR ADVENTURE CLUB, LTD.
BALANCE SHEET
AS OF DECEMBER 31, 2019
(UNAUDITED)

	Operating Fund	Replacement Fund	Total
ASSETS			
Cash and cash equivalents [Note 8]	\$ 1,152,644	\$ 153,221	\$ 1,305,865
Assessments and other receivables, net of allowance for doubtful collection of \$61,426	36,036	--	36,036
Investments [Note 9]	--	366,000	366,000
Inventory	24,151	--	24,151
Accrued interest receivable	3,603	--	3,603
Prepaid expenses	3,871	--	3,871
Vehicle, less accumulated depreciation of \$2,473	6,561	--	6,561
Deposits	919	--	919
Prepaid taxes	14,367	--	14,367
Due (to)/from fund	(94,759)	94,759	-
Total Assets	\$ 1,147,393	\$ 613,980	\$ 1,761,373
LIABILITIES			
Accounts payable	\$ 86,124	\$ --	\$ 86,124
Other accrued expenses & liabilities	14,394	--	14,394
Taxes payable, Mexico	57,873	--	57,873
Prepaid assessments	870,886	--	870,886
Contract liability [Note 4]	--	516,180	516,180
Total Liabilities	1,029,277	516,180	1,545,457
Fund Balances	256,079	97,800	353,879
Accumulated other comprehensive income	(137,963)	--	(137,963)
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,147,393	\$ 613,980	\$ 1,761,373

See accountant's review report and accompanying notes to financial statements.

LINDO MAR ADVENTURE CLUB, LTD.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
REVENUES			
Member assessments	\$ 1,035,532	\$ 678,695	\$ 1,714,227
Timeshare sales	85,585	-	85,585
Restaurant and bar income	933,987	-	933,987
Interest income	25,402	--	25,402
Rental income & related	76,483	--	76,483
Late fees & other income	41,699	--	41,699
	<u>2,198,688</u>	<u>678,695</u>	<u>2,877,383</u>
Total Revenues			
EXPENSES			
Cost of sales: restaurant and bar	297,252	--	297,252
Restaurant/bar: other costs (supplementary information)	451,471	--	451,471
Front desk & housekeeping costs (supplementary information)	320,268	--	320,268
Maintenance (supplementary information)	136,032	--	136,032
Administrative & security (supplementary information)	470,884	--	470,884
Replacement fund expenses (supplementary information)	--	678,695	678,695
Income taxes	75,439	--	75,439
U.S operating expenses (supplementary information)	323,741	--	323,741
Depreciation expense	1,290	--	1,290
	<u>2,076,377</u>	<u>678,695</u>	<u>2,755,072</u>
Total Expenses			
Excess of Revenues Over Expenses	122,311	--	122,311
Beginning Fund Balances	231,568	--	231,568
Interfund Transfers	<u>(97,800)</u>	<u>97,800</u>	<u>--</u>
Ending Fund Balances	<u>\$ 256,079</u>	<u>\$ 97,800</u>	<u>\$ 353,879</u>

See accountant's review report and accompanying notes to financial statements.

LINDO MAR ADVENTURE CLUB, LTD.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Excess of revenues over expenses:	\$ 122,311	\$ --	\$ 122,311
Adjustments to reconcile excess of revenues over/(under) expenses to net cash provided/(used) by operating activities:			
Depreciation expense	1,290	--	1,290
Increase in member assessments receivable	(19,253)	--	(19,253)
Increase in inventory	(5,393)	--	(5,393)
Decrease in prepaid expenses	58,026	--	58,026
Increase in prepaid taxes	(5,617)	--	(5,617)
Decrease in accrued interest receivable	582	--	582
Increase in deposits	(496)	--	(496)
Increase in accounts payable	42,642	--	42,642
Decrease in accrued expenses & other liabilities	6,110	--	6,110
Decrease in contract liability [Note 4]	--	(431,126)	(431,126)
Increase in taxes payable, Mexico	15,381	--	15,381
Decrease in prepaid assessments	(101,981)	--	(101,981)
Change in due to/(from) fund	16,833	(16,833)	--
Net cash provided/(used) by operating activities	130,435	(447,959)	(317,524)
Cash provided/(used) by investing activities:			
Acquisition of certificates of deposit	(1,128,000)	(706,000)	(1,834,000)
Maturity of certificates of deposit	1,173,000	1,138,000	2,311,000
Net cash flows from investing activities	45,000	432,000	477,000
Cash provided/(used) by financing activities:			
Net effect of exchange rate on cash	(6,395)	--	(6,395)
Interfund transfers	(97,800)	97,800	--
Net cash flows from financing activities	(104,195)	97,800	(6,395)
Net increase in cash	71,240	81,841	153,081
Cash at beginning of year	1,081,404	71,380	1,152,784
Cash at end of year	<u>\$ 1,152,644</u>	<u>\$ 153,221</u>	<u>\$ 1,305,865</u>

See accountant's review report and accompanying notes to financial statements.

LINDO MAR ADVENTURE CLUB, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1. ORGANIZATION

Lindo Mar Adventure Club, LTD. [the Club] is an Oregon nonprofit mutual benefit corporation which was organized in December 1986. The primary purpose of the Club is to provide for the operations and maintenance of the defined common areas of the time-share complex located in Puerto Vallarta, Mexico.

The Club includes 46 condominium units, and intervals are sold in 52 membership weeks. In 2001 the Club purchased 97 percent of the building and land that the Club occupies in Puerto Vallarta. Title to this purchase is held through LMM Trust, a Nevada entity, for which the members of the Club are the only beneficiary.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Accounting - The books and records for the Association are maintained on a modified accrual basis of accounting. For these financial statements, adjustments have been made at December 31, 2019 to convert the Association's records to the full accrual basis of accounting. The tax returns are also reported on the accrual basis of accounting.

(b) Capitalization Policy and Depreciation - In accordance with industry standards, the Association has not capitalized in the financial statements the common area real property acquired at its inception from the developer. Replacements and improvements to the real property which are directly associated with the units are also not capitalized. They are instead charged directly to either operating or replacement funds in the period they are incurred.

Significant capital assets not directly associated with the units, referred to as personal property assets, are capitalized and depreciated over their estimated useful life using the straight-line method of depreciation. During the year ended December 31, 2019, there were no significant personal property additions.

(c) Fund Accounting -The Association's accompanying financial statements have been prepared using fund accounting. Under this method of accounting, the Association's financial resources are separated into two categories, the Operating Fund and the Replacement Fund. Disbursements from the Replacement fund generally may be made only for designated repair or replacement of major common area components. Disbursements from the Operating Fund are at the discretion of the Board of Directors and generally are for on-going repairs, maintenance, and administrative functions.

(d) Investment Income - The Board's policy is to allocate interest earned on Replacement Fund cash accounts to the Replacement Fund, and to pay the related income taxes out of the Operating Fund.

(e) Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

See accountant's review report.

LINDO MAR ADVENTURE CLUB, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Currency - The U.S. dollar has been determined to be the appropriate functional currency for all operations of the Club. The Club bills and collects assessments from members in U.S. dollars. Although certain administrative expenses are paid in U.S. dollars (such as management fees, certain professional fees, insurance, and U.S. income taxes) most of the property operating expenses are paid in Mexico Pesos. The Club records the Peso transaction in its financial statements in U.S. dollars using the average exchange rate for the month of transaction.

(h) Comprehensive Income and Foreign Currency- The Club accounts for comprehensive income in accordance with Accounting Standards Codification 220 (formerly FASB Statement 130), which requires the reporting of comprehensive income in addition to excess revenues over/(under) expenses. Comprehensive income is a more inclusive financial reporting methodology that includes disclosures of certain financial information that historically has not been recognized in the calculation of excess revenues over/(under) expenses. For the reporting period herein, the Club's comprehensive income consists of net foreign currency translation adjustments.

NOTE 3. ASSESSMENTS AND ASSESSMENTS RECEIVABLE

Association members are subject to paying assessments to fund for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at

Accounts receivable at December 31, 2019 includes delinquent assessments and other fees due from owners and an allowance for doubtful collection of \$61,426 has been provided for at December 31, 2019. The Association's governing documents provide for various collection remedies for delinquent assessments..

Under the new revenue recognition standard of ASC 606 [Note 5], the Association (considered an entity) has a performance obligation to the unit/unit owners (customers). The Association's approved annual Operating Fund budget establishes the maintenance, management, and administrative services it is obligated to perform, and such services can be bundled together as a single commercial objective and a single performance obligation. The budget establishes an implied contract price, and because these services are provided for within an annual cycle, the respective Operating Fund assessments are considered revenue for the current period.

The performance obligations related to Replacement Fund assessments are satisfied when these funds are expended for their designated purpose.

Under ASC 606, assessments and other fees that cannot be collected with certainty are now charged against the respective revenue rather than bad debt expense. Bad debt expense will still be used to account for uncollectible receivable balances that were recorded in prior periods.

NOTE 4. CONTRACT LIABILITY-OWNER ASSESSMENTS

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations which specifically pertains to Replacement Fund assessments.

See accountant's review report.

LINDO MAR ADVENTURE CLUB, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4. CONTRACT LIABILITY-OWNER ASSESSMENTS (continued)

The contract liability balance at the beginning of the year and end of the year was \$0 and \$516,180, respectively.

NOTE 5. REVENUE RECOGNITION

The Financial Accounting Standards Board (FASB) issued new guidance in the Accounting Standards Codification (ASC) Topic 606 Revenue from Contracts with Customers. FASB ASC 606 is a new revenue recognition standard that affects businesses that enter into contracts with customers to transfer goods and services, including public, private and non-public entities. The purpose of the standard is to eliminate variations in the way businesses across industries handle accounting for similar transactions. FASB ASC 606 went into effect for annual reporting periods beginning after December 15, 2018. FASB ASC 606 supersedes the revenue recognition requirements of FASB ASC 972-605 and most industry-specific revenue guidance in the FASB ASC, including the accounting guidance that Common Interest Realty Associations (CIRA's) followed in previous years.

The Association has adopted the new guidance as of January 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to the beginning fund balance. Adoption of the new guidance resulted in changes to our accounting policies for assessments and contract liability [discussed in Notes 3 and 4]. As such, financial information provided in these financial statements will not be comparable to previously issued financial statements.

The adoption of the new revenue recognition guidance resulted in the following change to fund balances as of January 1, 2019:

	Operating Fund	Replacement Fund	Total
Fund balances, as previously reported at January 1, 2019	\$ 231,568	\$ 947,306	\$ 1,178,874
Adjustment	--	(947,306)	\$ (947,306)
Fund balances, as adjusted, at January 1, 2019	\$ 231,568	\$ --	\$ 231,568

The effect of the adoption is a decrease in 2019 assessments by \$431,126 and a recorded contract liability at December 31, 2019 of \$516,180. The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

See accountant's review report.

LINDO MAR ADVENTURE CLUB, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 5. REVENUE RECOGNITION (continued)

The modified retrospective method of transition requires disclosure of the effect of applying the new guidance on each item included in these financial statements. The following items that were affected on the balance sheet as of December 31, 2019 are as follows:

	<u>Amounts That Would Have Been Reported</u>	<u>Effects of Applying New Guidance</u>	<u>As Reported</u>
LIABILITIES			
Contract liability [Note 4]	\$ --	\$ 516,180	\$ 516,180
Total Liabilities	<u>1,029,277</u>	<u>516,180</u>	<u>1,545,457</u>
FUND BALANCES	<u>870,059</u>	<u>(516,180)</u>	<u>\$ 353,879</u>

The following items that were affected on the statement of revenues, expenses, and changes in fund balances and the statement of cash flows for the year ended December 31, 2019 are as follows:

	<u>Amounts That Would Have Been Reported</u>	<u>Effects of Applying New Guidance</u>	<u>As Reported</u>
REVENUES			
Member assessments	\$ 1,283,101	\$ 431,126	\$ 1,714,227
EXCESS OF REVENUES OVER/(UNDER) EXPENSES	<u>(308,815)</u>	<u>431,126</u>	<u>122,311</u>
CASH FLOWS			
Excess of revenues over expenses	\$ (308,815)	\$ 431,126	\$ 122,311
Decrease in contract liability	--	431,126	431,126

See accountant's review report.

LINDO MAR ADVENTURE CLUB, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 6. REPLACEMENT FUNDING PROGRAM

In accordance with the Club's governing documents, which require that funds be accumulated for future major repairs and replacements, the Club has established certain amounts as reserves for future capital expenditures. Members' assessments relating to the replacement funding program are considered capital contributions from members' dues and as such are restricted in usage. Disbursements are to be made only if specifically approved by the Board of Directors.

A study of the Club's replacement funding program was conducted in December 2017. The table included in the unaudited supplementary information on future major repairs and replacements is based on the 2017 study. For the year ended December 31, 2019, the Club funded \$247,569 from assessments for replacement fund purposes.

Replacement funds are being accumulated based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement funds may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Club has the right, subject to the Club's governing documents, to pass special assessments, increase annual assessments, or delay replacement until funds are available.

NOTE 7. INCOME TAXES

Revenue Code Section 277] or as a timeshare association [under Internal Revenue Code Section 528]. For the year ended December 31, 2019, the Club elected to file as a timeshare association, where generally the Club is taxed only on income unrelated to membership dues and assessments [such as interest income less related expenses]. The Club is also subject to Mexico income taxes. For the year ended December 31, 2019, the federal income tax liability totaled \$28,883 and Mexico income taxes totaled \$46,556.

The Club utilizes the liability method of accounting for income taxes. Under the liability method deferred income tax assets and liabilities are provided based on the difference between the financial statements and tax basis of assets and liabilities measured by the currently enacted tax rates in effect for the years in which these differences are expected to reverse. Because there is no material difference between the financial accounting and tax basis of the Club's assets and liabilities, the Club has not recorded any deferred tax assets or liabilities.

The Club has adopted accounting standards for the accounting for uncertainty in income taxes. These standards provide guidance for the accounting and disclosure about uncertain tax positions taken by an Club. Management believes that all of the positions taken by the Club in its federal and state income tax returns are more likely than not to be sustained upon examination. The Club's tax returns are subject to examination by the Internal Revenue generally for three years after they are filed.

The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Association believes it is no longer subject to income tax examinations for years prior to 2015. The Association's policy is to classify income tax related interest and penalties, if incurred, as other administrative expenses.

See accountant's review report

LINDO MAR ADVENTURE CLUB, LTD.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE 8. SCHEDULE OF CASH BALANCES

Generally, certificates of deposit and other debt securities with original maturities less than 90 days are considered cash equivalents, while certificates of deposits and debt securities with maturities over 90 days are considered "investments."

At December 31, 2019, the Club maintained cash balances at the following institutions:

Operating Fund:

US Bank-checking	\$ 962,381
Citizens Business Bank-savings	11,975
Wells Fargo Advisors-money funds	119,267
Mexico bank accounts *	54,617
Petty cash	4,404
Total Cash - Operating Fund	\$ 1,152,644

*Reported in U.S. dollars

Replacement Fund:

Wells Fargo Advisors-money funds	\$ 123,453
Citizens Business Bank-savings	29,768
Total Cash - Replacement Fund	\$ 153,221

NOTE 9. INVESTMENTS

The Club's investments consist of certificates of deposit with original maturities over 90 days. Investment income from these investments is recorded when earned or accrued. The investments are considered to be held to maturity and are carried at amortized cost, which approximates the fair value. At December 31, 2019, the Club held \$366,000 of certificates of deposit with remaining maturities ranging from 2 months to 4 months and interest rates ranging from 1.6% to 2.45%.

NOTE 10. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for federal income taxes totaled \$34,500 for the year ended December 31, 2019. There were no non-cash investing or financing transactions during the year.

NOTE 11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 13, 2020, which is the date the financial statements were available to be issued.

See accountant's review report.

LINDO MAR ADVENTURE CLUB, LTD.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 12. COMMITMENTS AND CONTINGENCIES

The Club entered into a non-cancellable operating lease of real property for the operation of the restaurant. The lease was renewed in 2016 to extend through December 2021.

The future minimum lease obligations under this lease are as follows:

Fiscal year

Ending December 31

2020	\$ 62,051
------	-----------

The Club's three-year management contract with Trading Places International (TPI) expired in December 2018; however pursuant to the contract, renewals now occur automatically on an annual basis unless either party provides written notice not to renew. Accordingly, the Club did renew with TPI for the annual period through December 2020.

NOTE 13. CONCENTRATION OF RISK

The Club maintains bank accounts at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC), which at December 31, 2019, generally provided for insurance up to \$250,000 per institution (per depositor). Due to the Club's operating requirements, account balances may periodically exceed the FDIC limit. Depending upon the timing of cash flows, this condition is often temporary but necessary to meet routine operating requirements. The Board of Directors reviews the financial statements monthly and takes steps to correct this condition whenever it occurs.

At December 31, 2019, \$712,381 was temporarily exposed to uninsured funds.

INDEPENDENT ACCOUNTANTS' REPORT ON SUPPLEMENTARY INFORMATION

Our report on the reviewed financial statements of Lindo Mar Adventure Club, LTD. for the year ended December 31, 2019 appears on pages 3 and 4. That review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States.

The supplementary information of expenses on pages 16 and 17 is not a required part of the basic financial statements and has been presented for the purpose of additional analysis. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to it.


SCHONWIT & ASSOCIATES
Costa Mesa, California

July 13, 2020

LINDO MAR ADVENTURE CLUB, LTD.
 SUPPLEMENTARY INFORMATION
 DECEMBER 31, 2019

Restaurant and Bar Costs

Salaries and related	\$ 291,708
Cleaning supplies	5,706
Guest supplies	9,300
Entertainment	6,990
Equipment repairs	6,328
Rent	66,586
Linen cleaning	5,240
Utilities	22,320
Dishware/silverware/glassware	2,917
Credit card discount fees	17,184
Other expenses	17,192
	<hr/>
Total restaurant and bar costs	\$ 451,471

Front Desk & Housekeeping Costs

Front desk salaries and related	\$ 132,570
Housekeeping salaries and related	25,916
Guest activities & supplies	2,369
Cleaning supplies	12,617
Laundry	21,912
Linens	7,228
Office supplies	2,420
TV/cable	2,823
Room equipment and repairs	18,703
Utilities	86,663
Other expenses	7,047
	<hr/>
Total front desk & housekeeping expenses	\$ 320,268

Maintenance

Salaries and related	\$ 96,177
HVAC and boiler maintenance	7,662
Elevator repair	10,946
Plumbing	903
Pool chemicals	2,417
Materials/supplies/small tools	4,349
Painting	3,665
Electrical and lighting	1,132
Other expenses	8,781
	<hr/>
Total maintenance expenses	\$ 136,032

LINDO MAR ADVENTURE CLUB, LTD.
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

Administrative and Security

Salaries and related-administrative	\$ 275,836
Salaries and related-security	15,243
Office supplies	2,314
Bank charges	4,720
Computer software	1,469
Dues & subscriptions	1,590
Fiscal supervision	2,490
Professional fees	7,557
Lodging tax-Mexico	13,115
Federal zone payments	4,437
IVA tax	96,602
Telephone	13,816
Human resources	5,598
Storage rent	5,826
Property tax	2,833
Equipment maintenance	5,153
Insurance-Mexico	1,653
Other expenses	10,632
Total administrative and security expenses	<u>\$ 470,884</u>

U.S. Operating Expenses

Audit and tax preparation	\$ 2,600
Directors' expense-U.S.	9,904
Insurance	73,117
Management fees	227,158
Printing	3,709
Postage & delivery	1,701
Web site	1,200
Other expenses	4,352
Total U.S. operating expenses	<u>\$ 323,741</u>

Replacement Fund Expenses

Remodel: floors 3,7,& 8	\$ 530,375
Elevator	11,058
Restaurant equipment & repairs	3,626
Unit appliances	17,962
Office furniture and equipment	2,209
Painting	4,186
Unit furnishing	9,292
Other repairs and replacements	6,374
IVA tax	93,613
Total Replacement Fund expenses	<u>\$ 678,695</u>

LINDO MAR ADVENTURE CLUB, LTD.
 REQUIRED SUPPLEMENTARY INFORMATION
 ON FUTURE MAJOR REPAIRS & REPLACEMENTS
 AS OF DECEMBER 31, 2019

An independent reserve study was conducted in December 2017 to estimate the remaining useful lives and the replacement costs of the components of common property. The studies were based upon representations by the Board of Directors and the experience and knowledge of the independent reserve analyst. The estimates were based on current replacement costs. These estimates are used as a foundation in arriving at recommended funding requirements, based upon cash and investments which have been allocated for future repairs and replacements. The following table is based on the studies and presents significant information about the components of common property.

Common Area Component	Estimated Remaining Useful Lives	Estimated Current Replacement Costs
Building exterior and paint	3-29 years	\$ 26,450
Building interior and paint	3-29 years	338,350
Common area	0-20 years	2,700
Exercise room	0-7 years	27,750
Pool and area	3-9 years	30,100
Reserve study	0-1 year	8,050
Units	0-24 years	1,312,500
	Total	\$ 1,745,900
Study's recommended Replacement Fund balance:		\$ 1,226,807
Financial resources available for future major repair and replacment obligations at 12/31/19:		\$ 613,980