

---

# **LINDO MAR ADVENTURE CLUB, LTD.**

---

## **FINANCIAL STATEMENTS WITH INDEPENDENT ACCOUNTANT'S REVIEW REPORT AND SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2022**

## Table of Contents

	Page
Independent Accountant's Review Report	1
Financial Statements:	
Balance Sheet	3
Statement of Revenue, Expenses, and Changes In Fund Balances	4
Statement of Comprehensive Income	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information:	
Statement of Other Operating Expenses	14
Supplementary Information:	
Future Major Repairs and Replacements	17



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors  
Lindo Mar Adventure Club, LTD.  
Lake Forest, California

We have reviewed the accompanying financial statements of Lindo Mar Adventure Club, LTD., which comprise of the balance sheet as of December 31, 2022, 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 the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Club 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, we 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 financial statements that are free from material misstatement whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement 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 us 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 statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion. We are required to be independent of Lindo Mar Adventure Club, LTD. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

### Accountant's Conclusion

Based on our review, we are 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 of America.

### Supplementary Information

Accounting principles generally accepted in the United States of America require that supplementary information on other operating expenses on page 14 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. We 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 us and, accordingly, we do not express an opinion or provide any assurance on it.

Accounting principles generally accepted in the United States of America require that supplementary information on future major repairs and replacements on page 17 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. We 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 us and, accordingly, we do not express an opinion or provide any assurance on it.

### Emphasis of Matter – Change in Accounting Principle

As discussed in Note B to the financial statements, the Association changed its method of accounting for leases on January 1, 2022 due to the adoption of Accounting Standards Codification ("ASC") 842, Leases. Our conclusion is not modified with respect to this matter.



Cambaliza McGee LLP  
Newport Beach, California  
October 3, 2023

**LINDO MAR ADVENTURE CLUB, LTD.**  
**BALANCE SHEET**  
**AS OF DECEMBER 31, 2022**  
**(unaudited)**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,307,759	\$ 412,732	\$ 1,720,491
Assessments and other receivable, net of allowance	11,253	-	11,253
Vehicles, less accumulated depreciation of \$6,343	2,691	-	2,691
Inventory	35,861	-	35,861
Prepaid expenses	13,283	-	13,283
Deposits	880	-	880
Right-of-use asset from operating leases, net	319,456	-	319,456
Due (to)/from fund	15,098	(15,098)	-
	<u>\$ 1,706,281</u>	<u>\$ 397,634</u>	<u>\$ 2,103,915</u>
Total assets	<u>\$ 1,706,281</u>	<u>\$ 397,634</u>	<u>\$ 2,103,915</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable	\$ 68,391	\$ -	\$ 68,391
Other accrued expenses & liabilities	1,089,976	-	1,089,976
Taxes payable, Mexico	60,389	-	60,389
Operating lease liabilities	319,456	-	319,456
Contract liability	-	299,628	299,628
	<u>1,538,212</u>	<u>299,628</u>	<u>1,837,840</u>
Total liabilities	<u>1,538,212</u>	<u>299,628</u>	<u>1,837,840</u>
Fund balances	<u>330,148</u>	<u>98,006</u>	<u>428,154</u>
Accumulated other comprehensive loss	<u>(162,079)</u>	<u>-</u>	<u>(162,079)</u>
Total liabilities and fund balances	<u>\$ 1,706,281</u>	<u>\$ 397,634</u>	<u>\$ 2,103,915</u>

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

**LINDO MAR ADVENTURE CLUB, LTD.**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCES**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
(unaudited)

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Revenues:			
Member assessments	\$ 1,156,249	\$ 16,446	\$ 1,172,695
Timeshare sales	65,998	-	65,998
Restaurant and bar income	1,162,842	-	1,162,842
Interest income	573	-	573
Rental income and related	132,854	-	132,854
Late fees and other income	10,205	-	10,205
	<u>2,528,721</u>	<u>16,446</u>	<u>2,545,167</u>
Total revenues			
Expenses:			
Cost of sales: restaurant and bar	385,863	-	385,863
Operating expenses:			
Restaurant and bar costs (supplementary information)	590,868	-	590,868
Front desk and housekeeping (supplementary information)	393,759	-	393,759
Maintenance (supplementary information)	127,165	-	127,165
Administration and security (supplementary information)	504,213	-	504,213
Replacement fund expenses (supplementary information)	-	16,446	16,446
Income taxes	48,427	-	48,427
U.S. operating expenses	361,145	-	361,145
Depreciation expense	1,290	-	1,290
	<u>2,412,730</u>	<u>16,446</u>	<u>2,429,176</u>
Total expenses			
Excess of revenues over expenses	115,991	-	115,991
Fund balances, beginning of year	214,157	98,006	312,163
	<u>214,157</u>	<u>98,006</u>	<u>312,163</u>
Fund balances, end of year	<u>\$ 330,148</u>	<u>\$ 98,006</u>	<u>\$ 428,154</u>

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

**LINDO MAR ADVENTURE CLUB, LTD.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(unaudited)**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Excess of revenues over expenses	\$ 115,991	\$ -	\$ 115,991
Foreign currency translation adjustment	<u>(18,227)</u>	<u>-</u>	<u>(18,227)</u>
Comprehensive income	<u>\$ 97,764</u>	<u>\$ -</u>	<u>\$ 97,764</u>

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

**LINDO MAR ADVENTURE CLUB, LTD.**  
**STATEMENT OF CASH FLOWS**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(unaudited)**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Excess revenues over expenses	\$ 115,991	\$ -	\$ 115,991
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation expense	1,290	-	1,290
(Increase) decrease in assets:			
Assessments and other receivable	14,815	-	14,815
Inventory	(6,677)	-	(6,677)
Prepaid expenses	67,678	-	67,678
Deposits	(58)	-	(58)
Prepaid taxes	7,430	-	7,430
Increase (decrease) in liabilities:			
Accounts payable	22,507	-	22,507
Other accrued expenses & liabilities	60,736	-	60,736
Taxes payable, Mexico	(4,045)	-	(4,045)
Contract liability	-	73,227	73,227
Net cash provided by operating activities	<u>279,667</u>	<u>73,227</u>	<u>352,894</u>
Cash flows from financing activities:			
Net effect of exchange rate on cash	(18,227)	-	(18,227)
Change in due (to)/from other funds	9,311	(9,311)	-
Net cash used in financing activities	<u>(8,916)</u>	<u>(9,311)</u>	<u>(18,227)</u>
Net increase in cash	270,751	63,916	334,667
Cash, beginning of year	<u>1,037,008</u>	<u>348,816</u>	<u>1,385,824</u>
Cash, end of year	<u>\$ 1,307,759</u>	<u>\$ 412,732</u>	<u>\$ 1,720,491</u>

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



**LINDO MAR ADVENTURE CLUB, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE A – CLUB**

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 2002, 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 B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842). The amendments in this ASU revise the accounting related to lessee accounting. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use (“ROU”) asset for all leases. The amendments in this ASU are effective for the annual reporting period ending December 31, 2022 for the Club, with early adoption permitted, and should be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements.

In July 2018, The FASB issued ASU No. 2018-10 “Codification Improvements to Topic 842, Leases” and ASU No. 2018-11 “Leases (Topic 842) Targeted Improvements”. ASU 2018-10 provides certain amendments that affect narrow aspects of the guidance issued in ASU 2016-02. ASU 2018-11 provides an optional transition method, also referred to as the effective date method, allowing entities to apply the new lease standard at the adoption date with a cumulative-effect adjustment to the opening fund balance in the period of adoption (modified retrospective approach) as opposed to restating prior period financial statements.

The Club adopted the new standard effective January 1, 2022 and elected to apply the transition provisions that allow to carry forward the historical assessment of (1) whether contracts are or contain leases, (2) lease classification, and (3) initial direct costs. In addition, the Association elected the practical expedient that allows lessees the option to account for lease and non-lease components together as a single component for all classes of underlying assets. The Club also elected to use the risk-free rate as the discount rate in circumstances where the implicit lease rate is not determinable.

**LINDO MAR ADVENTURE CLUB, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

As a result of the adoption, the Association recorded a right-of-use asset and lease liability of \$319,456, as of December 31, 2022. The adoption of ASU 2016-02 had no impact on retained earnings.

Principles of Accounting

The books and records for the Club are maintained on a modified accrual basis of accounting. For these financial statements, adjustments have been made at December 31, 2022 to convert the Club's records to the full accrual basis of accounting. The tax returns are also reported on the accrual basis of accounting.

Capitalization Policy and Depreciation

In accordance with industry standards, the Club 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, 2022, there were no significant personal property additions.

Fund Accounting

The Club's accompanying financial statements have been prepared using fund accounting. Under this method of accounting, the Club'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 (the "Board") and generally are for on-going repairs, maintenance, and administrative functions.

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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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.

**LINDO MAR ADVENTURE CLUB, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

Comprehensive Income and Foreign Currency

The Club accounts for comprehensive income in accordance with Accounting Standards Codification ("ASC") 220, 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 C – ASSESSMENTS AND ASSESSMENTS RECEIVABLE**

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

Assessments receivable as of December 31, 2022 includes delinquent assessments and other fees due from owners and an allowance for doubtful collection of \$300,831 has been provided for as of December 31, 2022. The Club's governing documents provide for various collection remedies for delinquent assessments.

Under the new revenue recognition standard of ASC 606 [Note E], the Club (considered an entity) has a performance obligation to the unit/unit owners (customers). The Club'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.

**LINDO MAR ADVENTURE CLUB, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE D - CONTRACT LIABILITY-OWNER ASSESSMENTS**

The Club recognizes revenue from members as the related performance obligations are satisfied. A contract liability is recorded when the Club has the right to receive payment in advance of the satisfaction of performance obligations which specifically pertains to Replacement Fund assessments. The contract liability balance at the beginning of the year and end of the year was \$226,401 and \$299,628, respectively.

**NOTE E – REVENUE RECOGNITION**

The Financial Accounting Standards Board ("FASB") issued new guidance in the 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 Clubs ("CIRA's") followed in previous years. The Club adopted the new guidance as of January 1, 2019.

**NOTE F – 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.

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, 2022, the Club funded \$89,673 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.

**LINDO MAR ADVENTURE CLUB, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE G – INCOME TAXES**

The Club may elect to file its federal (U.S) income tax return as either a regular corporation (under Internal Revenue Code Section 277) or as a timeshare club [under Internal Revenue Code Section 528]. For the year ended December 31, 2020, the Club elected to file as a timeshare club, 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, 2022, the federal income tax liability totaled \$18,483 and Mexico income taxes totaled \$29,944.

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

**NOTE H – CONCENTRATION OF RISK**

The Club maintains bank accounts at financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC"), which as of December 31, 2022, 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 reviews the financial statements monthly and takes steps to correct this condition whenever it occurs.

**LINDO MAR ADVENTURE CLUB, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE I – 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.”

As of December 31, 2022, the Club maintained cash balances at the following institutions:

**Operating Fund:**

US Bank	\$ 188,865
Union Bank - lock box	736,619
Citizens Business Bank	82,383
Wells Fargo	251,497
Petty cash	5,233
Mexico operating funds*	40,345
Mexico dollars*	<u>2,817</u>
Total Cash - Operating Fund	<u>\$ 1,307,759</u>

**Replacement Fund**

Citizens Business Bank	\$ 5,204
Wells Fargo	<u>407,528</u>
Total Cash - Replacement Fund	<u>\$ 412,732</u>

**NOTE J – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash paid for federal income taxes totaled \$14,930 for the year ended December 31, 2022. There were no non-cash investing or financing transactions during the year.

**NOTE K – 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 2022 to extend through August 2024.

The Club entered into a non-cancellable operating lease of real property for the operation of another restaurant and bar. The lease started in January 2022 and extends through December 2027.

The Club's three-year management contract with Trading Places International (“TPI”) expired in December 2022; 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 2025.

**LINDO MAR ADVENTURE CLUB, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE K – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

As of December 31, 2022, information related to operating leases is are follows:

Operating lease right-of-use assets	<u>\$ 319,456</u>
Current portion of operating lease liabilities	63,762
Operating lease liabilities, net of current portion	<u>255,694</u>
Total operating lease liabilities	<u>\$ 319,456</u>
Weighted-average remaining lease terms (in years)	3
Weighted-average discount rate	3.25%

For the year ended December 31, 2022, supplemental cash flow information related to leases was as follows:

Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 377,487
--	------------

**NOTE L – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 3, 2023, which is the date the financial statements were available to be issued.

**LINDO MAR ADVENTURE CLUB, LTD.**  
**STATEMENT OF OTHER OPERATING EXPENSES**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(unaudited)**

**Restaurant and Bar:**

Salaries and related	\$ 362,493
Cleaning supplies	10,478
Guest supplies	12,978
Entertainment	7,153
Equipment repairs	21,304
Rent	73,123
Linen cleaning	2,867
Utilities	29,227
Dishware/silverware/glassware	4,829
Credit card discount fees	29,854
Other expenses	<u>36,562</u>
 Total restaurant and bar expenses	 <u>\$ 590,868</u>

**Front Desk and Housekeeping:**

Front desk salaries and related	\$ 69,881
Housekeeping salaries and related	120,633
Guest activities & supplies	12,371
Cleaning supplies	12,501
Laundry	19,593
Linens	5,737
Office supplies	2,554
TV/cable	2,701
Room equipment and repairs	57,392
Utilities	81,229
Other expenses	<u>9,167</u>
 Total front desk and housekeeping expenses	 <u>\$ 393,759</u>

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



**LINDO MAR ADVENTURE CLUB, LTD.**  
**STATEMENT OF OTHER OPERATING EXPENSES (CONTINUED)**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(unaudited)**

**Maintenance:**

Salaries and related	\$ 101,665
HVAC and boiler maintenance	2,538
Elevator repair	4,147
Plumbing	3,241
Pool chemicals	2,612
Materials/supplies/small tools	730
Painting	2,465
Electrical and lighting	2,828
Other expenses	6,939
	6,939
Total maintenance expenses	\$ 127,165

**Administrative and Security:**

Salaries and related-administrative	\$ 254,024
Salaries and related-security	57,673
Office supplies	3,215
Bank charges	5,119
Computer software	2,525
Dues & subscriptions	2,396
Fiscal supervision	3,079
Professional fees	8,720
Lodging tax-Mexico	13,035
Federal zone payments	4,824
IVA tax	102,381
Telephone	13,609
Human resources	2,212
Storage rent	2,184
Property tax	5,321
Equipment maintenance	5,206
Insurance-Mexico	852
Other expenses	17,838
	17,838
Total administrative and security expenses	\$ 504,213

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

**LINDO MAR ADVENTURE CLUB, LTD.**  
**STATEMENT OF OTHER OPERATING EXPENSES (CONTINUED)**  
**FOR YEAR ENDED DECEMBER 31, 2022**  
**(unaudited)**

**U.S. Operating:**

Audit and tax preparation	\$ 2,675
Directors' expense-U.S.	14,562
Insurance	95,118
Management fees	236,335
Printing	5,429
Postage & delivery	987
Website	1,342
Other expenses	<u>4,697</u>
 Total U.S. operating expenses	 <u>\$ 361,145</u>

**Replacement Fund:**

Restaurant equipment & repairs	\$ 11,931
Furniture, computers and equipment	2,247
IVA tax	<u>2,268</u>
 Total replacement fund expenses	 <u>\$ 16,446</u>

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

**LINDO MAR ADVENTURE CLUB, LTD.**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**ON FUTURE MAJOR REPAIRS & REPLACEMENTS**  
**AS OF DECEMBER 31, 2022**  
**(unaudited)**

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.

<b>Common Area Component</b>	<b>Estimated Remaining Useful Lives</b>	<b>Estimated Current Replacement Costs</b>
Building exterior and paint	3-29 years	\$ 6,350
Building interior and paint	3-29 years	272,373
Pool and area	3-9 years	1,205
Units	0-24 years	35,675
	Total	<u>\$ 315,603</u>
Study's recommended Replacement Fund balance:		<u>\$ 564,749</u>
Financial resources available for future major repair and replacement obligations at 12/31/22:		<u>\$ 397,634</u>

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