

Financial Statements

Lindo Mar Adventure Club, LTD.

**For the Year Ended
December 31, 2024**

Lindo Mar Adventure Club, LTD.

Contents

December 31, 2024
(Summarized Totals for 2023)

	<u>Page</u>
Independent Accountants' Review Report	1-2
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
Statement of Other Operating Income and Expenses	7-9
Notes to Financial Statements	10-19

Independent Accountants' Review Report

Board of Directors
Lindo Mar Adventure Club, LTD.
Puerto Vallarta, Mexico

We have reviewed the accompanying financial statements of Lindo Mar Adventure Club, LTD as of December 31, 2024, which comprise of the balance sheet and the related statements of revenues, expenses, and changes in fund balances, comprehensive income, cash flows, and other operating expenses 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.

Accountants' 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 other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' 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.

Board of Directors
Lindo Mar Adventure Club, LTD.
Page 2

**Omission of Required Supplementary Information
about Future Major Repairs and Replacements**

Management has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required 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.

Prior Year Financial Statements

The prior year summarized comparative information has been derived from the Club's December 31, 2023 financial statements and, in our report dated June 7, 2024 we indicated that we were not aware of any 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 of America.

FITZGERALD & ASSOCIATES, INC. CPAs

Irvine, California
November 17, 2025

Lindo Mar Adventure Club

Balance Sheet December 31, 2024 (Summarized Totals for 2023)

Page 3

	Operating Fund	Replacement Fund	2024 Total	2023 Total
Assets				
Cash in bank	\$ 1,322,646	\$ 142,473	\$ 1,465,119	\$ 1,075,153
Marketable securities	-	-	-	71,345
Accounts receivable	21,539	-	21,539	25,258
Prepaid expenses and deposits	58,167	-	58,167	96,962
Right of use asset	210,420	-	210,420	275,019
Inventory	31,036	-	31,036	42,085
Property and equipment, net	109	-	109	1,400
Total assets	\$ 1,643,917	\$ 142,473	\$ 1,786,390	\$ 1,587,222
Liabilities and Fund Balances				
Accounts payable	\$ 71,621	\$ -	\$ 71,621	\$ 31,750
Accrued expenses	120,801	-	120,801	67,639
Income tax payable	83,500	-	83,500	128,414
Advance deposits	-	-	-	22,000
Lease liability	210,420	-	210,420	275,019
Prepaid assessments	1,259,896	-	1,259,896	1,131,475
Total liabilities	1,746,238	-	1,746,238	1,656,297
Fund balances	64,428	142,473	206,901	160,077
Accumulated other comprehensive income	(166,749)	-	(166,749)	(229,152)
Total liabilities and fund balances	\$ 1,643,917	\$ 142,473	\$ 1,786,390	\$ 1,587,222

See accountants' review report and accompanying notes to financial statements.

Lindo Mar Adventure Club

Statement of Revenue, Expenses, and Changes in Fund Balances For the Year Ended December 31, 2024 (Summarized Totals for 2023)

Page 4

	<i>Operating Fund</i>	<i>Replacement Fund</i>	<i>2024 Total</i>	<i>2023 Total</i>
Revenue				
Membership assessments	\$ 1,483,207	\$ -	\$ 1,483,207	\$ 1,369,576
Restaurant and bar sales, net of discounts	1,534,892	-	1,534,892	1,390,011
Rental income	147,266	-	147,266	87,111
Interest income	1,943	2,415	4,358	7,913
Other income (Schedule)	81,581	-	81,581	54,345
Total revenue	3,248,889	2,415	3,251,304	2,908,956
Expenses				
Food and bar, cost of goods sold	478,846	-	478,846	449,934
Food and bar operating costs (Schedule)	950,398	-	950,398	839,811
Guest services (Schedule)	471,592	-	471,592	446,616
Repairs and maintenance (Schedule)	192,255	-	192,255	156,714
Resort management (Schedule)	664,936	-	664,936	706,884
Management fee	245,883	-	245,883	241,062
Legal and professional	21,775	-	21,775	16,604
Insurance	99,809	-	99,809	96,279
Depreciation expense	1,291	-	1,291	1,291
US expenses (Schedule)	37,486	-	37,486	57,991
Other taxes	23,531	-	23,531	27,876
Replacement expenses	-	16,678	16,678	439,168
Income tax expense (refunds)	-	-	-	(3,569)
Total expenses	3,187,802	16,678	3,204,480	3,476,661
Excess revenue (expenses)	61,087	(14,263)	46,824	(567,705)
Fund balances, beginning of year	3,341	156,736	160,077	727,782
Fund balances, end of year	\$ 64,428	\$ 142,473	\$ 206,901	\$ 160,077

See accountants' review report and accompanying notes to financial statements.

Lindo Mar Adventure Club

Statement of Comprehensive Income For the Year Ended December 31, 2024 (Summarized Totals for 2023)

Page 5

	<i>Operating Fund</i>	<i>Replacement Fund</i>	<i>2024 Total</i>	<i>2023 Total</i>
Excess revenue (expenses)	\$ 61,087	\$ (14,263)	\$ 46,824	\$ (567,705)
Unrealized gain (loss) on foreign currency translation	<u>62,403</u>	<u>-</u>	<u>62,403</u>	<u>(67,073)</u>
Comprehensive income	<u><u>\$ 123,490</u></u>	<u><u>\$ (14,263)</u></u>	<u><u>\$ 109,227</u></u>	<u><u>\$ (634,778)</u></u>

See accountants' review report and accompanying notes to financial statements.

Lindo Mar Adventure Club

Statement of Cash Flows For the Year Ended December 31, 2024 (Summarized Totals for 2023)

Page 6

	<i>Operating Fund</i>	<i>Replacement Fund</i>	<i>2024 Total</i>	<i>2023 Total</i>
<i>Cash Flows From Operating Activities</i>				
Excess revenue (expenses)	\$ 61,087	\$ (14,263)	\$ 46,824	\$ (567,705)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:				
Amortization and depreciation	63,443	-	63,443	59,563
Changes in:				
Accounts receivable	3,719	-	3,719	(14,005)
Inventory	11,049	-	11,049	(6,224)
Prepaid expenses and deposits	38,795	-	38,795	(82,799)
Accounts payable	39,871	-	39,871	(36,641)
Accrued expenses	53,162	-	53,162	51,124
Advance deposit	(22,000)	-	(22,000)	22,000
Prepaid assessments	128,421	-	128,421	58,014
Income tax payable	(44,914)	-	(44,914)	68,025
Net cash provided (used) by operating activities	<u>332,633</u>	<u>(14,263)</u>	<u>318,370</u>	<u>(448,648)</u>
<i>Cash Flows From Investing Activities</i>				
Purchase of marketable securities	-	-	-	(71,345)
Proceeds from sale of marketable securities	-	71,345	71,345	-
Net cash provided (used) by investing activities	<u>-</u>	<u>71,345</u>	<u>71,345</u>	<u>(71,345)</u>
<i>Cash Flows From Financing Activities</i>				
Principal payments on lease	(62,152)	-	(62,152)	(58,272)
Unrealized loss on currency translation	<u>62,403</u>	<u>-</u>	<u>62,403</u>	<u>(67,073)</u>
Net cash provided (used) by financing activities	<u>251</u>	<u>-</u>	<u>251</u>	<u>(125,345)</u>
Net increase (decrease) in cash	332,884	57,082	389,966	(645,338)
Cash, beginning of year	<u>989,762</u>	<u>85,391</u>	<u>1,075,153</u>	<u>1,720,491</u>
Cash, end of year	<u><u>\$ 1,322,646</u></u>	<u><u>\$ 142,473</u></u>	<u><u>\$ 1,465,119</u></u>	<u><u>\$ 1,075,153</u></u>

See accountants' review report and accompanying notes to financial statements.

Lindo Mar Adventure Club

Statement of Other Operating Income and Expenses For the Year Ended December 31, 2024 (Summarized Totals for 2023)

Page 7

	2024 Total	2023 Total
Other income		
Late fee income	\$ 11,719	\$ 13,686
Delinquent owner rental	1,617	-
Activities revenue	6,744	7,238
Miscellaneous revenue	33,262	3,764
Laundry income	2,243	512
Money exchange income	3,738	5,017
Massage	1,330	1,082
Timeshare sales, net	20,928	23,046
 Total other income	 81,581	 54,345
Food and beverage		
Wages	425,573	339,344
Bonus	1,286	18,454
Payroll taxes	108,302	83,294
Employee insurance	144,972	120,021
Housekeeping supplies	8,485	11,419
Guest supplies	27,799	22,330
Kitchen supplies	4,440	11,899
Equipment repair	33,319	41,070
Seasonal decorations	10	134
Laundry expense	1,946	2,491
Electricity	12,002	11,688
Natural gas	15,669	12,768
Telephone	327	382
Water and sewer	8,941	8,651
Pest control	1,093	1,019
Customer/guest relations	6,529	7,963
Office supplies	4,261	9,213
Amortization	62,152	58,272
Interest expense	14,664	19,037
Miscellaneous expense	306	627
Bank Charges Mexico	44,193	35,940
Live music/events	6,009	6,048
Happy hour	13,804	11,068
Waste removal	388	-
Union fees	725	-
Taxes and licenses	3,203	6,679
 Total food and beverage	 950,398	 839,811
US expenses		
Website	1,740	1,200
Board meetings and travel	10,864	17,917
Printing	3,804	915
Postage	-	335
Bank charges	(218)	687
Travel expense	4,922	3,612
Union fees	-	746
Cash discount/merch fees	16,374	31,996
Other US expense	-	583
 Total US expense	 \$ 37,486	 \$ 57,991

See accountants' review report and accompanying notes to financial statements.

Lindo Mar Adventure Club

Statement of Other Operating Income and Expenses For the Year Ended December 31, 2024 (Summarized Totals for 2023)

Page 8

	2024 Total	2023 Total
(continued)		
Guest services		
Wages	\$ 164,772	\$ 133,182
Payroll taxes	43,341	34,579
Employee insurance	70,190	64,508
Housekeeping supplies	12,524	14,341
Guest supplies	16,513	14,897
Kitchen supplies	594	1,034
Linen purchases	3,280	6,862
Room replacements	20,670	45,062
Seasonal decorations	212	423
Laundry expense	20,981	26,191
Electricity	54,658	53,244
Natural gas	23,720	17,510
Water & sewer	20,862	20,186
Cable/internet/phone	3,020	2,834
Pest control	1,684	1,698
Waste removal	3,447	2,061
Fitness / spa expense	3,045	353
Customer / guest relations	347	615
Office supplies	3,514	3,356
Miscellaneous expense	2,386	2,021
Water testing	1,245	1,413
Activities expense	587	-
Fitness equipment	-	246
Total guest service	471,592	446,616
Repairs and maintenance		
Wages	89,108	77,472
Payroll taxes	22,661	17,978
Employee insurance	30,757	27,348
Vehicle expense	2,116	2,137
Appliance repair	48	381
Plumbing supplies and repair	2,481	1,452
Pool and jacuzzi supplies and chemicals	4,416	2,217
Build maintenance and supplies	9,332	11,189
Electrical	4,480	889
Lighting	1,494	566
Paint and sealer	3,907	3,671
Elevator maintenance	6,099	5,778
HVAC repair	2,130	1,003
Door lock/keys	757	495
Grounds and landscaping	480	276
Fire extinguish	883	-
Carpentry	67	-
Tools and minor equipment	1,887	1,546
Construction materials	9,152	2,316
Total repair and maintenance	\$ 192,255	\$ 156,714

See accountants' review report and accompanying notes to financial statements.

Lindo Mar Adventure Club

Statement of Other Operating Income and Expenses For the Year Ended December 31, 2024 (Summarized Totals for 2023)

Page 9

	2024 Total	2023 Total
(concluded)		
Resort management		
Wages	\$ 293,793	\$ 272,465
Payroll taxes	66,446	57,465
Employee insurance	73,227	79,333
Misc. supplies	665	602
Vehicle expense	413	183
Gas/fuel/lubricants	1,219	2,344
Gifts and donations	590	83
Storage expense	2,592	2,682
Life safety program	3,726	4,179
Telephone	16,346	16,180
Fiscal supervision Guadalajara	3,899	2,710
Maintenance expense - general	7,373	6,829
Computer soft/hardware	4,636	2,953
Dues and subscriptions	6,346	4,281
Newsletter	766	1,902
Postage	979	1,550
Travel expense	1,744	4,527
Mexico income taxes	0	56,220
Mexico insurance	671	550
Office supplies	3,261	2,661
Miscellaneous expense	2,667	2,982
Bank charges Mexico	1,754	3,521
Union fees	12,849	12,374
Sales office	326	341
Federal zone payments	7,070	5,948
IVA tax expense, Mexico	144,500	157,507
Employee transportation	983	243
Employee and community relations	3,914	2,801
Other rentals and leases	2,181	1,468
 Total resort management	 <u>\$ 664,936</u>	 <u>\$ 706,884</u>

See accountants' review report and accompanying notes to financial statements.

Lindo Mar Adventure Club, LTD.

Notes to Financial Statements

December 31, 2024

(Summarized Totals for 2023)

Page 10

1. Organization and Other Matters

Lindo Mar Adventure Club, LTD. (the Club) is a nonprofit mutual benefit corporation organized in Oregon in December 1986. The Club is responsible for the operation and maintenance of 46 condominium units in Puerto Vallarta, Mexico. The Club sells memberships in 52 weekly intervals.

In 2002 the Club purchased 97 percent of the building and land that the Club occupies in Puerto Vallarta, Mexico. Title to this purchase is being held through LMM Trust, a Nevada entity, for which the members of the Club are the only beneficiaries.

2. Significant Accounting Policies

Comparative Information

The financial statements include certain 2023 comparative information. With respect to the balance sheet, the statements of revenues, expenses, and changes in fund balances, comprehensive income, cash flows, and other operating expenses, such prior year information is not presented by fund. Accordingly, such information should be read in conjunction with the Club's financial statement for the year ended December 31, 2023 from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Accounting

The Club's governing documents provide guidelines for managing its financial activities. To ensure compliance with limitations and restrictions on the use of financial resources, the Club maintains its records using fund accounting. Transactions are classified for accounting and reporting purposes in the following funds established according to their nature and purpose.

Operating Fund - This fund is used to account for financial resources available for general operations.

Replacement Fund - This fund is used to account for financial resources designated for future major repairs and replacements.

Lindo Mar Adventure Club, LTD.

Notes to Financial Statements

December 31, 2024

(Summarized Totals for 2023)

Page 11

2. Significant Accounting Policies (continued)

Foreign Currency Transactions

The functional currency for all of the Club's operations is the U.S. dollar. Although certain administrative expenses are paid in U.S. dollars, such as management fees, certain professional fees, insurance, and income taxes, and most of the property operating expenses are paid in Mexico pesos. Club records peso transactions in its financial statements in U.S. dollars using the average exchange rate for the month of the transaction.

Cash and Cash Equivalents

For financial statement purposes, the Club considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Marketable Securities

The Club classifies its marketable securities as held-to-maturity if it has the intent and ability to hold them to maturity. These securities are carried at amortized cost. Declines in value below amortized cost that are other than temporary are included in earnings as realized losses.

Marketable securities that are bought and held for the purpose of selling them in the near future are classified as trading securities. These securities are carried at fair market value and unrealized gains and losses are recognized in current year earnings.

All other marketable securities are classified as available-for-sale. These securities are carried in the financial statements at fair market value. Unrealized holding gains and losses are reported in other comprehensive income.

Realized gains and losses on all marketable securities are determined using the specific-identification method and are included in current year earnings.

Allowance for Credit Losses - Held-to-Maturity Fixed Maturity Securities

Management measures expected credit losses on held-to-maturity fixed maturity securities on a collective basis by major security type. Management classifies the held-to-maturity portfolio into the following major security type: United States Treasury Securities.

The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable supportable forecasts. Given the rarity of United States Treasury Securities defaults and losses, the Club utilizes external third-party loss forecast models as the sole source of United States Treasury Securities default and loss rates. Cash flows are modeled over a reasonable and supportable forecast period and then revert to the long-term average economic conditions on a straight-line basis. Management may exercise discretion to make adjustments based on various qualitative factors.

Lindo Mar Adventure Club, LTD.

Notes to Financial Statements

December 31, 2024

(Summarized Totals for 2023)

Page 12

2. Significant Accounting Policies (continued)

Allowance for Credit Losses - Held-to-Maturity Fixed Maturity Securities (concluded)

Changes in the allowance for credit losses are recorded as a provision for (or reversal of) credit loss expense. Held-to-maturity fixed maturity securities are written off in the period in which a determination is made that all or a portion of the financial asset is uncollectible. The previously recorded allowance, if any, is reversed and then the amortized cost basis is written down to the amount deemed to be collectible, if any.

United States Treasury Securities primarily comprised of investment grade notes. Accordingly, the Club determined that the expected credit loss on its held-to-maturity portfolio was immaterial, and therefore, no allowance is recorded on its held-to-maturity fixed maturity securities at December 31, 2024 and 2023.

At December 31, 2024 and 2023, the Club had no held-to-maturity fixed maturity securities that were past due 30 days or more as to principal or interest payments. The Club had no held-for-sale fixed maturity securities classified as nonaccrual for the year ended December 31, 2024 and 2023.

Fair Value of Financial Instruments

The Club follows the guidance in "Fair Value Measurements and Disclosure Topic" of the Accounting Standards Codification for assets and liabilities measured at fair value on a recurring basis. This guidance establishes a common definition for fair value to be applied to existing generally accepted accounting principles that require the use of fair value measurements and establishes a framework for measuring fair value and expands disclosure about such fair value measurements. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, the guidance requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

Level 1: Quoted prices in active markets.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Club's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

Lindo Mar Adventure Club, LTD.

Notes to Financial Statements

December 31, 2024

(Summarized Totals for 2023)

Page 13

2. Significant Accounting Policies (continued)

Fair Value of Financial Instruments (concluded)

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Club in determining fair value is greatest for investments categorized in Level 3. At December 31, 2024, the Club did not have any Category 3 investments. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

Inventory

Inventory consists of restaurant, bar, and other supplies and is valued at the lower of cost or market using the average cost method. See Note 6 for additional information on the Club's inventory.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided for using the straight-line method over estimated useful lives of 7 years.

Leases

The Club is accounting for leases under Financial Accounting Standards Board (FASB) ASC 842. The standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into the statement of revenues and expenses on a straight-line basis over the lease term.

The Club has elected to use the risk-free rate as the discount rate for finance leases.

Major Repairs and Replacements

A portion of Club dues are paid for reserve expenses, generally major repairs, and replacements. These funds are deposited into separate interest-bearing bank accounts. For a further discussion of reserves, see Note 11.

Lindo Mar Adventure Club, LTD.

Notes to Financial Statements

December 31, 2024

(Summarized Totals for 2023)

Page 14

2. Significant Accounting Policies (concluded)

Member Assessments and Allowance for Credit

Members are subject to annual assessments to provide funds for operating expenses and future major repairs and replacements. The annual budget and assessments of members are determined by the board of directors. Assessments receivable at the reporting dates represent amounts due from members.

The Club's policy is to accrue interest on all amounts due, including delinquent assessments, reasonable collection costs and late charges commencing 30 days after assessments become due. Interest and related charges are recorded as income when billed to the member. If any unit remains unpaid by May 15th or 135 days after the payment due date, the membership may be terminated. Any excess assessments at year-end are retained by the Club for use in the succeeding year. See Note 4 for additional information on assessments receivable.

The Club has evaluated the impact of ASC 606, *Revenue from Contracts with Customers*, on its financial statements and has determined that the standard does not apply to transactions with its members related to regular replacement reserve assessments. Assessment revenue is recognized when earned.

The Club treats uncollectible assessments as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include consideration of past experience and susceptibility to factors outside the Club's control. No allowance for uncollectible accounts is deemed necessary.

Prepaid Assessments

Prepaid assessments include amounts received in advance from members. The Club bills the annual assessments in advance and some members pay the amount due in advance. These amounts are deferred at year-end, and then recognized into income when they are earned during the next assessment period.

3. Income Taxes

Timeshare associations may elect to be taxed as regular corporations or as timeshare associations. For the year ended December 31, 2024 and 2023, the Club elected to be taxed as a regular corporation. Under that Section, the Club is not taxed on assessments to members and other income received from Club members solely as a function of their membership in the Club. The Club is taxed for federal purposes at the rate of 21% on its nonexempt function income such as interest.

Lindo Mar Adventure Club, LTD.

Notes to Financial Statements

December 31, 2024

(Summarized Totals for 2023)

Page 15

4. Accounts Receivable

Accounts receivable at the reporting dates consist of the following amounts:

	<u>2024</u>	<u>2023</u>
Rental income receivable	\$1,360	\$5,951
Guest receivable	16,420	15,627
Other accounts receivable	<u>3,759</u>	<u>3,680</u>
Total accounts receivable	<u>\$21,539</u>	<u>\$25,258</u>

5. Prepaid Expenses and Deposits

Prepaid expenses at the reporting dates consist of the following amounts:

	<u>2024</u>	<u>2023</u>
Prepaid insurance	\$9,296	\$81,414
Prepaid U.S. income taxes	7,500	7,500
Deposits	858	1,008
Other prepaid expenses-Mexico	<u>40,513</u>	<u>7,040</u>
Total prepaid expenses and deposits	<u>\$58,167</u>	<u>\$96,962</u>

6. Inventory

Inventory at the reporting dates consist of the following amounts:

	<u>2024</u>	<u>2023</u>
Restaurant	\$9,184	\$13,764
Bar	9,307	13,804
Office supplies	4,866	4,568
Maintenance supplies	827	770
Operating supplies	664	788
Guests and other supplies	<u>6,188</u>	<u>8,391</u>
Total inventory	<u>\$31,036</u>	<u>\$42,085</u>

Lindo Mar Adventure Club, LTD.

Notes to Financial Statements

December 31, 2024

(Summarized Totals for 2023)

Page 16

7. *Property and Equipment*

Property and equipment at the reporting dates consist of the following amounts:

	<u>2024</u>	<u>2023</u>
Vehicles	\$9,034	\$9,034
Accumulated depreciation	(8,925)	(7,634)
Property and equipment, net	<u>\$109</u>	<u>\$1,400</u>

8. *Accrued Expenses*

Accrued expenses at the reporting dates consist of the following amounts:

	<u>2024</u>	<u>2023</u>
Creditors payable	\$25,618	\$33,081
Sales commission	78,334	14,260
Rental commission	-0-	9,668
Other accrued expenses	<u>16,849</u>	<u>10,630</u>
Accrued expenses	<u>\$120,801</u>	<u>\$67,639</u>

9. *Leases*

The Club is a lessee of a non-cancellable operating lease of real property for the operation of a restaurant and bar expiring on December 31, 2027.

A summary of total lease cost, by component, and other lease information for the year ended December 31, 2024 consists of the following amounts:

Finance lease cost:

Amortization of right-of-use asset	\$62,152
Interest on lease obligations	14,664
Operating lease cost	-0-
Short-term lease cost	-0-
Variable lease cost	-0-
Sublease income	<u>(-0-)</u>
Total lease cost	<u>\$76,816</u>

Other information

Losses on sale-and-leaseback transactions	\$-0-
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Lindo Mar Adventure Club, LTD.

Notes to Financial Statements

December 31, 2024

(Summarized Totals for 2023)

Page 17

9. Leases (concluded)

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from finance leases	\$-0-
Operating cash flows from operating leases	\$(14,664)
Financing cash flows from financing leases	\$-0-
Financing cashflow from operating leases	\$(62,152)

Right-of-use assts exchanged for:

Finance lease liabilities	\$-0-
Operating lease liabilities	\$210,420

Weighted-average remaining lease term (in years):

Finance leases	-0-
Operating leases	4

Weighted-average discount rate applied (%):

Finance leases	-0-%
Operating leases	6%

Following is a maturity analysis of annual undiscounted cash flows for lease liabilities as of the end of 2024:

	<u>Operating Leases</u>
Year ending December 31,	
2025	\$76,816
2026	76,816
2027	76,816
2028	-0-
2029	-0-
Thereafter	<u>-0-</u>
Total	230,448
Less Interest portion	(20,028)
Total undiscounted cash flows for lease liabilities	<u>\$210,420</u>

Lindo Mar Adventure Club, LTD.

Notes to Financial Statements

December 31, 2024

(Summarized Totals for 2023)

Page 18

10. *Marketable Securities*

Cost and fair value of held-to-maturity securities at December 31, 2024 are as follows:

	Amortized <u>Cost</u>	Gross <u>Unrealized Gains</u>	Gross <u>Unrealized Losses</u>	Fair <u>Value</u>
<u>Debt Securities:</u>				
United States Treasury Securities	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>
Total	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>

The Club occasionally invests in United States Treasury Securities. Investment information from the Club's held-to-maturity debt securities for the reporting periods are as follows:

	2024	2023
Gross proceeds	<u>\$71,345</u>	<u>\$-0-</u>
Gross realized gains	<u>\$-0-</u>	<u>\$-0-</u>
Gross realized losses	<u>\$-0-</u>	<u>\$-0-</u>

11. *Future Major Repairs and Replacements*

The Club's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate savings accounts and are generally not available for expenditures for normal operations.

The Club has not performed a study to estimate the fund balance and the annual funding requirements for the components of common property. Estimates have not been made for the remaining useful lives and estimated future replacement costs for this common property.

Amounts reserved may not be sufficient to meet future replacement cost requirements. When additional replacement funds are needed, the Board may elect to increase monthly assessments, levy special assessments, or delay replacements until funds are available.

Lindo Mar Adventure Club, LTD.

Notes to Financial Statements

December 31, 2024

(Summarized Totals for 2023)

Page 19

12. Financial Instruments

The Club maintains operating and reserve accounts at certain financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Club occasionally maintains deposits in excess of FDIC coverage. At December 31, 2024 and 2023, the Club's cash balance in excess of FDIC coverage totaled \$79,479 and -0-. The Club frequently makes transfers of funds to stay under the FDIC coverage.

13. Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year's financial statements.

14. Supplemental Cash Flow Disclosures

Cash flows from operating activities include state and federal income tax payments of \$-0- and \$7,500 in 2024 and 2023, respectively.

15. Subsequent Events

Management has evaluated subsequent events through November 17, 2025, the date which the financial statements were available for issue.