



**CONDOMINIO VILLAS AT EMBARC ZIHUATANEJO A.C.  
Jun 16<sup>th</sup> 2021 VILLAS BOARD OF DIRECTORS MEETING**

**In Vancouver, British Columbia, Canada at 11:00am (PST) on Thursday June 16<sup>th</sup> 2020**

**Present:** Robert Reyes, (via Telecom) Dolores Heisinger (via Telecom), Scot Hein (via Telecom), Maritza de Leon (via Telecom) Jorge Irra (via Telecom), Will Rogers (via Telecom). Francisco Gonzalez (via Telecom) Areli Fierro (via Telecom).

Meeting called to order at 11:03 am. Roll call: Dolores Heisinger, Scot Hein, Jorge Irra, Maritza de Leon and Robert Reyes. There is Quorum

Representing the management, Francisco Gonzalez, Areli Fierro, Will Rogers and Cody Peters

Robert asked for a motion to adopt the Agenda, moved by Dolores Heisinger and second by Scott Hein, none opposed. Motion is carried.

Robert asked Will Rogers to proceed with the 2020 Audited Financial Statements.

Will Rogers commented, the audit is completed and went very well , as you can see on the second page of the PDF that is the opinion of the auditors; The financial statements presents fairly in all material respects the financial position of the association.

Looking at the balance sheet, you can see that our fund balance started at 3.9 million pesos and ended over 4 million pesos, and our cash balance is 4.1 million pesos. The big change is the receivable section as well as the payable section, there are big decreases there, Maritza and the team have done a good job clearing those.

Moving to the income statements here you can see that initial balance went from 3.3 million to 4 million pesos. That is the surplus of the year for 744,213 that is broken down in the operating and the reserve fund.

On the revenue section it is pretty much in line with the prior year, the increase is in line with the increase in the resort dues that we have for this year.

On the expenses line you can see that the overall expenses remains similar year over year 9.5 million last year and 9.5 million again in 2020.

We can see some changes in the expenses, the utilities went down as commented before in the Budget meeting this due to the decrease in the occupancy and the closures. Then we have some other expenses that went up, as you can see accounting went up because of the number of audits that we had in the year.

If you recall the maintenance line was significantly over budgeted and that is being included in the Other expense line, being one of the main drivers for the variance.

Dolores Heisinger asked, about the variance in accounting, audit fees. Have we not ever paid those before or have not for a while?

Will Rogers commented that we were 3 years behind in auditing financial so all of the expenses related to the audits for those years audits drop in 2020.

Robert Reyes commented, just to clarify it's not that the audit were not paid, it's that we hadn't had the audits completed, they were completed in 2020 and billed accordingly.

Will Rogers continues with the cash flows, you can see the beginning balance in less than 1.5 million and the end balance in 4.1 million being the related parties as the main driver.

The rest of the document presented is a note to the financials and there is nothing that needs to be pointed out but if you have any additional questions Maritza and I can explain any details.

Robert asked for a motion to approved the 2020 Villas audited financial statements

Moved by Scott Hein and Seconded by Dolores Heisinger.

No further discussion, the motion is carried the 2020 Villas audited financials are approved

Moving to the next item in the Agenda we will be reviewing the statements

At this point of the year we are looking into a deficit of \$484,000 pesos compared to a budgeted deficit of \$110,000 pesos that is a negative variance of \$374,000 pesos and you will see that the main driver on that is our reserve fund.

In our revenue section we are pretty much in line with what we were expecting to see, the resort dues are in line. In payroll we see some savings which is consistent with the occupancy in the last months.

In our operating expenses section we see a significant negative variance and this is really the timing of the projects. We have a total budget for the year and then this is divided by twelve which is reflected accordingly across at each month so we are showing an over budget at the moment. Meaning that it should level up and balance out at the end of the year.

Our utilities continue to be under budget due to occupancy.

On the balance sheet our cash position has increased.

There were no further questions regarding the April financials.

The next item in the Agenda is a follow up discussion on the Annual General Meeting about changing the by-laws and having it virtual only. We got the information from TP Legal and there is a five thousand US dollar cost to do that and additional fees for registration and it will take three or four months to do this and there are additional fees for registration.

I don't consider there is a need to change the bylaws because as we spoke with TP legal we can continue to do what we did with the hybrid meeting. We still have the ability to have the meeting in person and by zoom. Any questions for discussion?

Dolores Heisinger commented that she agrees that there is no need to change the Bylaws, Scott Hein confirms he also agrees.

Robert Reyes asked for a motion to not move forward with the change to the Bylaws regarding the annual general meeting and continue with the current possibility to have an hybrid meeting or in person

Moved by Scot Hein seconded by Dolores Heisinger. There is no further discussion. Motion carried.

Robert Reyes ask to move to the next item in the agenda under new business which is the solar panel project and asked Jorge to continue.

Jorge Irra commented that this project is currently in process and we are working on getting the permit from the municipality and also in the formal process to notify the Electricity Company, CFE.

Some of the materials and parts has already arrived so we are still waiting for the permits to start this project.

Robert Reyes asked if there is a time line when we are going to start to see those savings, Jorge commented that probably in October we will be seeing the savings.

No further questions regarding the solar panel project.

Scott Hein asked to include a new business, he asked what is the status of the transaction between the Deustche bank and the new trustee from CI bank,

Robert Reyes commented that what we have always informed the Villa Owners that what Deustche bank requests is a normal process in Mexico so we should expect the same from the new trustee.

Robert asked a motion to terminate the meeting, moved by Scott Hein, seconded by Dolores Heisinger. Motion carried.

Meeting is terminated.