

June 20, 2017

To: Board of Directors – The Ocho Cascadas Association

From: Luis Moran

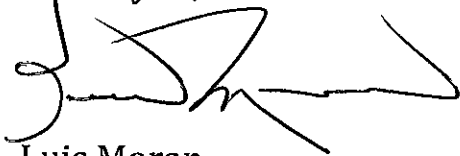
Dear Board of Directors:

Enclosed please find the unaudited financial statements for the five months ended May 31, 2017. The unaudited financial statements reflect that the association's Mexican Operating Expenses ended with a favorable variance to budget on in the amount of US\$19,074 and the US Expenses ended with an unfavorable variance to budget in the amount of (US\$2,311) for the five-month period.

I've also included the Income Statement in Mexican PESOS. The Exchange rate for this month was 18.66 compared to the budget rate of 17.50. The Income Statement in Pesos reflect a favorable variance to budget in the amount of MXN 184,712 for the five-month period.

If you have any questions or need additional information please let me know.

Thank you,



Luis Moran
Trading Places International

The Ocho Cascadas Association

Balance Sheet - USD

May 31, 2017

ASSETS	Current Year	Prior Year - Change Increase / (Decrease)	Prior Month - Change Increase / (Decrease)
Cash			
1001-00-00 Cash - US Bank - Operating	19,906.49	4,860.05	(22,234.64)
1002-00-00 Cash - Reserves	11,837.81	6,518.30	(1,100.20)
1003-00-00 Cash - Mexico	58.99	(4,495.91)	(2,289.54)
1090-00-00 Cash - Interfund Transfers	3,076.08	3,076.08	1,100.45
Total Cash	34,879.37	9,958.52	(24,523.93)
Accounts Receivable			
1205-00-00 Maintenance Fees - Members	3,752.00	3,752.00	793.00
Total Accounts Receivable	3,752.00	3,752.00	793.00
Prepaid Expenses			
1305-00-00 Prepaid Insurance	21,959.60	983.53	(3,659.93)
1306-00-00 Deposits - Mexico	9.74	9.74	9.74
1320-00-00 Prepaid Taxes - Mexico	1,161.90	(46.01)	-
Total Prepaid Expenses	23,131.24	947.26	(3,650.19)
Fixed Assets			
1500-00-00 Vehicles	13,416.82	-	-
1600-00-00 Accumulated Depreciation	(13,416.82)	(5,366.72)	-
Total Fixed Assets	-	(5,366.72)	-
TOTAL ASSETS	61,762.61	9,291.06	(27,381.12)
LIABILITIES AND EQUITY			
Accounts Payable			
2001-00-00 Accounts Payable - USA	1,303.57	(1.97)	1,269.91
2110-00-00 Taxes Payable - Mexico	(4,056.16)	(9,787.36)	(1,715.32)
2125-00-00 Accrued Expenses	2,157.04	2,157.04	438.96
Total Accounts Payable	(595.55)	(7,632.29)	(6.45)
Other Liabilities			
2430-00-00 Accrued Payroll	179.21	179.21	-
Total Other Liabilities	179.21	179.21	-
Deferred Income			
2201-00-00 Deferred Income	75,890.16	26,122.38	(6,190.59)
2203-00-00 Prepaid Assessments	336.32	336.32	-
Total Deferred Income	76,226.48	26,458.70	(6,190.59)
TOTAL LIABILITIES	75,810.14	19,005.62	(6,197.04)
Equity			
3200-00-00 Operating Fund	2,285.91	4,502.19	-
3500-00-00 Capital Replacement Fund	11,837.81	7,610.79	(1,100.21)
(4000-9999) Net Income/(Loss) - Current Year	(28,171.25)	(21,827.54)	(20,083.87)
TOTAL EQUITY	(14,047.53)	(9,714.56)	(21,184.08)
TOTAL LIABILITIES AND EQUITY	61,762.61	9,291.06	(27,381.12)

UNAUDITED

06/19/17

The Ocho Cascadas Association
Income Statement Combined - USD
For the Five Months Ended May 31, 2017

UNAUDITED

18.66 Exchange Rate

			Year to Date				Annual
Actual	May Budget	Variance	Account #	Actual	Budget	Variance	Budget
Revenue							
Members and Development							
10,841.59	8,120.50	2,721.09	4005-00-00	51,279.36	40,602.50	10,676.86	97,446
-	27,591.08	(27,591.08)	4100-00-00	78,000.00	137,955.40	(59,955.40)	331,093
0.25	-	0.25	4115-00-00	0.72	-	0.72	-
10,841.84	35,711.58	(24,869.74)		Total 129,280.08	178,557.90	(49,277.82)	428,539
Mexico Operating Expenses							
Payroll and Employee Related Expenses							
10,114.03	10,831.17	717.14	6322-10-00	47,336.23	54,155.85	6,819.62	129,974
1,015.96	2,051.08	1,035.12	6323-10-00	9,280.09	10,255.40	975.31	24,613
-	23.83	23.83	6135-10-00	-	119.15	119.15	286
561.75	678.33	116.58	6136-10-00	3,026.85	3,391.65	364.80	8,140
-	173.83	173.83	6139-10-00	158.28	869.15	710.87	2,086
11,691.74	13,758.24	2,066.50		Total 59,801.45	68,791.20	8,989.75	165,099
Housekeeping/Rooms							
37.80	129.67	91.87	6441-11-00	206.28	648.35	442.07	1,556
594.51	562.33	(32.18)	6129-11-00	2,625.93	2,811.65	185.72	6,748
-	47.58	47.58	6200-11-00	-	237.90	237.90	571
285.06	476.17	191.11	6325-11-00	1,858.83	2,380.85	522.02	5,714
475.37	416.25	(59.12)	6442-11-00	2,313.81	2,081.25	(232.56)	4,995
-	90.50	90.50	6445-11-00	-	452.50	452.50	1,086
-	507.92	507.92	6444-11-00	-	2,539.60	2,539.60	6,095
1,392.74	2,230.42	837.68		Total 7,004.85	11,152.10	4,147.25	26,765
Maintenance							
359.24	47.58	(311.66)	6420-12-00	1,062.02	237.90	(824.12)	571
488.86	335.08	(153.78)	6101-12-00	1,974.61	1,675.40	(299.21)	4,021
466.68	813.92	347.24	6440-12-00	3,523.22	4,069.60	546.38	9,767
91.01	18.50	(72.51)	6102-12-00	91.01	92.50	1.49	222
338.18	164.42	(173.76)	6426-12-00	745.39	822.10	76.71	1,973
438.96	468.08	29.12	6415-12-00	2,551.60	2,340.40	(211.20)	5,617
149.13	280.33	131.20	6460-12-00	899.51	1,401.65	502.14	3,364
32.42	140.92	108.50	6470-12-00	63.13	704.60	641.47	1,691
2,364.48	2,268.83	(95.65)		Total 10,910.49	11,344.15	433.66	27,226

06/19/17

The Ocho Cascadas Association
Income Statement Combined - USD
For the Five Months Ended May 31, 2017

UNAUDITED

18.66 Exchange Rate

<u>May</u>			<u>Account #</u>	<u>Year to Date</u>			<u>Annual Budget</u>	
<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		<u>Actual</u>	<u>Budget</u>	<u>Variance</u>		
Utilities								
141.07	105.58	(35.49)	6203-14-00	Gas	383.99	527.90	143.91	1,267
114.44	172.33	57.89	6120-14-00	Telephone/Internet	537.00	861.65	324.65	2,068
547.27	619.92	72.65	6201-14-00	Water	2,656.81	3,099.60	442.79	7,439
2,641.75	2,710.83	69.08	6202-14-00	Electricity	14,873.79	13,554.15	(1,319.64)	32,530
<u>3,444.53</u>	<u>3,608.66</u>	<u>164.13</u>		Total	<u>18,451.59</u>	<u>18,043.30</u>	<u>(408.29)</u>	<u>43,304</u>
G&A								
912.76	1,065.58	152.82	6137-20-00	Guest Events and Promos	4,520.66	5,327.90	807.24	12,787
168.64	188.58	19.94	6443-20-00	Professional Services	1,128.72	188.58	(940.14)	2,263
62.91	137.25	74.34	6134-20-00	Office Supplies	820.93	686.25	(134.68)	1,647
-	-	-	6432-20-00	Insurance	-	-	-	1,210
-	-	-	6500-20-00	Land Trust/Prop Taxes/Other	2,185.24	2,185.00	(0.24)	4,012
45.74	-	(45.74)	6121-20-00	Telephone - Cell	45.74	-	(45.74)	-
-	36.58	36.58	6431-20-00	Advertising	-	182.90	182.90	439
82.36	189.83	107.47	6138-20-00	Non-Deductible	522.78	949.15	426.37	2,278
-	14.25	14.25	6102-20-00	Freight and Delivery	-	71.25	71.25	171
-	-	-	6103-20-00	Travel Expenses	-	1,000.00	1,000.00	2,143
1,388.13	2,244.50	856.37	6106-20-00	IVA Expense	7,092.74	11,222.50	4,129.76	26,934
99.74	175.83	76.09	6801-20-00	Bank Charges	464.40	879.15	414.75	2,110
-	-	-	6140-20-00	Local HOA	1,473.99	1,474.00	0.01	1,474
<u>2,760.28</u>	<u>4,052.40</u>	<u>1,292.12</u>		Total	<u>18,255.20</u>	<u>24,166.68</u>	<u>5,911.48</u>	<u>57,468</u>
<u>21,653.77</u>	<u>25,918.55</u>	<u>4,264.78</u>		Total Mexico Expenses	<u>114,423.58</u>	<u>133,497.43</u>	<u>19,073.85</u>	<u>319,862</u>
Finance								
156.56	-	(156.56)	9000-30-00	Exchange Rate - Gain/(Loss)	(307.97)	-	307.97	-
<u>156.56</u>	<u>-</u>	<u>(156.56)</u>		Total	<u>(307.97)</u>	<u>-</u>	<u>307.97</u>	<u>-</u>

06/19/17

The Ocho Cascadas Association

UNAUDITED

18.66 Exchange Rate

Income Statement Combined - USD
For the Five Months Ended May 31, 2017

May			Account #	Year to Date			Annual Budget	
Actual	Budget	Variance		Actual	Budget	Variance		
U.S. Expenses								
3,659.93	3,750.00	90.07	8104-21-00	Insurance	18,299.65	18,750.00	450.35	45,000
455.09	-	(455.09)	8105-21-00	Travel/Lodging/Meals - BOD	1,186.38	600.00	(586.38)	2,500
450.00	450.00	-	8107-21-00	Telephone & Web Support	2,250.00	2,250.00	-	5,400
2,625.00	2,500.00	(125.00)	8108-21-00	Management Fees	13,125.00	12,500.00	(625.00)	30,000
848.48	-	(848.48)	8109-21-00	Printing / Newsletters / Eblasts	895.62	-	(895.62)	-
-	20.83	20.83	8110-21-00	Postage, Shipping, and Delivery	123.13	104.15	(18.98)	250
61.98	200.00	138.02	8111-21-00	Merchant Fees	399.55	740.00	340.45	2,100
-	-	-	8120-21-00	Corporate Taxes	800.00	800.00	-	800
822.00	100.00	(722.00)	8115-21-00	Other U.S. Expenses	1,476.19	500.00	(976.19)	1,200
8,922.48	7,020.83	(1,901.65)		Total	38,555.52	36,244.15	(2,311.37)	87,250
Capital Expenditures								
192.90	1,785.58	1,592.68	8100-21-00	Capital Replacement Fund	4,780.20	8,927.90	4,147.70	21,427
192.90	1,785.58	1,592.68		Total Capital Expenditures	4,780.20	8,927.90	4,147.70	21,427
30,925.71	34,724.96	3,799.25		Total Operating Expenses	157,451.33	178,669.48	21,218.15	428,539
(20,083.87)	986.62	(21,070.49)		Net Operating Surplus/(Deficit)	(28,171.25)	(111.58)	(28,059.67)	-

The Ocho Cascadas Association
Income Statement - PESOS
For the Five Months Ended May 31, 2017

Exchange Rate: 18.66

May-2017			Year to Date				Annual	
Actual	Budget	Variance	Mexico Operating Expenses		Actual	Budget	Variance	Budget
						42%		
			Payroll and Related Exp					
188,728	189,546	818	6322-10-00	Salaries & Wages	917,329	947,728	30,399	2,274,547
18,958	35,894	16,936	6323-10-00	Payroll Taxes	180,553	179,471	(1,082)	430,730
10,482	11,872	1,389	6136-10-00	Employee Meals	58,525	59,358	832	142,458
-	417	417	6135-10-00	Hiring and Training	-	2,083	2,083	5,000
-	3,042	3,042	6139-10-00	Uniforms	3,042	15,208	12,166	36,500
218,168	240,770	22,602	TOTAL PAYROLL		1,159,450	1,203,848	44,399	2,889,236
			Housekeeping/Rooms					
8,870	7,285	(1,586)	6442-11-00	Cleaning Supplies - HK	44,999	36,424	(8,575)	87,418
-	1,584	1,584	6445-11-00	Glassware & Ceramic	-	7,922	7,922	19,013
705	2,269	1,563	6441-11-00	Kitchen Utencils	4,055	11,343	7,288	27,222
11,094	9,841	(1,252)	6129-11-00	Guest Supplies	51,641	49,207	(2,435)	118,096
5,319	8,333	3,014	6325-11-00	Laundry	35,718	41,666	5,948	99,999
-	8,889	8,889	6444-11-00	Linen	-	44,445	44,445	106,668
-	833	833	6200-11-00	Villa Decorations	-	4,167	4,167	10,000
25,989	39,035	13,046	TOTAL HOUSEKEEPING/ROOMS		136,413	195,173	58,760	468,416
			Maintenance					
8,708	14,244	5,536	6440-12-00	Building Repairs/Mttce	68,992	71,220	2,227	170,928
-	8,191	8,191	6415-12-00	Elevator Maintenance	8,191	40,955	32,764	98,293
1,698	323	(1,375)	6102-12-00	Freight and Delivery	1,698	1,616	(83)	3,877
605	2,466	1,861	6470-12-00	Gardening	1,224	12,329	11,104	29,588
6,310	2,878	(3,432)	6426-12-00	Pest Control	14,349	14,390	41	34,536
6,703	833	(5,870)	6420-12-00	Vehicle Maintenance	20,354	4,167	(16,187)	10,000
9,122	5,864	(3,258)	6101-12-00	Gasoline	38,111	29,321	(8,790)	70,370
2,783	4,905	2,123	6460-12-00	Water Chemicals	17,456	24,527	7,071	58,865
35,930	39,705	3,775	TOTAL MAINTENANCE		170,376	198,524	28,148	476,457

The Ocho Cascadas Association
Income Statement - PESOS
For the Five Months Ended May 31, 2017

Exchange Rate: 18.66

May-2017			Year to Date				Annual
Actual	Budget	Variance	Mexico Operating Expenses	Actual	Budget	Variance	Budget
			Utilities				
2,632	1,848	(784)	6203-14-00 Gas	7,551	9,240	1,689	22,175
2,135	3,016	881	6120-14-00 Telephone/Internet	10,401	15,081	4,680	36,195
10,212	10,849	637	6201-14-00 Water	51,405	54,244	2,839	130,187
49,295	47,440	(1,855)	6202-14-00 Electricity	288,355	237,199	(51,155)	569,279
64,275	63,153	(1,122)	TOTAL UTILITIES	357,712	315,765	(41,947)	757,836
			General & Administration				
-	640	640	6431-20-00 Advertising	-	3,199	3,199	7,678
1,861	3,077	1,216	6801-20-00 Bank Charges	9,004	15,385	6,381	36,925
-	250	250	6102-20-00 Freight and Delivery	-	1,250	1,250	3,000
17,032	18,643	1,611	6137-20-00 Guest Events and Promos	87,224	93,216	5,993	223,720
-	1,765	1,765	6432-20-00 Insurance	-	8,824	8,824	21,178
25,903	39,279	13,377	6106-20-00 IVA Expense	138,280	196,397	58,117	471,353
-	45,366	45,366	6500-20-00 Land Trust/Prop Taxes	45,366	45,366	-	65,400
-	30,600	30,600	6140-20-00 Local HOA	30,600	30,600	-	30,600
1,537	3,322	1,785	6138-20-00 Non-Deductible	10,062	16,612	6,549	39,868
1,174	2,402	1,228	6134-20-00 Office Supplies	16,214	12,009	(4,205)	28,822
3,147	3,300	153	6443-20-00 Professional Services	22,028	16,500	(5,528)	39,600
-	3,125	3,125	6103-20-00 Travel Expenses	-	15,625	15,625	37,500
51,507	151,769	100,262	TOTAL G&A	359,632	454,984	95,352	1,005,644
395,868	534,431	138,563	TOTAL MEXICO OPERATING EXPENSES	2,183,582	2,368,294	184,712	5,597,589

The Ocho Cascadas Association
Account Analysis
Account #3500 - Capital Replacement Fund

Description	Jan-17	Feb-17	Mar-17	Apr-17	May-17	TOTALS	
Monthly Allocation:							
Collected MF (5%)	(42.40)	(363.60)	(181.05)	(100.25)	(192.90)		(880.20)
Developer Subsidy (5%)	-	-	(2,000.00)	(1,900.00)	-		(3,900.00)
Total Allocation	(42.40)	(363.60)	(2,181.05)	(2,000.25)	(192.90)		
Expenses:							
Glassware & Ceramics	216.76	-	-	-	-	216.76	
Furniture	43.46	-	2,829.02	-	510.72	3,383.20	
Linen	1,868.18	-	445.47	-	396.54	2,710.19	
Curtains	-	-	-	125.85	-	125.85	
Kitchen Utencils	891.92	-	19.72	122.07	385.85	1,419.56	
Total Expenses	3,020.32	-	3,294.21	247.92	1,293.11		
Net Change:	2,977.92	(363.60)	1,113.16	(1,752.33)	1,100.21	7,855.56	(4,780.20)

Net Fund Activity: 3,075.36
Beginning Balance: (14,913.17)
Adjusted Balance: (11,837.81)
G/L Balance: (11,837.81)
Difference: (0.00)