

**NOTICE OF ANNUAL MEETING OF
MARGARITAVILLE VACATION OWNERS ASSOCIATION, INC.**

DECEMBER 11, 2025 – 3:00 PM (ET)
www.MVOANNUALMEETING.com

November 14, 2025

Dear Member:

Please take notice that the Annual Meeting (the “Meeting”) of the Membership of the Margaritaville Vacation Owners Association, Inc. (the “Association”), which is the owners association overseeing the maintenance of the properties that make up the Margaritaville Vacation Club, will be held on **December 11, 2025, at 3:00 PM (ET)**, for the purpose of reporting to the Members on the activities of the Association.

The agenda for the Meeting is as follows:

1. Call to Order
2. Introductions of Board, Staff, and Special Guests
3. Financial Report
4. Club Update
5. Open Forum
6. Adjournment

There is no election required at this year’s Meeting.

To save expenses to the Association and allow more members the opportunity to attend, this year’s Annual Meeting will be conducted virtually, via a Zoom webinar. Therefore, if you plan to attend the meeting, you must register through the link on the annual meeting website, <https://mvoannualmeeting.com/> in order to receive your unique login credentials for the virtual presentation. Other items of interest that you will find on the annual meeting website include the most recent audited financial statements and nomination instructions for those interested in serving on the Association’s Board of Directors. The meeting handout will also be posted to the website in advance of the Meeting so that you can follow along with the discussions. Your 2026 Margaritaville Vacation Club budget is included with this notice. If you are unable to register for the Zoom webinar or have questions about this meeting, you may send an email to WynAG@wyn.com.

Thank you for your attention to this notice. We look forward to seeing you at the Meeting!

Sent on behalf of the Board of Directors of:
MARGARITAVILLE VACATION OWNERS ASSOCIATION, INC.
Bryan Dixon, President
Joe Jackson, Vice President
Gui De Faria, Secretary & Treasurer

Margaritaville Vacation Owners Association, Inc.

For The Year Ending December 31, 2026

					Standard Points	Designated Points		
	2026		2025		26 Budget v 25 Budget			
	Total Budget	Total Budget	\$	%	Variance		2026 Cost Per 1,000	2025 Cost Per 1,000
Revenue								
Maintenance Fee Revenue	39,165,984	37,570,660	1,595,324	4.2%		8.41	8.07	8.97
Housekeeping Revenue	1,407,321	1,375,083	32,238	2.3%		0.30	0.30	0.30
Interest Income	41,015	38,287	2,728	7.1%		0.01	0.01	0.01
Other Revenue	503,555	453,999	49,556	10.9%		0.11	0.10	0.11
Total Association Revenues	41,117,876	39,438,029	1,679,846	4.3%		8.83	8.48	9.39
Expenses								
Accounting & Audit	676,580	683,453	(6,873)	-1.0%		0.15	0.15	0.15
Bad Debt Expense	990,252	661,000	329,252	49.8%		0.21	0.14	0.21
Designated Unit Services	94,928	73,715	21,213	28.8%		-	-	0.20
Federal & State Income & Other Taxes	34,988	31,648	3,340	10.6%		0.01	0.01	0.01
General & Administrative	2,220,381	2,154,598	65,782	3.1%		0.48	0.47	0.48
Common Area / Grounds	2,168,201	2,140,031	28,171	1.3%		0.47	0.46	0.47
Guest Services	2,381,304	2,202,952	178,352	8.1%		0.52	0.48	0.52
Housekeeping	4,389,659	4,282,251	107,408	2.5%		0.95	0.93	0.95
Insurance	3,735,071	3,816,365	(81,294)	-2.1%		0.81	0.83	0.81
Laundry	607,323	553,875	53,448	9.6%		0.13	0.12	0.13
Management Fees	3,582,855	3,388,460	194,395	5.7%		0.76	0.71	0.93
Master/Condo Association Dues	1,755,861	1,669,740	86,121	5.2%		0.38	0.36	0.38
Membership, Dues & Fees	12,969	10,410	2,559	24.6%		0.00	0.00	0.00
Other Expenses	(7,517)	(4,430)	(3,087)	69.7%		(0.00)	(0.00)	(0.00)
Real Estate & Property Taxes	1,481,113	1,471,896	9,216	0.6%		0.32	0.32	0.32
Recreation & Amenities	1,299,976	1,066,989	232,987	21.8%		0.28	0.23	0.28
Repair & Maintenance	2,872,107	2,764,403	107,704	3.9%		0.62	0.59	0.62
Reservation & Inventory Management	715,350	687,837	27,513	4.0%		0.15	0.15	0.15
Security Service	816,072	856,784	(40,712)	-4.8%		0.18	0.19	0.18
Utilities	3,614,457	3,451,554	162,903	4.7%		0.78	0.75	0.78
Operating Capital/Deficit Recovery	1,643,000	1,643,000	0	0.0%		0.36	0.36	0.36
Total Operating Expenses	35,084,931	33,606,532	1,478,399	4.4%		7.55	7.23	7.92
Replacement Reserves								
Capital Improvement	4,077,814	3,386,050	691,764	20.4%		0.88	0.73	0.88
Standard Unit Furnishings	1,254,591	1,234,742	19,849	1.6%		0.30	0.30	-
Painting	168,062	817,706	(649,644)	-79.4%		0.04	0.18	0.04
Paving	32,372	33,723	(1,351)	-4.0%		0.01	0.01	0.01
Roofing Replacement	260,795	133,612	127,182	95.2%		0.06	0.03	0.06
Designated Unit Furnishings	239,312	225,664	13,647	6.0%		-	-	0.49
Pool	-	-	-	-		-	-	-
Elevator	-	-	-	-		-	-	-
SIRS	-	-	-	-		-	-	-
Total Replacement Reserves	6,032,945	5,831,497	201,448	3.5%		1.29	1.24	1.47
Total Association Expenses	41,117,876	39,438,029	1,679,846	4.3%		8.83	8.48	9.39
Association Revenues	(1,951,892)	(1,867,369)	(84,522)	4.5%		(0.42)	(0.40)	(0.42)
Total Maintenance Fee	39,165,984	37,570,660	1,595,324	4.2%		8.41	8.07	8.97
Operating Fee	31,651,927	30,267,266	1,384,660	4.6%		6.81	6.51	7.18
Reserves	6,032,945	5,831,497	201,448	3.5%		1.29	1.24	1.47
Real Estate & Property Taxes	1,481,113	1,471,896	9,216	0.6%		0.32	0.32	0.32
Total Maintenance Fee	39,165,984	37,570,660	1,595,324	4.2%		8.41	8.07	8.97

The budget, including all expense and revenue projections, is based on and prepared in accordance with the information available at the time of preparation, including without limitation, historical records, forecasted data and other sources believed to be reliable, but which are not guaranteed. Normal budgetary assumptions are that costs will increase with inflation. If expenses during the year exceed the estimates used in preparation of the budget, or if unforeseen events occur, the Association may have to increase the budget during the year, levy a special assessment or a combination thereof. Further, all revenue projections included herein are being furnished for informational purposes and remain subject to market fluctuations, Acts of God or other extrinsic and uncontrollable factors.

MARGARITAVILLE VACATION OWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2024



Joanne Powell, CPA, P.A.
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Margaritaville Vacation Owners Association, Inc.

Opinion

We have audited the accompanying financial statements of Margaritaville Vacation Owners Association, Inc., which comprise the balance sheet as of December 31, 2024, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Margaritaville Vacation Owners Association, Inc. as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Margaritaville Vacation Owners Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Margaritaville Vacation Owners Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors of
Margaritaville Vacation Owners Association, Inc.

Auditor's Responsibility for the Audit of the Financial Statements - continued

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Margaritaville Vacation Owners Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Margaritaville Vacation Owners Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Supplementary Information on Future Major Repairs and Replacements on pages 15-16 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



JOANNE POWELL, CPA, PA
Inverness, Florida
May 14, 2025

MARGARITAVILLE VACATION OWNERS ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2024

	Operating Fund	Replacement Fund	Total All Funds
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 2,103,081	\$ 17,657,253	\$ 19,760,334
Certificates of Deposit	-	1,225,000	1,225,000
Investments	-	25,907	25,907
Assessments Receivable, Net of Allowance	272,127	-	272,127
Due from Developer - Subsidy	1,147,449	-	1,147,449
Due from Management Company	497,091	-	497,091
Prepaid Expenses	1,610,623	-	1,610,623
Accounts Receivable - Other	123,047	-	123,047
Due from Operating Fund	-	4,052,172	4,052,172
Total Current Assets	<u>5,753,418</u>	<u>22,960,332</u>	<u>28,713,750</u>
EQUIPMENT			
Equipment, Net	2,116,041	-	2,116,041
Total Assets	<u>\$ 7,869,459</u>	<u>\$ 22,960,332</u>	<u>\$ 30,829,791</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 266,011	\$ 70,372	\$ 336,383
Accrued Expenses	1,621,854	-	1,621,854
Note Payable - Related Party, Current	169,347	-	169,347
Due to Other Associations	109,436	-	109,436
Due to Replacement Fund	4,052,172	-	4,052,172
Total Liabilities	<u>6,218,820</u>	<u>70,372</u>	<u>6,289,192</u>
FUND BALANCES			
	<u>1,650,639</u>	<u>22,889,960</u>	<u>24,540,599</u>
Total Liabilities and Fund Balance	<u>\$ 7,869,459</u>	<u>\$ 22,960,332</u>	<u>\$ 30,829,791</u>

See accompanying notes to the financial statements.

MARGARITAVILLE VACATION OWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Operating Fund	Replacement Fund	Total All Funds
REVENUES			
Maintenance Fee Assessments	\$ 10,356,608	\$ 5,165,732	\$ 15,522,340
Subsidy Income	17,163,368	-	17,163,368
Interest Income	94,534	841,328	935,862
Housekeeping	1,329,111	-	1,329,111
Other Income	1,017,018	-	1,017,018
Total revenues	<u>29,960,639</u>	<u>6,007,060</u>	<u>35,967,699</u>
EXPENSES			
Accounting	190,694	-	190,694
Bad Debt	615,346	-	615,346
Common Area	1,776,635	-	1,776,635
Depreciation	91,574	-	91,574
Guest Services	2,135,563	-	2,135,563
Housekeeping	3,966,788	-	3,966,788
Interest Expense	10,115	-	10,115
Laundry	640,279	-	640,279
Maintenance	2,534,995	-	2,534,995
Management Fees	3,248,812	-	3,248,812
Other	52,361	-	52,361
Property and Other Taxes	834,437	204,839	1,039,276
Recreation	1,565,439	-	1,565,439
Resort Management	8,777,415	-	8,777,415
Security	729,058	-	729,058
Telephone	443,226	-	443,226
Utilities	2,009,902	-	2,009,902
Major Repairs and Replacements	-	<u>3,893,367</u>	<u>3,893,367</u>
Total Expenses	<u>29,622,639</u>	<u>4,098,206</u>	<u>33,720,845</u>
EXCESS OF REVENUES OVER EXPENSES			
	338,000	1,908,854	2,246,854
FUND BALANCES - January 1, 2024	<u>1,312,639</u>	<u>20,981,106</u>	<u>22,293,745</u>
FUND BALANCES - December 31, 2024	<u>\$ 1,650,639</u>	<u>\$ 22,889,960</u>	<u>\$ 24,540,599</u>

See accompanying notes to the financial statements.

MARGARITAVILLE VACATION OWNERS ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Operating Fund	Replacement Fund	Total All Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of Revenues Over Expenses	\$ 338,000	\$ 1,908,854	\$ 2,246,854
Adjustments to Reconcile Excess of Revenues Over Expenses to Net Cash Provided by Operating Activities:			
Depreciation Expense	91,574	-	91,574
Bad Debt	615,346	-	615,346
Changes in Operating Assets and Liabilities:			
Assessments Receivable	(599,255)	-	(599,255)
Due from Developer - Subsidy	(216,545)	-	(216,545)
Prepaid Expenses	47,339	-	47,339
Due from Management Company	(230,013)	-	(230,013)
Accounts Receivable - Other	(58,457)	-	(58,457)
Accounts Payable	(13,520)	(79,036)	(92,556)
Accrued Expenses	264,052	-	264,052
Due to other Associations	102,648	-	102,648
Total Adjustments	<u>(703,751)</u>	<u>(79,036)</u>	<u>(782,787)</u>
Net Cash Provided by Operating Activities	341,169	1,829,818	2,170,987
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemption of Certificates of Deposit	-	732,000	732,000
Net redemption and purchase of Investments	-	526,805	526,805
Net Cash Provided by Investing Activities	<u>-</u>	<u>1,258,805</u>	<u>1,258,805</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of Notes Payable	(240,687)	-	(240,687)
Due from (to) Operating/Replacement Fund	<u>(94,830)</u>	<u>94,830</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>(335,517)</u>	<u>94,830</u>	<u>(240,687)</u>
NET INCREASE IN CASH	5,652	3,183,453	3,189,105
CASH AND CASH EQUIVALENTS - January 1, 2024	<u>2,097,429</u>	<u>14,473,800</u>	<u>16,571,229</u>
CASH AND CASH EQUIVALENTS - December 31, 2024	<u>\$ 2,103,081</u>	<u>\$ 17,657,253</u>	<u>\$ 19,760,334</u>

See accompanying notes to the financial statements.

MARGARITAVILLE VACATION OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Margaritaville Vacation Owners Association, Inc. (the “Association”) is a nonstock, nonprofit corporation, organized and existing under the laws of the state of Delaware for the purpose of administering the property that is subject to the Declaration of Covenants, Conditions and Restrictions, and Grant and Reservation of Easements for the Margaritaville Vacation Club (the Club) dated March 27, 2013. The Association started operations on November 1, 2014 and was open for member stays in August 2015. The Association is a perpetual club-based timeshare association that was created to represent the membership interests in the resort inventory. Wyndham St. Thomas Development Company, LLC (the Developer), is the developer of the Club and deeds resort inventory into the Club in exchange for points that represent ownership in the deeds and membership interest in the Association. The property in the Club is held by a trustee that is independent from the Association and the Developer. The points represent a membership interest in the Association, which includes the perpetual right to participate in the Club and related timeshare property. Members in the Association purchase an allotment of Club points from the Developer. The Club allows members advance reservation priority for the resorts that are a part of the Club. The Developer may either deed in fractional timeshare inventory or whole unit accommodations not subject to a timeshare regime. As of December 31, 2024, the Developer has deeded a total of 420 units into the Association. As of December 31, 2024, the property in the Club held by the Association, equaled a point value of 4,623,296,000, of which the Developer owned 2,568,479,499; the other points have been sold to other members.

Fund Accounting

To ensure and facilitate the fiduciary responsibility required of the Association regarding restrictions placed on the use of resources available to it, the accounts are maintained in accordance with the principles of fund accounting. The purpose of the various funds and the restrictions on the use of their assets are as follows:

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund – This fund represents funds collected by the Association from the members to fund future replacement, major repairs, and purchases of commonly owned assets.

Cash and Cash Equivalents

The Association considers all highly liquid investments not held in escrow and with a maturity of one to three months when purchased to be cash equivalents.

Certificates of Deposit

The Association invests in federally insured certificates of deposit which are considered held-to-maturity. As a result, certificates of deposit are carried at amortized cost plus accrued interest. Subsequent write ups or write downs to fair value to recognize unrealized gains or losses are not recorded.

MARGARITAVILLE VACATION OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments

The Association classifies its debt securities as held-to-maturity. Debt securities are classified as held-to-maturity when the Association has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are recorded at amortized cost. Gains or losses on securities sold are based on the specific identification method.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses, and accrued expenses approximate fair value due to the immediate or short-term nature of these items.

Property and Equipment

The Association follows prevalent industry practice, as contained in ASC Subtopic 972-360, “Real Estate - Common Interest Realty Associations - Property, Plant and Equipment” in accounting for the common property of the Association, which it is responsible to preserve and maintain. Property is capitalized only if the Association has title or other evidence of ownership of the property, and either the Association can dispose of the property or the property is used by the Association, to generate significant cash flow from members on the basis of usage or from nonmembers.

The Association recognizes as assets all real property to which they have title or other evidence of ownership that is not directly associated with the units and the disposition of such assets are at the discretion of its board of directors. Additions and improvements to common property are accounted for as major repair and replacement expenditures in the replacement fund.

During 2015 and 2016, the Association purchased power generation equipment in order to provide electricity to the St. Thomas, U.S. Virgin Islands Resort. This equipment is owned by the Association and is not considered common property directly associated with the units. Accordingly, it is presented as an asset on the balance sheet at cost and is being depreciated using the straight-line method over the estimated useful life of the asset, which is 20 years. Expenditures for repairs and maintenance are charged to expense as incurred.

Income Taxes

The Association files as a homeowners’ association in accordance with Internal Revenue Code Section 528, using Form 1120-H. Under that section, the Association excludes from taxation exempt function income, which generally consists of revenue from uniform assessments to owners. The Association’s nonexempt income was subject to tax.

Management has analyzed its various federal filing positions and believes that the Association’s income tax filing positions and deductions are well documented, supported and contain no uncertain tax positions. Additionally, management believes that no accruals for tax liabilities, interest or penalties are required. Therefore, no reserves for uncertain income tax positions have been recorded. Further, no interest or penalties have been included since no reserves were recorded. When applicable, such interest and penalties

MARGARITAVILLE VACATION OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes - continued

will be reported as income tax expense. The Association's federal income tax returns remain subject to examination by the Internal Revenue Service for three years from the date of filing.

The Association has elected to be taxed as a Homeowners' Association, which has resulted in federal income taxes of \$227,599 for the year ended December 31, 2024.

Revenue Recognition

The Association collects maintenance fees from each member to fund the operations of the Association. Fees are recognized ratably over the assessment period.

The Association recognizes interest income on the operating fund and the replacement fund when earned.

Cash Flows

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, excluding certificates of deposit.

The Association made payments of \$149,408 in 2024 for the 2023 income taxes, \$149,408 for estimated tax payments for the 2024 taxes, and \$10,115 for interest on the note payable, during the year ended December 31, 2024.

Use of Estimates

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

NOTE 2 – CERTIFICATES OF DEPOSIT

At December 31, 2024, the Association held certificates of deposit for \$1,225,000 with interest rates of 4.6% to 4.7%, per annum, and maturing through February 2025.

NOTE 3 – INVESTMENTS

The Association invests idle cash balances in various debt securities. The amortized historical cost, aggregate fair value, and gross unrealized holding gain, summarized by major security type, as of

MARGARITAVILLE VACATION OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 – INVESTMENTS - CONTINUED

December 31, 2024, consisted of:

Replacement Fund	Amortized Historical Cost	Aggregate Fair Value	Gross Unrealized Holding Gain
Held-to-maturity			
U.S. Treasury securities	<u>\$ 25,907</u>	<u>\$ 25,909</u>	<u>\$ 2</u>

Future maturities of debt securities held as of December 31, 2024, consisted of:

Maturities	Amortized Historical Cost	Aggregate Fair Value	Gross Unrealized Holding Gain
2025	<u>\$ 25,907</u>	<u>\$ 25,909</u>	<u>\$ 2</u>

NOTE 4 – ASSESSMENT RECEIVABLE

Assessments receivable consists primarily of amounts due from members for member assessments and other fees for services. The Association does not permit a member to make a reservation if their account is delinquent. A valuation allowance is provided for all receivables for the amount the Association does not expect to collect based on past collection experience and current economic conditions. Management analyzed the Association's past collection experience and determined the likelihood expressed as a percentage that the Association will ultimately collect receivables by the number of months outstanding.

Management uses these percentages to determine the allowance for the aged receivables. The allowance for uncollectible accounts as of December 31, 2024 is summarized as follows:

Allowance - Beginning of Year	\$ 695,527
Bad Debt	615,346
Receivables Charged Off	<u>(513,616)</u>
Allowance - End of Year	<u>\$ 797,257</u>

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from members. The balances of accounts receivable – members at the beginning and end of the year are \$983,745 and \$1,069,384, respectively.

MARGARITAVILLE VACATION OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 – EQUIPMENT

Equipment as of December 31, 2024 consisted of the following:

Power Generation Equipment	\$ 3,777,570
Less: Accumulated Depreciation	<u>(1,661,529)</u>
Equipment, Net	<u><u>\$ 2,116,041</u></u>

Depreciation expense as of December 31, 2024 was \$91,574.

NOTE 6 - NOTES PAYABLE

On June 30, 2015, the Association executed a promissory note with the Developer, whereby the Association received \$1,910,000 to be repaid to the Developer in monthly installments of \$21,688 commencing on October 1, 2015 and continuing through September 2025. Payments include interest at a rate of 6.5%. The proceeds of this note were used to purchase power generation equipment for the St. Thomas, U.S. Virgin Islands resort.

Principal payments on the note payable due for the year ended of December 31, 2025 are \$169,347.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Developer serves as the Club manager and provides accounting and other administrative services for the Association. In the normal course of business, the Association conducts certain fee transactions with Wyndham Vacation Management, Inc. (“WVM” or the “Management Company”), an affiliate of the Developer, as described in the management agreement.

The following amounts related to these transactions for the year ended December 31, 2024 are included in the accompanying statement of revenues, expenses and changes in fund balances as follows:

Payroll and benefits	\$ 4,258,351
Resort operations service fees	593,050
Accounting fees	377,826
Management fees	<u>3,248,812</u>
	<u><u>\$ 8,478,039</u></u>

As of December 31, 2024, \$497,091 was due from the Management Company related to other receivables.

MARGARITAVILLE VACATION OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 – RELATED PARTY TRANSACTIONS - CONTINUED

The Developer is currently obligated under a subsidy agreement with the Association. In accordance with this agreement, the Developer is responsible for funding any operating deficiencies incurred by the Association. The Developer provided a subsidy of \$17,163,368 for the year ended December 31, 2024. Amounts due from the Developer for subsidy at December 31, 2024 were \$1,147,449.

The Fairshare Vacation Plan Use Management Trust (the Trust), an affiliate of the Developer, provides collection and reservation services for the Association. The Association recorded expenses of \$658,746 for the year ended December 31, 2024 related to these services and are included in Resort Management expense. There were no amounts due to the Trust at December 31, 2024 for reservation services. As of December 31, 2024, there was no amount due to the Association for member assessments from Fairshare Vacation Plan Use.

The Association entered into one promissory note with the Developer as discussed in Note 6 above. Interest is accrued and paid monthly to the Developer.

NOTE 8 - OPERATING LEASE

The Club holds title to certain commercial space at Wyndham Grand Rio Mar Puerto Rico Golf & Beach Resort. Commencing on January 1, 2018, The Club began an operating lease agreement with WHM Carib, LLC, which will automatically extend for successive one year periods.

WHM Carib, LLC will pay the Club rent based on a percentage of the actual monies derived, as determined on a monthly basis, at or in connection with WHM Carib, LLC's business operations in all of the Leased Premises, before any deductions or expenses and without any offset. WHM Carib, LLC shall pay a base rent of 11% of the gross revenue of the actual monies derived before any deductions or expenses. The total amount incurred at December 31, 2024 was \$436,449 and is included in Other Income on the statement of revenues, expenses, and changes in fund balance. Amounts due from WHM Carib, LLC at December 31, 2024 was \$59,443 and is included in accounts receivable – other on the balance sheet.

NOTE 9 - CONCENTRATIONS

Cash and cash equivalents include a bank account that may at times be in excess of Federal Deposit Insurance Corporation (FDIC) limits. This exposes the Association to risk of loss in the event of default by the institution although management has assessed this as an unlikely possibility. At December 31, 2024, the Association has not realized any significant losses on its cash, cash equivalents, and marketable and non-marketable securities held at year end.

MARGARITAVILLE VACATION OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 10 – REPLACEMENT FUND

The Association's replacement fund is utilized to accumulate funds for future major repairs and replacements, by an allocation of the assessment charged to each member, and specifically designated for the fund in the annual budget. The Association uses the cash flow method to develop its reserve funding plan. Deductions from the fund are recorded at cost, as incurred, which are determined by the board of directors to meet the objective for which the fund was established. The Association's policy is to retain the investment income earned on such funds in the replacement fund.

The 2024 funding requirement of \$1,741,286 for St. Thomas, \$1,556,764 for Rio Mar, \$457,614 for Nashville, and \$331,540 for Desert Blue and \$1,078,528 for Atlanta, was computed over the estimated useful lives of the components, based on an independent appraiser's estimates of current replacement costs.

The 2025 proposed budgeted funding is \$2,300,937 for St. Thomas, \$1,605,024 for Rio Mar, \$471,343 for Nashville, \$343,310 for Desert Blue and \$1,110,884 for Atlanta, as shown in the unaudited supplementary information. The components' actual replacement costs, useful lives, and investment income may vary from the estimated amounts and the variation may be material. Therefore, the Association's replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 11 – DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 14,2025, the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MARGARITAVILLE VACATION OWNERS ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2024
(Unaudited)

An independent appraiser conducted a study during 2023 for Atlanta and Desert Blue, 2022 for Saint Thomas and Rio Mar, and 2020 for Nashville, to estimate the remaining useful lives and replacement costs of the components of common property. The following table, which has been updated by management, is based on the study and presents significant information about the components of common property. Amounts are based on normal operations and without the effect of potential catastrophic occurrences.

Saint Thomas				
Components	Average Estimated Useful Lives in Years	Average Estimated Remaining Useful Lives in Years	Estimated Current Replacement Costs	2025 Proposed Budgeted Funding
Capital Improvements	14.08	6.42	\$ 19,096,485	
Interior	16.83	8.83	9,521,927	
Painting	11.38	-	2,115,774	
Pavement	17.56	10.11	718,306	
Roof	23.66	16.14	2,827,694	
Presidential	17.05	8.43	3,564,347	
			<u>\$ 37,844,533</u>	<u>\$ 2,300,937</u>

Estimated current replacement costs are based on the assumption that the rate of investment income earned on replacement funds will be 2% and that the rate of inflation is 3%.

Rio Mar				
Components	Average Estimated Useful Lives in Years	Average Estimated Remaining Useful Lives in Years	Estimated Current Replacement Costs	2025 Proposed Budgeted Funding
Capital Improvements	14.77	5.26	\$ 11,296,979	
Interior	17.44	9.77	10,084,244	
Painting	8.00	0.5	484,862	
Roof	17.33	6.83	956,571	
Presidential	16.17	9.06	1,771,871	
			<u>\$ 24,594,527</u>	<u>\$ 1,605,024</u>

Estimated current replacement costs are based on the assumption that the rate of investment income earned on replacement funds will be 2% and that the rate of inflation is 3%.

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FUTURE MAJOR REPAIRS AND REPLACEMENTS - CONTINUED
DECEMBER 31, 2024
(Unaudited)

Nashville

Components	Average Estimated Useful Lives in Years	Average Estimated Remaining Useful Lives in Years	Estimated Current Replacement Costs	2025 Proposed Budgeted Funding
Capital Improvements	16	10	\$ 3,210,123	\$ 471,343

Estimated current replacement costs are based on the assumption that the rate of investment income earned on replacement funds will be 2% and that the rate of inflation is 3%.

Desert Blue

Components	Average Estimated Useful Lives in Years	Average Estimated Remaining Useful Lives in Years	Estimated Current Replacement Costs	2025 Proposed Budgeted Funding
Capital Improvements	19	14	\$ 166,636	
Interior	16	11	4,064,824	\$ 343,310

Estimated current replacement costs are based on the assumption that the rate of investment income earned on replacement funds will be 2% and that the rate of inflation is 3%.

Atlanta

Components	Average Estimated Useful Lives in Years	Average Estimated Remaining Useful Lives in Years	Estimated Current Replacement Costs	2025 Proposed Budgeted Funding
Capital Improvements	16	15	\$ 3,816,172	
Interior	18	17	6,643,753	
Painting	17	16	1,139,031	
Roof	20	19	290,145	
			\$ 11,889,101	\$ 1,110,884

Estimated current replacement costs are based on the assumption that the rate of investment income earned on replacement funds will be 2% and that the rate of inflation is 3%.