

WORLDMARK, THE CLUB
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2023



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YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
WorldMark, The Club
Las Vegas, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of WorldMark, The Club (the Club), which comprise the balance sheet as of December 31, 2023, and the related statements of operations, comprehensive income, and members' equity, 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 WorldMark, The Club as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WorldMark, The Club 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 WorldMark, The Club's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities 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 auditors' 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 GAAS 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.

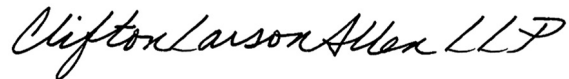
In performing an audit in accordance with GAAS, we:

- 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 WorldMark, The Club'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 WorldMark, The Club'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 Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying schedule of future major repairs and replacements on page 19 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 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 GAAS, 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. The nonaccounting information shown on pages 19 through 22, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. The nonaccounting information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



CliftonLarsonAllen LLP

Las Vegas, Nevada
April 26, 2024

**WORLDMARK, THE CLUB
BALANCE SHEET
DECEMBER 31, 2023**

	Operating Fund	Replacement Fund	Total All Funds
ASSETS			
Cash and Cash Equivalents	\$ 7,251,128	\$ 18,464,392	\$ 25,715,520
Member Dues Receivable	267,953,072	-	267,953,072
Special Assessments Receivable	3,763,869	-	3,763,869
Marketable Securities, Available-for-Sale	-	99,902,464	99,902,464
Property and Equipment, Net	6,529,074	-	6,529,074
Right of Use Assets, Net	1,281,590	-	1,281,590
Due from Related Parties	465,760	-	465,760
Due from Replacement Fund	6,537,758	-	6,537,758
Deferred Tax Asset	-	162,371	162,371
Prepays and Other Assets	42,625,468	-	42,625,468
Total Assets	\$ 336,407,719	\$ 118,529,227	\$ 454,936,946
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 34,653,462	\$ -	\$ 34,653,462
Accounts Payable to Developer	34,238,942	-	34,238,942
Due to Operating Fund	-	6,537,758	6,537,758
Deferred Revenue	266,064,325	-	266,064,325
Lease Liability	1,281,590	-	1,281,590
Total Liabilities	336,238,319	6,537,758	342,776,077
MEMBERS' EQUITY			
Accumulated Other Comprehensive Gain (Loss)	(671,740)	(339,822)	(1,011,562)
Fund Balance:			
Reserve for Contingency	841,140	-	841,140
Reserve for Replacements	-	112,331,291	112,331,291
Total Members' Equity	169,400	111,991,469	112,160,869
Total Liabilities and Members' Equity	\$ 336,407,719	\$ 118,529,227	\$ 454,936,946

See accompanying Notes to Financial Statements.

WORLDMARK, THE CLUB
STATEMENT OF OPERATIONS, COMPREHENSIVE INCOME, AND MEMBERS' EQUITY
YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Replacement Fund	Total All Funds
REVENUES			
Member Assessments	\$ 388,009,866	\$ -	\$ 388,009,866
Special Assessments	10,713,548	-	10,713,548
Interest Income	1,084,152	3,811,784	4,895,936
Other Income	60,772,753	-	60,772,753
Total Revenues	<u>460,580,319</u>	<u>3,811,784</u>	<u>464,392,103</u>
EXPENSES			
Property Operating Expenses	296,079,678	83,898,026	379,977,704
General and Administrative	40,102,708	-	40,102,708
Management Fees Paid to Developer	45,635,217	-	45,635,217
Total Expenses	<u>381,817,603</u>	<u>83,898,026</u>	<u>465,715,629</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES BEFORE INCOME TAX EXPENSE	78,762,716	(80,086,242)	(1,323,526)
INCOME TAX EXPENSE	<u>698,844</u>	<u>1,204,057</u>	<u>1,902,901</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	78,063,872	(81,290,299)	(3,226,427)
OTHER COMPREHENSIVE INCOME			
Foreign Currency Translation Adjustment	27,892	(351)	27,541
Unrealized Gain, Net of Tax Arising During the Year	<u>-</u>	<u>597,800</u>	<u>597,800</u>
Other Comprehensive Income	<u>27,892</u>	<u>597,449</u>	<u>625,341</u>
Total Comprehensive Income (Loss)	78,091,764	(80,692,850)	(2,601,086)
Members' Equity (Deficit) - Beginning of Year	(699,632)	115,461,587	114,761,955
Transfer to Replacement Fund	<u>(77,222,732)</u>	<u>77,222,732</u>	<u>-</u>
MEMBERS' EQUITY (DEFICIT) - END OF YEAR	<u>\$ 169,400</u>	<u>\$ 111,991,469</u>	<u>\$ 112,160,869</u>

See accompanying Notes to Financial Statements.

**WORLDMARK, THE CLUB
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total All Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (Deficit) of Revenues over Expenses	\$ 78,063,872	\$ (81,290,299)	\$ (3,226,427)
Adjustments to Reconcile Excess (Deficit) of Revenues over Expenses to Net Cash Provided (Used) by Operating Activities:			
Depreciation	808,491	-	808,491
Amortization of Discount or Premium	-	(1,263,067)	(1,263,067)
Changes in Operating Assets and Liabilities:			
Member Dues Receivable	(21,528,185)	-	(21,528,185)
Special Assessments Receivable	(3,763,869)	-	(3,763,869)
Due from Related Parties	339,092	-	339,092
Deferred Tax Asset	-	281,317	281,317
Prepays and Other Assets	(17,916,003)	92,274	(17,823,729)
Due to/from Operating/Replacement Fund	(10,922,761)	10,922,761	-
Accounts Payable and Accrued Expenses	2,513,342	-	2,513,342
Accounts Payable to Developer	15,987,781	-	15,987,781
Deferred Revenue	17,782,769	-	17,782,769
Transfer to Replacement Fund	<u>(77,222,381)</u>	<u>77,222,381</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	(15,857,852)	5,965,367	(9,892,485)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	-	(108,920,301)	(108,920,301)
Redemptions of Investments	<u>-</u>	<u>81,652,000</u>	<u>81,652,000</u>
Net Cash Used by Investing Activities	<u>-</u>	<u>(27,268,301)</u>	<u>(27,268,301)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,857,852)	(21,302,934)	(37,160,786)
Cash and Cash Equivalents - Beginning of Year	<u>23,108,980</u>	<u>39,767,326</u>	<u>62,876,306</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,251,128</u>	<u>\$ 18,464,392</u>	<u>\$ 25,715,520</u>

See accompanying Notes to Financial Statements.

WORLDMARK, THE CLUB
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

WorldMark, The Club (the Club) is organized as a mutual benefit corporation and is engaged in the business of operating and maintaining resort properties for use by its members. The Club has entered into a vacation timeshare program with Wyndham Resort Development Corporation (the Developer), whereby the Developer acquires or develops condominium resort properties and transfers ownership of completed units clear of any liens or encumbrances to the Club in exchange for the exclusive right to sell vacation timeshare credits assigned to those units.

Parties purchasing timeshare credits from the Developer become members of the Club and have the right to use any resort condominium in the system, subject to availability and the number of credits the member has available for use.

The Club has entered into a management agreement with the Developer to manage and operate the resort properties. The Club pays for all operating, maintenance, and replacement costs.

The Club held title to 7,845 condominium units at December 31, 2023. The condominium units are located in 19 states and 3 foreign countries.

Fund Accounting

To ensure and facilitate the fiduciary responsibility required of the Club 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 Club.

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

Cash and Cash Equivalents

The Club considers all highly liquid investments purchased with an original maturity date of 90 days or less to be cash equivalents.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, prepaid expenses, accounts payable, and deferred revenue approximate fair value due to the short maturity of these instruments.

WORLDMARK, THE CLUB
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Club collects maintenance fees from each member to fund the operations of the Club. Fees are recognized ratably over the assessment period. Any amounts received in advance of the due date are deferred until due. The Financial Accounting Standards Board issued Accounting Standards Code 606 requiring deferral of the recognition of income until the services are rendered. The Club has determined ASC 606 does not apply to the Club as no customer relationship exists as it is defined by the Code. The Club does not defer the recognition of any portion of revenue as a contract liability.

Other income consists primarily of fees paid by members for bonus time, guest fees and housekeeping fees, as well as resort revenue. Bonus time and housekeeping fees are recognized upon check-in for the reservation. Guest fees are nonrefundable and recognized at the time of reservation. Resort Revenue is recognized as the related performance obligation is satisfied. The Club's performance obligation related to its Resort Revenue, which primarily is related to Resort Internet and Parking revenue, is satisfied over time and revenue is recognized on a daily basis as the transactions occur during the stay.

Member Assessments

Members pay dues to the Club to cover operating costs and to provide funds for estimated future replacements for the resort properties. Members are assessed annually on their anniversary date for their total annual dues, which are due and payable on a monthly, quarterly, or annual basis. The board of directors has the right to levy special assessments for any purpose related to the mutual health, safety, and welfare of members. During 2023, the board approved a special assessment in order to address increases in expenses due to high utility costs, rising property-related tax assessments, and a significant growth in property insurance costs. The first installment of \$0.0026 per credit was billed in September 2023 and was due in November 2023. The second installment of \$0.0041 per credit was billed in February 2024, and is due on April 26, 2024.

The dues are allocated first to the operating fund for expenses incurred during the year and a transfer from the operating fund to the replacement fund is made for the required reserve for future repairs and replacement.

Member dues receivable at the balance sheet date represent the total annual dues billed to the members less the amount of dues paid. Special assessments receivable at the balance sheet date represents the first installment billed to the members less the amount of special assessments paid. Deferred revenue at the balance sheet date represents dues billed but not yet earned.

To encourage prompt payment of member dues, the Club's policy is to suspend the member's right to use the Club facilities 30 days after the member is notified that they are delinquent in payment of their dues. The Club has the right to foreclose vacation credits for the nonpayment of dues and allow the Developer to resell the vacation credits subject to the Developer paying any outstanding membership dues or special assessments associated with the credits repossessed.

WORLDMARK, THE CLUB
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Member Assessments (Continued)

Since the Developer desires to resell the credits, delinquent dues and special assessments are paid by the Developer upon cancellation resulting in no loss to the Club.

The Developer holds unsold vacation timeshare credits and the Developer pays any dues assessed against those credits prior to their sale to members.

Vacation Credits	3,993,817,500
Vacation Credits Held by the Developer	<u>81,815,255</u>
Total	<u><u>4,075,632,755</u></u>

Leases

The Club leases land and buildings. The Club determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets and lease liabilities on the consolidated balance sheets.

ROU assets represent the Club's right to use an underlying asset for the lease term and lease liabilities represent the Club's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Club uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Club will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Club has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The Club has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The Club's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Club considers factors such as if the Club has obtained substantially all of the rights to the underlying asset through exclusivity, if the Club can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

**WORLDMARK, THE CLUB
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

**NOTE 1 DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (CONTINUED)**

Leases (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Club has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Income Taxes

The Club files as a homeowners' association in accordance with Internal Revenue Code Section 528, using Form 1120-H. Under that section, the Club excludes from taxation exempt function income, which generally consists of revenue from uniform assessments to owners. In both years, the Club's investment income and other nonexempt income were subject to tax.

Reserve for Replacements

An annual provision for replacements is made for the estimated cost of refurbishing and replacing the interiors and furnishings of the condominium units owned by the Club, and maintaining the exteriors and common areas of properties wholly owned by the Club.

Management evaluates the level of exterior reserves by obtaining studies for many resorts from a third-party reserve specialist. Management has adopted a policy of funding based on future estimated cash flows that is designed to maintain adequate reserves into the foreseeable future. Actual expenditures may vary from the estimated future expenditures and the variations may be material; therefore, amounts accumulated in the replacement fund 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 membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The table included in the unaudited supplementary information on future major repairs and replacements is based on the studies and estimated future cash flows. New resorts have an exterior reserve study completed by a third party within six months of opening for occupancy and then it is updated every three years through site visits. A full analysis is done at regular intervals in the resort's life. Interior reserves are reviewed internally on an annual basis.

Reserve funds for replacement are held in separate savings accounts and investments and generally are not available for expenditures for normal operations.

Interest Income

Interest income is recorded in the replacement fund to reflect the interest-bearing accounts for the fund.

WORLDMARK, THE CLUB
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates Required for Financial Reporting

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Adoption of New Accounting Standards

The Club has adopted the current expected credit losses (CECL) methodology for estimating credit losses on financial assets, effective January 1, 2023, utilizing the modified retrospective transition method. The adoption of CECL resulted in changes to the club's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. The adoption of CECL did not have a material impact on the Club's financial statements. The club also updated its accounting policies for determining the recoverability of member assessment receivables.

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting standards establish a framework for measuring fair value in accounting principles generally accepted in the United States of America, and required disclosures about fair value measurements. The statement enables the reader of the financial statements to assess the inputs used to develop the measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities. The certificates of deposit held by the Club are Level 1.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities. The Club has no Level 2 assets or liabilities.

WORLDMARK, THE CLUB
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. The Club has no Level 3 assets or liabilities.

The Club's marketable securities consist entirely of long-term U.S. Government obligations and certificates of deposit. In 2023, the Club classifies all investments as available-for-sale. The U.S. Treasury rate and certificates of deposit are observable at commonly quoted intervals for the full term of the security and, therefore, are considered Level 1 items.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2023</u>				
Certificates of Deposit	\$ 11,261,174	\$ 11,261,174	\$ -	\$ -
U.S. Government Obligations	88,641,290	88,641,290	-	-
Total Investments	<u>\$ 99,902,464</u>	<u>\$ 99,902,464</u>	<u>\$ -</u>	<u>\$ -</u>

Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following at December 31, 2023:

Cash on Hand:	
Petty Cash	\$ 16,389
Cash on Hand	15,994
Total Cash on Hand	<u>32,383</u>
Deposits with Financial Institutions	7,218,745
Deposits with Brokerage Firms	18,464,392
Total Deposits and Cash on Hand	<u>\$ 25,715,520</u>

Deposits with Financial Institutions

Cash and cash equivalents are maintained at various financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The Club places its funds with high credit quality financial institutions and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Deposits with Brokerage Firms

Accounts with brokerage firms are comprised of cash and marketable securities. Balances are insured up to \$500,000, (with a limit of \$100,000 for cash) by the Securities Investor Protection Corporation (SIPC). The account balances regularly exceed the SIPC insured amount. The account balances regularly exceed the FDIC insured amount (up to \$250,000).

WORLDMARK, THE CLUB
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Deposits with Brokerage Firms (Continued)

Marketable securities consist entirely of short-term and long-term U.S. Government obligations and certificates of deposit.

	Available-for-Sale December 31, 2023
Amortized Cost	\$ 100,409,872
Unrealized Gains	214,019
Unrealized Losses	(721,427)
Total Fair Market Value	<u>\$ 99,902,464</u>

Investment securities have been classified according to management's intent. The following is a summary of maturities of marketable securities as of December 31, 2023:

	Available-for-Sale	
	<u>Amortized Cost</u>	<u>Fair Value</u>
Amounts Maturing in:		
Within 1 Year	\$ 34,056,093	\$ 33,920,875
1 to 5 Years	66,353,779	65,981,589
Total	<u>\$ 100,409,872</u>	<u>\$ 99,902,464</u>

Other comprehensive income for 2023 includes unrealized holding losses on available-for-sale securities net of tax of \$345,038.

Realized gains and losses are determined on the basis of specific identification. During the year ended December 31, 2023, sales proceeds and gross realized gains and losses on securities classified as available-for-sale were:

Sales Proceeds from Redemptions	\$ 81,652,000
Gross Realized Losses	-
Gross Realized Gains	-

WORLD MARK, THE CLUB
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 PROPERTY AND EQUIPMENT

Major classifications of property and equipment include the following at December 31, 2023:

	<u>Amount</u>	<u>Estimated Useful Life</u>
Equipment	\$ 6,479,460	3 to 7 Years
Building	3,211,346	30 Years
Building Improvements	4,674,315	10 Years
Land	3,771,782	N/A
Intangible Assets	15,301	20 Years
Total	<u>18,152,204</u>	
Less: Accumulated Depreciation	<u>11,623,130</u>	
Total	<u><u>\$ 6,529,074</u></u>	

In conformity with industry practice, the Club's policy for recognizing common property as assets in its balance sheet is to recognize (a) common personal property and (b) real property to which it has title and that it can dispose of for cash while retaining the proceeds or that is anticipated to generate significant cash flows from members on the basis of usage or from nonmembers. Common property includes property such as the Club's, wherein title or other evidence of ownership is held directly by a CIRA. All condominium units in the WorldMark system are held by the Club directly because the Developer transfers the real and personal property directly to the Club when it is placed in service. The primary purpose of the properties is for use by members. The properties are not held for sale, nor do they generate significant cash flows on the basis of usage.

Accordingly, condominium units transferred from the Developer, and the related furnishings of such properties, are not recorded in the Club's financial statements because of the restrictions imposed by the by-laws on the board of directors' right to dispose of common properties. The by-laws specify that the board of directors may exchange one unit for another provided that the properties are comparable and there is no dilution of member's rights. The by-laws also specify that the board of directors may not sell assets of the Club with a fair value of more than 5% of the Club's budgeted expenses for the fiscal year in which the assets are sold. This restriction can only be overridden by a majority of the voting power of the members, excluding the Developer.

Common personal property used to operate and maintain the units and office equipment is recorded at cost and depreciated using the straight-line method over the estimated useful life. Depreciation expense for the year ended December 31, 2023 totaled \$808,491.

WORLDMARK, THE CLUB
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LEASES – ASC 842

The Club leases land and buildings for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2029. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. In 2023, the Club gave notice the Valley Isle land lease would not be renewed. This lease will not be replaced.

The following table provides quantitative information concerning the Club's leases:

Operating Lease Costs	\$ 735,484
Short-Term Lease Costs	453,171
Total Lease Cost	<u>\$ 1,188,655</u>
Other Information:	
Weighted Average Remaining Lease Term	2.7 Years
Weighted Average Discount Rate	3.50%

The Club also classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 292,397
2025	292,397
2026	292,397
2027	292,397
2028	219,297
Undiscounted Cash Flows	\$ 1,388,885
Less: Imputed Interest	<u>(107,295)</u>
Total Present Value	<u>\$ 1,281,590</u>
Short-Term Lease Liabilities	\$ 252,418
Long-Term Lease Liabilities	1,029,172
Total	<u>\$ 1,281,590</u>

WORLDMARK, THE CLUB
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 INCOME TAXES

The Club has elected to file as a homeowner's association in accordance with Internal Revenue Code Section 528. Under that section, the Club excludes from taxation exempt function income, which generally consists of revenue from member assessments. The Club is taxed at the rate of 32% on investment income and other nonexempt function income. The Club recorded an income tax expense of \$1,902,901 in 2023. Estimated income taxes payable were \$1,122,800 at December 31, 2023.

Management evaluated the Club's tax positions and concluded that the Club had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

NOTE 6 B & O TAX ASSESSMENTS

On November 29, 2022, the state of Washington Department of Revenue affirmed their decision issuing an assessment in the amount of \$6,209,068 for B & O taxes excluding penalties and interest for tax years 2012 through 2015. The state of Washington asserts that the Club is currently using an undervalued credit conversion rate used to determine the taxable base for B & O taxes when owners use their points to stay at the Washington resorts. The revenue base for such stays is determined by using the bonus time conversion rate as a multiplier against the amount of credits being used. This is the rate, determined annually by the board, that has historically been used for B & O filings and deemed appropriate since it is the rate upon which the Club operations are based. The Club has engaged counsel to refute these assertions. Under Washington law, further challenge to a disputed assessment is required to be in the form of a post-payment tax refund suit. The Club made payments of \$6,209,068 in Q1 2023 for the contested assessment to the Department of Revenue. The Club intends to vigorously pursue the refund claim in superior court.

Management has evaluated the Club's tax position taken on this preliminary assessment and has concluded that as of December 31, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability in the financial statements.

The Club is currently under audit for business and occupancy tax in several jurisdictions.

**WORLDMARK, THE CLUB
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 RELATED PARTY TRANSACTIONS

Management Company Transactions

The Club has entered into a management agreement with Wyndham Resort Development Corporation (Management Company), which is automatically renewed on the anniversary of the effective date for one (1) year at each renewal. Under the terms of the management agreement, the Club pays a management fee equal to the lesser of 15% of the Club's budgeted expenses and reserves or net profit of the Club. Under the terms of the 2023 one (1) year amendment to the management agreement, the Club pays a management fee not to exceed 11% of the Club's actual expenses and reserves, any savings go to the creation of the Club's operating contingency fund. The percentage of management fee expense compared to total expenses before management fee paid in 2023 was 11%. During 2023, \$841,140 was contributed to this operating reserve for contingency fund.

The Club has reimbursed the Management Company for certain direct expenses such as reimbursement for wages and other expenses.

Management Fee Paid to Management Company	\$ 45,635,217
Reimbursed Expenses Paid to Management Company	<u>152,577,710</u>
Total	<u><u>\$ 198,212,927</u></u>

Developer Transactions

Transactions between the Club and the Developer are comprised of the activities listed below.

Payment of Dues on Unsold Vacation Credits Held in Inventory by Developer	\$ (19,023,336)
Reimbursement of Delinquent Dues by Developer	<u>(10,374,345)</u>
Total	<u><u>\$ (29,397,681)</u></u>

Other Related Party Transactions

The Club pays certain expenses on behalf of Club UDI Management Association, Inc. (Club UDI) and PTVO Owners Association, Inc. (CWA), both of whom enter into transactions with the Developer or an affiliated developer, Wyndham Resort Development Corporation. Those certain expenses paid by the Club are reimbursable. As of December 31, 2023 the Club had receivables of \$34,763. Additionally, the Club owes Club UDI for reimbursement of association dues, which cover the cost of common area expenses where the Club owns whole units and may pay dues in advance. As of December 31, 2023, the Club had a payable of \$832,692 due to UDI. As of December 31, 2023, the Club had receivables owed to it from Wyndham Consumer Finance of \$1,231,132. Additionally, the Club has incurred other costs that are reimbursable by related parties. As of December 31, 2023, these costs amounted to \$32,557.

WORLDMARK, THE CLUB
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 CONCENTRATIONS OF CREDIT RISK

Member assessments receivable are owed by economically diverse individuals principally in the Western United States; the Developer has indicated that as long as it is financially capable it will purchase all foreclosed vacation credits for the unpaid dues recorded on the books of the Club.

NOTE 9 SUBSEQUENT EVENTS

The Club has evaluated subsequent events through April 26, 2024, the date the financial statements were available to be issued. There were no subsequent events that required recognition or disclosure.

WORLDMARK, THE CLUB
FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)
DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

Management has conducted a study to estimate the remaining useful lives and the replacement costs of the components of common property at the WorldMark Resorts. The estimates were based on future estimated replacement costs, some of which the Club has compiled from historical data on its existing properties. Some of this information was generated by outside consultants, modified by the Club's management, and adjusted as needed.

The Club is using the threshold method of funding currently, and management's intent is to achieve approximately 30% funding on a rolling 30-year horizon. Management plans to achieve and maintain this goal by increasing the annual contribution to the reserve fund at a rate that is above typical inflation. The date of the latest 30-year rollup is September 12, 2023.

A full analysis is performed for the exterior components of each property at the beginning of a resort's existence with WorldMark, and then site visit updates are completed every 3 years. Management intends to perform a full analysis at regular intervals in the resort's life.

The following table is based on management's study:

	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	Components of Reserve Balance at December 31, 2023
Roofs, Decks, and Other Exterior Components	1 to 36	\$ 269,475,308	\$ 28,198,089
Interior Furnishings, Fixtures, and Equipment	1 to 19	<u>529,743,524</u>	<u>84,306,491</u>
Total		<u><u>\$ 799,218,832</u></u>	<u><u>\$ 112,504,580</u></u>

WORLD MARK, THE CLUB
SCHEDULE OF UNITS OWNED (UNAUDITED)
DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

Resorts	Location	State	Date Acquired	Number of Units
<i>UNITED STATES</i>				
Bison Ranch	Overgaard	AZ	March 2001	24
* Havasu Dunes	Havasu Dunes	AZ	July 2015	42
Pinetop	Pinetop/Lakeside	AZ	August 1999	38
Scottsdale	Scottsdale	AZ	January 2018	124
South Mountain- Phoenix	Phoenix	AZ	December 2012	78
Vistoso	Tucson	AZ	December 1999	88
Anaheim	Anaheim	CA	December 2008	219
Angels Camp	Angels Camp	CA	September 1998	156
Beachcomber	Pismo Beach	CA	April 1993	20
Big Bear	Big Bear Lake	CA	April 1996	118
Cathedral City	Cimarron	CA	November 2014	32
Clear Lake	Nice	CA	July 1998	88
* Dolphin's Cove	Anaheim	CA	December 2003	84
Indio	Indio	CA	July 2006	320
Inn at the Park	San Diego	CA	February 2014	40
Marina	Monterey Bay	CA	November 1999	33
Mission Valley	San Diego	CA	November 2007	167
Northshore Estates	Bass Lake	CA	October 1991	61
Oceanside Harbor	Oceanside	CA	September 2001	140
Palm Springs	Palm Springs	CA	July 1995	64
San Diego	San Diego	CA	August 2006	68
San Francisco	San Francisco	CA	December 2004	88
Solvang	Solvang	CA	December 2005	76
* The Plaza	The Plaza	CA	December 2015	34
Windsor	Windsor	CA	June 2003	228
Estes Park	Estes Park	CO	December 2004	64
Granby	Granby	CO	December 2012	60
* Pagosa	Pagosa Springs	CO	August 2015	68
Village at Steamboat	Steamboat Springs	CO	December 2000	78
Ocean Walk	Daytona Beach	FL	December 2004	28
* Orlando	Orlando - Kingstown Reef	FL	December 2002	146
* Palm Aire	Fort Lauderdale	FL	October 2014	42
Reunion	Orlando	FL	December 2012	156
* Santa Barbara	Fort Lauderdale	FL	October 2014	34
* Sea Gardens	Fort Lauderdale	FL	October 2014	63
Kapaa Shores	Kauai	HI	July 1991	49
Kihei	Maui	HI	July 2001	199
Kona	Hawaii	HI	November 1997	64
Valley Isle	Maui	HI	April 1990	14
Arrow Point	Coeur D' Alene	ID	December 2000	41
McCall	McCall	ID	September 2001	56
Galena	Galena	IL	April 2003	32
* Avenue Plaza	New Orleans	LA	March 2005	104

WORLD MARK, THE CLUB
SCHEDULE OF UNITS OWNED (UNAUDITED) (CONTINUED)
DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

Resorts	Location	State	Date Acquired	Number of Units
<i>UNITED STATES (Continued)</i>				
Branson	Branson	MO	January 2001	81
Lake of the Ozarks	Osage Beach	MO	December 2000	48
West Yellowstone	West Yellowstone	MT	November 2007	112
Red River	Red River	NM	August 2007	21
Santa Fe	Santa Fe	NM	December 2008	32
Taos	Taos	NM	March 2008	30
Lake Tahoe	Stateline	NV	January 1991	50
Las Vegas	Las Vegas	NV	August 2002	400
Las Vegas at Spencer Street	Las Vegas	NV	December 1996	42
Reno	Reno	NV	October 2000	64
* South Shore	South Lake Tahoe	NV	November 2002	56
Tropicana	Las Vegas	NV	May 2008	172
Grand Lake	Afton	OK	December 2003	31
* Depoe Bay	Depoe Bay	OR	April 1999	115
Eaglecrest	Redmond	OR	September 1989	112
Gleneden Beach	Lincoln City	OR	March 1996	80
Portland	Portland	OR	September 2019	49
Running Y Ranch	Klamath Falls	OR	February 1997	95
* Schooner Landing	Newport	OR	September 1997	14
* Seaside	Seaside	OR	July 2003	253
* Seventh Mountain	Bend	OR	November 2013	85
* Shawnee	Shawnee-on-Delaware	PA	January 2018	185
* Plantation	Surfside Beach	SC	April 2018	140
Austin	Austin	TX	January 2018	42
Hunt - Stablewood Springs	Stablewood Springs	TX	May 2014	87
Marble Falls	Marble Falls	TX	July 2016	94
New Braunfels	New Braunfels	TX	December 2008	45
Harbor Village	Bear Lake	UT	January 1999	67
Midway	Midway	UT	September 2006	36
Park City	Miners Club	UT	December 2014	14
Estancia	St. George	UT	June 2018	31
St. George	St. George	UT	December 2000	130
* Wolf Creek	Eden	UT	June 1998	76
Birch Bay	Blaine	WA	January 1995	104
Blaine	Sandcastle	WA	December 2014	31
Camlin Hotel	Seattle	WA	January 2005	94
Deer Harbor	San Juan	WA	May 2014	25
* Discovery Bay	Sequim	WA	January 1992	51
Lake Chelan Shores	Chelan	WA	August 1990	13
Lake House	Lake Chelan	WA	July 2013	40
Long Beach	Long Beach	WA	September 2008	97
Mariner Village	Ocean Shores	WA	June 1994	32
Park Village	Leavenworth	WA	July 1992	72
* Surfside	Long Beach	WA	September 1991	38

WORLDMARK, THE CLUB
SCHEDULE OF UNITS OWNED (UNAUDITED) (CONTINUED)
DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

<u>Resorts</u>	<u>Location</u>	<u>State</u>	<u>Date Acquired</u>	<u>Number of Units</u>
<i>INTERNATIONAL</i>				
Canada				
Sundance	Whistler	BC	February 1992	25
Cascade	Whistler	BC	September 1999	42
The Canadian	Vancouver	BC	May 2000	43
Victoria	Victoria	BC	February 2003	92
Canmore	Canmore	AB	June 2007	112
St. Thomas				
* Elysian	St. Thomas	St. Thomas	October 2013	49
Fiji				
Denarau Island	Denarau Island	Fiji	December 1999	44
Mexico				
Isla Mujeres	Isla Mujeres	Mexico	March 2016	26
Zihuatanejo	Guerrero	Mexico	March 2016	25
Coral Baja	San Jose Del Cabo	Mexico	November 1994	136
La Paloma	Rosarito Beach	Mexico	August 2000	<u>37</u>
			Total	<u><u>7,845</u></u>

* For internal owner communication these resorts have even/odd floating weeks and the unit count is rounded, or the inventory is scattered inventory rather than whole units and the weeks are calculated as unit equivalents.



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