

Annual report 2021

Asamblea de Propietarios de la PH Bahía Playa Serena - Torre 200

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Financial statements for the years ended December 31, 2021 and 2020

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Nueva Gorgona, April 29, 2022

Dear owners,
PH Bahía Playa Serena - Torre 200

Dear Owners,

Hereby and in accordance with the provisions of articles 49, numeral 14, article 62, article 80, second numeral and article 89 of Law 284 dated February 14, 2022, which establishes the horizontal property regime, we are pleased to provide you with the attached audited financial statements as of and for the year ended December 31, 2021 and 2020.

In terms of the pandemic situation and from an economic point of view, the year ended December 31, 2021 was much better than the previous year. During 2021, the spread of COVID-19 slowed as a result of vaccination, with 73 percent of the population at least partially vaccinated. The Omicron variant triggered a new spike, but the number of new cases dropped by 85 percent. Economically, according to World Bank data, Panama's GDP has recovered from the COVID-19 crisis with a growth of 15.3 percent in 2021.

Regarding the financial performance of Asamblea de Propietarios de la PH Bahía Playa Serena - Torre 200, during the twelve-month period ended December 31, 2021, revenues reached a total of B/.375,405 (includes B/.16,198 of non-recurring income from the gain on the renegotiation of the tripartite agreement). Expenditures totaled B/.386,833, an increase of B/.84,142 compared to 2020. Thus, in the year 2021 we had an excess of expenses over income of B/.11,428 and a negative cash flow of B/.8,350. The higher demand for expenses was supported during the year 2021 with the cash surpluses that were accumulated during the years 2020 and 2021.

We hope that the attached audited report will allow you to evaluate the financial situation of our PH.

Finally, we want to express our gratitude to all the owners for the continuous support we have received since the beginning of this management.,

Sincerely,

Board of Directors

Asamblea de Propietarios de la PH Bahía Playa Serena - Torre 200



CHEN, GORDÓN
Y ASOCIADOS
DESDE 1977

Luis Chen González
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Vanessa Chen Aguilera
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INDEPENDENT AUDITORS' REPORT

April 29, 2022

To the Board of Directors and
ASAMBLEA DE PROPIETARIOS DE LA P.H. BAHÍA PLAYA SERENA – TORRE 200
Panama, Republic of Panama

Dear all:

Opinion

We have examined the financial statements of ASAMBLEA DE PROPIETARIOS DE LA P.H. BAHÍA PLAYA SERENA – TORRE 200 (hereinafter the "Entity"), which are comprised by the balance sheet as of December 31, 2021, and the related income statement, accumulated surplus statement, and cash flows for the year then ended, as well as the notes which include the most important and relevant accounting policies.

In our opinion, the aforementioned financial statements present reasonably, in all material aspects, the financial situation as of December 31, 2021 for the ASAMBLEA DE PROPIETARIOS DEL P.H. BAHIA PLAYA SERENA- TORRE 200, the result of its operations, accumulated surplus and cash flows for the year then ended, in compliance with the International Financial Reporting Standards for Small and Medium Entities (IFRS for SMEs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 independent of the Entity in accordance with the ethical requirements that are relevant to audits of financial statements in the Republic of Panama, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and adequate to provide our opinion.

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Responsibilities of Management of the Entity for the financial statements

Management is responsible for the reasonable preparation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities. Management is also responsible for designing, implementing, and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those in charge of governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on the financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also consider the following:

- Identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Entity.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

We inform those charged with governance of the Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are responsible for the direction, supervision, and execution of the Entity's audit. We are solely responsible for our audit opinion.

Report on Other Legal and Regulatory Requirements

In compliance with the requirements in article 13 of Law No. 280 of December 30, 2021, which regulates the public accountant profession in the Republic of Panama, we declare that the independent audit work we carried out for the Entity, was executed physically in Panamanian territory, as well as, informing that the audit team was constituted by: Celia Rivera Carrión (Partner In Charge), Jorge Bethancourth, and Graciela Rudas.

Sincerely yours,

CHEN, GORDÓN Y ASOCIADOS



Public Accountant Celia Rivera Carrión
Professional Licensed under N° 166-2004

ASAMBLEA DE PROPIETARIOS DE LA PH BAHÍA PLAYA SERENA – TORRE 200

STATEMENT OF

Financial position

As of December 31, 2021 and 2020
(Amounts expressed in balboas)

	NOTES	2021	2020
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	4	103,491	61,854
Accounts receivable	5	39,788	311,203
Prepaid expenses	6	85,437	-
Properties for sale	7	258,198	225,000
Bahía T1 APT0 5E, S.A.	8	245,000	245,000
Total current assets		731,915	843,057
NON-CURRENT ASSETS:			
Account receivable from Asamblea de Propietarios de la PH Bahía Playa Serena	9	-	32,367
Furniture and equipment, net	10	12,645	6,957
Total non-current assets		12,645	39,324
TOTAL ASSETS		744,559	882,381
LIABILITIES AND ACCUMULATED SURPLUS			
CURRENT LIABILITIES:			
Accounts payable to suppliers	11	65,219	3,951
Account payable to Asamblea de Propietarios de la PH Bahía Playa Serena	12	17,429	12,885
Advances received - condo maintenance fees	13	29,090	24,500
Deposits to be identified		2,400	1,350
Social Security payable		2,951	2,398
Bahia Resort Corporation	8	-	245,000
Playa Star, S.A.	14	43,200	-
Total current liabilities		160,289	290,084
NON-CURRENT LIABILITIES:			
Accrual for severance benefits	17	34,084	30,683
Total non-current liabilities		34,084	30,683
Total liabilities		194,373	320,767
ACCUMULATED SURPLUS:			
Revenues over accrued expenses		550,186	561,614
Total accumulated surplus		550,186	561,614
TOTAL LIABILITIES AND ACCUMULATED SURPLUS		744,559	882,381

The accompanying notes are an integral part of these financial statements

ASAMBLEA DE PROPIETARIOS DE LA PH BAHÍA PLAYA SERENA – TORRE 200

STATEMENTS OF

Profit and loss for the year
and accumulated surplus

For the years ended December 31, 2021 and 2020
(Amounts expressed in balboas)

	NOTES	2021	2020
REVENUES			
Condo maintenance fees	15	355,800	355,800
Other revenues	16	19,605	1,911
Total revenues		375,405	357,711
OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and other remunerations	17	123,182	112,857
Basic services	18	63,645	54,593
Maintenance services	19	36,856	28,046
Security and surveillance services		22,916	22,628
Repairs	20	68,337	12,830
Fees	21	26,688	13,619
Loss from market value fluctuation	9-22	9,000	32,500
Cleaning products		5,874	5,648
Pool chemicals and supplies		4,561	3,188
Insurance expenses		4,494	3,483
Minor tools and equipment		5,718	3,286
Depreciation expense		3,160	1,662
Flat rate tax		696	-
Other expenses	23	11,706	8,352
Total operating, general and administrative expenses		386,833	302,691
(Deficit) excess of revenues over expenses for the year		(11,428)	55,020
Excess of revenues over expenses as of January 1		561,614	506,594
Excess of revenues over expenses as of December 31		550,186	561,614

The accompanying notes are an integral part of these financial statements

ASAMBLEA DE PROPIETARIOS DE LA PH BAHÍA PLAYA SERENA – TORRE 200

STATEMENTS OF
Cash flows

For the years ended December 31, 2021 and 2020
(Amounts expressed in balboas)

	NOTES	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) excess of revenues over expenses for the year		(11,428)	55,020
Adjustments of non-cash revenues and expenses:			
Depreciation of furniture and equipment	10	2,824	1,662
Accrual for seniority premium and indemnity	17	6,464	6,641
Reserve for market value fluctuation of apartment 14D	22	9,000	32,500
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable from owners		271,415	(36,048)
Increase in prepaid expenses		(85,437)	-
Increase (decrease) in accounts payable to suppliers		61,268	(3,507)
Increase (decrease) in advances received - condo maintenance fees		4,590	(3,046)
Increase in deposits to be identified		1,050	850
Increase (decrease) in Social Security payable		553	(71)
Decrease in account payable to Bahia Resort Corporation		(245,000)	-
Increase in the account payable to Playa Star, S.A.		43,200	-
Cash flows from operating activities		58,499	54,002
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchases of equipment	10	(8,512)	(3,255)
Cash flows from investing activities		(8,512)	(3,255)
CASH FLOWS FROM FINANCING ACTIVITIES			
Social benefit payments	17	(3,063)	-
Increase in properties for sale		(42,198)	-
Decrease in accounts receivable to Tower 100		32,367	-
Increase in account payable to PH Bahía Playa Serena		4,544	4,827
Cash flows from financing activities		(8,350)	4,827
Net increase in cash and cash equivalents		41,637	55,575
Cash and cash equivalents at the beginning of year		61,854	6,279
Cash and cash equivalents at the end of year	4	103,491	61,854

The accompanying notes are an integral part of these financial statements

Notes to the financial statements

For the years ended December 31, 2021 and 2020
(Amounts expressed in balboas)

1. GENERAL INFORMATION

On May 26, 2014, by means of a public deed, Property number 419045 was incorporated into the condominium regime. This proceeding involved the segregation of each unit to form separate properties. Accordingly, Asamblea de Propietarios de la PH Bahía Playa Serena - Torre 200 arises (hereinafter referred to as the "Asamblea" or "Torre 200").

Torre 200 is built on a plot of land that is located in Nueva Gorgona, Chame District, Panama Oeste Province. One 30-story tower composed of 129 units, twenty-seven (27) of which are one-bedroom (1) units, seventy-six (76) of which are two-bedroom (2) units; twenty-six (26) of which are three-bedroom (3) units; one hundred and fifty-nine (159) parking spaces and fifty-one (51) storage spaces.

Torre 200 common areas in accordance with public deed are as follows:

- Swimming Pool.
- Observation Deck.
- Terrace.
- Sport Courts.
- Children's play área.
- Restaurant.
- Sport Bar.

2. ACCOUNTING RECORDS AVAILABLE TO PREPARE THE FINANCIAL STATEMENTS

The accompanying financial information, as of and for the years ended December 31, 2021 and 2020, comes from the monthly accounting records of the Asamblea.

The accompanying financial information has been prepared with the following limitations:

- a. The financial information for years from 2014 to 2016 was requested to the predecessor custodians. We did not receive any answer; accordingly, we were unable to recover such data.
- b. In the possession of the previous administration there was only information (incorporated into a software, which is not an accounting record) with the data and supports from the year 2017 to December 31, 2018.

Given the significant limitations to produce financial information that includes all the historical records of Asamblea de Propietarios de la PH Bahía Playa Serena - Torre 200, Management opted for recording the financial information by performing the following procedures:

- Record the opening balances, by taking December 31, 2018 as cutoff date. One month of data recorded for an approximate of 300 records.
- Record all the accounting information for 2019 in order to be able to produce financial statements that are comparative to 2020. Twelve months of accounting records for an approximate of 3,000 records.
- Record all the accounting information for 2021 and 2020. twenty-four months of accounting records for an approximate of 7,000 records.

In short, 37-month accounting data were recorded for approximately 10,000 accounting records.

The above-mentioned procedures gave as result the accompanying financial statements for the years ended 2021 and 2020.

Had we been able to have the accounting information for the years from 2014 to 2018 available (55-month accounting records) the results would have been different or significantly different to current results.

In accordance with the evaluation made, the main differences might have arisen in:

- Accounts receivable from or payable to the towers.
- Accumulated surpluses.
- Potential assets or liabilities in favor of or to the Property developer.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation - The financial statements have been prepared by the Asamblea in accordance with international standards of accounting and reporting accepted in Panama (ISAR), which are based on International Financial Reporting Standards for Small and Medium-sized Entities (SMEs), 2017 version, as authorized by the International Accounting Standards Board (IASB).

The articles of association of the Asamblea provides for a cutoff of its accounts and the preparation and publication of general-purpose financial statements once a year on December 31. For legal reporting purposes in Panama, the separate or individual financial statements are the only financial statements of entities.

The financial statements are presented in balboas, which is the functional currency of the entity. The balboa, the monetary unit of the Republic of Panama is at par and freely exchangeable with the United States dollar (US\$). The Republic of Panama does not issue its own paper currency and, in lieu, the dollar of the United States of America is used as legal tender.

Revenue recognition - Revenues from condominium maintenance fees are recognized as revenues using the accrual basis of accounting. These revenues are earned from management, preservation, repair of common assets and those similar revenues earned from the co-owner regulation and do not comprise accruals for other purposes.

Expense recognition - Expenses are recognized in the statements of profit and loss when there is a decrease in future economic benefits related to decreases in an asset or increases in a liability that can be reliably measured. This implies that an expense is simultaneously recorded with the increase in liability or decrease in asset.

The Asamblea recognizes expenses immediately when they do not generate future economic benefits or do not meet the requirements to be recorded as an asset.

Furniture and equipment - These assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method based on the originally estimated useful lives of the assets. Capitalizable assets are assigned a useful life of five years, for an annual depreciation of 20%, except for computers and printers whose useful life is only three years, for an annual depreciation of 33%.

Financial instruments - Financial assets and financial liabilities are recognized in the statement of financial position of the Asamblea when they have become a party to the contractual provision of the instrument.

Cash and cash equivalents - For the purpose of presentation in the statement of financial position, cash and cash equivalents includes cash on hand and cash in banks.

Accounts receivable - Accounts receivable include condominium maintenance fees from owners, which are presented at their par value. The accounting records do not include any allowance for doubtful accounts because the good standing certificate granted by the Asamblea hedges the collection of maintenance fees.

Trade accounts payable - Trade accounts payable do not explicitly bear interest and are initially recognized at fair value and subsequently they are carried at their amortized cost.

Classification of current and non-current financial assets and liabilities - Financial assets and liabilities shown in the statements of financial position are classified according to maturity as current and non-current depending on whether they are expected to be realized or settled within twelve months or less (current) or more than 12 months (non-current).

Accrual for severance benefits - Current labor regulations require that, at the end of the employment relationship, whatever its cause, the employer recognizes in favor of the employee a seniority premium at the rate of one week's salary for each year of service, for which the Asamblea has established an accrual. In addition, the Asamblea is liable to pay employees who are dismissed without justifiable cause; for which a provision was recorded for the percentage required by labor regulations.

The Asamblea has created the accrual for severance benefits, which includes, in addition to the monthly portion corresponding to the employee's seniority premium, consisting of 1.92% of the total accrued salaries required by current labor regulations, 0.654% of salaries in respect of indemnity corresponding to 5% of the percentage required by regulations.

Use of estimates - The preparation of financial statements in conformity with accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and their accompanying notes. These estimates have been made based on information available at December 31 of each year on analyzed events and it is possible that future events compel their modification in the following periods.

Financial statements - Bahía T1 APTO 5E, S.A. is the owner of apartment 5E located in Tower 100. Bahía T1 APTO 5E, S.A. is owned by the Asamblea de Propietarios de la PH Bahía Playa Serena - Tower 200.

There is a controlling interest in this company since December 18, 2019 when the Property developer assigned 100% of its shares in such company. Bahia T1 APTO 5E, S.A. has been inactive and owns a single asset, which is comprised of apartment 5E located in 100 Tower.

4. CASH AND CASH EQUIVALENTS

For reporting purposes of the statements of cash flows, cash and cash equivalents include cash and banks. Cash and cash equivalents at the end of the year, as shown in the statements of cash flows, may be reconciled with the related items in the statement of financial position as follows:

	2021	2020
Petty cash	200	200
Current account - Banco General	103,291	61,654
Total	103,491	61,854

As of December 31, 2021, cash includes B/.43,200 received as a reserve to guarantee the sale of apartment 14D in Tower 200. Discounting the previous amount, the cash reserve as of December 31, 2021 and 2020 is equivalent to more than two months of expenses.

5. ACCOUNTS RECEIVABLE

Accounts receivable correspond to:

	2021	2020
Owners - Monthly Payments of common expenses	4,788	311,203
Bahía Apto 3A, S.A.	35,000	-
Total	39,788	311,203

On December 15, 2021, both towers signed with Bahía Apto 3A, S.A. a collaboration agreement in which said company proposed to collaborate financially, in favor of the PH the sum of B/.35,000 that will be used to improve the conditions of the towers, particularly in the repair of the deck in front of the lobby of Tower 200 and repair of the slopes of the slab edges of the same tower. Said amount is collectible in the following way. A first payment for B/.15,000 which will be paid upon delivery of the minutes of the Owners' Assembly in which the modified tripartite agreement is ratified and the rest, that is, B/.20,000 through installments of B/.1,000, each one on the date of delivery of the good standing certificate of the first twenty (20) real estate units of the owner that are transferred to third parties. The first payment of B/.15,000 was collected on January 18, 2022.

The aging of these accounts receivable is summarized below:

	2021	2020
1 to 30 days	2,342	8,206
31 to 60 days	810	6,250
61 to 90 days	-	-
Over 90 days	1,636	296,747
Total	4,788	311,203

The administration has not accounted for a doubtful collection provision since the common expense quotas are sufficiently guaranteed with the restriction of the good standing certificate of the housing units in default. Management has adopted the practice of not granting the good standing certificate to units that are not solvent with their payments. The solvency certificate (good standing) is an essential document to carry out purchase-sale transactions of properties.

Default interest

In accordance with current legislation, common expense fees in arrears generate 20% interest. In accordance with the Law, the last day of the month is considered as the payment deadline.

Debts of the Property developer

Accounts receivable include debts of the Property developer, which are described below:

	2020
1 to 30 days	5,050
31 to 60 days	5,050
61 to 90 days	-
Over 90 days	293,797
Total	303,897

As of December 31, 2021, there are no monthly installments of common expenses pending to be collected for the apartments that continue to be owned by the developer of the residential complex.

6. PREPAID EXPENSES

Prepaid expenses correspond to:

	2021
Advance payment for the purchase of a new deck in the social area	71,904
Advance paid to the supplier in charge of repairing the slopes of Slab Edges	8,133
Commission of the real estate agent for the sale of the apartment 14D	5,400
Total	85,437

7. PROPERTIES FOR SALE

Properties for sale include:

	2021	2020
Apartment 14D located in Tower 200	270,000	270,000
Less provision for market fluctuation	(54,000)	(45,000)
Apartment 14D at market value	216,000	225,000
Covered tandem parking space No. 135 and 136	26,100	-
Deposit number 28	16,098	-
Total	258,198	225,000

On July 31, 2018, the Property developer had accumulated debts for maintenance fees totaling B/.315,000. For purposes of honoring that accrued liability, the debtor offered the delivery of one of its property units located in 200 Tower, i.e., apartment 14D.

The Board of Directors convened an extraordinary owners' assembly on August 4, 2018, to decide whether to accept this payment proposal. At that Asamblea the majority of owners decided to accept that property unit for the assigned value of B/.315,000.

A summary of the losses for the possession of this asset is as follows:

	Attributed value	Less loss on each date	Apartment 14D at its market value
July 31, 2019	315,000	45,000	270,000
December 31, 2019	270,000	12,500	257,500
December 31, 2020	257,500	32,500	225,000
December 31, 2021	225,000	9,000	216,000
Total loss in three years		99,000	

In accordance with the appraisal made in December 2021, the market value of that housing unit was, on that date, B/.216,000, due to this, a loss (expense) was recorded due to fluctuation in the value of the property of B/.9,000, which is included in the statement of income and expenses for the year 2021.

Covered tandem parking space No. 135 and 136 and warehouse No. 28 are valued at their sale price, based on the values resulting from the public auction held on January 17, 2022.

8. BAHÍA T1 APT 5E, S.A.

On December 18, 2019, the condominium board presidents of 100 Tower and 200 Tower entered into a tripartite agreement with Bahia Resort Corporation. Under the agreement the parties agreed that Bahía Resort Corporation would pay the debt for a total amount of B/.306,000 owed to the Asamblea de Propietarios de la PH Bahía Playa Serena and Asamblea de Propietarios de la PH Bahía Playa Serena - Torre 200. This would be effective after the ratification of that tripartite agreement by the owners' Asamblea.

To this purpose, Bahia Resort Corporation would transfer the shares of Bahía T1 APTO 5E, S.A., the owners' Asamblea of which was the owner of apartment 5E, located in 100 Tower.

Given that such transfer was dependent on the approval of the tripartite agreement by the owners, the share transfer from that Asamblea to Asamblea de Propietarios de la PH Bahía Playa Serena - Torre 200 was to occur at a date after their regular annual Asamblea. This Asamblea took place on January 25, 2020.

However, 40 days before the regular annual Asamblea of owners, 100% of the shares of Bahía T1 APTO 5E, S.A. were transferred in favor of Asamblea de Propietarios de la PH Bahía Playa Serena - Torre 200. Consequently, 200 Tower became the sole owner of that company and indirectly the owner of 5E apartment located in 100 Tower.

Subsequently, on January 25, 2020, the owners did not ratify the tripartite agreement; therefore, the agreement was not perfected and became unenforceable.

On December 15, 2021 Bahía Resort Corporation, Torre 100 and Torre 200 signed a private agreement in which the promoter's promise to pay common expenses for a total of B/.306,000. The foregoing through the delivery of the shares of the company Bahía T1 APTO 5E, S.A. which is the owner of apartment 5E in Tower 100 which includes parking space No. 14, as well as a double tandem parking space and a deposit. The foregoing subject to the confirmation of the owners, which occurred on December 29, 2021, with which the tripartite agreement and its improvements were ratified.

As of December 31, 2021 and 2020, the market value of apartment 5E is B/.245,000,

Since Asamblea de Propietarios de la PH Bahía Playa Serena - Torre 200 is the sole owner of Bahía T1 APTO 5E, S.A., the underlying asset rather than the investment is shown when presenting the financial statements, since it is eliminated in the consolidation.

9. ACCOUNT RECEIVABLE FROM ASAMBLEA DE PROPIETARIOS DE LA PH BAHÍA PLAYA SERENA

As of December 31, 2020 the account receivable from the Asamblea de Propietarios de la PH Bahía Playa Serena corresponds to cash delivered by Tower 200 to Tower 100, to complete the cash flow required to reimburse the painting expense of 100 Tower.

As of December 31, 2021, this balance was compensated with accounts payable from Tower 200 to Tower 100, therefore, this debt was settled at the end of the 2021 fiscal year.

10. FURNITURE AND EQUIPMENT, NET

Furniture and equipment, net are composed as follows:

	Furniture and office equipment	Restaurant furniture	Pumps	Other equipment	Total
Cost					
December 31, 2019	563	5,549	-	-	6,112
Purchases in the year	1,535	-	1,197	523	3,255
December 31, 2020	2,098	5,549	1,197	523	9,367
Purchases in the year	1,400	-	3,741	3,371	8,512
December 31, 2021	3,498	5,549	4,938	3,894	17,879
Accumulated depreciation					
December 31, 2019	(748)	-	-	-	(748)
Annual depreciation	(456)	(1,082)	(80)	(44)	(1,662)
December 31, 2020	(1,204)	(1,082)	(80)	(44)	(2,410)
Annual depreciation	(800)	(1,082)	(593)	(349)	(2,824)
December 31, 2021	(2,004)	(2,164)	(673)	(393)	(5,234)
Value in books					
December 31, 2021	1,494	3,385	4,265	3,501	12,645
December 31, 2020	894	4,467	1,117	479	6,957

Water pumps include pumps for: drinking water, swimming pools, artificial lakes and water jets.

Other equipment includes air conditioners for a net value of B/.1,707 and a high-pressure washer for B/.1,792.

11. ACCOUNTS PAYABLE TO SUPPLIERS

They correspond to accounts payable to providers of consumables and services. These accounts payable are generated during the normal course of daily operations. They are non-interest bearing, their maturity ranges between 30 and 60 days.

12. ACCOUNT PAYABLE TO ASAMBLEA DE PROPIETARIOS DE LA PH BAHÍA PLAYA SERENA

The account payable to the Asamblea de Propietarios de la PH Bahía Playa Serena is composed as follows:

- Short-term loan granted in November 2019 for B/.3,000, to complete the payroll payable to the employees of the Asamblea de Propietarios de la PH Bahía Playa Serena - Torre 200.
- An account payable for B/.6,000, equivalent to twenty-four condominium maintenance fees for 2021 and 2020 of apartment 5E, owned by Bahía T1 APTO 5E, S.A., a company owned by the Asamblea de Propietarios de la PH Bahía Playa Serena - Torre 200.

- Net balance receivable, for an amount of B/.8,429 as of December 31, 2021, amount that arises from operating disbursements made throughout the year 2021 and 2020. Expenses for common areas are distributed 50% per tower. In this way, at the end of the year, the common expenses remain in a balance in equal parts, the above for the years 2021, 2020 and 2019.

These accounts do not include cash flows against that might have been generated in prior years to 2019 due to the limitations mentioned in note 2 to these financial statements.

13. ADVANCES RECEIVED - CONDO MAINTENANCE FEES

They correspond to condominium maintenance fees paid in advance by owners. These prepaid condominium maintenance fees shall be earned as revenues during 2022. Condominium maintenance fees collected in advance are non-interest bearing.

14. PLAYA STAR, S.A.

As of December 31, 2021, the statement of financial position includes a liability of B/.43,200 in favor of Playa Star, S.A. This amount corresponds to a deposit, received as a guaranteed payment, for a purchase option of apartment 14D located in Tower 200.

15. CONDO MAINTENANCE FEES

Revenues from condominium condo maintenance fees are categorized by type of property unit as follows:

	2021	2020
Apartment Type A	72,000	72,000
Apartment Type B	75,000	75,000
Apartment Type C	21,600	21,600
Apartment Type D	78,000	78,000
Apartment Type E	75,000	75,000
Apartment Type F	34,200	34,200
Total	355,800	355,800

The monthly fees for common expenses have remained unchanged since 2014. Since the opening of the residential complex in 2011, accumulated inflation has been 24%, minimum wages have been adjusted upwards by 77%, energy costs have increased markedly. All of this has affected and will continue to affect the financial performance of Tower 200.

16. OTHER REVENUES

Other revenues include the following items:

	2021	2020
Gain of the modified tripartite agreement	16,198	-
Interest for late payment	-	929
Fines	545	-
Cards and tokens	1,020	502
Other	1,842	481
Total	19,605	1,911

The gain from the renegotiation of the tripartite agreement has been included under other income, this amount has been determined as follows:

Concepts	Profit or (loss)	Additional explanations
Difference between the value assigned to apartment 5E and its market value according to appraisal	(21,000)	Apartment 5E was accounted for B/.245,000 while the developer's debt was B/.266,000
Acknowledgment of the debt in favor of Tower 100	(40,000)	The agreement includes the debt accumulated by the promoter in favor of Tower 100
Income from the recognition as an asset of the parking lot No. 135 and No. 136	26,100	The parking lot is registered as an asset for sale. The assigned value is the same as that achieved in the auction held on January 17, 2022
Income from the recognition as an asset of deposit No. 28	16,098	The deposit was recorded as an asset held for sale. The assigned value is the same as that achieved in the auction held on January 17, 2022
Accounts receivable from Bahía T1 APTO 5E, S.A. recognized in the collaboration agreement dated December 15, 2021	35,000	Contribution of Bahía T1 APTO 5E, S.A. which will be used to improve the conditions of the PHs, particularly in repairing the deck in front of the lobby of Tower 200 and the slopes of the slab edges of the same tower
Net profit from the execution of the tripartite agreement	16,198	

During the years 2021 and 2020, the three restaurants were under a concession regime to a third party. During the years 2021 and 2020 the restaurants did not generate income or expenses.

17. SALARIES AND OTHER REMUNERATIONS

Expenses for salaries and other remunerations for the year ended December 31 are detailed below:

	2021	2020
Salaries	74,575	70,409
Vacations	8,085	6,451
Overtime hours	246	99
Paid extra for working Sundays	3,303	2,212
Thirteenth month	7,562	7,250
Productivity premium	3,588	3,000
Seniority premium	1,427	1,536
Indemnity	4,855	5,225
Notice	850	200
Paid extra for working holidays	3,859	3,216
Employer's Social Security	11,333	10,021
Employer's Education Security	1,355	1,242
Employer's Professional Risk	1,405	1,286
Employer's Thirteenth month	489	614
Penalties and/or extra payments	-	95
Bonus	251	-
Total	123,182	112,857

The movement of the accrual for severance benefits has been as follows:

	Accrual of Seniority	Accrual of Indemnity	Total Accruals
Provision at December 31, 2019	5,463	18,579	24,042
Accruals for the year	1,338	5,303	6,641
Payments for the year	-	-	-
Provision at December 31, 2020	6,801	23,882	30,683
Accruals for the year	1,469	4,996	6,464
Payments for the year	(1,546)	(1,517)	(3,063)
Provision at December 31, 2021	6,723	27,361	34,084

18. BASIC SERVICES

Basic services comprise the following:

	2021	2020
Electricity	37,339	30,477
Drinking water	7,498	7,566
Garbage collection service	5,065	3,305
Internet connection and telephony	1,838	1,009
Diesel	3,299	2,842
Domestic gas	8,607	9,394
Total	63,645	54,593

19. MAINTENANCE SERVICES

Maintenance services include the following contracts:

	2021	2020
Elevators	14,209	13,643
Wastewater treatment plant	3,392	3,472
Power plant	5,193	3,214
Gym	300	-
Fire alarm and CCTV	4,200	2,247
Fire and drinking water pumps	1,318	1,523
Artificial lake	330	211
Playground	509	-
Office equipment	257	192
Gardening equipment	80	25
Fire extinguishers	473	519
Maintenance fees - Apartment 5E	3,000	3,000
Sprinkler system	3,596	-
Total	36,856	28,046

20. REPAIRS

Repairs are composed as follows:

	2021	2020
Concessions	618	-
Pools	1,554	1,343
Spa	1,969	67
Building	26,601	1,987
Social Area and Common Area	10,640	4,445
Air Conditioners	1,689	405
Tennis court and multipurpose	8,091	64
Children's Park and Lounge	385	109
Beach area	230	378
Renovations	16,436	3,970
Other	125	61
Total	68,337	12,830

21. FEES

Expenses incurred in fees are comprised as follows:

	2021	2020
Legal Services	3,260	3,243
Lifeguard	3,000	1,650
External auditors	77	723
Courier service	4,815	-
Temporary security	633	-
Other (mainly staff hired on a temporary basis)	14,903	8,003
Total	26,688	13,619

22. LOSSES FROM PAYMENT IN KIND AND IMPAIRMENT OF MARKET VALUE OF PROPERTY RECEIVED IN PAYMENT

Losses from market value of property received in payment are as follows:

	2021	2020
Loss from market value fluctuation of apartment 14D	9,000	32,500
Total	9,000	32,500

23. OTHER EXPENSES

Other expenses comprise the following items:

	2021	2020
Transportation services	738	475
Bank Charges	109	369
Appraisals and certifications	516	1,428
Uniforms for staff	1,623	648
Software, licenses and other technology expenses	789	1,040
Fumigation services	1,017	1,094
Office supplies	952	302
Prints, signs and bracelets	513	1,069
Owners' meetings	2,509	714
Gardening supplies	1,302	460
Employee care	1,261	621
Entertainment and other activities	216	27
Christmas party	163	105
Total	11,706	8,352

24. INCOME TAXES

Owners' assemblies registered under the condominium regulation regime, in accordance with article 31 of Law 13 enacted on April 28, 1993, as amended by Law 39 enacted on August 5, 2002, are tax-exempted because their purpose is to comply with the obligations associated with the management, preservation, and repair of common assets and those similar obligations kept within the parameters of the regulatory regime of condominiums and have no profit purposes.

25. COVID-19

On January 30, 2020, the World Health Organization (WHO) declared the outbreak of the new SARS-CoV-2 or COVID-19 as a "Public Health Emergency of International Concern". On March 11, 2020, WHO confirmed that the COVID-19 outbreak reached pandemic level, which could significantly affect all countries. In order to deal with this international public health emergency, the Panamanian government adopted various containment measures, aimed at restricting the free movement of persons, including quarantine, social isolation, temporary closure of companies and businesses, among other measures. The Government of Panama also took steps to preserve access to essential services during this health emergency, such as water and electricity, especially for lower-income residential customers, small and medium-sized enterprises, and institutions that provide other essential services, such as health facilities. These measures relate to temporary suspension of power outage due to non-payment and deferral of payment of electricity bills for a certain number of months, without interest or penalties chargeable to customers.

200 Tower adopted procedures to prevent or mitigate the effects of COVID-19 contagion on the labor field, while ensuring the continuity of the day-to-day operations of the residential complex.

All of 200 Tower's efforts remain focused on ensuring proper and safe operations, while safeguarding the health and safety of employees and residents, by Asamblea the various measures to contain the pandemic.

In relation to the degree of uncertainty generated in the macroeconomic and financial environment in which the Asamblea de Propietarios de la PH Bahía Playa Serena - Torre 200 operates and its effects, on the results as of December 31, 2020, these are related to a very small increase in delinquency of the monthly installments of common expenses, deterioration of the value of real estate and a relatively important decrease in expenses.

During the year 2021, a relative “normality” was progressively returned. With which there was a much greater influx of owners, residents and visitors. This greater influx impacted the variable costs due to the greater demand generated. Likewise, this relative “normality” facilitated initiatives to attend to the repairs and maintenance that had been deferred.

26. FINANCIAL RISKS

On March 13, 2020, the Government of Panama declared a state of national emergency as a result of the effects generated by the infectious disease COVID-19 caused by coronavirus.

Thereafter, the Asamblea implemented a plan to mitigate the financial risks associated with that state of emergency. A sensitivity analysis was developed for this purpose. A sensitivity analysis is a management tool that allows the Asamblea to foresee expected results based on a number of variables, thus helping to understand uncertainties, limitations and scopes of the state of emergency in terms of their financial effects.

Financial risks that were considered in the analysis follow:

Liquidity risk. This risk refers to the possibility of incurring losses for not having sufficient cash to meet committed payment obligations when due and not being able to carry out normal activities under the usual conditions.

Credit risk. This risk refers to the possibility of suffering a loss because of a default by our counterparty in a financial transaction, that is, the risk that we would not be able to collect monthly maintenance fees.

Market risk. It is a systemic risk arising from the condition of global market uncertainty that affects, to a greater or lesser degree, all existing assets in the economy.

In order to have a risk control tool a simulation model was developed, based on three scenarios i.e., optimistic, probable and pessimistic. For each of them, a number of variables were taken into account that, if given, led to economic-financial strategies in line with the scenario that was generated, as the pandemic progressed.

The evolution of the pandemic between March and December 2020 had a development that allowed us to operate in the probable scenario during all the months.

At December 31, 2021 and 2020, the conclusion of the risks is as follows:

Liquidity risk. The Asamblea has operated and continues to operate with a reasonable margin of liquidity. Policies require the preparation of monthly revenue and expense budgets. Therefore, an expense is agreed only if the month's cash flow covers it. In addition, the Board of Directors agreed to maintain a cash reserve. In conclusion, the liquidity risk was appropriately mitigated in the financial years indicated.

Credit risk. Maintenance fees receivable have been monitored throughout 2020. The delinquency statistics, compared to those of the previous year, allow for concluding that there has been no significant change in delinquency. Owners in default are basically the same as before the national emergency. Therefore, the conclusion is that at the end of the 2020 financial year, the credit risk did not increase disproportionately. During 2021, the credit risk was much lower since it was possible to recover overdue debts.

Market risk. Market prices have had the evolution shown below. 200 Tower owns non-monetary assets and is therefore exposed to market value fluctuations or impairment, in its statement of profit and loss. The loss for the year ended December 31, 2021, due to impairment of the market value of real estate unit 14D, was B/.9,000. Finally, as additional data, based on available information, the value of the square meter has evolved from an approximate of B/.1,772 from December 31, 2020 to B/.1,744 for December 31, 2021. This value fluctuates depending on the quality of the property and the view it offers.

The conclusion on risks, at December 31, 2021, might change in the future, as these are dynamic variables that require constant monitoring and measurement, in order to have an appropriate risk mitigation plan.

27. SUBSEQUENT EVENTS

After the issuance of the financial statements as of and for the year ended December 31, 2021, the following financial events took place:

	Book value as of December 31, 2021	Sale price	Profit or loss on sale
January 21, 2022. Sale of apartment 14D in Tower 200	216,000	216,000	-
February 18, 2022. Promise to sell apartment 5E in Tower 100	245,000	234,000	(11,000)
January 17, 2022. Public auction of the double tandem parking lot No. 135 and 136	26,100	26,100	-
January 17, 2022. Public auction of deposit No. 28	16,098	16,098	-
Total	503,198	492,198	(11,000)

These financial events do not affect the financial situation and the results presented as of and for the year ended December 31, 2021. They correspond to the fiscal year 2022.

28. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were prepared by management, approved by the board of directors and authorized for issuance on April 29, 2022.

**ASAMBLEAS DE PROPIETARIOS DE LA PH BAHÍA PLAYA SERENA Y
LA PH BAHÍA PLAYA SERENA - TORRE 200**

**COMBINED STATEMENT OF
Financial position**

**As of December 31, 2021
(Amounts expressed in balboas)**

	Asamblea de Propietarios de la PH Bahía Playa Serena	Asamblea de Propietarios de la PH Bahía Playa Serena - Torre 200	Eliminations		Combined Statement of Financial Position
			Dr	Cr	
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	29,293	103,491	-	-	132,784
Accounts receivable	20,459	39,788	-	-	60,248
Account receivable from Asamblea de Propietarios de la PH Bahía Playa Serena - Torre 200	17,429	-	-	17,429	-
Prepaid expenses	-	85,437	-	-	85,437
Assets classified as held for sale	-	258,198	-	-	258,198
Property unit 5E in 100 Tower	-	245,000	-	-	245,000
Total current assets	67,182	731,915	-	17,429	781,667
NON-CURRENT ASSETS:					
Furniture and equipment, net	19,655	12,645	-	-	32,300
Total non-current assets	19,655	12,645	-	-	32,300
TOTAL ASSETS	86,837	744,559	-	17,429	813,967
LIABILITIES AND ACCUMULATED SURPLUS					
CURRENT LIABILITIES:					
Accounts payable to suppliers	12,525	65,219	-	-	77,744
Account payable to Asamblea de Propietarios de la PH Bahía Playa Serena	-	17,429	17,429	-	-
Advances received - condo maintenance fees	17,173	29,090	-	-	46,263
Deposits to be identified	2,830	2,400	-	-	5,230
Social Security payable	2,643	2,951	-	-	5,594
Playa Star, S.A.	-	43,200	-	-	43,200
Total current liabilities	35,172	160,289	17,429	-	178,032
NON-CURRENT LIABILITIES:					
Accrual for severance benefits	29,884	34,084	-	-	63,968
Total non-current liabilities	29,884	34,084	-	-	63,968
Total liabilities	65,056	194,373	17,429	-	242,000
ACCUMULATED SURPLUS:					
Revenues over accrued expenses	21,781	550,186	-	-	571,967
Total accumulated surplus	21,781	550,186	-	-	571,967
TOTAL LIABILITIES AND ACCUMULATED SURPLUS	86,837	744,559	17,429	-	813,967

The accompanying note is an integral part of these combined financial statements

ASAMBLEAS DE PROPIETARIOS DE LA PH BAHÍA PLAYA SERENA Y
LA PH BAHÍA PLAYA SERENA - TORRE 200

COMBINED STATEMENT OF

Profit and loss for the year
and accumulated surplus

For the year ended December 31, 2021
(Amounts expressed in balboas)

	Asamblea de Propietarios de la PH Bahía Playa Serena	Asamblea de Propietarios de la PH Bahía Playa Serena - Torre 200	Eliminations		Combined Statement of Profit and Loss and Accumulated Surplus
			Dr	Cr	
REVENUES					
Condo maintenance fees	319,200	355,800	3,000	-	672,000
Other revenues	2,434	19,605	-	-	22,039
Total revenues	321,634	375,405	3,000	-	694,039
OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES					
Salaries and other remunerations	123,182	123,182	-	-	246,364
Basic services	70,112	63,645	-	-	133,757
Maintenance services	34,988	36,856	-	3,000	68,844
Security and surveillance services	22,916	22,916	-	-	45,832
Repairs	36,258	68,337	-	-	104,595
Fees	26,906	26,688	-	-	53,594
Loss from market value fluctuation	-	9,000	-	-	9,000
Cleaning products	5,874	5,874	-	-	11,747
Pool chemicals and supplies	4,561	4,561	-	-	9,122
Insurance expenses	4,256	4,494	-	-	8,750
Minor tools and equipment	5,718	5,718	-	-	11,437
Depreciation expense	3,847	3,160	-	-	7,006
Other expenses	10,832	12,402	-	-	23,234
Total operating, general and administrative expenses	349,448	386,833	-	3,000	733,281
Deficit of revenues over expenses for the year	(27,814)	(11,428)	3,000	(3,000)	(39,242)
Excess of revenues over expenses as of January 1	49,595	561,614	-	-	611,209
Excess of revenues over expenses as of December 31	21,781	550,186	3,000	(3,000)	571,967

The accompanying note is an integral part of these combined financial statements

Note to the combined financial statements

For the year ended December 31, 2021
(Amounts expressed in balboas)

1. COMBINED FINANCIAL STATEMENTS

The combined financial statements of the Asamblea de Propietarios de la PH Bahía Playa Serena and Asamblea de Propietarios de la PH Bahía Playa Serena - Torre 200 have been prepared by management for purposes of additional analysis. This information is prepared in conformity with the basis set forth for the preparation of financial statements presented as basic information.

The combined financial statements are those showing the operating results and financial position of both towers, as if they were a single economic unit. In addition, they express the strength of the two towers that are part of the combination, both of assets and liabilities, and of the results obtained.

The combination of the financial statements provides owners with a more comprehensive view of the combined statement of financial position and the statement of revenues and expenses, which would not have been possible to represent otherwise as a whole.



