

VIDA DEL MAR OPERATING BUDGET RECOMMENDATION - FY 2007

(In Pesos)

Budget based on Actuals thru 31 Oct 2006

Date Prepared/Updated: 6 December 2006

	PRIOR YEARS ¹		CURRENT YEAR		2007 BUDGET - Assumes 15% Incr in '07 Dues			
	FY 2004 Actual	FY 2005 Actual	FY 2006 Org. Budget	FY 2006 '06 Actual	FY 2007 BUDGET	% of Rev.	Fav/Unf vs. '06 Act.	% Chg. vs '06 Act.
INGRESOS OPERACIONAL (OPERATING INCOME - DUES)								
Normal Member Dues	\$ 6,801,429	\$ 6,801,429	\$ 7,141,520	\$ 7,141,500	\$ 8,212,725	97.3%	\$ 1,071,225	15.0%
Recovered Delinquent Dues Penalties			100,805	169,683	170,000	2.0%	317	0.2%
OTROS INGRESOS OPERACIONAL (OTHER INCOME)								
Changes due to exchange rate variations (+/-) ²					-	-	-	-
Interes y Comisiones (Earned Int./Bank Chgs.)	41,378	(15,601)	8,400	174,606	60,000	0.7%	(114,606)	-65.6%
TOTAL INGRESOS OPERACIONAL (TOTAL OPERATING INC.)	6,842,807	6,785,828	7,250,725	7,485,789	8,442,725	100.0%	956,936	12.8%
GASTOS OPERACIONAL (OPERATING EXPENSES)								
Labor (Employee Labor) ³								
Nómina (Employee Payroll)	1,967,516	3,010,959	2,923,000	2,085,015	1,949,822	23.1%	135,193	-6.5%
Beneficios (Benefits/Union Contract)	915,965	330,167	321,000	1,083,810	1,117,733	13.2%	(33,923)	3.1%
Seguro Social & Impuestos (Social Security & Taxes)	412,194	468,507	468,000	573,187	521,663	6.2%	51,524	-9.0%
Transportación Empleados (Employee Transportation)	0	0	125,000	133,800	156,000	1.8%	(22,200)	16.6%
Otros (Other Employee Expenses)	23,866	48097	50,000	-	-	-	-	-
Sub-total	3,319,541	3,857,730	3,887,000	3,875,812	3,745,218	44.4%	130,594	-3.4%
Adminstracion (Administration) ⁴								
Payroll - Senior Management	261,427	311,759	953,000	879,406	795,746	9.4%	83,660	-9.5%
Payroll - Admin. Office Staff	0	0	-	-	297,877	3.5%	(297,877)	NA
Beneficios - Total Admin.	0	0	-	-	266,608	3.2%	(266,608)	NA
Seguro Social & Impuestos - Total Admin.	0	0	-	-	251,027	3.0%	(251,027)	NA
Audidores (Auditing Svcs.)	26,460	57,850	60,000	70,613	74,000	0.9%	(3,387)	4.8%
Legal (Legal Svcs.) [from Legal & Extra Worksheet] ⁵	92,209	19,500	240,000	354,392	201,000	2.4%	153,392	-43.3%
Professional Services	92,843	0	0	-	-	0.0%	-	NA
Suministros de Oficina (Office Supplies/Equip.)	121,499	101,827	100,000	98,038	100,000	1.2%	(1,962)	2.0%
Teléfono, Paquetería, Correo (Phone, Mail, Courier - only VDM costs)	96,915	66,764	50,000	93,514	98,000	1.2%	(4,486)	4.8%
Fideicomiso Oficina (Office Trust Expenses)	56,561	2,015	5,000	6,035	7,000	0.1%	(965)	16.0%
Sub-total	747,914	559,715	1,408,000	1,501,998	2,091,258	24.8%	(589,260)	39.2%
Mantenimiento (Maintenance) ⁶								
Edificios & Calles (Buildings & Roads)	255,134	156,782	180,000	180,601	135,000	1.6%	45,601	-25.2%
Jardinería & Fumigación (Gardening & Fumigation)	177,945	47,892	50,000	26,335	50,000	0.6%	(23,665)	89.9%
Albercas (Pool chemicals & supplies)	66,964	42,881	40,000	38,268	44,000	0.5%	(5,732)	15.0%
Equipo/Herramientas (Tools & Equip.)	111,839	133,764	100,000	74,922	36,000	0.4%	38,922	-52.0%
Depreciation Expense - Assets ⁷	0	0	-	-	54,000	0.6%	(54,000)	NA
L'Recif (L'Recif Maint. Expenses)	0	7,212	8,000	5,093	7,000	0.1%	(1,907)	37.4%
Mant. Transportación (Vehicular Maint., fuel, tires)	193,476	157,195	120,000	148,514	168,000	2.0%	(19,486)	13.1%
Sub-total	805,358	545,726	498,000	473,734	494,000	5.9%	(20,266)	4.3%

Instalaciones (Facilities) ⁸									
Electricidad (Electric Utility - only Vida costs)	322,478	335,219	500,000	440,666	470,000	5.6%	(29,334)	6.7%	
Agua (Water System)	725,231	943,027	1,100,000	1,170,284	1,140,000	13.5%	30,284	-2.6%	
Gas (Liquid Propane/Butane)	298,936	336,778	350,000	386,831	450,000	5.3%	(63,169)	16.3%	
IVA Paid to Suppliers	306,478	291,252	0	-	-	0.0%	-	NA	
Ama de llaves & Lavandería (Housekeeping & Laundry)	61,953	123,398	100,000	67,137	80,000	0.9%	(12,863)	19.2%	
Seguros (Insurance - Auto, Property, Bonds, etc.)	147,305	211,091	290,000	307,130	318,000	3.8%	(10,870)	3.5%	
Recolección Basura (Garbage Collection, Dump fee and Hauling)	198,226	221,394	260,000	236,061	276,000	3.3%	(39,939)	16.9%	
Recuper. Gastos (Payment by Owners, L'Recif payments)	(547,787)	(865,167)	(700,000)	(517,691)	(572,000)	-6.8%	54,310	10.5%	
Sub-total	1,512,820	1,596,992	1,900,000	2,090,419	2,162,000	25.6%	(71,581)	3.4%	
Impuestos (Taxes)									
Impuesto Predial (Property Taxes - only VDM costs)	48,749	5,152	6,000	5,564	7,000	0.1%	(1,436)	25.8%	
SCT (Secretary Communication Tax)	6,668	10,654	30,000	5,538	7,000	0.1%	(1,462)	26.4%	
Sub-total	55,417	15,806	36,000	11,102	14,000	0.2%	(2,898)	26.1%	
Consejo de Administración (Board of Directors)									
Gastos Asamblea (General Assembly Expenses - Trans., food, A/V)	47,093	11,525	10,000	69,138	70,000	0.8%	(862)	1.2%	
Gastos Juntas de Consejo (BOD Meeting Exp)	7,092	14,650	10,000	4,548	8,000	0.1%	(3,452)	75.9%	
Relaciones publicas y eventos especiales (Pub.rel., spec.events)				-	10,000	0.1%	(10,000)	NA	
Gastos de Viaje (BOD Travel Expenses)	73,220	75,952	40,000	3,260	10,000	0.1%	(6,740)	206.7%	
Sub-total	127,405	102,127	60,000	76,946	98,000	1.2%	(21,054)	27.4%	
Other:	89,902	82,334							
TOTAL GASTOS OPERACIONAL (TOTAL OPER. EXPENSES)	6,658,357	6,760,430	7,789,000	8,030,011	8,604,476	101.9%	(574,465)	7.2%	
SUPERAVIT OPER./[DEFICIT] (OPER. SURPLUS/[DEFICIT]) ⁹	184,450	25,398	(538,275)	(544,222)	(161,751)	-1.9%	382,471	-70.3%	
INGRESOS/GASTOS EXTRAORD.(EXTRAORD. INCOME/EXP.)									
Plus: Total Ingreos (Revenues)									
Collected Delinquent Dues from Previous Years	0		182,742	537,676	-		(537,676)	-100.0%	
Less: Total Gastos (Expenses) [*See "Legal Exp Backup Tab]	481,821	145,566	-	518,726	155,000		363,726	-70.1%	
NETO INGRESOS/GASTOS EXTRAORDINARIA	(481,821)	(145,566)	182,742	18,950	(155,000)		(173,950)	-917.9%	
PLUS SURPLUS CARRY-OVER FROM 2005:			57,330	57,330	-		(57,330)	-100.0%	
TODOSUPERAVIT/[DEFICIT] (TOTAL SURPLUS/[DEFICIT])	(297,371)	(120,168)	(298,203)	(467,942)	(316,751)		151,191	-32.3%	

Notes:

¹ Prior years are reconstructed from available figures, and therefore may not be 100% accurate due to differences in accounting procedures compared to current.

² We have not attempted to forecast the impact of exchange rates on our revenues, but there is one due to our Wells Fargo accounts being held in USD.

³ Under "Labor" note the reductions in gross payroll and taxes; is due to Admin. Staff being moved to the "Admin" section. A 5% payroll increase is built in for all weekly employees. However, the increase in Beneficios, even with the movement of these four individuals to Admin, is because of the constantly increasing costs of the Union contract.

⁴ Note that "Administration" now includes all Sr. Management (GM, Asst. Mgr., Controller) and Admin.Staff (2 front desk, 1 clerk, and a new bookkeeper position)

Also, unlike previous years, all associated payroll expenses for Admin. Is now shown in this section, i.e.benefits and taxes, etc.

⁵ Operational legal expenses are primarily for Union contract negotiations during 2007.

⁶ Note that "Maintenance" costs are close to 2006's totals, but the spending is more targeted, and hence hopefully more efficient. Will show "visible evidence" of upkeep.

⁷ "Depreciation Expense" is a new non-cash expense, and has never before been included on the Income Statement, but is now because we are on an Accrual accounting basis.

⁸ Utilities (notably Electric, Gas and trash) continue to increase; water is increased per the contract, but appears to go down due to special payment to Aedo in early 2006.

⁹ **The Bottom Line:** A budgeted operating deficit of (\$161,751). If you subtract Depreciation (a non-cash expense) the expected deficit is about \$100K, close to B/E.