Corporate Fitness

January 1995

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1.0 Executive Summary

Corporate Fitness will serve Seattle-area businesses, helping them to become more productive, while lowering their overall costs.

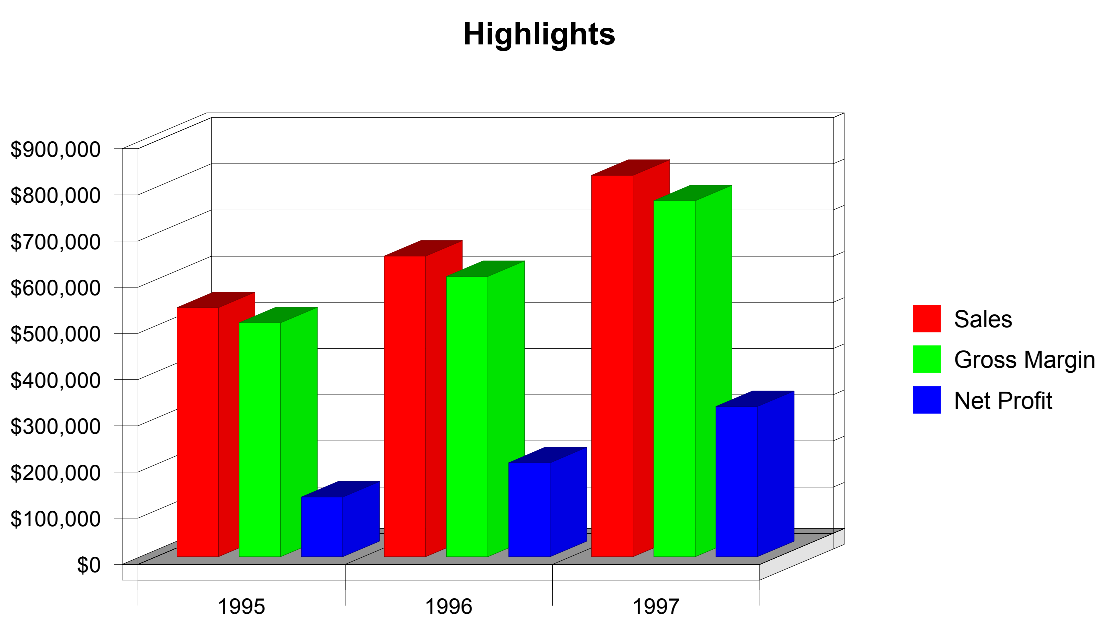
Our business is based on two simple facts:

1. Healthy employees are more productive than chronically ill employees.
2. It costs less to prevent injuries or illnesses than to treat them after they occur.

At Corporate Fitness, we tie worker productivity directly to the health care issue. We believe that traditional approaches to the current health care crisis are misdirected. These traditional efforts are what we call reactive--that is, they wait until after the worker has been stricken with illness or injury, and then pay for the necessary treatments. Our approach, which emphasizes prevention and good health promotion, is much more proactive.

By helping employees change their behavior patterns and choose more healthy lifestyles, Corporate Fitness will lower companies' health care expenditures, while raising worker productivity. Health care expenditures will decrease due to reduced medical insurance premiums, reduced absenteeism, reduced turnover rates, reduced worker's compensation claims, reduced tardiness, shorter hospital stays, etc.

The state of America's health care crisis, coupled with current demographic changes, threaten to not only exacerbate the crisis, but further erode worker productivity as well. These environmental factors coupled with the local competitive situation signal a favorable opportunity in this market. We feel the time is right for Corporate Fitness.



1.1 Objectives

1. Provide wellness strategies/programs to businesses in the downtown Seattle area.
2. Create working relationships with 20 companies by the end of 1995.
3. Expand Corporate Fitness into Portland, Oregon by the end of 1996.

1.2 Mission

Corporate Fitness is a health service that helps businesses and individual workers attain one of the greatest gifts of all--that of good health. Personal gains, such as improved self-esteem and self-motivation, combined with measurable benefits will create tremendous advantages for both the employer and the employee.

1.3 Keys to Success

Corporate Fitness' keys to success are:

- Marketing services to companies and individuals.
- Recruitment of experienced managerial talent.
- Dedication and hard work of the founders.
- Raising productivity.
- Lowering overall costs.

2.0 Company Summary

Corporate Fitness is based on the belief that healthy employees are more productive and efficient employees. For this reason, it provides wellness strategies/programs to businesses in the downtown Seattle area. This combines promotion of health and exercise-related activities designed to facilitate positive lifestyle changes in members of a company's work force.

The company began in Seattle, founded by three owners, all of whom hold director positions.

2.1 Company Ownership

Corporate Fitness is a privately held corporation. The three founders comprise all of the ownership.

- Dave Jensen - 40 percent.
- Steve Perkins - 30 percent.
- Robert Gomez - 30 percent.

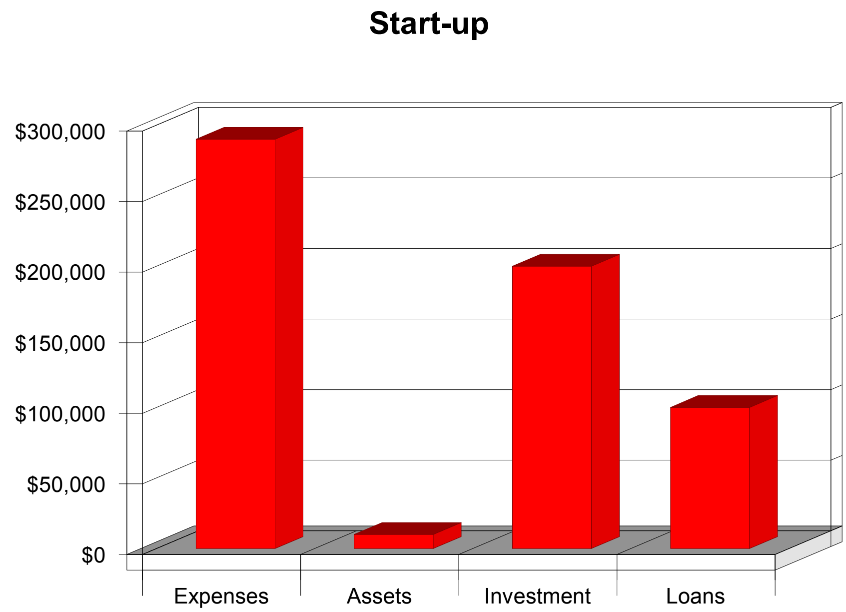
2.2 Start-up Summary

Start-up will require approximately $300,000 of capital, $200,000 of which will be provided by the founders and their families. The remaining $100,000 will come as a loan.

Approximately $140,000 will be allocated to leasehold improvements and $75,000 to equipment.

Table: Start-up

Start-up	
Requirements	
Start-up Expenses	
Legal	$1,250
Stationery etc.	$1,000
Brochures	$800
Insurance	$5,000
Rent	$58,000
Expensed equipment	$75,000
Utilities	$6,500
Leasehold improvements	$140,000
Other	$2,450
Other	$0
Total Start-up Expenses	$290,000
Start-up Assets Needed	
Cash Balance on Starting Date	$10,000
Other Current Assets	$0
Total Current Assets	$10,000
Long-term Assets	$0
Total Assets	$10,000
Total Requirements	$300,000
Funding	
Investment	
Investor 1	$80,000
Investor 2	$60,000
Investor 3	$60,000
Other	$0
Other	$0
Total Investment	$200,000
Current Liabilities	
Accounts Payable	$0
Current Borrowing	$0
Other Current Liabilities	$0
Current Liabilities	$0
Long-term Liabilities	$100,000
Total Liabilities	$100,000
Loss at Start-up	($290,000)
Total Capital	($90,000)
Total Capital and Liabilities	$10,000



2.3 Company Locations and Facilities

Corporate Fitness headquarters are located within the first club located in downtown Seattle. Upon expansion, offices will be moved to a different location, not within any individual club.

3.0 Services

Business ratios for Corporate Fitness indicate strong financial growth and an impressive chance for investment opportunities, making expansion and further development both very possible.

3.1 Service Description

Corporate Fitness provides wellness strategies/programs to businesses in the downtown Seattle area. A wellness strategy is a long-term effort, combining both health-promotion and exercise-related activities designed to facilitate positive lifestyle changes in members of a company's work force.

Corporate Fitness will work with a company's senior management to help it develop a mission statement for its wellness program. The client company's employees will undergo a health-risk analysis, following which each employee will be given the opportunity to meet with a health professional to design a personalized health program.

Finally, Corporate Fitness will furnish employee progress reports to senior management with which to carry out the incentive program and generally monitor changes in the behavior of its work force.

3.2 Competitive Comparison

Corporate Fitness is not primarily a health club, as are the majority of competitors. This organization is in the business of health care cost management. The major function is to work with client companies to implement wellness strategies. Many employees will become benefactors of such strategies without ever visiting the fitness facility, as exercise is only one facet of overall wellness.

Corporate Fitness has a vested interest in each individual member of every wellness program, unlike many competitors. An integral part of this service is following up and monitoring the individuals.

3.3 Fulfillment

All fitness machines are purchased from exercise equipment distributors, while all medical equipment is bought from a reputable supply company.

4.0 Market Analysis Summary

In 1991, the U.S. medical bill was $738 million, of which businesses paid 30 percent. Recent studies indicate returns on investments in wellness programs for various companies ranging from $1.91:1 to $5.78:1. General Electric's aircraft engines division, for example, saves $1 million per year through its wellness programs. Traveler's Insurance Company reported savings of $7.8 million in 1991, attributable to its wellness programs, and a return of $3.41 for every dollar invested in wellness.

Important demographic changes are taking place in America that point to the importance of worker productivity in coming decades.

- 16 million new jobs will be created by the year 2000, but there will only be 14 million workers to fill them.
- By 1995, women will comprise one-third of the work force, a ratio that will increase to one-half by the year 2000.
- An estimated 80 percent of jobs to be filled in the immediate future will require more than a high-school education. Only 74 percent of Americans, however, finish high school, and only 67 percent graduate with adequate skills.
- The number of skilled workers available to fill new jobs is decreasing, meaning that employers are facing more severe competition for labor. Thus, the health and productivity of each employee becomes crucial to a company's success.

4.1 Market Segmentation

The market for corporate fitness is not particularly segmented, as potential customers include all downtown businesses that offer their employees some type of medical benefits, are experiencing escalating health care costs, and wish to more effectively manage those costs.

Corporate Fitness, however, segments its services for individual organizations. Corporate Fitness works with senior management to develop mission statements and provide incentive plans, and with employees to design personalized health and fitness programs.

Market Analysis (Pie)

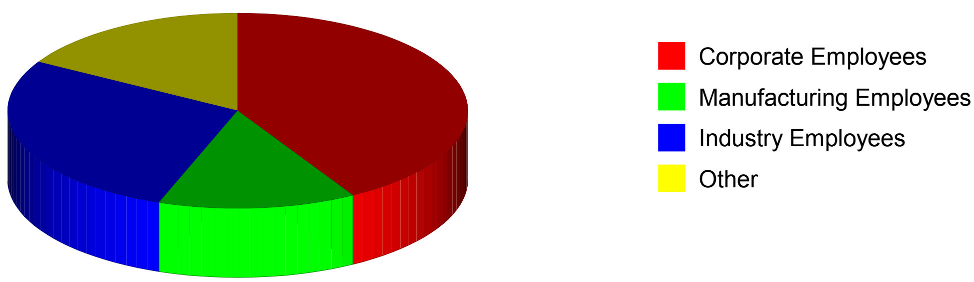


Table: Market Analysis

Market Analysis Potential Customers	Growth	1995	1996	1997	1998	1999	CAGR
Corporate Employees	35%	750	1,013	1,368	1,847	2,493	35.03%
Manufacturing Employees	15%	250	288	331	381	438	15.05%
Industry Employees	25%	500	625	781	976	1,220	24.98%
Other	15%	300	345	397	457	526	15.07%
Total	26.96%	1,800	2,271	2,877	3,661	4,677	26.96%

4.2 Service Business Analysis

Several small fitness facilities are currently in operation in the downtown area, none of which cater their services to corporations. These organizations are primarily exercise facilities with little emphasis on personalizing individual plans to improve working performance.

4.2.1 Business Participants

Participants in the fitness industry include national, regional, and local organizations. On the national level, companies such as Gold's Gym and the YMCA offer exercise facilities and training programs. At the regional level, firms such as Better Bodies and Bally's offer comparable services, while locally, privately-owned businesses provide similar, but less extensive services to exercise-seekers.

4.2.2 Distributing a Service

Few fitness centers are located in the downtown Seattle area, while the majority are found in suburban neighborhoods and shopping complexes. Those in the downtown area are located close to professional centers containing restaurants, parks, and other recreational activities. In suburban locales, these establishments are often found close to grocery stores, restaurants, and retail stores.

4.2.3 Main Competitors

The three main competitors for Corporate Fitness are:

- YMCA-market is lower-income families and/or students who want accessibility and affordablity of fitness facilities.
- Gold's Gym-services are targeted toward those motivated and dedicated individuals who workout five to seven times per week.
- Better Bodies-aimed at casual fitness-seekers who do not workout with a high intensity but still desire the status and recognition.

5.0 Strategy and Implementation Summary

Corporate Fitness' strategy is based on raising worker productivity and lowering overall costs for businesses. The most logical way to approach these factors is through a healthy work force. Companies that implement wellness programs with Corporate Fitness will be encouraged to look at the "big picture" regarding the effects of its wellness programs. Thus, one marketing goal is to persuade more traditionally managed companies that wellness can work for them.

By tailoring services and developing customized programs for companies and individual employees, Corporate Fitness will develop a reputation for quality and customer service.

5.1 Marketing Strategy

Corporate Fitness will begin by targeting small- to medium-sized businesses in the downtown Seattle area. The first task is to convince senior executives of the benefits and needs of wellness programs. This will be accomplished by aggressively pursuing interaction and relationships with business professionals who would profit from using this service. Once a strong image is established, Corporate Fitness will use similar strategies to market its services to larger corporations in Seattle and other areas of expansion.

5.1.1 Pricing Strategy

Prices for using Corporate Fitness' services are comparable to those of higher-end fitness centers. An employee choosing to utilize a Corporate Fitness center will pay a $100 monthly fee. For each employee enrolled in the general wellness program, regardless of whether or not they use the fitness facility, the employer will pay $150 annually. The prices reflect the quality of the equipment and service.

5.1.2 Promotion Strategy

Following initial promotional activity through advertisements in newspapers, magazines, and on television and radio, Corporate Fitness will significantly reduce its promotional efforts in the hope that word-of-mouth will attract potential clients. Promotional activity will still be utilized through these media outlets, but only minimally.

5.2 Sales Strategy

This proprietary information was omitted from the sample plan.

5.2.1 Sales Forecast

Anticipated sales are shown in the accompanying table and chart.

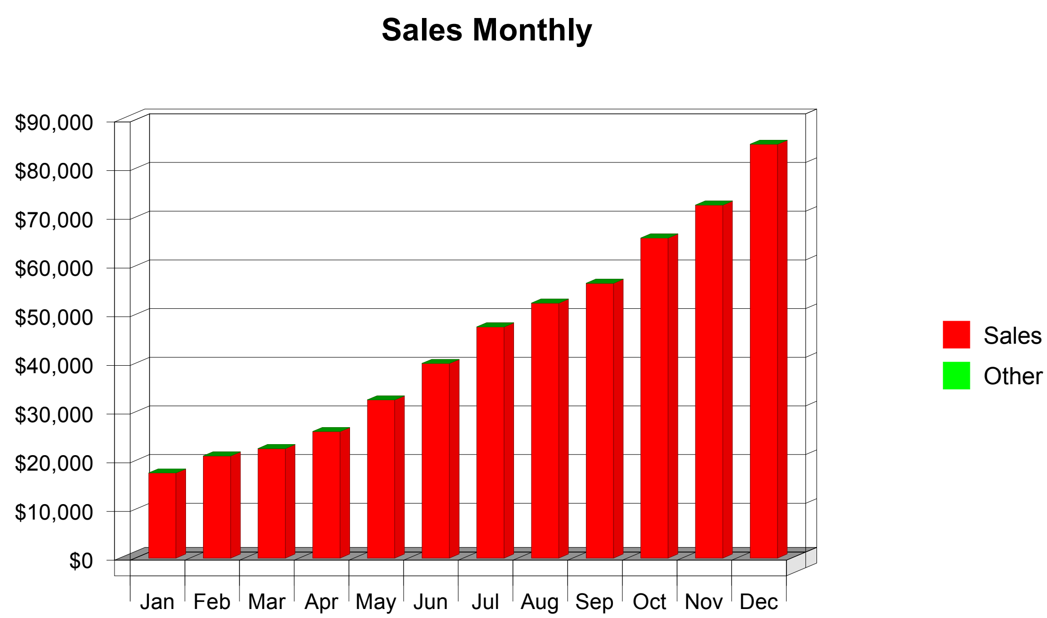


Table: Sales Forecast

Sales Forecast			
Sales	1995	1996	1997
Sales	$539,075	$650,750	$825,600
Other	$0	$0	$0
Total Sales	$539,075	$650,750	$825,600
Direct Cost of Sales	1995	1996	1997
Sales	$33,000	$44,000	$55,000
Other	$0	$0	$0
Subtotal Direct Cost of Sales	$33,000	$44,000	$55,000

6.0 Management Summary

Corporate Fitness is currently a small organization headed by three individuals. The CEO/Director of Sales and Marketing oversees the activities of the Director of Health and Wellness Programs and the Director of Finance and Administration.

The Director of Health and Wellness Programs is the contact for and supervisor of the fitness specialists and health educators and promoters.

The Director of Finance and Administration provides guidance for fitness facility attendants.

As the firm grows and expands, more director positions will be added as needed.

6.1 Organizational Structure

There are currently two divisions of Corporate Fitness: "Health and Wellness" and "Finance and Administration." With the growth of the company, more divisions will be created as the demand for services increases.

6.2 Management Team

- Dave Jensen: CEO and Director of Sales and Marketing. Mr. Jensen is responsible for providing leadership, direction, and control for all aspects of the company's activities in order to realize optimum profits compatible with the best long- and short-term interests of the shareholder, employees, consumers, and public. Mr. Jensen completed his undergraduate degree at the University of North Carolina, and then earned his MBA from the University of Texas.

- Steve Perkins: Director of Finance and Administration. Mr. Perkins is responsible for guiding and directing financial and control activities of the company in a manner designed to protect assets, meet reporting requirements, and effectively plan for and audit the financial needs of the firm. Mr. Perkins completed his undergraduate work at the University of California-Berkeley, and received his MBA from Vanderbilt University.

- Robert Gomez: Director of Health and Wellness Programs. Mr. Gomez will assume the overall management of the health promotion program, including organizing and conducting health education programs. Mr. Gomez received his undergraduate degree in Exercise and Movement Science from the University of Oregon.

6.3 Management Team Gaps

The gaps of Corporate Fitness' management team include:

- Lack of experience in the fitness industry.
- Minimal expertise in areas of finance and accounting.
- Strong desire for financial prosperity immediately with little patience for minimal profitability.

6.4 Personnel Plan

Corporate Fitness' personnel staff requirements are shown in the table below.

Table: Personnel

Personnel Plan	1995	1996	1997
Fitness Center Manager	$15,000	$15,000	$15,000
Program Director	$54,000	$54,000	$54,000
Personnel Manager	$36,000	$36,000	$36,000
Health/Fitness Specialists	$33,000	$33,000	$33,000
Attendants	$12,000	$12,000	$12,000
Other	$0	$0	$0
Total People	0	0	0
Total Payroll	$150,000	$150,000	$150,000

7.0 Financial Plan

- Consulting revenue will make up approximately 85 to 90 percent of total revenue, with the rest coming from service revenue.
- Salaries and rent are the two major expenses, while depreciation is another significant cost that will increase as the company develops. Although the purchasing of fitness, medical, and office equipment is expensive, constant replacement will be needed to minimize depreciation costs and maintain a competitive edge.
- In order to maintain steady gross margins, salaries and advertising expenses are not likely to increase within the first two years of operation, unless cash flows significantly increase.

7.1 Important Assumptions

Three assumptions for Corporate Fitness are:

1. A constantly growing economy without any major recession or boom.
2. No unpredictable changes in fitness, medical, or office equipment.
3. No major national or global events that threaten the stability and health of the country and its citizens.

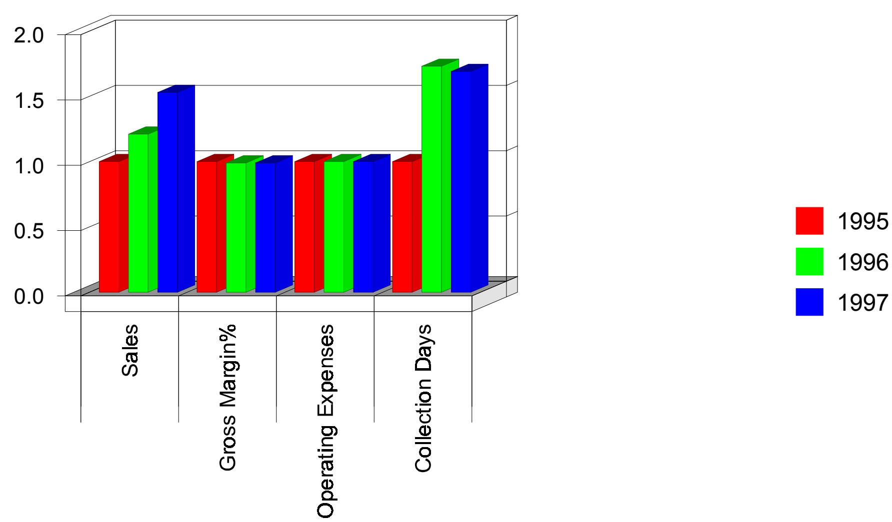
Table: General Assumptions

General Assumptions	1995	1996	1997
Plan Month	1	2	3
Current Interest Rate	3.00%	3.00%	3.00%
Long-term Interest Rate	10.00%	10.00%	10.00%
Tax Rate	25.00%	25.00%	25.00%
Sales on Credit %	60.00%	60.00%	60.00%
Other	0.00%	0.00%	0.00%
Calculated Totals			
Payroll Expense	$150,000	$150,000	$150,000
Sales on Credit	$323,445	$390,450	$495,360
New Accounts Payable	$371,334	$405,547	$452,092

7.2 Key Financial Indicators

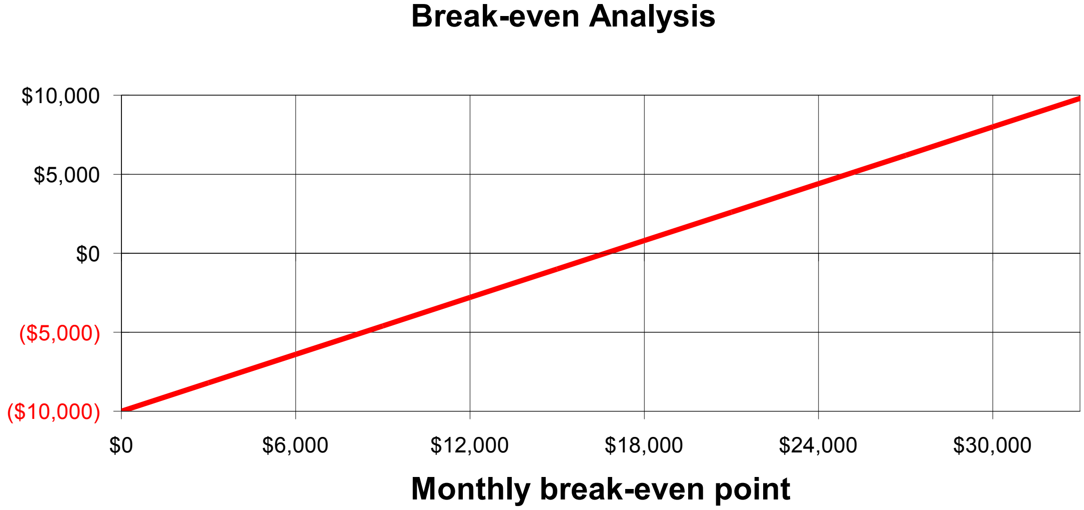
The most important financial indicators are net increase in cash and net income. Net increase from cash will exemplify the relationship between net income and net cash from operating activities. The greater the increase is, Corporate Fitness has that level of financial strength at that point in time.

Benchmarks



7.3 Break-even Analysis

Corporate Fitness' break-even point is at 1667 units each month with monthly sales at $16,667. Sales forecasts indicate that units sold and monthly sales are expected to be much greater than the break-even point mentioned in the table.



Break-even point = where line intersects with 0

Table: Break-even Analysis

Break-even Analysis:	
Monthly Units Break-even	1,667
Monthly Revenue Break-even	$16,667
Assumptions:	
Average Per-Unit Revenue	$10.00
Average Per-Unit Variable Cost	$4.00
Estimated Monthly Fixed Cost	$10,000

7.4 Projected Profit and Loss

Sales are predicted to increase each month with annual sales totaling close to $540,000. Gross margin, likewise, is expected to increase in correlation, ending at close to 94% for 1995.

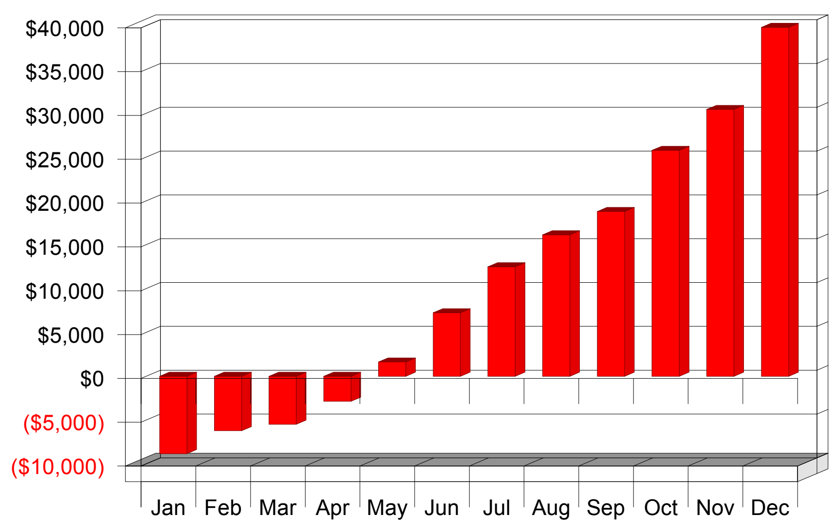
Compared to total sales, net profit will increase each month and is predicted to increase for 1995 through 1997.

Table: Profit and Loss

Pro Forma Profit and Loss

	1995	1996	1997
Sales	$539,075	$650,750	$825,600
Direct Cost of Sales	$33,000	$44,000	$55,000
Production Payroll	$0	$0	$0
Other	$0	$0	$0
	------------	------------	------------
Total Cost of Sales	$33,000	$44,000	$55,000
Gross Margin	$506,075	$606,750	$770,600
Gross Margin %	93.88%	93.24%	93.34%
Expenses:			
Payroll	$150,000	$150,000	$150,000
Sales and Marketing and Other Expenses	$25,200	$25,200	$25,200
Depreciation	$7,200	$7,200	$7,200
Insurance	$5,400	$5,400	$5,400
Rent	$60,000	$60,000	$60,000
Other	$0	$0	$0
Depreciation	$25,200	$25,200	$25,200
Leased Equipment	$27,600	$27,600	$27,600
Payroll Taxes	$22,500	$22,500	$22,500
Other	$0	$0	$0
	------------	------------	------------
Total Operating Expenses	$323,100	$323,100	$323,100
Profit Before Interest and Taxes	$182,975	$283,650	$447,500
Interest Expense	$10,926	$12,531	$14,174
Taxes Incurred	$43,012	$67,780	$108,332
Net Profit	$129,037	$203,339	$324,995
Net Profit/Sales	23.94%	31.25%	39.36%
Include Negative Taxes	TRUE	TRUE	TRUE

Profit Monthly



7.5 Projected Cash Flow

With cash flow increasing significantly and expenses remaining relatively static with only minimal increases, cash flow will experience a similar increase for each period of financial evaluation.

Cash flow is expected to more than double from just over $230,000 in 1995 up to over $342,000 for 1996, with corresponding cash balances of $240,000 and $583,000.

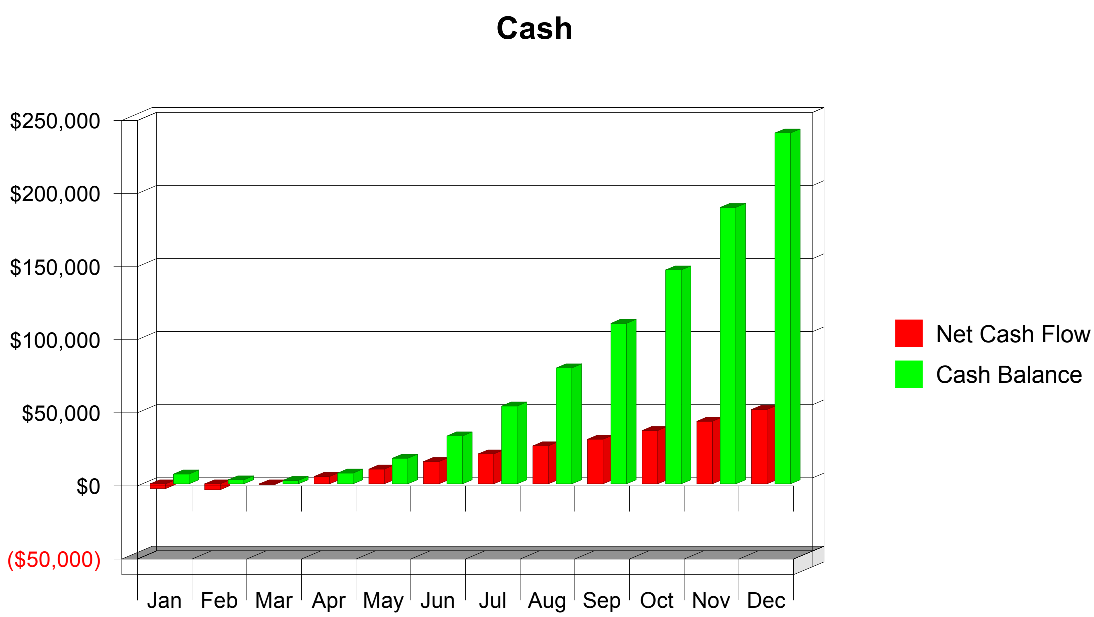


Table: Cash Flow

Pro Forma Cash Flow	1995	1996	1997
Cash Received			
Cash from Operations:			
Cash Sales	$215,630	$260,300	$330,240
Cash from Receivables	$274,145	$380,237	$479,369
Subtotal Cash from Operations	$489,775	$640,537	$809,609
Additional Cash Received			
Non Operating (Other) Income	$0	$0	$0
Sales Tax, VAT, HST/GST Received	$0	$0	$0
New Current Borrowing	$27,000	$24,750	$24,750
New Other Liabilities (interest-free)	$72,575	$85,755	$93,450
New Long-term Liabilities	$9,000	$9,000	$9,000
Sales of Other Current Assets	$0	$0	$0
Sales of Long-term Assets	$0	$0	$0
New Investment Received	$30,000	$30,000	$30,000
Subtotal Cash Received	$628,350	$790,042	$966,809
Expenditures	1995	1996	1997
Expenditures from Operations:			
Cash Spending	$31,505	$34,664	$41,313
Payment of Accounts Payable	$345,112	$402,918	$446,558
Subtotal Spent on Operations	$376,617	$437,582	$487,871
Additional Cash Spent			
Non Operating (Other) Expense	$0	$0	$0
Sales Tax, VAT, HST/GST Paid Out	$0	$0	$0
Principal Repayment of Current Borrowing	$0	$0	$0
Other Liabilities Principal Repayment	$0	$0	$0
Long-term Liabilities Principal Repayment	$0	$0	$0
Purchase Other Current Assets	$0	$0	$0
Purchase Long-term Assets	$21,700	$9,600	$9,600
Dividends	$0	$0	$0
Subtotal Cash Spent	$398,317	$447,182	$497,471
Net Cash Flow	$230,033	$342,860	$469,338
Cash Balance	$240,033	$582,893	$1,052,232

7.6 Projected Balance Sheet

The balance sheet indicates that at the end of the first year of operation, net worth will be positive and constantly increasing to the point of $302,000 by the end of 1996.

Table: Balance Sheet

Pro Forma Balance Sheet

Assets			
Current Assets	1995	1996	1997
Cash	$240,033	$582,893	$1,052,232
Accounts Receivable	$49,300	$59,513	$75,504
Other Current Assets	$0	$0	$0
Total Current Assets	$289,333	$642,406	$1,127,735
Long-term Assets			
Long-term Assets	$21,700	$31,300	$40,900
Accumulated Depreciation	$7,200	$14,400	$21,600
Total Long-term Assets	$14,500	$16,900	$19,300
Total Assets	$303,833	$659,306	$1,147,035
Liabilities and Capital			
	1995	1996	1997
Accounts Payable	$26,221	$28,851	$34,385
Current Borrowing	$27,000	$51,750	$76,500
Other Current Liabilities	$72,575	$158,330	$251,780
Subtotal Current Liabilities	$125,796	$238,931	$362,665
Long-term Liabilities	$109,000	$118,000	$127,000
Total Liabilities	$234,796	$356,931	$489,665
Paid-in Capital	$230,000	$260,000	$290,000
Retained Earnings	($290,000)	($160,963)	$42,376
Earnings	$129,037	$203,339	$324,995
Total Capital	$69,037	$302,376	$657,370
Total Liabilities and Capital	$303,833	$659,306	$1,147,035
Net Worth	$69,037	$302,376	$657,370

7.7 Business Ratios

The following table outlines some of Corporate Fitness' more important business ratios. The final column, Industry Profile, details specific ratios based on the Physical Fitness Facilities industry as it is classified by the Standard Industry Classification (SIC) code, 7991. These ratios indicate strong financial growth and an impressive chance for investment opportunities, making expansion and further development both very possible.

Table: Ratios

Ratio Analysis	1995	1996	1997	Industry Profile
Sales Growth	0.00%	20.72%	26.87%	15.90%
Percent of Total Assets				
Accounts Receivable	16.23%	9.03%	6.58%	4.30%
Inventory	0.00%	0.00%	0.00%	3.60%
Other Current Assets	0.00%	0.00%	0.00%	31.10%
Total Current Assets	95.23%	97.44%	98.32%	39.00%
Long-term Assets	4.77%	2.56%	1.68%	61.00%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	23.89%	24.01%	21.95%	34.80%
Long-term Liabilities	35.87%	17.90%	11.07%	27.60%
Total Liabilities	35.87%	17.90%	11.07%	62.40%
Net Worth	64.13%	82.10%	88.93%	37.60%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	93.88%	93.24%	93.34%	0.00%
Selling, General & Administrative Expenses	69.94%	61.99%	53.97%	73.20%
Advertising Expenses	2.78%	2.31%	1.82%	2.40%
Profit Before Interest and Taxes	33.94%	43.59%	54.20%	2.70%
Main Ratios				
Current	2.30	2.69	3.11	1.10
Quick	2.30	2.69	3.11	0.73
Total Debt to Total Assets	77.28%	54.14%	42.69%	62.40%
Pre-tax Return on Net Worth	249.21%	89.66%	65.92%	3.00%
Pre-tax Return on Assets	56.63%	41.12%	37.78%	7.90%
Business Vitality Profile	1995	1996	1997	Industry
Sales per Employee	$0	$0	$0	$39,838
Survival Rate				65.36%
Additional Ratios	1995	1996	1997	
Net Profit Margin	23.94%	31.25%	39.36%	n.a
Return on Equity	186.91%	67.25%	49.44%	n.a
Activity Ratios				
Accounts Receivable Turnover	6.56	6.56	6.56	n.a
Collection Days	29	51	50	n.a
Inventory Turnover	0.00	0.00	0.00	n.a
Accounts Payable Turnover	14.16	14.06	13.15	n.a
Payment Days	16	297	306	
Total Asset Turnover	1.77	0.99	0.72	n.a
Debt Ratios				
Debt to Net Worth	3.40	1.18	0.74	n.a
Current Liab. to Liab.	0.54	0.67	0.74	n.a
Liquidity Ratios				
Net Working Capital	$163,537	$403,476	$765,070	n.a
Interest Coverage	16.75	22.64	31.57	n.a
Additional Ratios				
Assets to Sales	0.56	1.01	1.39	n.a
Current Debt/Total Assets	41%	36%	32%	n.a
Acid Test	1.91	2.44	2.90	n.a
Sales/Net Worth	7.81	2.15	1.26	n.a
Dividend Payout	0.00	0.00	0.00	n.a

Appendix Table: Sales Forecast

Sales Forecast												
Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales	$17,500	$21,000	$22,500	$26,000	$32,500	$40,000	$47,500	$52,375	$56,450	$65,750	$72,500	$85,000
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Sales	$17,500	$21,000	$22,500	$26,000	$32,500	$40,000	$47,500	$52,375	$56,450	$65,750	$72,500	$85,000
Direct Cost of Sales	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales	$1,500	$1,500	$2,000	$2,000	$2,500	$2,500	$3,000	$3,000	$3,500	$3,500	$4,000	$4,000
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Direct Cost of Sales	$1,500	$1,500	$2,000	$2,000	$2,500	$2,500	$3,000	$3,000	$3,500	$3,500	$4,000	$4,000

Appendix Table: Personnel

Personnel Plan

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fitness Center Manager	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250
Program Director	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500	$4,500
Personnel Manager	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000
Health/Fitness Specialists	$2,750	$2,750	$2,750	$2,750	$2,750	$2,750	$2,750	$2,750	$2,750	$2,750	$2,750	$2,750
Attendants	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total People	0	0	0	0	0	0	0	0	0	0	0	0
Total Payroll	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500

Appendix Table: General Assumptions

General Assumptions

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Plan Month	1	2	3	4	5	6	7	8	9	10	11	12
Current Interest Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Long-term Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Tax Rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Sales on Credit %	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Calculated Totals												
Payroll Expense	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500
Sales on Credit	$10,500	$12,600	$13,500	$15,600	$19,500	$24,000	$28,500	$31,425	$33,870	$39,450	$43,500	$51,000
New Accounts Payable	$23,371	$24,457	$25,496	$26,419	$28,177	$29,826	$31,802	$32,876	$34,104	$36,146	$37,958	$40,701

Appendix Table: Profit and Loss

Pro Forma Profit and Loss

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales		$17,500	$21,000	$22,500	$26,000	$32,500	$40,000	$47,500	$52,375	$56,450	$65,750	$72,500	$85,000
Direct Cost of Sales		$1,500	$1,500	$2,000	$2,000	$2,500	$2,500	$3,000	$3,000	$3,500	$3,500	$4,000	$4,000
Production Payroll		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
		------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------
Total Cost of Sales		$1,500	$1,500	$2,000	$2,000	$2,500	$2,500	$3,000	$3,000	$3,500	$3,500	$4,000	$4,000
Gross Margin		$16,000	$19,500	$20,500	$24,000	$30,000	$37,500	$44,500	$49,375	$52,950	$62,250	$68,500	$81,000
Gross Margin %		91.43%	92.86%	91.11%	92.31%	92.31%	93.75%	93.68%	94.27%	93.80%	94.68%	94.48%	95.29%
Expenses:													
Payroll		$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500
Sales and Marketing and Other Expenses		$2,100	$2,100	$2,100	$2,100	$2,100	$2,100	$2,100	$2,100	$2,100	$2,100	$2,100	$2,100
Depreciation		$600	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600
Insurance		$450	$450	$450	$450	$450	$450	$450	$450	$450	$450	$450	$450
Rent		$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Depreciation		$2,100	$2,100	$2,100	$2,100	$2,100	$2,100	$2,100	$2,100	$2,100	$2,100	$2,100	$2,100
Leased Equipment		$2,300	$2,300	$2,300	$2,300	$2,300	$2,300	$2,300	$2,300	$2,300	$2,300	$2,300	$2,300
Payroll Taxes	15%	$1,875	$1,875	$1,875	$1,875	$1,875	$1,875	$1,875	$1,875	$1,875	$1,875	$1,875	$1,875
Other		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
		------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------
Total Operating Expenses		$26,925	$26,925	$26,925	$26,925	$26,925	$26,925	$26,925	$26,925	$26,925	$26,925	$26,925	$26,925
Profit Before Interest and Taxes		($10,925)	($7,425)	($6,425)	($2,925)	$3,075	$10,575	$17,575	$22,450	$26,025	$35,325	$41,575	$54,075
Interest Expense		$845	$857	$869	$881	$893	$905	$916	$928	$940	$952	$964	$976
Taxes Incurred		($2,943)	($2,071)	($1,823)	($951)	$546	$2,418	$4,165	$5,380	$6,271	$8,593	$10,153	$13,275
Net Profit		($8,828)	($6,212)	($5,470)	($2,854)	$1,637	$7,253	$12,494	$16,141	$18,814	$25,780	$30,458	$39,824
Net Profit/Sales		-50.44%	-29.58%	-24.31%	-10.98%	5.04%	18.13%	26.30%	30.82%	33.33%	39.21%	42.01%	46.85%
Include Negative Taxes													

Appendix Table: Cash Flow

Pro Forma Cash Flow		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash Received													
Cash from Operations:													
Cash Sales		$7,000	$8,400	$9,000	$10,400	$13,000	$16,000	$19,000	$20,950	$22,580	$26,300	$29,000	$34,000
Cash from Receivables		$350	$10,570	$12,630	$13,570	$15,730	$19,650	$24,150	$28,598	$31,507	$34,056	$39,585	$43,750
Subtotal Cash from Operations		$7,350	$18,970	$21,630	$23,970	$28,730	$35,650	$43,150	$49,548	$54,087	$60,356	$68,585	$77,750
Additional Cash Received													
Non Operating (Other) Income		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sales Tax, VAT, HST/GST Received	0.00%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Current Borrowing		$2,250	$2,250	$2,250	$2,250	$2,250	$2,250	$2,250	$2,250	$2,250	$2,250	$2,250	$2,250
New Other Liabilities (interest-free)		$1,200	$4,500	$3,750	$4,875	$5,250	$5,500	$5,125	$6,370	$7,595	$8,825	$9,235	$10,350
New Long-term Liabilities		$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750	$750
Sales of Other Current Assets		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sales of Long-term Assets		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
New Investment Received		$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500	$2,500
Subtotal Cash Received		$14,050	$28,970	$30,880	$34,345	$39,480	$46,650	$53,775	$61,418	$67,182	$74,681	$83,320	$93,600
Expenditures		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Expenditures from Operations:													
Cash Spending		$2,357	$2,155	$1,874	$1,835	$2,086	$2,322	$2,604	$2,757	$2,933	$3,224	$3,483	$3,875
Payment of Accounts Payable		$7,425	$25,824	$27,392	$26,687	$26,478	$28,232	$29,892	$31,838	$32,917	$34,172	$36,206	$38,050
Subtotal Spent on Operations		$9,781	$27,979	$29,266	$28,522	$28,564	$30,554	$32,495	$34,595	$35,850	$37,396	$39,690	$41,925
Additional Cash Spent													
Non Operating (Other) Expense		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sales Tax, VAT, HST/GST Paid Out		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Principal Repayment of Current Borrowing		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Liabilities Principal Repayment		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Long-term Liabilities Principal Repayment		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Purchase Other Current Assets		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Purchase Long-term Assets		$7,500	$5,000	$2,000	$800	$800	$800	$800	$800	$800	$800	$800	$800
Dividends		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Cash Spent		$17,281	$32,979	$31,266	$29,322	$29,364	$31,354	$33,295	$35,395	$36,650	$38,196	$40,490	$42,725
Net Cash Flow		($3,231)	($4,009)	($386)	$5,023	$10,116	$15,296	$20,480	$26,022	$30,532	$36,485	$42,830	$50,875
Cash Balance		$6,769	$2,760	$2,374	$7,397	$17,513	$32,809	$53,289	$79,311	$109,843	$146,327	$189,158	$240,033

Appendix Table: Balance Sheet

Pro Forma Balance Sheet

Assets													
Current Assets	Starting Balances	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash	$10,000	$6,769	$2,760	$2,374	$7,397	$17,513	$32,809	$53,289	$79,311	$109,843	$146,327	$189,158	$240,033
Accounts Receivable	$0	$10,150	$12,180	$13,050	$15,080	$18,850	$23,200	$27,550	$30,378	$32,741	$38,135	$42,050	$49,300
Other Current Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Current Assets	$10,000	$16,919	$14,940	$15,424	$22,477	$36,363	$56,009	$80,839	$109,689	$142,584	$184,462	$231,208	$289,333
Long-term Assets													
Long-term Assets	$0	$7,500	$12,500	$14,500	$15,300	$16,100	$16,900	$17,700	$18,500	$19,300	$20,100	$20,900	$21,700
Accumulated Depreciation	$0	$600	$1,200	$1,800	$2,400	$3,000	$3,600	$4,200	$4,800	$5,400	$6,000	$6,600	$7,200
Total Long-term Assets	$0	$6,900	$11,300	$12,700	$12,900	$13,100	$13,300	$13,500	$13,700	$13,900	$14,100	$14,300	$14,500
Total Assets	$10,000	$23,819	$26,240	$28,124	$35,377	$49,463	$69,309	$94,339	$123,389	$156,484	$198,562	$245,508	$303,833

Liabilities and Capital													
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Accounts Payable	$0	$15,946	$14,579	$12,684	$12,416	$14,116	$15,709	$17,620	$18,658	$19,844	$21,819	$23,571	$26,221
Current Borrowing	$0	$2,250	$4,500	$6,750	$9,000	$11,250	$13,500	$15,750	$18,000	$20,250	$22,500	$24,750	$27,000
Other Current Liabilities	$0	$1,200	$5,700	$9,450	$14,325	$19,575	$25,075	$30,200	$36,570	$44,165	$52,990	$62,225	$72,575
Subtotal Current Liabilities	$0	$19,396	$24,779	$28,884	$35,741	$44,941	$54,284	$63,570	$73,228	$84,259	$97,309	$110,546	$125,796
Long-term Liabilities	$100,000	$100,750	$101,500	$102,250	$103,000	$103,750	$104,500	$105,250	$106,000	$106,750	$107,500	$108,250	$109,000
Total Liabilities	$100,000	$120,146	$126,279	$131,134	$138,741	$148,691	$158,784	$168,820	$179,228	$191,009	$204,809	$218,796	$234,796
Paid-in Capital	$200,000	$202,500	$205,000	$207,500	$210,000	$212,500	$215,000	$217,500	$220,000	$222,500	$225,000	$227,500	$230,000
Retained Earnings	($290,000)	($290,000)	($290,000)	($290,000)	($290,000)	($290,000)	($290,000)	($290,000)	($290,000)	($290,000)	($290,000)	($290,000)	($290,000)
Earnings	$0	($8,828)	($15,039)	($20,510)	($23,364)	($21,727)	($14,475)	($1,981)	$14,161	$32,974	$58,754	$89,212	$129,037
Total Capital	($90,000)	($96,328)	($100,039)	($103,010)	($103,364)	($99,227)	($89,475)	($74,481)	($55,839)	($34,526)	($6,246)	$26,712	$69,037
Total Liabilities and Capital	$10,000	$23,819	$26,240	$28,124	$35,377	$49,463	$69,309	$94,339	$123,389	$156,484	$198,562	$245,508	$303,833
Net Worth	($90,000)	($96,328)	($100,039)	($103,010)	($103,364)	($99,227)	($89,475)	($74,481)	($55,839)	($34,526)	($6,246)	$26,712	$69,037