

Property of South Dakota School of Mines & Technology
Industrial Engineering Department - (605) 394-1271
South Rapid Multi-Gym by: Howard, G. Mundorf, Likens
Thompson
SP0006698

South Rapid Multi-Gym

Business Plan

Prepared January 2007

Submitted by
Ryan Howard
George Mundorf
and Jill Likens

May 6, 1997

To complete the requirements of
IENG 345 -- Entrepreneurship

EXECUTIVE SUMMARY	2
The Opportunity	3
Products and Benefits	3
The Market	3
Competitive Strategy	4
Management	4
Financial Summary	4
INTRODUCTION	5
Business Overview	5
Management Structure	5
MARKET ANALYSIS	6
Product Description	6
Competitive Analysis	6
Area Demographics	6
MARKET PLAN	7
Product	7
Pricing	8
Promotion	8
Location	9
Initial Equipment	9
Customer Credit Policies	10
OPERATING PLAN	11
Staffing and Hiring	11
Management Plan	11
Hours of Operation	11

Start-up Plan	12
Utilities	12
FINANCIAL PLAN	13
Equity Contributions	13
Sources & Uses of Funds	13
1) Building Improvements.	13
2) Building and Equipment Leases	13
3) Workout Equipment Purchases	13
4) Advertising	14
5) Insurance	14
Break Even Analysis	14
PROFORMA FINANCIAL STATEMENTS	15
Beginning Balance Sheet	15
Notes to the Financial Statements	15
Appendix	16
Gantt Chart	17
Income Statement -- 2007	18
Income Statement -- 2008	19
Income Statement -- 2009	20

Executive Summary

The Opportunity

South Rapid Multi-Gym will be established as a neighborhood gym. The atmosphere will lend itself to relaxation while meeting the physical fitness needs of South Rapid City. Innovative scheduling will allow parents to work out while their children are participating in Tae Kwon Do and other fulfilling classes. In year two, classes will be added for preschool aged children -- allowing young parents to participate in fitness activities while their children enjoy skill enriching tumbling activities. South Rapid Multi-Gym is an attractive business venture due to the location, combination scheduling of youth and adult activities and the appealing half-hour workout time of the Universal Crossline Equipment circuit.

Products and Benefits

The South Rapid Multi-Gym will include three main workout rooms along with locker room facilities for both men and women. The first workout room will be the Gym. The Gym will be used for teaching Tae Kwon Do classes in the late afternoon and early evening. The gym will also be open to outside instructors for rent by the hour for their classes. In the second year, the gym will house the Tumble Tots program in the morning and early afternoon.

The second workout room is the Circuit Training room. This area will have a 20 station Universal Crossline Equipment. The Circuit Training area has a maximum capacity of 20 people per half hour session. There will be daily classes scheduled to familiarize people with the various circuit stations. This area can also be used during free periods -- by members who are already familiar with the circuit functions.

The final workout room is the Weight Room. The Weight Room will include a Universal Weight Center as well as free weights. Membership to the Weight Room is included with the Circuit Training membership. A membership for the Weight Room only may be purchased at a reduced price.

The Market

The South Rapid Multi-Gym is pursuing a stable membership of around five hundred people. These memberships would be split between Tae Kwon Do with a forecast of 100 members, the Circuit Training area with a forecast of 300 members, the Weight Room -- forecast at just under 100 members and the Tumble Tots program with a forecast membership of 50.

The current membership in fitness facilities in Rapid City is 9600 members. The potential fitness members in a population of 65,000 is 15,700 members, so there is an untapped potential in this area. The appeal of the neighborhood facility will easily attract the relatively low target we are pursuing.

Competitive Strategy

South Rapid Multi-Gym will appeal to people with busy schedules by allowing them to work out in a short, well rounded program with the Circuit Training facilities. Scheduling classes for children which allow parents to work out at the same time will appeal to busy families by allowing scheduling overlaps without the need to run all over town.

Free monthly self-defense classes and Tae Kwon Do demonstrations will allow the facility to appeal to members with little or no advertising costs. These offerings will make South Rapid Multi-Gym known as a facility interested in public service -- a positive image trait.

Management

Ryan Howard is a Tae Kwon Do Third Degree Black-Belt with ten years of experience in Tae Kwon Do instruction. Ryan previously worked with Master Tai Y. Cho at Fort Collins' Cho's Tae Kwon Do Academy as a part-time instructor. He has a Bachelor's of Science degree in Industrial Engineering from South Dakota School of Mines and Technology as well as a Masters in Business from the University of Colorado.

During the past ten years, Ryan has worked as an Industrial Engineer in the Pharmaceutical Industry. Ryan is motivated by the dream of becoming a full-time Tae Kwon Do instructor with his own facility. He has retired from his engineering position to pursue this endeavor. His education and experience make him a very good candidate for a successful business venture.

Financial Summary

Ryan Howard will manage and own the South Rapid Multi-Gym as a sole proprietorship. Ryan has contributed \$30,000.00 cash and is pursuing a ten-year loan of \$100,000.00 for start-up costs and working capital. The facility will begin to see a profit in the second year of operation.

Introduction

Business Overview

South Rapid Multi-Gym will be established as a neighborhood gym. The atmosphere will lend itself to relaxation while meeting the physical fitness needs of South Rapid City. Innovative scheduling will allow parents to work out while their children are participating in Tae Kwon Do and other fulfilling classes. In year two, classes will be added for preschool aged children -- allowing young mothers to participate in fitness activities while their children enjoy skill enriching tumbling activities. South Rapid Multi-Gym is an attractive business venture due to the location, combination scheduling of youth and adult activities and the appealing half-hour workout time of the Universal Crossline Equipment circuit training.

Management Structure

Ryan Howard will manage and own the South Rapid Multi-Gym as a sole proprietorship. He is a Tae Kwon Do Third Degree Black-Belt with ten years experience in Tae Kwon Do instruction. Ryan previously worked with Master Tai Y. Cho at Fort Collins' Cho's Tae Kwon Do Academy as an instructor. He is motivated by the dream of becoming a full-time Tae Kwon Do instructor with his own facility.

Ryan has a Bachelor's of Science degree in Industrial Engineering from South Dakota School of Mines and Technology as well as a Masters in Business from the University of Colorado in Denver. During the past ten years, Ryan has worked as an Industrial Engineer in the Pharmaceutical Industry. His education and experience make him a very good candidate for a successful business venture. Ryan will contribute \$30,000.00 cash and will pursue a ten-year loan of \$100,000.00 for start-up costs and working capital.

Market Analysis

Product Description

South Rapid Multi-Gym is a multiple facility gym with three major workout areas. The Gym is a 40 foot by 40 foot open area with one mirrored wall that is equipped with a balance bar. Mats are available for Tae Kwon Do classes and tumbling.

The Weight Room is a 20 foot by 35 foot area with a Centurion Multi-Station and Universal Free Weights and Benches. The Circuit Training Room is a 20 foot by 35 foot area with a 20 station Universal Crossline training circuit. The Weight Room and Circuit Training Room each have a Bose stereo system.

Classes will be offered in Tae Kwon Do, Circuit Training stations and weight lifting. The weight room and circuit training facilities will also be available for use when classes are not scheduled.

Competitive Analysis

Martial Arts Schools in the area are currently charging \$35 to \$65 per month with a weighted average price of \$45.90 per month. Our facility will be slightly higher than average at \$50.00 per month, but it is well within the range to be competitive.

Fitness Centers in Rapid City have a weighted average membership cost of \$30.00 per month. We plan to charge \$30.00 per month which is very competitive with the other facilities. If the Weight Room is the only facility one wishes to utilize, South Rapid Multi-Gym offers a definite advantage. Membership to the Weight Room facilities is offered for \$20 per month which would save some people money if this is the only facility they are interested in.

Area Demographics

The current membership in fitness facilities in Rapid City is 9600 members. Martial Arts Schools in the area include 467 active members and 625 non-active students. The population of Rapid City is 65,000. From this population, there are 48,478 people in our target group -- males and females between the ages of 12 and 60 years old. This equates statistically to 15,700 potential fitness center members in an area of this population, so there is a substantial untapped potential in this area.

The South Rapid Multi-Gym is pursuing a stable membership of around five hundred people. These memberships would be split between Tae Kwon Do with a forecast of 100 members, the Circuit Training area with a forecast of 300 members, the Weight Room -- forecast at just under 100 members -- and the Tumble Tots program with a forecast membership of 50.

Market Plan

Product

The South Rapid Multi-Gym will include three main workout rooms -- the Gym, the Weight Room and the 20 Station Universal Crossline Equipment training circuit -- along with locker room facilities for both men and women. Innovative scheduling will allow parents to work out while their children are participating in Tae Kwon Do and other fulfilling classes. In year two, Tumble Tot classes will be added for preschool aged children -- allowing their parents to participate in fitness activities while their children enjoy skill enriching tumbling activities.

The Gym will be used for Tae Kwon Do lessons -- beginner and advanced -- and other classes as scheduled by private instructors who may rent the facility. The facilities will also be available for private rental during the hours when the facility is closed. In the second year, a Tumble Tots activity will be added using open gym facility hours during the daytime. The room will include one mirrored wall, removable floor mats and a balance bar useful for ballet classes or learning Tae Kwon Do kicking techniques.

The Circuit Training room will have a 20 station Universal Crossline Equipment training circuit. This workout takes thirty minutes and offers both aerobic and strength training. The Circuit Training area has a maximum capacity of 20 people per half hour session. There will be daily classes offered to familiarize people with the circuit stations. This area will also be scheduled for open workout sessions -- for members who are already familiar with the circuit functions. This room includes one mirrored wall, the 20 training circuits and a stereo system which will play workout tapes provided with the training circuit package. This room will be carpeted to improve the acoustics.

The Weight Room will include a Universal Weight Station as well as free weights. This room will be carpeted and will include a stereo system to add to the workout atmosphere. Private weight training instructors will be available for instruction on an individual basis -- terms to be worked out by the instructor and the individual.

South Rapid Multi-Gym will appeal to people with busy schedules by allowing them to work out in a short, well rounded program with the Circuit Training facilities. Scheduling classes for children which allow parents to work out at the same time will appeal to busy families by allowing scheduling overlaps without the need to run all over town.

South Rapid Multi-Gym is an attractive business venture due to the location, combination scheduling of youth and adult activities and the appealing half-hour workout time of the Universal Crossline Equipment training circuit.

Pricing

South Rapid Multi-Gym offers competitive pricing with individual plans for each of the three workout centers. This allows individuals to pay for the facilities they use -- making this a more cost effective alternative for people on a budget.

Tae Kwon Do lessons will be offered at \$50 per month. The beginner classes will include 60 minute of training three times each week. The advanced classes will meet twice a week for 90 minutes of training.

The Circuit Training memberships will be offered at \$30 per month. This membership includes unlimited use of the Universal Crossline Equipment -- on a first come first serve basis -- as well as use of the Weight Room facilities.

Membership to the Weight Room only will be offered at \$20 per month. The membership includes unlimited use of the facilities in the Weight Room. The cost of individual instruction is not included and will be worked out privately with the instructors as required.

In the second year, Tumble Tots -- a program for preschool aged children -- will be added to allow young parents to workout while their children are enjoying a skill enriching activity. The availability of this program will be restricted to specific times during the day when use of the gym is low. The program will be offered at a cost of \$10 per month. The low cost of the program will encourage young families to make use of the facility during non-peak hours.

Promotion

Free monthly self-defense classes will allow the facility to appeal to members with little or no advertising costs. Participation in these classes will draw people into the facility. It may also spark interest in pursuing Tae Kwon Do classes. These offerings will make South Rapid Multi-Gym known as a facility interested in public service -- a positive image trait.

Tae Kwon Do demonstrations at the Rushmore Mall, schools and other functions such as fairs would increase the exposure for the art of Tae Kwon Do as well as the South Rapid Multi-Gym facility. Whenever possible, a video showing the other offerings of the facility will be shown in conjunction with the demonstrations.

Free trial offers will allow people to try out the facility without any financial risk. These free trials will include 2 free Tae Kwon Do lessons or 2 days free use of the Circuit Training and Weight Room facilities.

Free membership will be offered -- one month for signing up three newcomers. This will encourage word of mouth advertising by the members. This will be a good membership building strategy which may or may not be discontinued when the membership numbers stabilize.

Advertising will be limited to Newspaper and Radio for special events. South Rapid Multi-Gym will also pursue the free advertisement of articles relating to their public service offerings. The Grand Opening will also be advertised using flyers placed on the windows of cars in parking lots -- such as the mall -- and flyers placed in public facilities as allowed.

Location

The South Rapid Multi-Gym facility will be located at Centennial Square -- 2100 Seventh Street. This location is centralized within the South Rapid City area. There is plenty of free parking available.

Initial Equipment

Universal Crossline Equipment will be leased from *Universal Gym Equipment, Inc.* with a five year lease agreement at \$600.00 per month. The 20 station workout circuit includes Seated Chest, Seated Row, Shoulder Press, Lat Pull, Ab Crunch, Back Extension, Bicep, Tricep, Leg Curl and Leg Extension stations for strength training and ten Universal Step stations between each strength station for aerobic training.

The major equipment purchases include the mats used in the Tae Kwon Do studio, the stereo equipment used in the Weight Room and Circuit Training Room, one Universal Weight Station, and free weights for the Weight Room. These purchases are budgeted at \$25,000.00.

Building Improvements include the addition of mirrors to the walls in the Gym and Circuit Training Rooms and showers and lockers in the Locker room facilities. No major structural changes will be needed. The current layout of the reception area is satisfactory for our needs, so we will not need to renovate this area. The building improvements are budgeted at \$20,000.00.

Customer Credit Policies

The South Rapid Multi-Gym will offer several payment plans. Cash will of course be accepted willingly. Major charge cards will also be accepted -- including *Visa* and *Mastercard*. Automatic payment options will also be pursued for people who don't want the complications of writing out checks for monthly bills. We may also suggest this option for members whose payments are regularly over 15 days late.

Operating Plan

Staffing and Hiring

The South Rapid Multi-Gym will be managed by the owner -- Ryan Howard. Ryan will also be the Tae Kwon Do Instructor. Ryan will have full control of the hiring and firing of staff. Ryan will initially share the clean-up and reception desk responsibilities. Ryan will not receive a salary, but he will begin to draw on the profits when the business becomes profitable.

One staff member will be hired in June 2007. This person will serve as the circuit training instructor and will share clean-up and front desk responsibilities with Ryan. This staff member will be paid \$1200 per month.

In January 2008, an additional staff member will be added. This staff member will perform the custodial tasks. Additional tasks may be assigned -- including front desk responsibilities -- as time allows. This staff member will also receive \$1200 per month.

A third staff member will be added in April 2008. This staff member will be the instructor for the Tumble Tots program. This staff member will also help with the front desk responsibilities. This should allow Ryan more free time by limiting the need for his attention in this area.

In April 2009, a fourth staff member is hired. This staff member will take over Ryan's bookkeeping duties. This staff member will fill in at the front desk if needed and will help with any secretarial tasks. Ryan will continue to have control and management of the business. His only other responsibility will be his primary motivation of teaching Tae Kwon Do.

Management Plan

Ryan plans to rule his business as a dictatorship. He will share in the day to day tasks on the same level as his employees, so they will have great respect for him and will follow his every command.

Hours of Operation

The South Rapid Multi Gym will be open Monday through Saturday from 6:00am to 10:00pm. Sunday, the facility will be open from 10:00am to 6:00pm. These times may be changed at a future date if the actual demand is different from the forecast demand used to develop this schedule.

Start-up Plan

Full details of the Start-up Plan are included in the Pert Chart located in the Appendix. The following is a brief overview of the Start-up plan.

April and May 2007 are slated for building improvement activities. Ryan will be doing most of the work himself -- aside from the plumbing renovations which will be completed by a licensed contractor.

The facility's Grand Opening is planned for June 1, 2007. The Grand Opening activities will include a Tae Kwon Do demonstration and Circuit Training demonstration. Tours of the facility will also be available.

The financial plans include very conservative levels for the membership forecasts to ensure adequate working capital throughout the start-up process. This will allow the facility to make it through the lean years successfully.

Utilities

Electricity and water will be turned on April 1, 2007. Electricity will be needed for the renovation activities. Water will be needed for clean-up and bathroom facilities. The phone system will not be installed until mid-May -- with Ryan using his cell phone during the renovation.

Financial Plan

Equity Contributions

Ryan Howard will initially invest \$30,000 equity to form South Rapid Multi-Gym. He will also obtain a ten year loan of \$100,000 at 12% APR. This loan is to be paid back with 120 monthly payments of \$1,434.71 each.

Sources & Uses of Funds

This startup capital will be used for the following expenses:

1) Building Improvements.

The building in Centennial Square is currently used for small business and studios. The current space is sub-divided into room sizes that will be adequate for our needs. One wall in the Gym and one wall in the Circuit Training Room will have floor to ceiling mirrors installed. The industrial carpet currently in place in the Gym area will need to be removed and a tile floor installed. The industrial carpet will remain in the Weight Room and Circuit Training areas. Shower and Locker room facilities will need to be added to the existing structure. The total amount budgeted for Building Improvements is \$20,000.00.

2) Building and Equipment Leases

The 100 foot by 40 foot space in Centennial Square will be leased at a rate of \$2700 per month. The initial lease is for one year with a five year option for renewal of the lease. The lease agreement includes fire, flood and theft insurance. The trash pick-up and parking lot snow removal costs are also included in the lease agreement.

The Universal Crosstrain Equipment is being leased on a five year contract for \$600.00 per month.

3) Workout Equipment Purchases

The Centurion Multi-Station weight training center, free weights and benches will be purchased from *Universal Gym Equipment, Inc.* Two Bose Stereo systems will be purchased for use in the Weight and Circuit Training rooms. The budget for Equipment Purchases is \$25,000.00.

4) Advertising

Advertising will consist of demonstrations, radio, flyers, newspaper ads, free monthly self-defense classes, and of course referrals. Initially, the advertising budget is set at \$300.00 per month.

5) Insurance

Liability Insurance will be \$450.00 dollars per month. An additional \$50.00 is allowed for workman's compensation for one employee. This will increase as more employees are hired. It is important to note that property insurance including, flood, fire, and theft, are included in the facilities lease agreement.

Break Even Analysis

The break even point will be reached on August 20, 2008. At that point, the gym will have 369 members and 36 hours of gym rentals. After this point, the gym will start turning a profit. The breakdown of gym memberships is shown in the table below:

Membership Break Even Analysis	
68	Tae Kwon Do Members
210	Circuit Training Members
61	Weight Room Members
30	Tumble Tots
36	Hours of Gym Rentals

Beginning August Dollar Figures for Break Even Analysis

\$50 X 68 students	=	\$3400	Wages	=	\$3600
\$30 X 210 memberships	=	6300	Empl. Tax	=	720
\$20 X 61 memberships	=	1220	Building Lease	=	2700
\$10 X 30 memberships	=	300	Utilities	=	500
\$20/hr X 36 hours	=	<u>720</u>	Equip. Lease	=	600
		\$ 11940	Insurance	=	500
			Interest Exp.	=	930
			Depreciation	=	174
			Misc. Expense	=	<u>2500</u>
					\$12224

Proforma Financial Statements

Beginning Balance Sheet

<u>Assets</u>		<u>Liabilities</u>	
Current Assets		Total Payables	
Cash	\$85,000	Short Term Debt	\$0
Accounts Rec.	\$0	Long Term Debt	\$100,000
Land & Equipment		Accounts Payable	\$5,950
Equipment	\$25,000	Owner's Equity	\$24,050
Building Improvements	\$20,000		
Total Assets	\$130,000	Total Liab. & O.E.	\$130,000

Notes to the Financial Statements

The following notes apply to the financial statements which can be found in the Appendix.

Apr. 2007 - May 2007	No employees; contractor working on renovations; Utilities turned on, but at a lower useage; Insurance purchased; equipment is paid for up front to insure timely delivery; building lease; no membership sales.
May 2007	Payment on loan begins
June 2007 - Dec. 2007	One employee; equipment is delivered and lease payments begin; Utilities increase due to useage. membership payments begin.
Jan 2008 - Mar. 2008	Increase number of employees to two. Membership revenues continue to increase.
Apr. 2008 - Mar. 2009	Increase number of employees to three. Membership revenues continue to increase.
Apr. 2009 - Dec. 2009	Increase number of employees to four. Membership revenues begin to level off.

Appendix

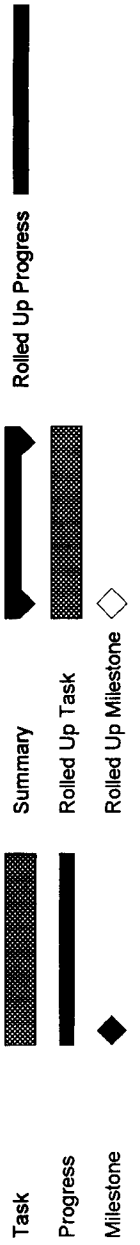
Gantt Chart

Income Statement -- 2007

Income Statment -- 2008

Income Statment -- 2009

ID	Task Name	Duration	2007				2008				2009							
			Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4				
1	Finish Business Plan	0d																
2	Start Loan Process	0d																
3	Loan Finalized	0d																
4	Renovations	60d																
5	Ongoing Advertising	1023d																
6	Open for Business	1004d																
7	Weight Training	992d																
8	Tae Kwon Do Lessons	992d																
9	Tumble TOTS	669d																
10	Break Even Point	0d																
11	Expand Workforce	1035d																
12	Hire Employee	1035d																
13	Hire Employee	821d																
14	Hire Employee	730d																
15	Hire Employee	365d																



Project:
Date: Mon 5/5/97

South Rapid Multi-Gym

Income Statement -- 2008

	January	February	March	April	May	June	July	Aug	Sept	Oct	Nov.	Dec	2008 ytd
Membership Sales:													
Tae Kwon Do	\$2,650	\$2,750	\$2,850	\$2,950	\$3,050	\$3,200	\$3,300	\$3,400	\$3,550	\$3,600	\$3,650	\$3,750	\$38,700
Circuit Training	\$3,150	\$3,600	\$4,050	\$4,500	\$4,950	\$5,400	\$6,000	\$6,300	\$6,600	\$6,900	\$7,200	\$7,500	\$66,150
Weight Room	\$940	\$980	\$1,020	\$1,060	\$1,100	\$1,140	\$1,180	\$1,220	\$1,260	\$1,300	\$1,320	\$1,340	\$13,860
Tumble Tots	\$200	\$200	\$200	\$250	\$250	\$250	\$300	\$300	\$300	\$350	\$350	\$350	\$3,300
Gym Rentals	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$8,640
Total Sales	\$7,660	\$8,250	\$8,840	\$9,480	\$10,070	\$10,710	\$11,500	\$11,940	\$12,430	\$12,870	\$13,240	\$13,660	\$130,650
Expenses													
Wages	\$2,400	\$2,400	\$2,400	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600	\$39,600
Employment Taxes	\$480	\$480	\$480	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$7,920
Building Lease	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$32,400
Utilities	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Equipment Lease	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$7,200
Insurance	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Interest Expense	\$964	\$959	\$955	\$950	\$945	\$940	\$935	\$930	\$925	\$920	\$915	\$910	\$11,247
Depreciation	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$2,083
Misc. Expenses	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
Total Expenses	\$10,818	\$10,813	\$10,808	\$12,243	\$12,238	\$12,234	\$12,229	\$12,224	\$12,219	\$12,213	\$12,208	\$12,203	\$142,450
Net Profit (loss)	(\$3,158)	(\$2,563)	(\$1,968)	(\$2,763)	(\$2,168)	(\$1,524)	(\$729)	(\$284)	\$211	\$657	\$1,032	\$1,457	(\$11,800)
Cash Flow Projections													
Beginning Cash	\$32,456	\$29,001	\$26,137	\$23,862	\$20,787	\$18,303	\$16,458	\$15,403	\$14,788	\$14,664	\$14,979	\$15,664	\$32,456
profits (losses)	(\$3,158)	(\$2,563)	(\$1,968)	(\$2,763)	(\$2,168)	(\$1,524)	(\$729)	(\$284)	\$211	\$657	\$1,032	\$1,457	(\$11,800)
non-cash deprec.	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$2,083
loan proceeds													\$0
building improvement													\$0
equip. purchase													\$0
loan principle pmts.	(\$471)	(\$475)	(\$480)	(\$485)	(\$490)	(\$495)	(\$500)	(\$505)	(\$510)	(\$515)	(\$520)	(\$525)	(\$5,970)
Ending Cash Bal.	\$29,001	\$26,137	\$23,862	\$20,787	\$18,303	\$16,458	\$15,403	\$14,788	\$14,664	\$14,979	\$15,664	\$16,770	\$16,770
	9	10	11	12	13	14	15	16	17	18	19	20	
													100000

South Rapid Multi-Gym

Income Statement -- 2007

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	2007 Ytd
Membership Sales:										
Tae Kwon Do	\$250		\$750	\$1,250	\$1,500	\$1,500	\$1,750	\$2,150	\$2,500	\$10,125
Circuit Training	\$300		\$900	\$1,500	\$1,800	\$2,100	\$2,500	\$2,550	\$3,000	\$12,150
Weight Room	\$100		\$280	\$460	\$540	\$640	\$680	\$680	\$900	\$3,645
Gymn Rentals	\$80		\$220	\$360	\$440	\$500	\$500	\$620	\$720	\$2,916
Total Sales	\$730		\$2,150	\$3,570	\$4,280	\$4,990	\$6,000	\$6,000	\$7,120	\$28,836
Expenses										
Wages	\$1,200		\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$8,400
Employment Taxes	\$300		\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$2,100
Building Lease	\$2,700		\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$24,300
Utilities	\$250		\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$4,000
Equipment Lease	\$600		\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$4,200
Insurance	\$500		\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$4,500
Interest Expense	\$996		\$991	\$987	\$982	\$978	\$973	\$969	\$969	\$7,876
Misc. Expenses	\$2,500		\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$22,500
Depreciation	\$174		\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$1,389
Total Expenses	\$5,950		\$9,469	\$9,465	\$9,456	\$9,451	\$9,447	\$9,447	\$9,442	\$79,265
Net Profit (loss)	(\$5,950)		(\$7,315)	(\$7,315)	(\$5,176)	(\$4,461)	(\$3,447)	(\$2,322)	(\$2,322)	(\$50,429)
Cash Flow Projections										
Beginning Cash	\$0	\$79,050	\$71,665	\$62,661	\$55,080	\$48,924	\$43,483	\$38,756	\$35,044	\$0
profits (losses)	(\$5,950)	(\$7,124)	(\$8,739)	(\$7,315)	(\$5,890)	(\$5,176)	(\$4,461)	(\$3,447)	(\$2,322)	(\$50,425)
non-cash deprec.	\$0	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$1,389
loan proceeds	\$100,000									\$100,000
cash injection	\$30,000									\$30,000
building improvement	(\$20,000)									(\$20,000)
equip. purchase	(\$25,000)									(\$25,000)
loan principle pmts.	(\$435)		(\$439)	(\$439)	(\$439)	(\$439)	(\$439)	(\$439)	(\$439)	(\$3,508)
Ending Cash Bal.	\$79,050	\$71,665	\$62,661	\$55,080	\$48,924	\$43,483	\$38,756	\$35,044	\$32,456	\$32,456
Loan Requirements										
Equipment			\$25,000							
Building Improvement			\$20,000							
Working Capital			\$85,000							
(minus cash injection)			(\$35,000)							
Total Loan Requirements			\$100,000							

South Rapid Multi-Gym

Income Statement -- 2009

	January	February	March	April	May	June	July	Aug	Sept	Oct	Nov.	Dec	2009 ytd	
Membership Sales:														
Tae Kwon Do	\$3,500	\$3,650	\$3,800	\$3,950	\$4,100	\$4,250	\$4,400	\$4,550	\$4,700	\$4,800	\$4,800	\$4,900	\$5,000	\$51,600
Circuit Training	\$7,500	\$7,650	\$7,800	\$7,950	\$8,100	\$8,250	\$8,400	\$8,550	\$8,700	\$8,850	\$8,850	\$9,000	\$9,000	\$99,750
Weight Room	\$1,260	\$1,340	\$1,380	\$1,420	\$1,480	\$1,540	\$1,580	\$1,640	\$1,700	\$1,740	\$1,740	\$1,760	\$1,800	\$18,640
Tumble Tois	\$400	\$400	\$400	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$5,700
Gym Rentals	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$8,640
Total Sales	\$13,380	\$13,760	\$14,100	\$14,540	\$14,900	\$15,260	\$15,600	\$15,960	\$16,320	\$16,610	\$16,610	\$16,880	\$17,020	\$184,330
Expenses														
Wages	\$3,600	\$3,600	\$3,600	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$54,000
Employment Taxes	\$720	\$720	\$720	\$960	\$960	\$960	\$960	\$960	\$960	\$960	\$960	\$960	\$960	\$10,800
Building Lease	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$32,400
Utilities	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Equipment Lease	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$7,200
Insurance	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Interest Expense	\$904	\$899	\$894	\$888	\$883	\$877	\$872	\$866	\$860	\$855	\$849	\$843	\$843	\$10,489
Depreciation	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$2,083
Misc. Expenses	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
Total Expenses	\$12,198	\$12,193	\$12,187	\$13,622	\$13,616	\$13,611	\$13,605	\$13,600	\$13,594	\$13,588	\$13,588	\$13,582	\$13,577	\$158,973
Net Profit (loss)	\$1,182	\$1,567	\$1,913	\$918	\$1,284	\$1,649	\$1,995	\$2,360	\$2,726	\$3,022	\$3,022	\$3,298	\$3,443	\$25,357
Cash Flow Projections														
Beginning Cash	\$16,770	\$17,595	\$18,800	\$20,345	\$20,891	\$21,796	\$23,061	\$24,667	\$26,632	\$28,957	\$31,572	\$34,458	\$36,770	\$16,770
profits (losses)	\$1,182	\$1,567	\$1,913	\$918	\$1,284	\$1,649	\$1,995	\$2,360	\$2,726	\$3,022	\$3,022	\$3,298	\$3,443	\$25,357
non-cash deprec.	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$174	\$2,083
loan proceeds														\$0
building improvment														\$0
equip. purchase														\$0
loan principle pmts.	(\$530)	(\$536)	(\$541)	(\$547)	(\$552)	(\$557)	(\$563)	(\$569)	(\$574)	(\$580)	(\$586)	(\$592)	(\$592)	(\$6,727)
Ending Cash Bal.	\$17,595	\$18,800	\$20,345	\$20,891	\$21,796	\$23,061	\$24,667	\$26,632	\$28,957	\$31,572	\$34,458	\$37,483	\$40,926	\$37,483
	21	22	23	24	25	26	27	28	29	30	31	32	32	
	100000													