The Salvation Army, National Capital and Virginia Division

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) is made effective as of this Wednesday, the13th day of October, 2004 by and between **The Salvation Army, National Capital and Virginia Division (SA)** a nonprofit organization with offices at 2626 Pennsylvania Avenue NW, Washington DC 20037, and **Spiritual Partnership in Realizing Individual Transformation (S.P.I.R.I.T.)**, a nonprofit organization with offices at 1225 W Street SE, Washington, DC 20020.

The parties to this MOU express their desire to work together to establish a "full-service holistic wellness center and related educational, social and spiritual development programs" (the program) to benefit the East of the River/Anacostia community in the Salvation Army Corps Center (the Center). The Center is located in the 2300 block of Martin Luther King Jr. Avenue, SE, Washington, DC 20020.

SA and S.P.I.R.I.T. intend to enter into a Lease and Services Agreement for space to operate the program when the Center opens in late 2006.

The purpose of this MOU is to outline the mutual understandings between SA and S.P.I.R.I.T. that will guide their joint efforts during the planning and program design period while the Center is being built and until such time as the Lease and Services Agreement is executed.

SA and S.P.I.R.I.T. agree as follows:

1. It is the intent of SA to complete the design and construction of the Center, and place the building into service by the end of 2006. During this period SA and S.P.I.R.I.T. will work cooperatively on the physical and program design aspects of the Center and share information as appropriate to facilitate implementation of a successful program.

2. It is the intent of SA to conduct good faith negotiations with S.P.I.R.I.T. to make space available on the fifth floor of the Center for classes and activities supporting a full-service holistic wellness center and related educational, social and spiritual development programs. It is understood that these programs will have a special focus on serving youth and adult residents of East of the River neighborhoods. It is further understood that S.P.I.R.I.T. intends to contract with a professional manager for the Center and that the contractor must manage the Center in a manner that is fully consistent with the mission and core values of SA. S.P.I.R.I.T agrees to provide SA with sufficient information to determine its approval of the manager, or any successor, which approval will not be unreasonably withheld. Any subcontractors or subtenants of the Center must also operate in a manner fully consistent with SA mission and core values.

3. S.P.I.R.I.T. understands the need for adequate, safe parking for the Center and therefore intends through its relationship with Union Temple Baptist Church (UTBC) to make approximately 200 parking spaces on its property on W Street SE available for those attending activities of the Center, except during those occasions when these spaces are needed for activities of UTBC.

4. Other planned purposes of the Center include the administrative, social service and church components of SA, a licensed child care program, after school care, a job-training and work force development program, retail businesses and other compatible services as they are determined by SA with advice from S.P.I.R.I.T., other partners and the community. SA and S.P.I.R.I.T. agree to seek every means of assuring that all of the uses and partners of the Center are thoughtfully connected so that each is respected and honored as a partner in ministry.

5. During the term of this MOU, SA and S.P.I.R.I.T, to the extent that each party is permitted to do so, shall exchange such information as is reasonably required for each to perform its obligations hereunder. SA and S.P.I.R.I.T each agree to keep in strict confidence all information received from the other which is designated

ZONING COMMISSION
District of Columbia
CASE NO.04-35
EXHIBIT NO.16C

in writing to be of a proprietary nature and to use such information only in connection with their obligations under this MOU. Upon termination of this MOU, each party shall promptly return all such confidential information of the other party.

6. Neither party shall knowingly solicit, recruit, hire or otherwise employ or retain the employees of the other party without the other party's written consent during the term of this MOU.

7. Each of the parties intends to adhere fully to the terms set forth in this MOU, and each of the parties acknowledges that the other has and will expend considerable time, effort and resources in order to achieve the goals set forth above. The parties, by entering into this MOU, agree to work together in a spirit of cooperation and patience in their joint efforts to design and implement a program that will benefit many individuals and families in the East of the River community.

8. The parties to this MOU understand that unforeseen circumstances, conditions beyond each party's control and/or irreconcilable differences may arise which make a continued relationship not feasible, or not desirable. In that event, either party may terminate this MOU without any claims against or liability to the other party by providing 30 days written notice to the other party of its intent to terminate.

9. This MOU is meant to establish a good faith agreement of the parties to carry out the program and activities contemplated by this MOU to the best of their ability and available resources without creating or forming the basis for legal action or liability of any nature between the parties. This MOU shall not be considered to be any other type of agreement including, but not limited to, a partnership or joint venture.

10. The parties to this MOU may propose amendments modifying the MOU at any time. No amendment shall become effective, unless in writing signed by both parties.

11. All notices, acknowledgements, requests, reports and other communications under this MOU shall be addressed as follows to the following representatives:

Major Todd Smith
General Secretary
The Salvation Army
National Capital and Virginia Division (TSA)
2626 Pennsylvania Avenue, N.W.
Washington, D.C. 20036

Reverend Willie Wilson
Board Chairman
Spiritual Partnership in Realizing Individual Transformation
1225 W Street, SE
Washington, DC 20020

All such communication may be sent by: (1) overnight delivery with confirmation of receipt; (2) facsimile with confirmation of receipt; (3) certified mail, return receipt requested, with receipt deemed to be two days after deposit with the US Postal Service.

By the signing of this MOU, the parties, through their duly authorized representatives, hereby agree to the goals, principles, terms and conditions set forth above.

For The Salvation Army:

Todd Smith
Major Todd Smith, General Secretary

10/13/04
Date

For Spiritual Partnership in Realizing Individual Transformation:

Rev. Willie F. Wilson
Rev. Willie Wilson, Board Chairman

10/26/04
Date

Direct Impact Fitness Systems

Anacostia Health & Wellness Center



Business Proposal

Executive Summary

Anacostia Health and Wellness Center is a new concept developed by its founders to offer a comprehensive fitness and holistic wellness program to the Anacostia area and its surrounding communities. This idea was inspired by Pastor Willie F. Wilson, who organized a group of Pastors having an interest and desire to offer a fitness and wellness center designed to educate the greater community about the importance of maintaining overall good health. The group will develop a 7,500 square foot wellness and fitness facility that will encompass a (1) wellness center that provides chiropractic care, nutritional counseling, herbal body wraps, spiritual counseling and natural healing services; (2) retail store that offers nutritional supplements, athletic attire, a juice/smoothie bar area along with a variety of other health and fitness related products; (3) state of the art work out equipment including free weights, life cycle machines, treadmills and aerobics; and (4) a professionally staffed facility.

In 1999, the International Health and Racquet Sports Association (IHRSA) estimated that over 25 million people are active members of health clubs in the United States. IHRSA projects that health club memberships will continue to rise to over 50 million members by 2010. This steady increase in health club memberships is attributed in part to increased participation in fitness by "baby boomers" who are taking a more proactive interest in their overall health. The fitness clubs that will likely capture this growth, will be those with cutting edge facilities that offer a broad array of attendant amenities. Having added features such as a wellness center will be a big advantage over smaller and narrowly focused gyms.

The Anacostia project will be located in the heart of south east Washington, DC housed in a 41,000 square foot building in a developing community with its borders overlooking downtown Washington, DC. Due to an increased population in the Washington, DC Metropolitan area, many people are now attracted to facilities where their fitness and wellness needs can be met while conveniently located. The project is conveniently located less than 5 miles from downtown Washington, DC with easy access to transportation and major highways. This facility will be positioned to seize the current growth trend in the fitness industry.

ANACOSTIA HEALTH & WELLNESS CENTER

It is the goal of the group to build a quality wellness and fitness center with a focus on four areas:

Spiritual
Service
Sanitation
Sales

The Anacostia Project will provide the community of Washington, DC and its surrounding areas with a quality wellness and fitness center which will include several member benefits not offered by other area fitness centers. The Anacostia Project will create a unique "one stop shop" facility. Highlights include:

- 7,500 sq ft. of Pure Fitness & Wellness
- Herbal Body Wrap Center
- Massage Therapy
- Chiropractic Center
- Professional Staff
- Super Clean Facility
- Fully Stocked Pro Shop and Juice Bar
- Spacious Dressing and Locker Area
- Personal Training and Nutritional Counseling
- Professional Club Management Software and Member Tracking System

- Aerobics with State-Of-The-Art Equipment
- Well Equipped Cardiovascular Area

The Facility

Why Smaller Clubs vs. Big Foot Print Multi-Purpose Club

The answer reflects back to the most basic of business principals. If you control your expenses it makes it easier to have a successful business. The basic health club that is between 17,000 to 25,000 square feet would cost you approximately 1 million to $1.6 million depending on the amenities and area that you build the club. Unfortunately when new health club owners look at building their dream club, they build the club backwards. They build the club and the overhead and expect the revenue to catch it. With over 20 years of operating experience, the management team of Direct Impact Fitness Systems (DIFS) has realized that the most important factor in running an efficient fitness facility begins with an organized plan and a well thought-out budget.

DIFS conducted an independent survey (900 individuals) and less then 10% of the people surveyed use amenities such as: pools, day care, group exercise, racquetball, basketball or other amenities that are extremely expensive to build and maintain, forcing club owners to run very high operating budgets. Anacostia Health and Wellness Center plans to strategically capitalize on the 90% of potential membership base that strictly want wellness services, state of the art training equipment and cardiovascular equipment in a super clean facility. By eliminating some of the expensive amenities the center can operate a streamline business allowing for maximum returns.

Demographics

- First planned suburb originally called Union Town.
- Located five miles from downtown Washington, D.C.
- First Historical District
- Easy access to Virginia and Maryland
- Excellent mass transit service from Metro, Amtrak, MARC commuter rail and Ride-On
- Ample quality housing in mature neighborhoods, as well as newer developments
- Anacostia is currently experiencing a Renaissance of new development and historic preservation
- Major projects currently underway are bringing new training centers, childcare, offices, and residential development to Anacostia central business district.

	ZIP 20708	National
• **Total Population**	49,432	285,412,400
• **Number of Households**	22,041	107,079,466
• **2001 Population by Race**		
• **White**	1.8%	74.7%
• **Black**	96.6%	12.4%
• **Asian and Pacific Islander**	.2%	3.9%
• **Other**	1.4%	6.6%
• **2001 Population by Gender**		
• **Male**	43.7%	49.1%
• **Female**	56.3%	50.9%
• **2001 Income Figures**		
• **Median Household Income**	$27,638	$41,369

Competition

The only fitness facilities in the Washington, DC area include *Results Gym and Curves for Women.* The management team of Direct Impact Fitness Systems does not view these operations as competition, since the model developed for the Anacostia community is designed to attract members looking for a first-class, comprehensive fitness environment requiring a very minimal monthly investment.

Club	**Enrollment Fee**	**Monthly Fee**
Result Gym	$179.00	$69.00 to $89.00
Curves for Women	$99.00	$39.00 to $49.00
Anocostia Health & Wellness Center	***$19.00 to $39.00***	***$19.99 to $39.99***

Member Loyalty

Entrepreneur Magazine did a study of fitness centers concluding that members of fitness centers are likely to join newer, more spacious and better-equipped facilities when presented the opportunity. The Anocostia Project will allow our members more health and fitness choices within a more modern, user-friendly facility.

Management Team

Vernon Hawkins – Director of Finance and Administration

Mr. Hawkins 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.

Corey Scoggins: Director of Fitness Trainers

Mr. Scoggins will manage the fitness center including organizing and conducting fitness training programs. Mr Scoggins received his Bachelor's Degree in Health Care Management from Southern Illinois University.

Tracey Spivey-White: Director of Health and Wellness Programs

Mrs. Spivey-White will assume the overall management of the Health and Wellness components, including organizing and conducting health education programs. Mrs. Spivey-White received her Masters Degree in Education and Masters in Administration and Supervision/pending.

Direct Impact Fitness System – Health Club Consulting Company

Direct Impact Fitness Systems is a privately owned health and fitness consulting firm, with over 20 years of successful experience in managing and operating health and fitness facilities throughout the United States.

Personnel

Preventive Health Expert:

Brother Bey – Health counselor, lecturer, of health and master chef, his education background is from The Natural School of Colon Therapy, Virginia State University and Coppin State College. Brother Bey brings to Anacostia Health and Wellness Center his extensive knowledge and background in Natural Food and Preventive Health.

Spiritual Meditation Consultants:

Reverend Dion Davis – a graduate of Fisk University where he obtained his Backelor's Degree in Psychology and Early Childhood Education. He then pursued his Master in Divinity from Howard University. He is an outstanding leader, motivational speaker and founder of New Horizon Image, Inc. Consulting Firm.

Mister Jermaine Key – is currently pursuing his degree in Psychology. He is an assistant to Reverend Dion Davis. Minister Key has his training in business administration and had the opportunity to serve as a motivational speaker in many school and prisons. Mr. Key has also worked with L.O.G.I.C. Youth Program, has preached in numerous revivals and with the Chamber of Commerce. Although he serves in numerous ministries, he is passionate about his work with the Singles Ministry and Union Temple Praise Team.

Reiki Practioner :

Imhotep Kuumba – A Third Degree Reiki Master who became interested in natural healing after a series of life changing events. He attended Howard University and he is presently pursuing a certification in Reflexology and Hydrotherapy.

Chiropractor/Consultant:

Dr. Keita Vanterpool- Founder and President of CHIROKEI Wellness & Consulting . She is a graduate of Elizabeth City State University where she obtained a Bachelor of Science Degree in Biology and PreMedicine. She then pursued a Doctor of Chiropractic Degree from Life University in Marietta, GA.

Legal Structure

Name: S.P.I.R.I.T. (Spiritual Partnership in Realizing Individual Transformation, Corp.)

Purpose: To operate exclusively for charitable and educational purposes and more specifically, to initiate and foster programs aimed at alleviating urban blight and disinvestments, unemployment and poverty, thereby combating community deterioration, lessening neighborhood tensions, and promoting social welfare, particularly within the Washington, DC community, communities which are east of the Anacostia River.

The Investment

The total liquid capital requirements will be $250,000 per club. The capital will be used for operational costs during the pre-sale period (i.e. selling memberships while the facility is being constructed) and to build out the final facility.

Cost of Project

	Investment
Build out / Leasehold improvements	80,000
Pre Sale	40,000
Office Equipment / computers etc.	20,000
Sign	10,000
Marketing	10,000
Equipment Lease (5 year)	230,000 (10%)
Working Capital	75,000
Cash Investment per Unit	250,000

Anacostia Health & Wellness Center

Pre-sale Expense

Payroll	Day 1-45
General manager	$4,000.00
Sales Consultants	$7,200
Commssions	$5,000
Referal Prize's	$1,000
Print / New paper	$2,500
Radio	$5,000
Mass Media	$3,500
Direct mail	$3,500
Misc.	$1,100
Utilities for Pre-sale office	$350
Phone	$700
Insurance (liability and health)	$650
Workmans comp.	$500
Office supplies	$500
Total	$40,000.00

Pro forma Assumptions

The assumptions listed are very conservative and in most cases represent operational costs at minimum. The attached pro forma does not include revenue projections for the service offerings of the wellness center. These numbers reveal that the Anacostia Project can generate revenue without the attendant product offerings and services. The numbers were derived from analyzing over 125 fitness facilities in various stages of development in different demographic areas. The following pages of projections are based on the following assumptions:

- Monthly membership fee is based on an average rate of $29.00 per month
- One year paid in full membership is based on an average price of $348.00
- Average down payment on new memberships is $79.00
- Attrition after month 24 increases to 4% monthly or 60% annually.
- Returns on draft average 8% per month
- Proforma assumes an existing membership base of 400 memberships
- Note that the cost projections are fixed reflecting our concept of having a full ramp up from the first day

Variables:													
Avg. EFT / Draft	$ 29.00	Membership Attrition (1	3.0%	Pre-Sale Attrition	4.0%								
Avg. Downpayment	$ 79.00	% of EFT / Draft	75.0%	Pre-Sale Returns	10.0%								
Bad Debt Recovery	85.0%	% of Cash from PIF	25.0%	Membership Attrition (1	5.0%								
Avg. Returns	8.0%	Avg. PIF	$ 348.00	Sales Reduction Perce	0%								

Membership: Planned Sales:		400	150	140	120	100	100	100	100	100	100	100	100	100	
Pre-Sale Membership		400	384	369	354	340	326	313	301	289	277	266	255	245	
Pre Sale Attrition		(16)	(15)	(15)	(14)	(14)	(13)	(13)	(12)	(12)	(11)	(11)	(10)	(10)	
New Monthly Membership Sales			150	140	120	100	100	100	100	100	100	100	100	100	
New Membership Attrition			-	(5)	(9)	(12)	(15)	(17)	(20)	(22)	(24)	(27)	(29)	(31)	
New Membership Balance			150	285	397	485	570	653	734	812	887	961	1,032	1,101	
Total Membership		384	519	639	737	811	884	954	1,022	1,089	1,153	1,216	1,277	1,336	

		Pre Sale	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year 1
Revenue:															
EFT/DRAFT REVENUE		-	8,352	11,260	13,907	16,023	17,643	19,216	20,748	22,235	23,681	25,085	26,450	27,776	232,397
RETURNS		-	(835)	(902)	(1,113)	(1,282)	(1,411)	(1,537)	(1,660)	(1,779)	(1,894)	(2,007)	(2,116)	(2,222)	(18,758)
NET EFT/DRAFT		-	7,517	10,378	12,794	14,741	16,232	17,688	19,088	20,457	21,786	23,078	24,334	25,553	213,638
MEMBERSHIP REVENUE		56,000	21,938	20,475	17,550	14,625	14,625	14,625	14,625	14,625	14,625	14,625	14,625	14,625	247,588
DRINKS / VENDING		-	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Rehab, PT, Sports Specific Training	no rehab														
COLLECTIONS		-	710	767	948	1,090	1,200	1,307	1,411	1,512	1,618	1,706	1,799	1,889	15,945
PERSONAL TRAINING (NET)		-	500	500	750	1,000	1,250	1,500	1,750	2,000	2,250	2,500	2,750	3,000	19,750
	TOTAL REVENUE	56,000	31,164	32,620	32,540	31,955	33,808	35,612	37,374	39,094	40,771	42,409	44,007	45,567	502,921
Cost of Sales:															
DRINKS / VENDING		500	500	500	500	500	500	500	500	500	500	500	500	500	6,500
	TOTAL COST OF SALES:	500	500	500	500	500	500	500	500	500	500	500	500	500	6,500
	GROSS PROFIT	55,500	30,664	32,120	32,040	31,455	33,308	35,112	36,874	38,594	40,271	41,909	43,507	45,067	496,421
Operating Expenses:															
ACCOUNTING			500	500	500	500	500	500	500	500	500	500	500	500	6,000
PAYROLL EXPENSE			17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	204,000
PAYROLL PROCESSING FEES			200	200	200	200	200	200	200	200	200	200	200	200	2,400
PAYROLL TAX			2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	28,080
BUSINESS OFFICE			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
PRINTING			750	350	350	350	350	350	350	350	350	350	350	350	4,800
ADVERTISING	2000		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
MEMBER REFUNDS			300	300	300	300	300	300	300	300	300	300	300	300	3,600
BANK & CREDIT CARD CHARGES			17	16	14	11	11	11	11	11	11	11	11	11	147
EQUIPMENT LEASE			5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	60,009
WORKMAN'S COMPENSATION			250	250	250	250	250	250	250	250	250	250	250	250	3,000
LIABILITY INSURANCE		-	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Benefits	no	-													
JANITORIAL service + SUPPLIES		-	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
CONSULTING EXPENSES	1500	-	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
OFFICE SUPPLIES		-	100	100	100	100	100	100	100	100	100	100	100	100	1,200
POSTAGE & SHIPPING	no	-													
LEGAL FEES	no	-	80												
REPAIRS & MAINTENANCE		-	-	-	250	250	250	250	250	250	250	250	250	250	2,500
OPERATING SUPPLIES		-	50	50	50	50	50	50	50	50	50	50	50	50	600
LOCAL & LONG DISTANCE TELEPHONE EXP.		-	360	360	360	360	360	360	360	360	360	360	360	360	4,320
		-													
UNIFORMS		-	75	75	75	75	75	75	75	75	75	75	75	75	900
SECURITY SYSTEMS		-	30	30	30	30	30	30	30	30	30	30	30	30	360
ELECTRIC	no	-													
GAS	no	-													
WATER	no	-													
CABLE TELEVISION AND MUSIC		-	75	75	75	75	75	75	75	75	75	75	75	75	900
TRASH COLLECTION	no	-													
NAME LICENSE		-													
BUSINESS LICENSE	no	-	30	30	30	30	30	30	30	30	30	30	30	30	360
PROPERTY TAX	no	-													
RENT & CAM	no	-	no												
SALES TAX		-													
PEST CONTROL	no	-													
MISCELLANEOUS		-	50	50	50	50	50	50	50	50	50	50	50	50	600
	TOTAL Operating Expenses	-	34,458	33,977	34,224	34,222	34,222	34,222	34,222	34,222	34,222	34,222	34,222	34,222	410,576
	EBITDA	55,500	(3,794)	(1,857)	(2,184)	(2,767)	(915)	890	2,652	4,372	6,049	7,687	9,285	10,845	85,845

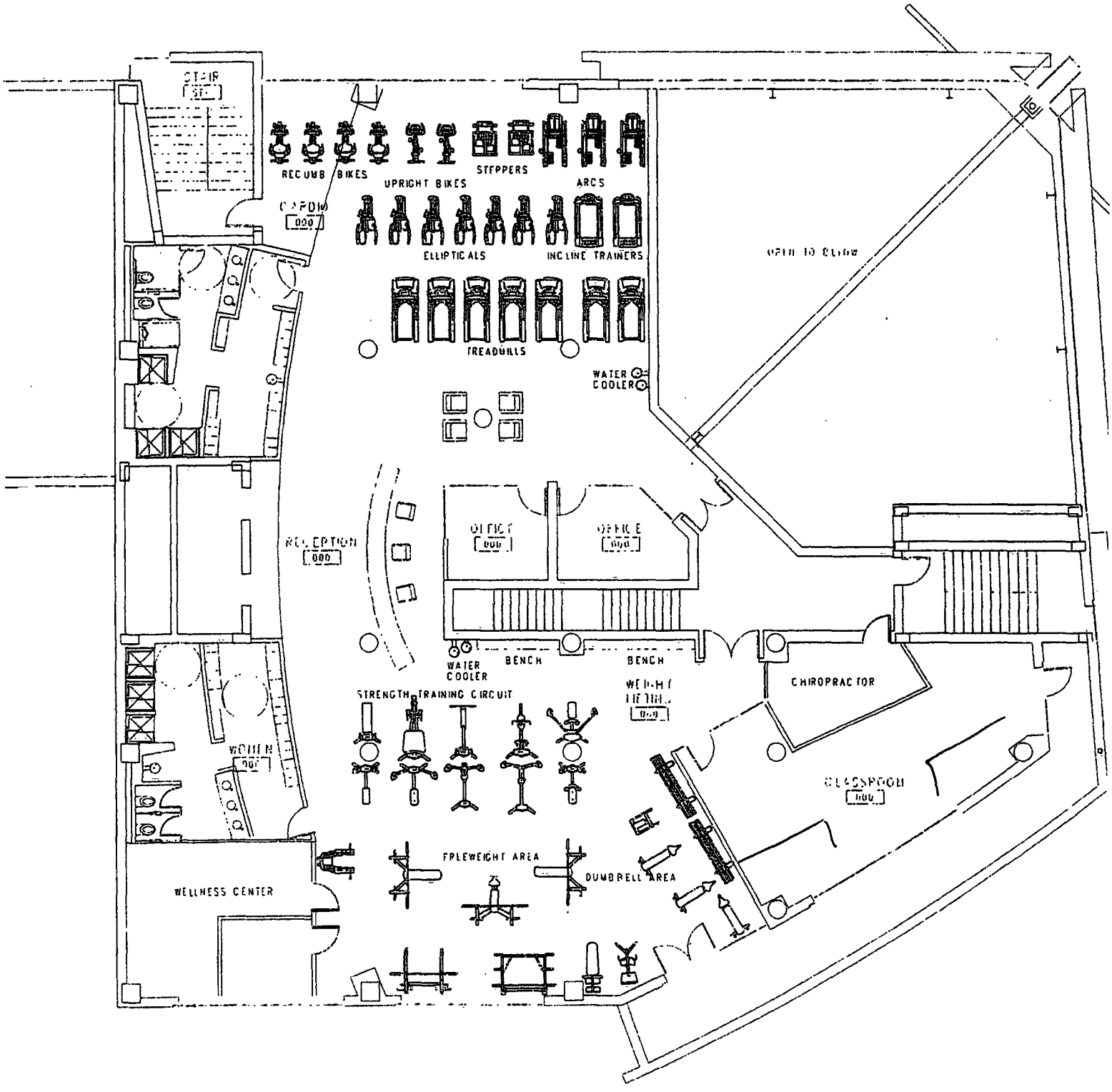
Membership: Planned Sales:													
	150	120	125	100	100	100	100	100	100	100	100	100	
Pre-Sale Membership	235	228	217	208	200	192	184	177	170	163	156	150	
Pre Sale Attrition	(9)	(9)	(9)	(8)	(8)	(8)	(7)	(7)	(7)	(7)	(6)	(6)	
New Monthly Membership Sales	150	120	125	100	100	100	100	100	100	100	100	100	
New Membership Attrition	(55)	(60)	(63)	(66)	(68)	(69)	(71)	(72)	(74)	(75)	(76)	(77)	
New Membership Balance	1,196	1,256	1,318	1,352	1,385	1,416	1,445	1,473	1,499	1,524	1,548	1,570	
Total Membership	1,422	1,473	1,526	1,552	1,577	1,600	1,622	1,642	1,662	1,680	1,698	1,715	

	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Total Year 2
Revenue:													
EFT/DRAFT REVENUE	29,064	30,924	32,037	33,201	33,782	34,292	34,794	35,269	35,719	36,145	36,549	36,930	406,687
RETURNS	(2,325)	(2,474)	(2,563)	(2,656)	(2,701)	(2,743)	(2,784)	(2,822)	(2,858)	(2,892)	(2,924)	(2,954)	(32,695)
NET EFT/DRAFT	26,739	28,450	29,474	30,545	31,081	31,549	32,010	32,448	32,862	33,254	33,625	33,976	375,992
MEMBERSHIP REVENUE	21,938	17,550	18,281	14,625	14,625	14,625	14,625	14,625	14,825	14,625	14,625	14,625	189,394
DRINKS / VENDING	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Rehab, PT, Sports Specific Training no rehab													
COLLECTIONS	1,976	2,103	2,179	2,258	2,296	2,332	2,366	2,398	2,429	2,458	2,485	2,511	27,791
PERSONAL TRAINING (NET)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
TOTAL REVENUE	54,153	51,603	53,434	50,928	51,481	52,005	52,502	52,971	53,416	53,837	54,235	54,612	635,177
Cost of Sales:													
DRINKS / VENDING	500	500	500	500	500	500	500	500	500	500	500	500	6,000
TOTAL COST OF SALES:	500	500	500	500	500	500	500	500	500	500	500	500	6,000
GROSS PROFIT	53,653	51,103	52,934	50,428	50,981	51,505	52,002	52,471	52,916	53,337	53,735	54,112	629,177
Operating Expenses:													
ACCOUNTING	500	500	500	500	500	500	500	500	500	500	500	500	6,000
PAYROLL EXPENSE	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	204,000
PAYROLL PROCESSING FEES	200	200	200	200	200	200	200	200	200	200	200	200	2,400
PAYROLL TAX	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	28,080
BUSINESS OFFICE	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
PRINTING	350	350	350	350	350	350	350	350	350	350	350	350	4,200
ADVERTISING 2000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
MEMBER REFUNDS	300	300	300	300	300	300	300	300	300	300	300	300	3,600
BANK & CREDIT CARD CHARGES	17	14	14	11	11	11	11	11	11	11	11	11	146
EQUIPMENT LEASE	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	60,009
WORKMAN'S COMPENSATION	250	250	250	250	250	250	250	250	250	250	250	250	3,000
LIABILITY INSURANCE	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Benefits no													
JANITORIAL service + SUPPLIES	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
CONSULTING EXPENSES 1500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
OFFICE SUPPLIES	100	100	100	100	100	100	100	100	100	100	100	100	1,200
POSTAGE & SHIPPING no													
LEGAL FEES no													
REPAIRS & MAINTENANCE	250	250	250	250	250	250	250	250	250	250	250	250	3,000
OPERATING SUPPLIES	50	50	50	50	50	50	50	50	50	50	50	50	600
LOCAL & LONG DISTANCE TELEPHONE EXP.	360	360	360	360	360	360	360	360	360	360	360	360	4,320
UNIFORMS	75	75	75	75	75	75	75	75	75	75	75	75	900
SECURITY SYSTEMS	30	30	30	30	30	30	30	30	30	30	30	30	360
ELECTRIC no													
GAS no													
WATER no													
CABLE TELEVISION AND MUSIC	75	75	75	75	75	75	75	75	75	75	75	75	900
TRASH COLLECTION no													
NAME LICENSE													
BUSINESS LICENSE no	30	30	30	30	30	30	30	30	30	30	30	30	360
PROPERTY TAX no													
RENT & CAM no													
SALES TAX													
PEST CONTROL no													
MISCELLANEOUS	50	50	50	50	50	50	50	50	50	50	50	50	600
TOTAL Operating Expenses	34,228	34,224	34,225	34,222	34,222	34,222	34,222	34,222	34,222	34,222	34,222	34,222	410,675
EBITDA	237,927	16,879	18,679	16,206	16,759	17,283	17,780	18,249	18,694	19,115	19,513	19,890	218,502

Membership: Planned Sales:	150	120	125	100	100	100	100	100	100	100	100	100
Pre-Sale Membership	144	138	133	128	122	118	113	108	104	100	96	92
Pre Sale Attrition	(6)	(6)	(5)	(5)	(5)	(5)	(5)	(4)	(4)	(4)	(4)	(4)
New Monthly Membership Sales	150	120	125	100	100	100	100	100	100	100	100	100
New Membership Attrition	(79)	(82)	(84)	(88)	(87)	(87)	(88)	(89)	(89)	(90)	(90)	(91)
New Membership Balance	1,642	1,680	1,721	1,735	1,748	1,761	1,773	1,784	1,795	1,805	1,815	1,824
Total Membership	1,780	1,813	1,848	1,857	1,866	1,873	1,881	1,888	1,895	1,901	1,907	1,912

	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36	Total Year 3
Revenue:													
EFT/DRAFT REVENUE	37,291	38,721	39,425	40,201	40,394	40,576	40,747	40,910	41,063	41,207	41,344	41,472	483,350
RETURNS	(2,983)	(3,098)	(3,154)	(3,216)	(3,231)	(3,246)	(3,260)	(3,273)	(3,285)	(3,297)	(3,307)	(3,318)	(38,668)
NET EFT/DRAFT	34,308	35,623	36,271	36,985	37,162	37,330	37,488	37,637	37,778	37,911	38,038	38,154	444,682
MEMBERSHIP REVENUE	21,938	17,550	18,281	14,625	14,625	14,625	14,625	14,625	14,625	14,625	14,625	14,625	189,394
DRINKS / VENDING	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Rehab, PT, Sports Specific Training no rehab													
COLLECTIONS	2,536	2,633	2,681	2,734	2,747	2,759	2,771	2,782	2,792	2,802	2,811	2,820	32,868
PERSONAL TRAINING (NET)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
TOTAL REVENUE	62,281	59,306	60,733	57,844	58,034	58,214	58,384	58,544	58,695	58,838	58,972	59,100	708,943
Cost of Sales:													
DRINKS / VENDING	500	500	500	500	500	500	500	500	500	500	500	500	6,000
TOTAL COST OF SALES:	500	500	500	500	500	500	500	500	500	500	500	500	6,000
GROSS PROFIT	61,781	58,806	60,233	57,344	57,534	57,714	57,884	58,044	58,195	58,338	58,472	58,600	702,943
Operating Expenses:													
ACCOUNTING	500	500	500	500	500	500	500	500	500	500	500	500	6,000
PAYROLL EXPENSE	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	204,000
PAYROLL PROCESSING FEES	200	200	200	200	200	200	200	200	200	200	200	200	2,400
PAYROLL TAX	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	2,340	28,080
BUSINESS OFFICE	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
PRINTING	350	350	350	350	350	350	350	350	350	350	350	350	4,200
ADVERTISING 2000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
MEMBER REFUNDS	300	300	300	300	300	300	300	300	300	300	300	300	3,600
BANK & CREDIT CARD CHARGES	17	14	14	11	11	11	11	11	11	11	11	11	146
EQUIPMENT LEASE	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	5,001	60,009
WORKMAN'S COMPENSATION	250	250	250	250	250	250	250	250	250	250	250	250	3,000
LIABILITY INSURANCE	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Benefits no													
JANITORIAL service + SUPPLIES	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
CONSULTING EXPENSES 1500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
OFFICE SUPPLIES	100	100	100	100	100	100	100	100	100	100	100	100	1,200
POSTAGE & SHIPPING no													
LEGAL FEES no													
REPAIRS & MAINTENANCE	250	250	250	250	250	250	250	250	250	250	250	250	3,000
OPERATING SUPPLIES	50	50	50	50	50	50	50	50	50	50	50	50	600
LOCAL & LONG DISTANCE TELEPHONE EXP.	360	360	360	360	360	360	360	360	360	360	360	360	4,320
UNIFORMS	75	75	75	75	75	75	75	75	75	75	75	75	900
SECURITY SYSTEMS	30	30	30	30	30	30	30	30	30	30	30	30	360
ELECTRIC no													
GAS no													
WATER no													
CABLE TELEVISION AND MUSIC	75	75	75	75	75	75	75	75	75	75	75	75	900
TRASH COLLECTION no													
NAME LICENSE													
BUSINESS LICENSE no	30	30	30	30	30	30	30	30	30	30	30	30	360
PROPERTY TAX no											250		
RENT & CAM no													
SALES TAX													
PEST CONTROL no													
MISCELLANEOUS	50	50	50	50	50	50	50	50	50	50	50	50	600
TOTAL Operating Expenses	34,228	34,224	34,225	34,222	34,222	34,222	34,222	34,222	34,222	34,222	34,222	34,222	410,675
EBITDA	27,553	24,582	26,008	23,122	23,312	23,492	23,662	23,822	23,973	24,114	24,250	24,378	292,268

ANACOSTIA HEALTH & WELLNESS



Equipment layout by Innovative Fitness Systems 7/04

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