



CULPEPER WELLNESS *foundation*

# **CULPEPER WELLNESS** **FOUNDATION**

## *ANALYSIS OF RECREATIONAL CENTER OPPORTUNITY*

Performed by:



healthplex associates, inc

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# Culpeper Wellness Foundation

## Analysis of Recreational Center Opportunity

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## **INTRODUCTION**

Culpeper Wellness Foundation (“CWF”) has contracted with Healthplex Associates, Inc. (“HPA”) to assist it in assessing the viability of its participation in a new recreational center being proposed by the County Board of Supervisors in Culpeper, Virginia.

The Board is pursuing the building of a six lane, 25 meter, competition pool along with space for fitness and community classrooms. As currently being discussed, the concept is for the County to build the facility and to then turn over the operation, along with the risk of gain or loss to an operator/owner. The County has previously spoken to representatives of the YMCA who have indicated that if the facility were built and turned over to the YMCA, they would then fund the operations and assume all the risk without recourse to the County. The County Board has made it clear that no operational funding can be expected from them. In addition, the County would require an operator to provide access to the facility for low income residents who cannot afford to pay regular dues.

The sources for revenue in the proposed new facility would come largely through usage by the Culpeper County School District, paying members and occasional swim competitions. Any shortfall in revenue would need to be covered by charitable donations or grants.

CWF currently operates the Powell Wellness Center (“PWC”) in Culpeper and has 4,600 members. PWC is clean, up to date in its equipment and offers aquatic services with a “TURTLE Pool”. CWF has also added a smaller indoor tennis facility to expand its recreational offerings. The new facility offers weight training, cardiovascular equipment and a wide variety of fitness classes. It has an additional 500 members. In addition to a few small fitness centers in the County, there is a large Golds Gym in the community with over 3,000 members. Both of these large facilities offer a wide range of fitness services.

With a population of 41,200 people within a fifteen-minute drive time of Culpeper, and 117,669 within a 30 minute drive time, the number of active, paying members to the area fitness centers is unusually large. Further, the County does have a large number of low income families as evidenced by the high rate of school aged children requiring subsidized lunches (40% according to Anthony Brads, Superintendent of Schools). While offering access to the proposed center for these low income families will be a requirement of the operator, there is no obvious funding source to cover the expense of this usage.

Thus, there is a concern that the addition of another major fitness facility to the area will divide the existing market into smaller slices, causing serious financial problems for the

existing providers and calling into question whether a new center would be financially viable.

CWF has commissioned this study to determine whether the Foundation would be in a position to operate the proposed center. The key elements of this study are to address the following points:

- Examine the Client's current centers and any other facilities or resources in the local market.
- Commission an independent, third party demographic study to determine the potential demand for additional fitness and recreational resources in the area.
- Meet with area leadership in the City and Schools to determine their vision for additional resources and to gauge interest in funding for the proposed facility.
- Discuss the potential project vision with additional potential funding sources to determine whether there may be interest from third party sources.
- Prepare a proforma operating statement to illustrate projected operating results for the first five years of operation.
- Provide a projected building cost for the proposed center.
- Prepare a final report documenting HPA findings and recommendations.
- Provide an educational session for key stakeholders.

In order to construct this report, HPA has examined the Powell Wellness Center, interviewed County Supervisors and other local leaders, toured the community to examine two potential sites and commissioned the independent, third party firm of CliniPlan to provide a demographic profile of the County as well as a projection of the market for additional fitness and wellness services. CliniPlan has provided this type of market research to the industry for more than twenty years with a high degree of accuracy. Their report is attached for reference.

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**BACKGROUND AND IMPETUS FOR THE PROJECT**

From our interviews, it appears that those who are advocating for this project are motivated by a perceived lack of activities and outlets for youth in Culpeper County as well as the absence of a competitive pool for the high school swim teams. It is anticipated by the sponsoring Supervisors that the issue will be put before the voters in 2018 via a referendum. Should the referendum succeed, there would be a bond issue to finance the construction and a managing firm/operator/owner would be selected.

The following are some of the salient points made by those individuals who consented to be interviewed. We have not identified each comment with the individual interviewee for the sake of privacy:

- The underlying theme for most people seems to be a desire to create a venue for children, teens and young families. Most people interviewed agree with that as a goal and recognize that there must be a focus on lower income individuals.
- The County will require access for low income individuals but does not expect to fund that usage.
- While most of the Supervisors believe that this issue will reach the referendum stage, there is not a unanimous vision of how this might be achieved and not all of them are supportive of this project.
- The Supervisors have met with a YMCA representative who indicated that they will be able to step in and operate the center without further funding support from the County. While the County may be unwilling to fund any operating deficit, our analysis is that there will undoubtedly be a rather significant revenue shortfall for the foreseeable future. Without some assurance of long term supplemental support, it is difficult to imagine a scenario where the center would be able to survive financially.
- There is not, at this time a consensus of a location for the center. In our interviews we heard three distinct locations suggested, each based upon a different view of how to approach the project. HPA consulted CliniPlan about this issue and was informed that the selection between the two primary choices (at the High School or near the Baptist Home) would not make a great deal of significance in the market demand.
- The Culpeper County Parks and Recreation Department has had little or no involvement in the planning and analysis of the project to date.
- There has not been adequate due diligence about the demand for the services or financial projections. The County commissioned an opinion poll of the community to test the concept of the pool project, however, this survey addressed the “desirability” of the pool but did not address the actual demand for the service nor the willingness and ability to pay. HPA

believes that a proper level of due diligence should ideally be conducted to determine the membership model for a pool of this configuration since the County does not wish to fund ongoing operations. Were the pool set up to be a “community recreational pool”, with wide access available on an ability to pay basis, continued funding would be necessary and the model would be quite different than what HPA perceives the County anticipates.

- The School District currently has a budget for renting a pool for use of the swim teams. Officials of the District understand that access to a new, local pool is likely to be significantly more expensive. The District receives a substantial portion of its funding from the County Supervisors and they anticipate that funding would be increased (from a reportedly \$40,000) to cover the additional costs.
- Several comments were made about a previous project to renovate a local theater by the County. In that case also, the assumption was made that charitable donations would be generated to cover the operating costs. The project did not succeed in generating that funding and has subsequently closed. This was cited as a cautionary experience for the proposed pool.
- One individual suggested that instead of building a new facility, the local country club located near Powell Wellness Center could be converted to this use on a more economical basis. This would also (due to proximity) allow PWC to easily manage the new center.
- Preliminary plans have been drawn which also incorporate an area for fitness as well as classrooms for education and other activities. The owner/operator would be responsible for the management, booking and expenses of these areas.
- City officials have not been an active part of the planning by the County and seem to have a different view of the community needs for the area.
- CWF is perceived as having a focus solely on the elderly. This was cited as a possible reason for the County turning initially to the YMCA as a sponsor/owner of the proposed pool facility. Should the project proceed and should CWF decide that it is interested in managing the pool, there seemed to be a sense that it would be preferable to the YMCA as CWF is “local”.

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## **FINANCIAL FORECAST**

### REVENUE:

As noted, HPA obtained demographic information on the County as well as a market projection for fitness services from CliniPlan. CliniPlan was asked to project the potential for paying members in the proposed project. Specifically, they determined the marginal net increase in the market so that HPA could forecast a net increase in the revenue stream to cover the project, assuming that PWC and Golds Gym were to maintain their current levels of membership. We presume that the County officials would not want to harm existing businesses with a government funded new project.

The market research indicates a net increase of 747 members. In order to assess the proposed project for the CWF, HPA used that number to determine a “retail” (member paid) revenue stream. In actuality of course, a significant number of people from PWC and Golds Gym would likely shift their membership to the new center, however, the financial impact on the proposed center would not be enough to erase more than a small percentage of the projected deficit.

In addition, we added in a proposed payment from the County School District for swim team usage. This was based in part upon what they are currently paying and in part based upon a reasonable increase for the new, local pool. Finally, the Parks and Recreation Department indicated a need to rent out space in the center for classes that they wish to offer, and an estimate of that rental amount was also added into the revenue sources.

The following are the key sources of revenue that are part of our financial forecast:

- Dues: we are projecting that the center would charge an “initiation fee” for those who can and wish to pay for regular membership as well as monthly dues. The initiation fee is projected at \$95 for a single member and \$145 for a family. Dues in this projection have been set at \$55/month for a single membership and \$91.50 for a family. For comparison, PWC now charges \$52/\$92 or \$103 per month for a family.
- We have not projected any membership revenue for low income individuals or families accessing the center as there is currently no source for those funds.
- Babysitting: the center would presumably have a babysitting service on site that would charge hourly. We have included both revenue and labor expense for this.
- Guest fees: many individuals would likely wish to use the center on an intermittent, single use basis as a guest.

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- Lockers rentals: frequent users may wish to rent lockers to store their equipment and clothing; in addition, small daily use fees could be levied.
  - Classroom rental fees: The Parks and Recreation Department has made it clear that they wish to rent space on a frequent basis for classes and community activities.
  - Personal Training and Swim Lessons: some individuals would seek personal or group instruction and assistance.
  - Culpeper County Schools: rental fees for use of the pool by the swim teams as well as instruction in water safety for children. This item is based on what we estimate the Schools should be willing to pay but is open and only an estimate at this writing. This amount is significantly more than the District is currently paying.
  - Summer camps for children.
  - Vending.

HPA has attempted to be “generous” in our estimates of revenue for the center but as can be seen from the attached forecast, the gap between the operational costs and the potential revenue in the County is very large.

#### EXPENSES:

Culpeper County had a preliminary architectural drawing completed which was approximately 50,000 GSF. HPA has used that size in calculating the expense structure for the proposed center. While not the concern of CWF, (as the County would be paying this) we have also developed a preliminary estimate of the construction costs for the center. HPA contacted the architectural firm of Dewberry Associates, a leading expert on wellness and fitness centers to obtain an estimate of construction costs. Based upon the drawing that the County had obtained, we believe that the “all in” cost for the proposed center is in the range of \$15 Million, not \$10 Million as some Supervisors stated during our interviews.

The following describes HPA’s approach to developing the expense structure used in our analysis:

- Competitive pools are a unique operation, so in order to assure that HPA obtained the proper operating costs we contacted Jeffrey Nodorft, P.E., LEED BD+C, at Councilman-Hunsaker, one of the country’s leading pool design firms. Operational expenses for the pool were provided by Mr. Nodorft at \$350,000 annually.
- For the non-aquatic areas HPA approached the costs as if the center is operating a typical fitness center. HPA has managed this type of center for over twenty years and we have developed a model based upon our historical experience across the U.S. and our current management of nine centers. Some of the key items include:
  - Utilities are based upon the square footage of the center using an average rate that we have found to be typical. This was adjusted after discussions with the CWF President.



- We did not include any rent for the facility, as that would be provided by the County.
- Discounts and Bad Debt are consistent with our experience and are related to revenue.
- In projecting labor costs, we kept the staffing to a minimum, using only 11-12 FTE's. Benefit costs are based upon our current levels. This assumes a high percentage of part time employees with a lower level of benefits.
- Advertising was lower than what we would normally budget, but we anticipated that being lower for Culpeper since it is a small community with only two other key competitors (PWC and Golds).
- Insurance is based upon the square footage of the facility and is an average obtained from IHRSA.
- Equipment depreciation was based upon an estimate of the initial capital costs and depreciated over a five-year period. We also allow for a ten percent replacement factor each year. We assumed that the building would be handed over as fully built out (no required tenant improvements) including such items as lockers and specialized flooring.
- Labor costs include commissions on personal training (60%) and sales of memberships (\$35/25).
- Supplies and Other:
  - includes janitorial and housekeeping supplies tied to the size of the facility
  - includes instructor expense for group fitness classes
  - includes software costs for operating systems.

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## **CONCLUSION AND RECOMMENDATIONS**

At this point in time, many of our assumptions are subject to change. For example, the size of the building could easily be reduced or the fitness component could be eliminated which would significantly reduce the expense structure. Similarly, our revenue assumptions are based upon a very large subsidy from the School District and a price structure for “memberships” that tends toward the higher limits for this market area. We also recognize that if the project were to proceed, the actual number of members would be higher than what we have shown in the financials, as many people who currently use PWC and Golds Gym would leave those facilities to use the new aquatic center. It is impossible to accurately predict the “leakage” of members from PWC and Golds Gym to the proposed center, but even if this raised the projected membership by 25%, the annual loss would still approximate \$1,000,000. Even allowing for error, we cannot envision a scenario in which the annual operating deficit would be less than \$750,000 per year.

From the community’s standpoint, a third major fitness center would seriously harm the existing providers as well as not being likely to survive in the long term itself.

One alternative (which we did not explore in depth in this report) would be for the County to pursue the idea offered by one of the interviewees to purchase the local country club, cover the existing pool and have PWC manage that facility as an adjunct to its current operation. Since PWC is a not for profit entity, this may be a logical path to pursue (additional information would be needed) and in the best interests of the local community.

***MARKET ANALYSIS***  
PREPARED BY  
CLINIPLAN,  
DENVER, COLORADO



**EXECUTIVE SUMMARY**

**CULPEPER, VA**

**DECEMBER, 2017**

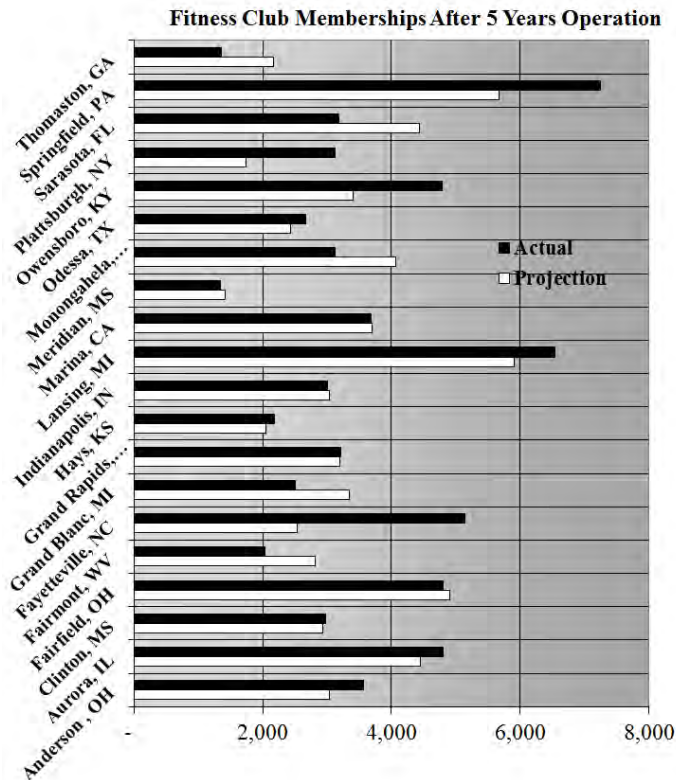
INTRODUCTION

CliniPlan is pleased to submit this Executive Summary of the full report on the demand for Healthplex memberships within the Culpeper, VA market area.

This analysis was conducted in accordance with generally accepted marketing research standards. Those standards require that we plan and perform the analysis to obtain reasonable assurances about whether there exists sufficient market demand to support a new fitness center in the Culpeper area.

**OUR METHODOLOGY**<sup>1</sup>In the mid-1990s, one of the nation’s first medically integrated fitness centers (i.e. Healthplex) opened. It was immediately a huge success. Development of CliniPlan’s models began in 1997 with the detailed analysis of the socioeconomic characteristics of about 5,000 members of this club. Based on multi-dimensional statistical analysis, it became apparent that about 14 factors interacted

with each other to determine one’s propensity to become a Healthplex member. Since that time, another 20,000+ members representing urban, suburban and rural markets were subjected to similar analyses and the model was refined. An example of only one such factor is distance each ZIP Code centroid to the proposed site. Its relationship to member demand is described by logarithmic polynomial equations to the 5<sup>th</sup> power. Furthermore, unique models are used for urban, suburban and rural markets.



compares predicted to actual membership levels. In the few cases where the prediction exceeded the actual results, we discovered that, in most cases, underperformance is due to economic downturns, increases in unemployment and changes made by the hospital in the operating model’s original management assumptions.

The “retail” demand takes into account the impact of various competitors that are stratified based upon the level of competition. The impact of the competition in the market is normally assessed based on actual site visits to those facilities.

Finally, the retail demand is augmented by the conversion of some rehabilitation patients to club members. CliniPlan’s past experience has shown that patterns have evolved which reflect the fact that certain patients will continue their rehabilitation process in the fitness center.

<sup>1</sup> CliniPlan’s methodology is pending the granting of a patent by the U.S. Patent and Trademark Office.

**In this case, it is CliniPlan's understanding that a proposed fitness facility would NOT be integrated with medical services. Instead, it would emphasize sports activities, including high school, competitive swim training.**

While this study is designed to provide a reasonable assessment of future demand, there are many unanticipated phenomena which can impact the assumptions made in CliniPlan's modeling. With this caveat in mind, CliniPlan believes that this analysis provides a reasonable basis for projections of future demand.

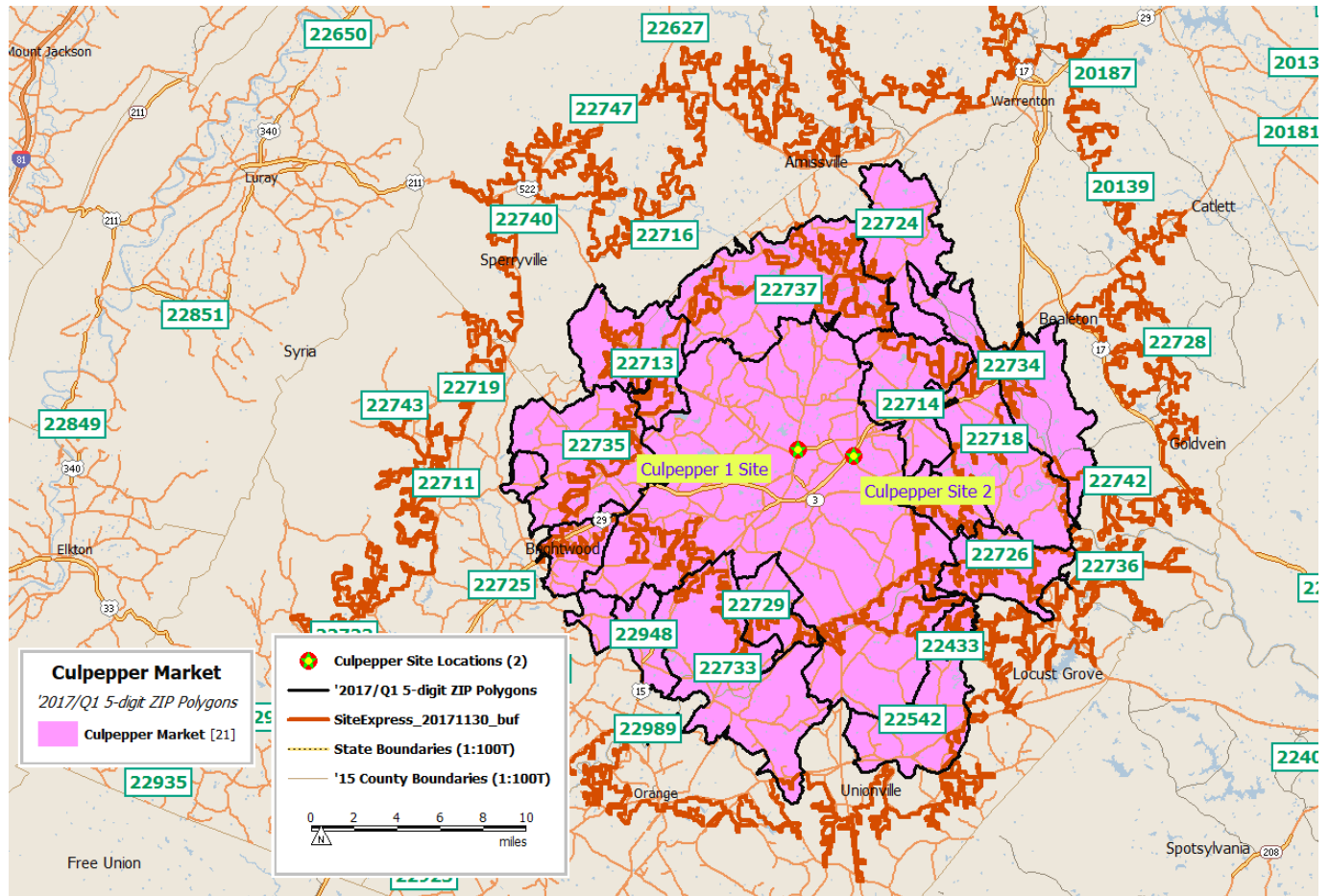
ASSUMPTION ABOUT THE CLUB ITSELF

CliniPlan's model relies on the following assumptions:

1. That a competitive pricing scheme is utilized.
2. That the club will be managed by professional staff that is committed to the highest possible quality of experience for club members. (A high level of retail service.)
3. That the facility is highly visible and is located consistent with existing consumer shopping patterns.

**MARKET AREA AND SITES**

The client is considering two sites: Hwy 229 & Hwy 15 and 15332 Cyclone Way (both in Culpeper, VA). In both cases, CliniPlan considered the areas described by 15 & 30 minute drive times. ZIP Codes falling within these drive times were summarized to describe the market area. There is no difference between the two locations in defining the market areas because they are relatively close. See the following map:



**SOCIOECONOMIC SUMMARY**  
**0-15 Minute Drive Time From Site**

2017 Demographics area vs benchmark						population
						households
Culpepper Demographics						
		Area		Benchmark		
Culpepper 1 Site [Loc0001]: Site located at 38.47995, 77.99355		0-15 min zone		US Summary		Index <sup>1</sup> (Bmk=100)
			%	% Bmk		
<b>Population</b>		<b>41,200</b>		<b>0.0</b>	<b>324,310,011</b>	
			%		%	
	in households	40,665	98.7	0.0	316,246,921	97.5
	in families	35,314	86.8	0.0	262,212,688	82.9
	in non-families	5,351	13.2	0.0	54,034,233	17.1
	in group quarters	535	1.3	0.0	8,063,090	2.5
	in noninstitutional group quarters	126	23.6	0.0	4,102,671	50.9
	under age 18	10,446	25.4	0.0	72,569,151	22.4
	age 55 and over	11,386	27.6	0.0	91,901,697	28.3
	age 65 and over	6,152	14.9	0.0	50,625,088	15.6
	age 75 and over	2,501	6.1	0.0	21,557,873	6.6
<b>Per capita income</b>		<b>30,316</b>			<b>31,178</b>	<b>97</b>
<b>Median age</b>		<b>41.5</b>			<b>38.3</b>	<b>108</b>
	male	41.9			37.1	113
	female	41.8			39.6	106
<b>Race</b>	white	29,768.0	72.3	0.0	228,170,972.0	70.4
	black	6,708.0	16.3	0.0	43,130,670.0	13.3
	American Indian	151.0	0.4	0.0	2,693,025.0	0.8
	Asian, Pacific Islander	710.0	1.7	0.0	19,005,435.0	5.9
	other, multi-racial	3,862.0	9.4	0.0	31,309,909.0	9.7
<b>Hispanic</b>		4,412.0	10.7	0.0	56,544,402.0	17.4
<b>Diversity index</b>		56			65	85
<b>Households</b>		<b>14,821</b>		<b>0.0</b>	<b>124,506,607</b>	
			%		%	
	families	10,663	71.9	0.0	81,722,331	65.6
	with person under 18	5,276	49.5	0.0	39,090,907	47.8
	non-families	4,158	28.1	0.0	42,784,276	34.4
	with person under 18	56	1.3	0.0	393,998	0.9
<b>Median household income</b>		<b>65,632</b>			<b>60,005</b>	<b>109</b>
	median family income	77,814			74,639	104
	median non-family income	35,647			37,435	95
<b>Household size</b>		<b>2.74</b>			<b>2.54</b>	<b>108</b>
	family size	3.31			3.21	103
	non-family size	1.29			1.26	102
<b>Housing Units</b>		<b>15,603</b>		<b>0.0</b>	<b>135,761,416</b>	
			%		%	
	owner-occupied	10,114	64.8	0.0	80,321,601	59.2
	renter-occupied	4,707	30.2	0.0	44,185,006	32.5
	vacant units	782	5.0	0.0	11,254,809	8.3

<sup>1</sup> For definition of index values, please refer to note on Page 4



15-30 Minute Drive Time From Site

2017 Demographics area vs benchmark						population	
						households	
Culpepper Demographics							
Culpepper 1 Site [Loc0001]: Site located at 38.47995, 77.99355		Area		Benchmark		Index <sup>1</sup> (Bmk=100)	
		15-30 min zone	%	US Summary	%		
				% Bmk			
<b>Population</b>		<b>76,469</b>	%	<b>0.0</b>	<b>324,310,011</b>	%	
	in households	74,883	97.9	0.0	316,246,921	97.5	100
	in families	65,557	87.5	0.0	262,212,688	82.9	106
	in non-families	9,326	12.5	0.0	54,034,233	17.1	73
	in group quarters	1,586	2.1	0.0	8,063,090	2.5	83
	in noninstitutional group quarters	197	12.4	0.0	4,102,671	50.9	24
	under age 18	17,689	23.1	0.0	72,569,151	22.4	103
	age 55 and over	23,704	31.0	0.0	91,901,697	28.3	109
	age 65 and over	13,096	17.1	0.0	50,625,088	15.6	110
	age 75 and over	5,445	7.1	0.0	21,557,873	6.6	107
<b>Per capita income</b>		<b>36,381</b>			<b>31,178</b>		<b>117</b>
<b>Median age</b>		<b>43.6</b>			<b>38.3</b>		<b>114</b>
	male	42.8			37.1		115
	female	44.8			39.6		113
<b>Race</b>							
	white	62,917.0	82.3	0.0	228,170,972.0	70.4	117
	black	8,494.0	11.1	0.0	43,130,670.0	13.3	84
	American Indian	191.0	0.2	0.0	2,693,025.0	0.8	30
	Asian, Pacific Islander	1,078.0	1.4	0.0	19,005,435.0	5.9	24
	other, multi-racial	3,789.0	5.0	0.0	31,309,909.0	9.7	51
<b>Hispanic</b>		<b>4,393.0</b>	<b>5.7</b>	<b>0.0</b>	<b>56,544,402.0</b>	<b>17.4</b>	<b>33</b>
<b>Diversity index</b>		<b>41</b>			<b>65</b>		<b>63</b>
<b>Households</b>		<b>28,076</b>	%	<b>0.0</b>	<b>124,506,607</b>	%	
	families	20,565	73.2	0.0	81,722,331	65.6	112
	with person under 18	9,109	44.3	0.0	39,090,907	47.8	93
	non-families	7,511	26.8	0.0	42,784,276	34.4	78
	with person under 18	77	1.0	0.0	393,998	0.9	111
<b>Median household income</b>		<b>78,111</b>			<b>60,005</b>		<b>130</b>
	median family income	89,758			74,639		120
	median non-family income	44,432			37,435		119
<b>Household size</b>		<b>2.67</b>			<b>2.54</b>		<b>105</b>
	family size	3.19			3.21		99
	non-family size	1.24			1.26		98
<b>Housing Units</b>		<b>30,046</b>	%	<b>0.0</b>	<b>135,761,416</b>	%	
	owner-occupied	21,411	71.3	0.0	80,321,601	59.2	120
	renter-occupied	6,665	22.2	0.0	44,185,006	32.5	68
	vacant units	1,970	6.6	0.0	11,254,809	8.3	79

<sup>1</sup> For definition of Index values, please refer to note on Page 4

**COMPETITION**

Before projecting demand based on the market area demographics, CliniPlan considered the competition in the Culpeper area. While a number of facilities can be found, all but two are total non-competitors. The following table describes the two remaining clubs:

Competitor	Distance	Direct Competitor	Limited Competitor (B+)	Limited Competitor (B-)	Indirect Competitor	No Competition	Members to be Excluded (Step 1)	Distance Factor
<b>Percentage to be counted --&gt;</b>								
<i>Golds Gym</i>	1.20				3,500		350	354
<i>Powell</i>	1.70		4,500				2,250	2,164
<b>Total</b>		-	4,500	-	3,500	-	2,600	2,518

The total market area’s population of 117, 669 is currently supporting 8,000 retail members (Powell also includes members who belong because of medical issues and are not considered normal “retail” members). This number most likely reflects significant members who live in the 15-30 minute drive time (population 76,469).

**A SIMILAR MARKET ANALYSIS**

CliniPlan recently completed another, similar analysis in a rural Vermont community with a population of 51,000 (30 minute drive time). In addition to the existing clubs and a new Healthplex, that community was expected to support about 3,800 members. In fact, the Culpeper community can probably support a maximum of about 8,800 members if the Vermont ratio of members to population were applied.

**DEMAND SUMMARY**

CliniPlan’s analysis is focused on the 0-15 minute drive time for the majority of new members that could be expected with a new fitness club (no medical integration). This analysis provides the following projections:

1. Total 2017 Population	41,200
2. Total 2017 Households	28,076
3. Potential 2017 Primary Fitness Members	9,120
4. Available 2017 Primary Fitness Members After Adjustments for Entertainment Spending, Local, Relative Income, Marketing Tactics and Distance	6,287
5. Available 2017 Primary Fitness Members After Deductions for Competition	3,770
6. Projected Primary Memberships in Year 5 (no medical)	251
7. Final Year 5 Members with Spouses & Teens	429

The 15-30 minute market area would be expected to bring in another 250 members, for a total of 747. This is consistent with the extrapolation based on the Vermont study. A new facility could attract more than 747 members ONLY if current club members were to switch.

**In any case, CliniPlan's analysis supports a total fitness membership across all clubs in the Culpeper area of NO MORE THAN 8,747.**

# ***FINANCIAL FORECAST***

Performed by:



Healthplex® Associates

**HEALTHPLEX ASSOCIATES**  
**Pro Forma Statements of Operations - SUMMARY**  
**For Years 1 through 5**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>5 Year Total</u>
<b><u>Space</u></b>						
Square footage	50,000	50,000	50,000	50,000	50,000	50,000
<b><u>Members</u></b>						
Beginning of period	175	375	600	747	747	175
End of period	375	600	747	747	747	747
Net change	200	225	147	-	-	572
<b><u>Revenue</u></b>						
1 <b><u>Membership fees and dues</u></b>						
Initiation fees - individual	\$32,915	\$26,280	\$25,098	\$16,619	\$16,519	\$117,330
Initiation fees - family	-	-	-	-	-	0
Monthly dues - individual	164,386	293,656	404,139	446,652	446,652	1,755,485
Monthly dues - family	-	-	-	-	-	0
	197,301	\$319,936	\$429,237	\$463,170	\$463,170	\$1,872,815
2 <b><u>Other operating</u></b>						
Child care fees	7,000	9,000	10,000	11,000	12,500	49,500
Guest fees - Adult	9,000	12,000	15,000	17,000	18,500	71,500
Guest fees - Child	0	0	0	0	0	0
Locker rental	12,000	15,000	17,000	19,000	21,000	84,000
Massage	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Special events	0	0	0	0	0	0
Sports camp	10,000	15,000	18,000	19,000	20,000	82,000
School District Payment	100,000	100,000	100,000	100,000	100,000	500,000
Training	25,000	27,500	30,000	33,000	37,000	152,500
Finance/card replace charges	-	-	-	-	-	-
Vending - food and beverage	5,000	7,500	8,500	8,500	9,500	39,000
Classroom rental	25,000	26,000	27,000	28,500	30,000	136,500
Other	-	-	-	-	-	-
	193,000	212,000	225,500	236,000	248,500	1,115,000
3 <b><u>Total gross revenue</u></b>	390,301	531,936	654,737	699,170	711,670	2,987,815
4 <b><u>Revenue adjustments</u></b>						
Promotional reductions	1,973	1,600	2,146	2,316	2,316	10,351
Discounts	10,535	6,670	6,275	4,130	4,130	31,639
Returned checks/bank fees	987	640	858	926	926	4,338
Other	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	13,496	8,810	9,279	7,372	7,372	46,327
5 <b><u>Total net revenue</u></b>	376,806	523,127	645,458	691,799	704,299	2,941,488

<u>Expenses</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>5 Year Total</u>
1 Salaries and wages	370,400	381,941	395,839	407,714	419,946	1,975,841
2 Employee benefits	103,712	106,943	110,835	114,160	117,585	553,235
3 Commission	19,607	30,144	38,009	37,777	38,229	163,766
4 Supplies and other	271,145	250,894	263,569	273,115	280,832	1,339,554
5 Pool Operating Cost	350,000	350,000	350,000	350,000	350,000	1,750,000
6 Utilities	180,500	184,110	189,633	195,322	201,182	950,748
7 Management fee	-	-	-	-	-	-
8 Advertising and marketing	25,000	25,000	25,000	25,000	25,000	125,000
9 Bad debt	1,973	3,199	4,292	4,632	4,632	18,728
10 Insurance expense	50,000	51,500	53,045	54,636	56,275	265,457
11 Equipment depreciation	73,125	80,625	88,125	95,625	103,125	440,625
12 Other	-	-	-	-	-	-
13 Other	-	-	-	-	-	-
14 Other	-	-	-	-	-	-
15 Total	<u>1,445,462</u>	<u>1,464,356</u>	<u>1,518,348</u>	<u>1,557,983</u>	<u>1,596,806</u>	<u>7,582,954</u>
<b>Net Income (Loss) Before Taxes</b>	<b>(\$1,068,656)</b>	<b>(\$941,229)</b>	<b>(\$872,890)</b>	<b>(\$866,184)</b>	<b>(\$892,507)</b>	<b>(\$4,641,466)</b>

NOTES: