

**CORE:**  
**Income Statement - 2016-2012**  
**Modified Cash Basis (1) (000's)**

	Forecast 2016	FY 2015	FY 2014	FY 2013	FY 2012	Var 16 to '15	% Chg 16 to '15	Var 15 to '14	% Chg 15 to '14	Var 14 to '13	% Chg 14 to '13	Var 13 to '12	% Chg 13 to '12
<b>Revenue</b>													
New Member Initiation Fees	1,245	1,090	1,330	1,520	1,255	155	14.2%	(240)	-18.0%	(190)	-12.5%	265	21.1%
New Member Dues	538	496	577	587	526	42	8.5%	(81)	-14.0%	(10)	-1.7%	61	11.6%
Renewable Dues	5,854	6,008	5,421	5,054	4,839	(154)	-2.6%	587	10.8%	367	7.3%	215	4.4%
Founding Member Dues	984	631	328	336	314	353	55.9%	303	92.4%	(8)	-2.4%	23	7.2%
Sponsorship/License Fees	702	494	409	620	555	208	42.0%	86	21.0%	(212)	-34.1%	65	11.8%
Food Sales	2,022	2,004	1,864	2,050	2,053	18	0.9%	140	7.5%	(186)	-9.1%	(3)	-0.1%
Beverage Sales	1,822	1,797	1,761	1,894	1,636	25	1.4%	36	2.0%	(133)	-7.0%	258	15.8%
Other F&B Sales	778	816	660	613	483	(38)	-4.7%	156	23.7%	47	7.6%	130	26.9%
Accommodations Revenue	361	329	336	344	299	32	9.7%	(7)	-2.0%	(8)	-2.4%	45	15.2%
Wellness Revenue	850	833	1,011	1,062	985	17	2.0%	(178)	-17.6%	(51)	-4.8%	77	7.8%
<b>Gross Revenue</b>	<b>15,156</b>	<b>14,498</b>	<b>13,697</b>	<b>14,080</b>	<b>12,944</b>	<b>658</b>	<b>4.5%</b>	<b>802</b>	<b>5.9%</b>	<b>(383)</b>	<b>-2.7%</b>	<b>1,136</b>	<b>8.8%</b>
Cost of Sales-Food	608	581	551	652	569	27	4.7%	30	5.4%	(101)	-15.5%	83	14.6%
Cost of Sales-Beverage	395	351	500	477	380	45	12.7%	(150)	-29.9%	23	4.8%	97	25.6%
Cost of Sales-Equipment Rental	290	318	204	200	168	(28)	-8.8%	114	55.7%	4	2.1%	32	19.0%
Cost of Sales-Suites	250	166	168	172	149	84	50.6%	(2)	-1.1%	(4)	-2.4%	23	15.5%
Cost of Sales-Wellness	549	529	703	780	733	20	3.8%	(174)	-24.7%	(77)	-9.9%	47	6.4%
FM Discounts & Allowances	900	885	744	999	823	15	1.7%	141	19.0%	(255)	-25.6%	176	21.4%
<b>Total Cost of Sales</b>	<b>2,992</b>	<b>2,829</b>	<b>2,870</b>	<b>3,280</b>	<b>2,822</b>	<b>163</b>	<b>5.8%</b>	<b>(41)</b>	<b>-1.4%</b>	<b>(410)</b>	<b>-12.5%</b>	<b>458</b>	<b>16.2%</b>
<b>Gross Profit</b>	<b>12,164</b>	<b>11,669</b>	<b>10,827</b>	<b>10,800</b>	<b>10,122</b>	<b>495</b>	<b>4.2%</b>	<b>842</b>	<b>7.8%</b>	<b>27</b>	<b>0.2%</b>	<b>678</b>	<b>6.7%</b>

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<b>Payroll &amp; Benefits</b>													
Payroll-Membership	1,530	1,526	1,433	1,652	1,552	4	0.3%	93	6.5%	(219)	-13.3%	100	6.4%
Payroll-Food & Beverage	2,196	2,158	2,093	2,053	1,904	38	1.8%	65	3.1%	40	1.9%	149	7.8%
Payroll-General & Administrative	775	685	715	745	804	90	13.1%	(30)	-4.2%	(30)	-4.0%	(59)	-7.3%
<b>Total Payroll</b>	<b>4,501</b>	<b>4,369</b>	<b>4,241</b>	<b>4,450</b>	<b>4,260</b>	<b>132</b>	<b>3.0%</b>	<b>128</b>	<b>3.0%</b>	<b>(209)</b>	<b>-4.7%</b>	<b>190</b>	<b>4.5%</b>
<b>Operating Expenses</b>													
Membership	1,131	1,127	989	1,030	952	4	0.4%	138	14.0%	(41)	-4.0%	78	8.2%
Food & Beverage	543	476	463	432	412	67	14.1%	13	2.8%	31	7.2%	20	4.9%
General & Administrative	4,275	4,249	3,784	3,423	3,317	26	0.6%	465	12.3%	361	10.5%	106	3.2%
Accommodations	106	99	58	68	60	7	7.1%	41	70.7%	(10)	-14.7%	8	13.3%
Wellness	333	294	157	138	130	39	13.3%	137	87.3%	19	13.8%	8	6.2%
<b>Total Departmental Expenses</b>	<b>6,388</b>	<b>6,245</b>	<b>5,451</b>	<b>5,091</b>	<b>4,871</b>	<b>143</b>	<b>2.3%</b>	<b>794</b>	<b>14.6%</b>	<b>360</b>	<b>7.1%</b>	<b>220</b>	<b>4.5%</b>
<b>Net Operating Income (EBITDA)</b>	<b>1,275</b>	<b>1,055</b>	<b>1,135</b>	<b>1,259</b>	<b>991</b>	<b>220</b>	<b>20.9%</b>	<b>(80)</b>	<b>-7.0%</b>	<b>(124)</b>	<b>-9.9%</b>	<b>268</b>	<b>27.0%</b>
Debt Service - Principal	(224)	(493)	(460)	(400)	(340)	269	54.6%	(33)	-7.2%	(60)	-15.0%	(60)	-17.6%
Debt Service - Interest	(2)	(23)	(47)	(69)	(112)	21	91.3%	24	51.1%	22	31.9%	43	38.4%
Sales Tax Audit	(25)	(36)	(36)	(50)	(28)	11	30.6%	-	0.0%	14	28.0%	(22)	-80.5%
Capital Expenses	(200)	(149)	(265)	(165)	(210)	(51)	-34.2%	116	43.8%	(100)	-60.6%	45	21.5%
Resigned Member Refunds	(24)	(19)	(20)	(45)	(52)	(5)	-29.0%	1	7.0%	25	55.1%	8	14.4%
Depreciation	(1,548)	(1,654)	(2,064)	(2,064)	(2,064)	106	6.4%	410	19.9%	-	0.0%	-	0.0%
<b>Net Income*</b>	<b>(748)</b>	<b>(1,319)</b>	<b>(1,757)</b>	<b>(1,534)</b>	<b>(1,815)</b>	<b>571</b>	<b>43.3%</b>	<b>439</b>	<b>25.0%</b>	<b>(224)</b>	<b>-14.6%</b>	<b>281</b>	<b>15.5%</b>

\*2016 & 2015 Net Income excludes impact of CODI (cancellation of debt income) due to restructuring.

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<b>Key Metrics</b>													
# of Club Members	1370	1403	1404	1380	1360								
# of New Memberships Sold	50	47	59	65	59								
Average Initiation Fee per New Membership	\$ 24,900	\$ 23,191	\$ 22,542	\$ 23,385	\$ 21,271								
Average Annual Dues per New Membership	\$ 10,760	\$ 10,553	\$ 9,780	\$ 9,031	\$ 8,915								
Membership Retention Rate	90.0%	92.1%	94.1%	91.3%	94.1%								
Food Cost%	30.1%	29.0%	29.6%	31.8%	27.7%								
Beverage Cost%	21.7%	19.5%	28.4%	25.2%	23.2%								
F&B Labor Cost	47.5%	46.7%	48.8%	45.1%	45.6%								
Total F&B Dining Covers	36,317	36,738	36,247	35,706	37,940								
Average F&B Dining Check \$	\$ 58.26	\$ 57.12	\$ 56.56	\$ 57.85	\$ 56.42								
Total F&B Event Covers	14,250	14,130	13,956	15,273	16,471								
Average Event F&B Check \$	\$ 121.30	\$ 120.50	\$ 114.19	\$ 120.99	\$ 101.54								
Average Non-Dues Spend Per Membership	\$ 8,974	\$ 8,677	\$ 8,572	\$ 9,633	\$ 9,017								

**CORE:**  
**Proforma Balance Sheet Post Restructuring as at 12/31/15(a)**

(\$000's)		
<b>ASSETS</b>		
	Cash	\$335
	Accounts receivable	23
	Other current assets	<u>184.3</u>
	Current Assets	\$542
Fixed Assets, Net		<u>7,920</u>
	Total Assets	<u>\$8,462</u>
<b>LIABILITIES &amp; EQUITY</b>		
	Accounts payable & accrued exp. (1)	\$647
	Bank debt - current portion	168
	Refundable Initiation Fees	-
	Resigned members (2)	5,593
	Active Members (3)	7,754
	Deferred Revenue	6,406
	Deferred Rent	<u>798</u>
	Current Liabilities	\$21,366
	Total Liabilities	\$21,366
	Shareholder Equity ("SE")	<u>-12,904</u>
	Total Liabilities & SE	<u>\$8,462</u>

**Footnotes:**

- (1) This liability has been reduced by approx \$2.5M based on negotiations with RFR and the buyout of their interest
- (2) This liability is primarily being addressed through services in kind in lieu of cash
- (3) Represents a contingent liability that is not due until a member resigns

**Assumptions:**

- a.) The figures presented are before outside accountants review
- b.) Assumes elimination of FM Notes
- c.) Assumes elimination of AES Loan and related amounts due RFR
- d.) Assumes all debt forgiveness flows through as income to the company in 2015 (FM) and 2016 (AES)

**CORE:**  
**Cash Flow for the period ending Dec 31, 2015**  
(000's)

Operating Receipts		
Cash Receipts - Operations	12,576	
Cash Receipts - LC Drawdown	100	
Cash Receipts - Other A/R Collections	2,099	
Total Receipts	14,775	
Operating Disbursements		
Disbursements to Suppliers	(4,983)	
Disbursements for Payroll	(5,607)	
Disbursements for Benefit Plans (net)	(441)	
Disbursements for Rent	(2,428)	
Disbursements for LC Replenishment	(100)	
Disbursements for Sales Tax	(485)	
Total Operating Disbursements	(14,044)	
Net cash provided by operating activities		731
Less Non-Operating Disbursements		
Debt Service - Principal	(493)	
Debt Service - Interest	(23)	
Sales Tax Audit	(36)	
Capital Expenses (1)	(149)	
Resigned Member Refunds	(19)	
Total Non-Operating Disbursements	(720)	
Net Increase/(Decrease) in Cash & Cash Equivalents		11
Cash & Cash Equivalents at the Beginning of Period		324
Cash & Cash Equivalents at the end of Period (2,3)		335

**Footnotes:**

(1) Annual Capital Expense investment will depend on whether club lease is extended or we opt to relocate. Annual capital between \$100-200k will be necessary for FF&E improvements

(2) 2015 free cash & cash equivalents was \$335k