

**CORE:**

**Proforma Balance Sheet Post Restructuring as at 12/31/15(a-d)**

(\$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
	FM Debt (2)	3,193
	Refundable Initiation Fees	-
	Resigned members (3)	5,593
	Active Members (4)	7,754
	Deferred Revenue	6,406
	Deferred Rent	<u>798</u>
	Current Liabilities	\$24,559
	Total Liabilities	\$24,559
	Shareholder Equity ("SE")	<u>-16,097</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 represents the remaining 26 FM Notes and Accrued Interest. There are ample losses to offset the COD and are confident we will obtain most of the remaining settlement agreement signatures in the interim

(3) This liability is primarily being addressed through services in kind in lieu of cash

(4) Represents a contingent liability that is not due unless and 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 (FM , RFR & AES)