

CORE:
Income Statement - 2015-2012
Modified Cash Basis (1) (000's)

	Forecast 2015	FY 2014	FY 2013	FY 2012	Var 15 to '14	% Chg 15 to '14	Var 14 to '13	% Chg 14 to '13	Var 13 to '12	% Chg 13 to '12
Revenue										
New Member Initiation Fees	1,535	1,380	1,520	1,255	155	11.2%	(140)	-9.2%	265	21.1%
New Member Dues	638	544	587	526	94	17.3%	(43)	-7.3%	61	11.6%
Renewable Dues	5,576	5,421	5,054	4,839	155	2.9%	367	7.3%	215	4.4%
Founding Member Dues	988	328	336	314	660	201.2%	(8)	-2.4%	23	7.2%
Sponsorship/License Fees	510	409	620	555	102	24.8%	(212)	-34.1%	65	11.8%
Food Sales	2,024	1,864	2,050	2,053	160	8.6%	(186)	-9.1%	(3)	-0.1%
Beverage Sales	1,898	1,761	1,894	1,636	137	7.8%	(133)	-7.0%	258	15.8%
Other F&B Sales	653	660	613	483	(7)	-1.0%	47	7.6%	130	26.9%
Accommodations Revenue	383	336	344	299	47	14.1%	(8)	-2.4%	45	15.2%
Wellness Revenue	1,000	1,011	1,062	985	(11)	-1.1%	(51)	-4.8%	77	7.8%
Gross Revenue	15,205	13,714	14,080	12,944	1,491	10.9%	(366)	-2.6%	1,136	8.8%
Cost of Sales-Food	608	551	652	569	57	10.3%	(101)	-15.5%	83	14.6%
Cost of Sales-Beverage	547	500	477	380	47	9.5%	23	4.8%	97	25.6%
Cost of Sales-Equipment Rental	228	204	200	168	24	11.7%	4	2.1%	32	19.0%
Cost of Sales-Suites	192	168	172	149	24	14.1%	(4)	-2.4%	23	15.5%
Cost of Sales-Wellness	695	703	780	733	(8)	-1.1%	(77)	-9.9%	47	6.4%
FM Discounts & Allowances	836	744	999	823	93	12.4%	(255)	-25.6%	176	21.4%
Total Cost of Sales	3,106	2,870	3,280	2,822	237	8.2%	(410)	-12.5%	458	16.2%
Gross Profit	12,099	10,844	10,800	10,122	1,255	11.6%	44	0.4%	678	6.7%

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Payroll & Benefits										
Payroll-Membership	1,625	1,433	1,652	1,552	192	13.4%	(219)	-13.3%	100	6.4%
Payroll-Food & Beverage	2,274	2,093	2,053	1,904	181	8.6%	40	1.9%	149	7.8%
Payroll-General & Administrative	755	715	745	804	40	5.6%	(30)	-4.0%	(59)	-7.3%
Total Payroll	4,654	4,241	4,450	4,260	413	9.7%	(209)	-4.7%	190	4.5%
Operating Expenses										
Membership	1,051	989	1,030	952	62	6.3%	(41)	-4.0%	78	8.2%
Food & Beverage	475	463	432	412	12	2.6%	31	7.2%	20	4.9%
General & Administrative	4,084	3,784	3,423	3,317	300	7.9%	361	10.5%	106	3.2%
Accommodations	64	58	68	60	6	10.9%	(10)	-14.7%	8	13.3%
Wellness	174	157	138	130	17	10.9%	19	13.8%	8	6.2%
Total Departmental Expenses	5,848	5,451	5,091	4,871	397	7.3%	360	7.1%	220	4.5%
Net Operating Income (EBITDA)	1,596	1,152	1,259	991	445	38.6%	(107)	-8.5%	268	27.0%
Debt Service - Principal	(493)	(460)	(400)	(340)	(33)	-7.2%	(60)	-15.0%	(60)	-17.6%
Debt Service - Interest	(23)	(47)	(69)	(112)	24	51.1%	22	31.9%	43	38.4%
Sales Tax Audit	(50)	(36)	(50)	(28)	(14)	-38.9%	14	28.0%	(22)	-80.5%
Capital Expenses	(250)	(265)	(165)	(210)	15	5.7%	(100)	-60.6%	45	21.5%
Resigned Member Refunds	(20)	(20)	(45)	(52)	-	0.0%	25	55.1%	8	14.4%
Depreciation	(2,064)	(2,064)	(2,064)	(2,064)	-	0.0%	-	0.0%	-	0.0%
Net Income*	(1,304)	(1,740)	(1,534)	(1,815)	437	25.1%	(207)	-13.5%	281	15.5%

*2014 & 2015 Net Income excludes impact of CODI (cancellation of debt income) due to restructuring.

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Key Metrics										
# of Club Members	1430	1404	1380	1360						
# of New Memberships Sold	61	59	65	59						
Average Initiation Fee per New Membership	\$ 25,164	\$ 23,390	\$ 23,385	\$ 21,271						
Average Annual Dues per New Membership	\$ 10,459	\$ 9,220	\$ 9,031	\$ 8,915						
Membership Retention Rate	90.0%	94.1%	91.3%	94.1%						
Food Cost%	30.0%	29.6%	31.8%	27.7%						
Beverage Cost%	28.8%	28.4%	25.2%	23.2%						
F&B Labor Cost	49.7%	48.8%	45.1%	45.6%						
Total F&B Dining Covers	36,738	36,247	35,706	37,940						
Average F&B Dining Check \$	\$ 58.37	\$ 56.56	\$ 57.85	\$ 56.42						
Total F&B Event Covers	14,780	13,956	15,273	16,471						
Average Event F&B Check \$	\$ 120.27	\$ 114.19	\$ 120.99	\$ 101.54						
Average Non-Dues Spend Per Membership	\$ 8,827	\$ 8,572	\$ 9,633	\$ 9,017						

CORE:

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

(\$000's)		
ASSETS		
	Cash	\$760
	Accounts receivable	23
	Other current assets	<u>184.3</u>
	Current Assets	\$967
Fixed Assets, Net		<u>7,920</u>
	Total Assets	<u>\$8,887</u>
LIABILITIES & EQUITY		
	Accounts payable & accrued exp. (1)	\$3,067
	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	\$23,786
	Total Liabilities	\$23,786
	Shareholder Equity ("SE")	<u>-14,899</u>
	Total Liabilities & SE	<u>\$8,887</u>

Footnotes:

(1) This liability could be reduced by up to \$2.5M pending 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 2014 (FM) and 2015 (AES)

CORE:
Cash Flow for the period ending Dec 31, 2014
(000's)

Operating Receipts		
Cash Receipts - Operations	11,915	
Cash Receipts - LC Drawdown	475	
Cash Receipts - Other A/R Collections	1,794	
Total Receipts	14,184	
Operating Disbursements		
Disbursements to Suppliers	(4,997)	
Disbursements for Payroll	(5,357)	
Disbursements for Benefit Plans (net)	(561)	
Disbursements for Rent	(1,400)	
Disbursements for LC Replenishment	(475)	
Disbursements for Sales Tax	(437)	
Total Operating Disbursements	(13,227)	
 Net cash provided by operating activities		 957
 Less Non-Operating Disbursements		
Debt Service - Principal	(460)	
Debt Service - Interest	(47)	
Sales Tax Audit	(36)	
Capital Expenses (1)	(265)	
Resigned Member Refunds	(20)	
Total Non-Operating Disbursements	(828)	
 Net Increase/(Decrease) in Cash & Cash Equivalents		 129
Cash & Cash Equivalents at the Beginning of Period		195
Cash & Cash Equivalents at the end of Period (2,3)		324

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 expected to be \$750k

(3) 2016 free cash & cash equivalents expected to be \$1.3M due to payoff of term loan & sales tax audits.