



American Gym Trader

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Murphy Business & Financial Corporation



May
2016

Stage 3 Fitness
686 Peachtree Industrial Blvd.
Suite 215
Suwanee GA 30024

Stage 3 Fitness Confidential Business Review

Welcome

We appreciate your interest in owning this exciting and rewarding fitness business.

We have professionally marketed this fitness business for sale with a commitment to confidentiality and trust. Therefore we ask you to commit to keeping this information private.

Buying a fitness business is a complex process, even for an industry experienced owner. For first timers, it can be downright daunting. But don't worry, we are here to help you every step of the way. Please feel free to contact me with any questions you may have.

Best
Greg Younts

Murphy Business and Financial

Contact: Greg Younts

Certified M&A Professional

**Murphy Business & Financial
Corporation - GA**

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Notice of Confidentiality

All contacts regarding the above Client Company should be through Murphy Business & Financial Services Inc. The information presented in this document is highly sensitive and confidential, is the property of Murphy Business & Financial Services Inc., and is for the sole use by those who have signed a Confidentiality Agreement for the purpose of considering the business described herein for acquisition. This confidential Business Review and the information presented shall be treated as Secret and Confidential, and no part of it shall be disclosed to others, except as provided in the Confidentiality Agreement. All persons or entities receiving this Confidential Business Review within the exception of the Confidentiality Agreement are held to that Agreement. The bearer of this presentation is responsible for its confidentiality. Further, their professional code/ethics prevent disclosure of the information contained herein. This Confidential Business Review shall NOT be reproduced, duplicated, or revealed, in whole or in part, or used in any other manner without prior written permission.

Additional copies for qualified recipients are available upon request to broker.

This document is prepared based upon information and financial statements provided by management of the above Client Company. Murphy Business & Financial Services Inc. makes no representations and assumes no responsibility as to the accuracy of these numbers. Parties evaluating this company for sale are responsible for conducting their own due diligence.

Should there be no interest in the business as an acquisition, the Confidential Business Review, and all other disclosed information shall be promptly returned or destroyed, as directed.

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Stage 3 Fitness Listing Summary

Asking: \$ 525,000

Gross Sales: \$ 431,890

Cash Flow: \$160,860

FF&E: \$ 199,616

Retail Inventory: \$ 3,500

Leasehold: \$ N/A

Real Estate: Leased – 7,000 sq. ft.

Franchise: No

Established: 2010

Employees: 7

Members: 400

Financing: No

Support/Training: No cost for 2 weeks

Reason for Selling: Other Business Interest

Summary:

Great opportunity to own an established and very profitable fitness business. Consistent strong revenues year after year. Management and staff are in place.

Whatever you're looking for in a health and fitness business, you'll find it here. This full service fitness center combines a full range of fitness and exercise equipment and facilities with professional trainers, personally tailored programs, and group health and fitness classes. Included in the sale of the business is a first class web design that is easy to navigate and offers new potential members everything they need to know about the company, the staff and their services. The company has also invested a substantial amount of time and money in social marketing including a well followed Facebook page.

Management and staff strives for the best customer satisfaction as possible and is a well-known leader in the community for providing a high quality fitness experience.

This business is a compelling opportunity and won't last long.

PURPOSE, DISCLAIMER, ASSUMPTIONS, AND METHODS

This Confidential Business Review is intended to acquaint a prospective purchaser with preliminary information regarding Client Company, whose business is currently available through Murphy Business & Financial Services Inc. for acquisition, sale or merger. The format of the Confidential Business Review is designed to reflect to a prospective purchaser the factors that create value within the Client Company.

The value of a business is based on many different factors. While every effort has been made to gather all significant facts, the basic accounting, veracity, and forthrightness of management has a major impact on this representation.

This Confidential Business Review will be furnished only to pre-qualified prospective purchasers who have signed Confidentiality Agreements, and who have made specific requests for information regarding the Client Company for the purpose of determining any interest in submitting an offer to acquire the Company or its business. Each prospective purchaser is responsible for the performance and expense of its due diligence review prior to any acquisition.

Client Company has supplied the information contained in this Confidential Business Review, including but not limited to the Executive Summary, Business Description, Marketing/Sales, Facilities/Operations, Organization, Financial Data, etc. This information has not necessarily been audited or independently confirmed and no representations, expressed or implied, are made as to its accuracy or completeness, or to the conclusions drawn. Unless stated otherwise, the underlying assets have not been appraised. This Confidential Business Review may use the book value before depreciation as an approximate replacement cost, but should be carefully reviewed during recipient's due diligence prior to acquisition. Inventory is assumed to be at cost.

Management's estimates of value are accepted unless reasons exist to use another value, which will be noted.

The parties providing such information shall in no way be responsible for the content, accuracy, and truthfulness of such information. Any and all representations shall be made solely by the Client Company as set forth in a signed acquisition agreement or purchase contract, which agreement or contract shall control as to representations and warranties, if any. By requesting this Confidential business Review, the recipient acknowledges responsibility to perform a due diligence review prior to any acquisition of or business combination with Client Company.

Any Pro Forma Income Statements presuppose infusion of any necessary operating capital, adequacy of personnel, expertise at all levels of operations, and a firm dedication to attain growth. Such pro forma financial information and projections cannot anticipate economic, socioeconomic, and/or political factors, which might impact upon the expected growth.

This presentation assumes an acquisition of the assets of the business as the most common method of buying a business. While this eliminates many liabilities, some may be necessary to assume for the good of the business, i.e. warranty work, reworks, and product support. These liabilities, if known, may affect the value of the business, but a buyer must analyze the true benefit or cost of these or other contingent liabilities for themselves.

Transaction Process

The information contained in this Business Review is intended to provide a potential buyer with sufficient information to make a preliminary determination with regard to potential interest in a transaction. Although any buyer will have the opportunity to conduct due diligence prior to completion of a transaction, we do not expect to provide additional information until after a buyer has submitted a preliminary indication of interest as more fully described below. The indication of interest is non-binding on both parties and is subject to completion of due diligence and negotiation of mutually acceptable terms and conditions of a final definitive agreement.

If you have no further interest: If you decide that you have no further interest, please inform us and proceed with the return of information in accordance with the confidentiality agreement that you have signed.

If you have further interest: If you decide that you have further interest, we ask you to submit a written non-binding preliminary indication of interest to Murphy Business & Financial Services Inc. containing the salient terms of the proposal, including, without limitation:

- A preliminary value for the proposed transaction.
- Consideration to be paid, including percentages (cash; note; earn out etc.).
- Security to be offered for any seller notes.
- A suggested time frame for closing a transaction.
- Financial documentation that validates the buyer's capability to perform as proposed.

Offer to Purchase: The Company expects to provide some additional information to, and further negotiate with, those bona fide buyers submitting a preliminary indication of value that contain, in the Company's sole judgment, a reasonable valuation, other reasonable terms and conditions and also demonstrate an ability to complete a transaction within a reasonable time frame. The Company's goal is to enter into an Offer to Purchase with one buyer offering what the Company believes is the best value, terms and conditions.

Security Deposit: In recognition of the cost, time and effort afforded by Company to Purchaser in the due diligence process, Purchaser shall, upon execution of any offer to purchase, place a reasonable security into escrow held by a licensed, neutral third-party business transaction attorney.

Due Diligence, Purchase Agreement, Closing: The buyer will be given the opportunity, together with its legal, financial and other advisors, to conduct further due diligence with respect to the Company per the terms of the Purchase Agreement. Concurrent with due diligence review, it is expected that the parties and their counsel will negotiate any other agreements necessary, such as securing any new or assigned leases, in order to close the transaction.

Fees: Each party shall pay all of its own costs and expenses incident to legal expenses associated with the preparation of the Purchase Agreement, whether or not such transaction is consummated.

Contact Information: Under no circumstances should any officers, directors, owners, employees, vendors, customers or shareholders of the Company be contacted without prior approval of Murphy Business & Financial Services Inc.

Due Diligence Process

The company has spent a substantial amount of time preparing the business for sale to assist qualified buyers in making an educated business decision and to assist financial lenders in the loan underwriting process. The information is intended only for the consideration of those individuals who, in addition to proven financial capability, express interest and ability to participate in such a business and be capable of due diligence review of the financial records.

All prospective buyers are cautioned to engage their own professional advisors to determine purchase merit. Each party shall pay all of its own costs and expenses incident to legal and professional services associated with the review of the due diligence documents and the preparation of the Asset Purchase Agreement, whether or not such transaction is consummated.

The company is prepared to provide the following documents upon receipt of a formal non-binding preliminary indication of interest and proof of financial ability. Potential buyers may request additional information, but in any case potential buyers will not be given any more than 30 days to complete their due diligence and make a formal Offer to Purchase.

- Bank Statements by month since January 2015 to date
- Last three years tax returns 2013, 2014, and 2015
- 2013, 2014, 2015 annual Profit and Loss Standard
- 2016 monthly Profit and Loss Standard
- 2013, 2014, 2015 Balance Sheets
- 2016 Balance Sheet
- Previous Year to Date comparison profit and loss
- 2015 and year to date membership draft dues report
- Total member count by type (month to month, 1 year, 2 year etc.)
- Total Paid in Full member report with expiration dates
- Copy of the lease, sub lease agreements or extensions to the lease
- Breakdown of total gross rent, base rent, CAM, insurance and taxes
- Base rent increase schedule
- Itemized list of all equipment
- Copies of all employment contracts and description of current duties
- A schedule of the total number of employees by function
- Personnel files including, name, hire date and salary.
- Contracts and Service Agreements
- State and Local Licensing Requirements
- Copies of all paid state and local sales and use taxes, personal property taxes etc.

Location, Location, Location

Stage 3 Fitness

686 Peachtree Industrial Blvd.

Suite 215

Suwanee GA 30024

The property is 7,000 square feet and opened in 2010.

Common areas includes an abundance of striped/asphalt parking and well maintained by the Landlord.

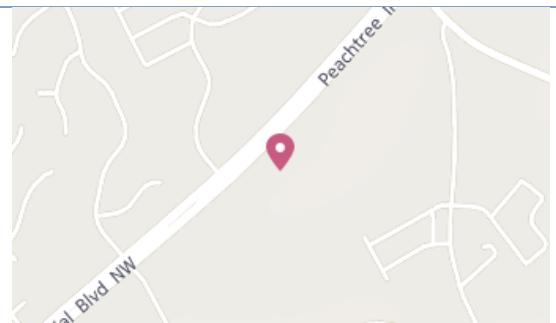
Hours:

Monday thru Thursday 5AM–8:30PM

Friday 5AM–6:30PM

Saturday 7AM–11AM

Sunday Closed



Demographics

Suwanee is a city in Gwinnett County, in the U.S. state of Georgia. Suwanee was the practicing home of the Atlanta Falcons football team from 1979 to 2001 and was voted among the Top 10 Best Places to Live by Money in 2007.

Gwinnett County is a county in the north central portion of the U.S. state of Georgia. As of the 2010 census, the population was 859,304, making it the second-most populous county in Georgia. Its county seat is Lawrenceville. The county is named for Button Gwinnett, one of the signers of the Declaration of Independence.

Males: 8,931 (50.5%)

Females: 8,757 (49.5%)

Median resident age: 34.5 years

Georgia median age: 35.9 years

Estimated median household income in 2013: \$78,910 (it was \$84,038 in 2000)

Suwanee: \$78,910

GA: \$47,829

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About Stage 3 Fitness

Since 2010, Stage 3 Fitness has been providing quality programs & services with superior facilities as a full service health club in and around the Suwanee, GA area. Whatever you're looking for in a health and fitness business, you'll find it here. Stage 3 Fitness's full service fitness center combines a full range of fitness and exercise equipment and facilities with professional trainers, personally tailored programs, and group health and fitness classes. This business is a compelling opportunity and won't last long.

Social Marketing

Included in the sale of the business is a first class web design that is easy to navigate and offers new potential members everything they need to know about the company, the staff and their services. The company has also invested a substantial amount of time and money in social marketing including a well followed Facebook page.

Click on the links below to visit Stage 3 Fitness social media pages.



Reviews

The company strives for the best customer satisfaction as possible all the while understanding that is cheaper to keep members than to get new ones. The Suwanee, GA community recognizes Stage 3 Fitness as a leader in providing a high quality fitness experience. Read five star reviews by following the links below.



About the Staff

Stage 3 Fitness's highly loyal staff is comprised of individuals passionate about fitness. They look for trainers that not only "know their stuff" but who also are adept at forming relationships with clients. Engendering client loyalty and trust has proven to be incredibly effective in building this profitable business. Further, the varied disciplines practiced by our trainers lend to the development of unique styles for each trainer. It is this variety in styles, while still conforming to our main training philosophy and workouts, that keeps clients' interest in an ever-changing fitness environment.

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Club Photos cont.



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Club Photos cont.



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Club Photos cont.



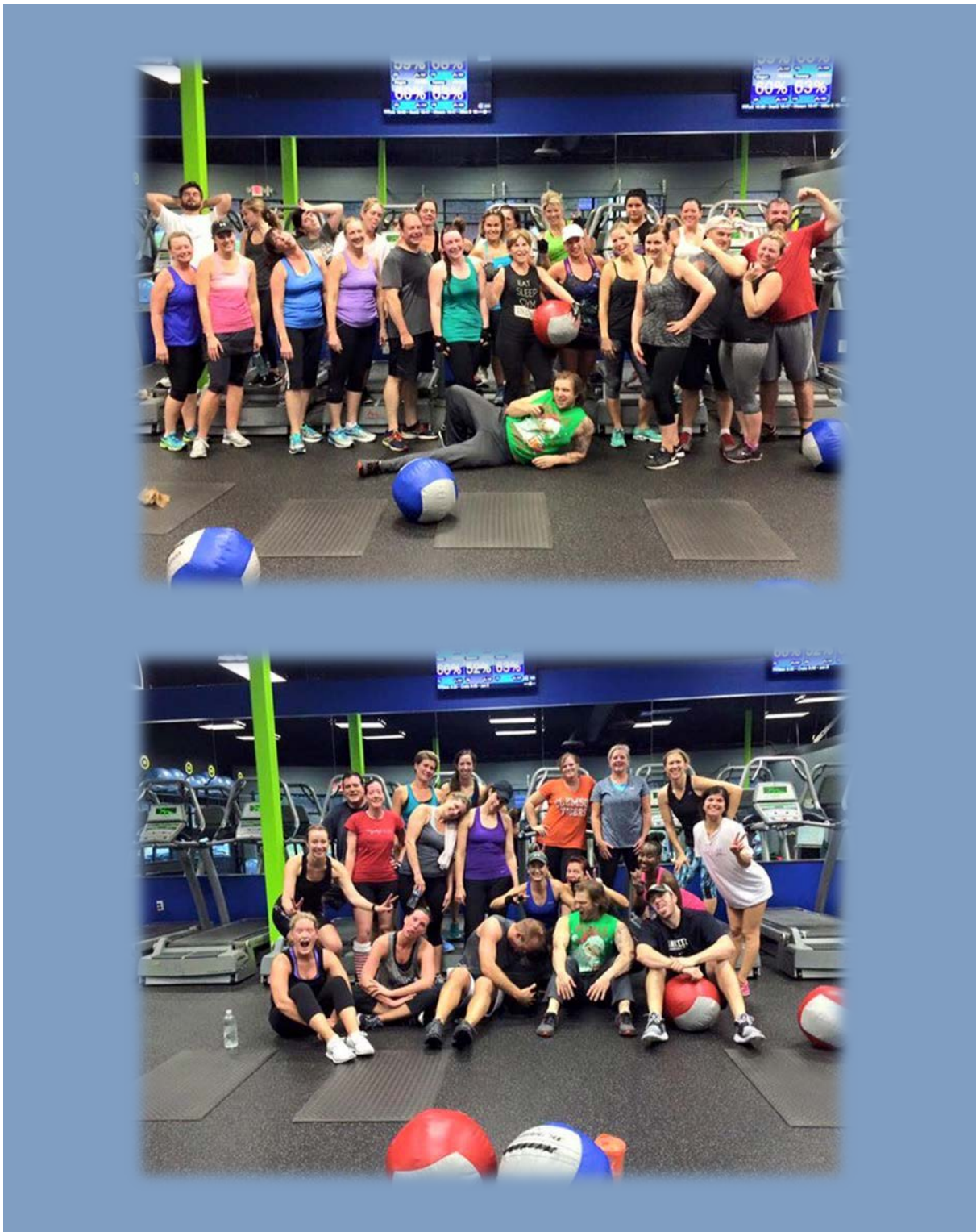
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Key Metrics

Stage 3 Fitness			
2013 - 2015 Cash Flow			
	2015	2014	2013
Reported From:	Tax Returns	Tax Returns	Tax Returns
Gross Sales	431,890.00	183,355.00	140,356.00
Less Cost of Goods Sold	(105,401.00)	0.00	0.00
Gross Profit	326,489.00	183,355.00	140,356.00
Less Total Expenses	(244,528.00)	(166,367.00)	(135,756.00)
Net Ordinary Income	81,961.00	16,988.00	4,600.00
Other Income/Expense	0.00	0.00	1,800.00
Reported Profit / (Loss)	81,961.00	16,988.00	6,400.00
Owners Add Backs To Expenses			
Compensation to Officers	21,299.00	14,986.00	37,000.00
Officers Insurance	2,347.00	2,386.00	609.00
Officers Phone	2,016.00	0.00	0.00
Manager's Salary	31,294.00	0.00	0.00
Equipment Lease	0.00	6,586.00	9,459.00
One Time Repair/Renovation Expense	0.00	0.00	0.00
Contributions	0.00	100.00	0.00
Meals and Entertainment	969.00	0.00	0.00
Travel	0.00	0.00	0.00
Automobile	1,418.00	68.00	51.00
Total Owner Add Backs To Expense	59,343.00	24,126.00	47,119.00
Forward Profit/Loss	81,961.00	16,988.00	6,400.00
Depreciation	15,774.00	0.00	1,668.00
Amortization	0.00	10,030.00	0.00
Interest	3,782.00	584.00	0.00
Cash Flow	\$ 160,860	\$ 51,728	\$ 55,187
Average Three year Cash flow	\$ 89,258		

This information is for speculation only. It was provided to Murphy Business and Financial Corp. by the client. Murphy Business and Financial Corp. does not take responsibility for its accuracy. The information is intended only for the consideration of those individuals who, in addition to proven financial capability, express interest and ability to participate in such a business and be capable of Due Diligence on the financial records. All prospective buyers are cautioned to engage their own professional advisors to determine purchase merit.

Stage 3 Fitness		
Purchase Price Justification		
Estimated Sales Price		525,000.00
Buyer Down Payment @ 25%		131,250.00
Seller Financing		
Financing (Commercial Note)		393,750.00
Interest Rate	0.06	Percent
Number of Years	10	Years
Debt Service Payment Amount: Annually		52,457.16
Debt Service Payment Amount: Monthly		4,371.43
Financing (Seller Note)		0.00
Interest Rate	0.05	Percent
Number of Years	7	Years
Debt Service Payment Amount: Annually		-
Debt Service Payment Amount: Monthly		-
Sellers Discretionary Cash Flow 2015		160,860.00
Less: Debt Service		52,457.16
Less: .25 Debt Service Cushion		13,114.29
Cash Flow After Debt Service		95,288.55
Less: Owner's Salary		65,000.00
Cash Flow Remaining		30,288.55
Return on Investment		
Initial Investment		131,250.00
Cash Flow after debt service		30,288.55
Break Even		23.08%

Quick Response™ Business Acquisition Financing Summary

Up To 80% SBA Financing *

Stage 3 Fitness

Suwanee, GA 30024

SBA 7(a) Proposed Purchase Scenario

Purchase Price
Owner Financing
Working Capital
Average SBA Fees and closing costs (May Be Financed)
Down Payment - 20% of Project Cost
Loan Request
Term (Months)
Interest Rate
Monthly Payment ****

\$525,000
\$0
\$25,000
\$25,000
115,000
\$460,000
120
6.25%
\$5,165

**Working
capital is
payable to
borrower
at loan
closing**

Rate **
Term
Assumable
Prepayment Penalty
Lender Points
Packaging Services
Other Costs

Prime + 2.75% Max, Variable ***
10 Years, Fully Amortized
Yes/ Qualify
None
None
Upon Request
Appraisal Fee and Related Direct Costs

For More Information Call



Dave Didion



EasySBA.Com

Phone (888) 238-0952

* For Qualified Applicant on an existing business with 3 years or more history.

** Rates subject to change without notice.

*** On April 1st, 2016 Prime Rate = 3.50 %

****Does not included any seller compensation

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Staff

STAGE 3 FITNESS STAFF BREAKDOWN

W-2 EMPLOYEES

NAME	JOB DESCRIPTION	HOURS/WEEK	WAGE
Jake	Owner	x	\$2750/Month (salary) + Draw
Zach	General Manager (Morning)	Full Time	\$4500/Month (salary)
Mariah	Assistant Manager (Nights)	25-30	\$11 (hourly) + Bi-Monthly \$100 Bonus (must hit 20 new members in 2 weeks)
Mitch (Just moved to FL, April 2016)	Front Desk (will not replace – do not need)	20-25	No longer with company

CONTRACTORS

NAME	JOB DESCRIPTION	CLASSES/WEEK	WAGE
Angie	Head Trainer/Instructor	18	\$27/Class + 500/Month
Dan	Trainer/Instructor	17	\$27/Class
John	Trainer/Instructor	8	\$27/Class
Stacey	Trainer/Instructor	3	\$27/Class
Melissa	Trainer/Instructor	6	\$27/Class

Trainers Rotate Saturdays: (4) Classes each Saturday @ \$27/Class

All trainers have the ability to increase their income with 1-on-1

Membership Data

Membership Report – As of 4/12/16

Total - 385

(2) Week All-Access Pass - 1

(8) Sessions/Month Memberships - 8

All-Access Membership - 329

Comped Membership - 6

Membership Freeze - 13

Paid In Full - 17

Recurring Session Packs - 3

Staff Membership - 8

Paid In Full Memberships & Expiration Dates

Membership Type	Status	Member From	Member To
12 Month Membership - Paid In Full	Active	5/21/2015	2/3/2017
12 Month Membership - Paid In Full	Active	3/10/2016	3/10/2017
06 Month Membership - Paid In Full	Active	4/1/2016	10/1/2016
1 Month All-Access PIF	Active	4/1/2016	5/1/2016
12 Month Membership - Paid In Full	Active	11/6/2015	2/3/2017
1 Month All-Access PIF	Active	4/1/2016	5/1/2016
06 Month Membership - Paid In Full	Active	11/19/2015	5/19/2016
06 Month Membership - Paid In Full	Active	3/8/2016	9/8/2016
06 Month Membership - Paid In Full	Active	12/31/2015	7/1/2016
12 Month Membership - Paid In Full	Active	10/1/2015	2/3/2017
12 Month Membership - Paid In Full	Active	10/1/2015	2/3/2017
06 Month Membership - Paid In Full	Active	3/28/2016	9/28/2016
1 Month All-Access PIF	Active	4/1/2016	5/1/2016
1 Month All-Access PIF	Active	3/14/2016	4/14/2016
06 Month Membership - Paid In Full	Active	12/16/2015	8/3/2016
1 Month All-Access PIF	Active	4/1/2016	5/1/2016
06 Month Membership - Paid In Full	Active	1/18/2016	7/18/2016
			Total Members 17

Lease

Sq. Ft.	Total Rent/Month	Expires	Deposit
7,000	8,906	2021	3,700

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I'm Interested | How Do I Get Started

Thank you for taking your time to review this exciting and rewarding business. If you would like to make an offer on this business but just don't know where to begin. Please contact me at any time and I will go over the entire buying process with you.

Greg Younts

Certified M&A Professional

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