



Redwood Region
Economic Development
Commission

520 E Street Eureka • California 95501 • (707) 445-9651 • FAX (707) 445-9652

Meeting of the
Redwood Region Economic Development Commission
Loan Committee

Tuesday, January 17, 2012
11:00 a.m.

Agenda

- I. Call to Order**
- II. Approval of Agenda and Minutes**
 - A. Minutes of November 15, 2011
- III. Public Input**
- IV. Old Business**
- IV. New Business**
 - A. Loan Approval or Denial: Giant Redwood RV & Camp
 - B. Loan Approval or Denial: Cybercity Family Entertainment Center
 - C. Term Limits and Form 700
 - D. Client Update – if needed
- V. Adjourn**

M E M B E R A G E N C I E S

City of Arcata • City of Blue Lake • City of Eureka • City of Ferndale • City of Fortuna • City of Rio Dell • City of Trinidad
County of Humboldt • Humboldt Bay Harbor, Recreation and Conservation District • Humboldt Bay Municipal Water District
Humboldt Community Services District • Manila Community Services District • McKinleyville Community Services District
Orick Community Services District • Redwoods Community College District • Hoopa Valley Tribe
Willow Creek Community Services District • Orleans Community Services District • Redway Community Services District



#A

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**Redwood Region Economic Development Commission
LOAN COMMITTEE
Tuesday, November 15, 2011
11:00 a.m.
Minutes**

Present: Jennifer Budwig, Scott Pesch, Bruce Rupp, Frank Scolari, Phil Sullivan, Dan Sweet
Absent: Greg Bowen (alternate), Dean Charlton (alternate), Sherman Schapiro, Liana Simpson
Staff Present: Virginia Fisher, Gregg Foster, Bonnie Smoller
Guests: Janet DePace, SBDC

I. Call to Order

Chair Scott Pesch called the meeting to order at 11:00 a.m.

II. Approval of Agenda and Minutes

Rupp/Sweet to approve the agenda and the minutes of October 18, 2011.

III. Public Input

None

IV. Old Business

None

V. New Business

A. Loan Approval or Denial: Pollack/Belz Broadcasting Co. LLC (KIEM-TV): KIEM TV is the local NBC affiliate located at So. Broadway, Eureka. Their parent company is Pollack/Belz Broadcasting LLC owned by William Pollack, David Pollack and Martin Belz.

This loan request is for \$1,380,849.00, to restructure existing debt to improve cash flow, to upgrade to a high definition signal and to purchase new equipment. The loan term would be 25 years at 9% fixed rate. This loan would be in conjunction with the Headwaters Fund.

Collateral would be a first deed-of-trust on the property at 5650 S. Broadway, Eureka and 8998 Kneeland Road, Kneeland, CA and a UCC-1 filing on new and existing equipment and assets. Owners Pollack, Pollack and Belz agree to be personal guarantors for the loan.

M/S: Scolari/Rupp to recommend approval of this loan to the RREDC Executive Committee:

Ayes: Pesch, Rupp, Scolari, Sullivan, Sweet; **Nays:** Budwig; **Abstain:** none. Motion passed.

B. Loan Update

Discussion only; no action.

VI. Adjourn

The meeting adjourned at 11:30 a.m.

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- Willow Creek Community Services District • Orleans Community Services District • Redway Community Services District

LOAN APPLICATION SUMMARY

RREDC Loan Committee Meeting January 17th, 2012
 RREDC Executive Committee Meeting January 23rd, 2012

Applicant: Giant Redwood RV & Camp

Legal Structure: Partnership	Business Type: RV Park and Campground
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Buyers/Borrowers: Travis Schneider, Will Ford, Jenny Rogers

Sellers/Current Borrowers: John Rath, Dave Rath, Annie Rath

Guarantors: Travis Schneider, Will Ford, Jenny Rogers

Purpose	Assumption of present loan with additional funds for property purchase.
Amount	\$335,000.00
Loan Type	Term
Term	10 year term with a 25 year amort.
Rate	9% fixed
Fee	1.25% plus all out of pocket costs
Monthly Payments	\$2,937.19
Primary Source of Repayment	Business cash flow
Secondary Source of Repayment	Liquidation of collateral
Tertiary Source of Repayment	Personal Guarantors
Fund	EDA - \$335,000.00

Strengths

Weaknesses

<ol style="list-style-type: none"> 1) Strong borrowers with good financial background. 2) Travis Schneider has established Shoreline RV Park in Eureka. 3) New borrowers have capacity to make necessary improvements to Giant Redwoods. 4) Giant Redwoods is an established campground in Myers Flat. 5) Loan is well collateralized with RREDC in 1st position on property 	<ol style="list-style-type: none"> 1) Giant Redwoods has an aging infrastructure. 2) Property is in a Flood Zone. 3) Existing business has operated on a tight cash flow.
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Background

Karen and John Rath purchased this campground in 1994 for \$400,000. Karen and John received an approved \$250,000 RREDC loan in October 2005. The funds were used for refinancing an existing loan to improve cash flow and make campground improvements. By 2008 Karen's declining health made it necessary for their son Dave and his wife Annie to move from the Bay Area to help with the business. Karen died in April, 2009 from congestive heart

failure. John Rath eventually moved out of the country leaving Dave and Annie the sole caretakers of the property. Dave and Annie have worked hard diligently to repair, improve and market the campground.

The seasonality of the business, the depressed economy and deferred maintenance has made it impossible for the business to be profitable. Dave and Annie did not have the personal reserves to invest in the property upgrades. Dave and Annie listed the property with Scott Pesch, Coldwell Bankers Pacific Partners in September, 2011. On September 26, 2011, the RREDC Executive Committee approved to move this loan into recovery, while still accruing interest with the understanding that the Raths would continue to operate the campground, and maintain the property throughout the sale. Liability and flood insurance would be kept current.

On November 11, 2011, Travis Schneider, Will Ford and Jenny Rogers entered into a purchased contract with the Raths for the property at an agreed price of \$350,000.00. Escrow opened on December 2nd, 2011 with Roxanne Bennett of Humboldt Land Title with expected closing to be in March/early April 2012. On December 10th, 2011 contingency removal addendum was signed by Travis Schneider leaving financing the remaining contingency.

Originally this park was developed as a Boy Scout Camp over 50 years ago. Giant Redwood RV Campground is one of only three private campgrounds, (Redcrest Resort and Immortal Trees are the other private camps) on the Avenue of the Giants and the only private campground that has river access. The campground has 23 acres with 1,500 feet of river and 6 acres of beach and gravel. During the off-season, only a small area near the camp office is used for travelers. The Park is rustic, not a polished or sterile campground, giving this park an ambiance that is unique. The 82 spaces include 58 RV sites with full hook-up and 24 tent sites with river access. The sites vary from grassy tent sites on the riverbank, separated by a natural bamboo screen for privacy to the shaded full hook-up sites that have a variety of trees including the giant redwoods.

Collateral

Type	2009 Appraisal Steve Childs	Disc't Factor	Discount Value	2010-2011 Tax Assessmt	RREDC Existing Loan	Request Loan	CLTDV on Tax Assesmt
Giant Redwoods RV & Camp	\$650,000	.8	\$585,000	\$451,512	290,000	\$335,000	
Business equipment	\$11,000 per Rath's valuation	.20	\$2,200		\$0		
TOTAL	\$661,000		\$587,200	\$451,512		\$335,000	74%

CLTDV=combined loan-to-discounted value

- RREDC will have a first D/T on the subject property and a UCC-1 filing on all assets.
- Humboldt County Tax assessment is a total of \$263,350 for the land, \$188,162 for the structural improvements for a total of \$451,512 which give a CLTDV of 74% for the \$335,000 loan (335,000/451,512).
- RREDC received the recent appraisal performed by Steven Childs with property inspection on December 13, 2010. The appraisal's purpose was to estimate the market value of the "as-is" fee simple interest as of April 23, 2009, Karen Rath date of death.
- All the structures on the property are without permanent foundations and can be moved from the premises in the event of flood. These structures are considered personal and therefore are not a part of this appraisal evaluation.
- Per appraiser, "the improvements, the RV Park, and the campground are all situated on the higher elevation above the river bank and where the flooding is less frequent".
- Per appraiser, "the subject is quite functional as an RV park and a campground with a small convenience store. No items of external obsolescence were noted."
- The major building components consist of Borrowers' residence, campground store and office, shop, 2 full bathrooms with showers, laundry room with washer and dryers, and a game room. .

- Flood Issue: Giant Redwoods has experienced 2 floods since the Raths ownership. The first flood did not do any damage to the campground. The flood of 1996-1997, forced the Raths to move their campground store and manufactured home (both single wide trailers) off the property.

Sources and Uses of Funds –

	RREDC	BORROWER	TOTAL
Real Estate Purchase	\$335,000.00	\$15,000.00	\$350,000.00
Machinery & Equipment		2,500.00	2,500.00
Furniture & Fixtures		2,500.00	2,500.00
Leasehold improvements		105,000.00	105,000.00
Working Capital		5,000.00	5,000.00
Loan Fees (1.25 Points)		4,187.50	4,187.50
Title and Closing Costs		15,000.00	15,000.00
TOTAL	\$335,000.00	\$149,187.50	\$484,178.50
Borrower's Equity Contribution	69%	31%	100%

- The partnership group of Ford, Rogers and Schneider intend to purchase the subject property and refurbish the existing facilities to meet permitted and modern standards.
- Upgrades include, but not limited to, repairing the restrooms, fencing, trimming vegetation, installing new signage, minor grading and improving existing web site and advertising.
- Travis Schneider is experienced with running an RV Park, combined with Jenny Rogers 'marketing skills and Will Ford's financial expertise position this business for future success in Humboldt County.
- Will Ford and Jenny Rogers will be the investors with Travis operating the park.

Travis Schneider:

Travis is a local Humboldt County native who owns several rentals and the Shoreline RV Park on North 6th street in Eureka. In addition, Travis is an engineer at Pacific Affiliates Inc. Travis FICO score dated 01/11/2012 is 685 with a past 30 day late on 2 mortgages which are now current. He has 2 open credit cards that show a current balance over the last 48 months.

Travis will be the operator of Giant Redwoods. Travis will oversee a general manager (whom manages the Shoreline RV Park and will provide remote oversight management on this park). This general manager will visit the park twice weekly in the summer and once every other week in the winter as the park will probably be closed in the winter months. Bookings and reservations will be undertaken by this general manager and check-ins will be handled by an on-site seasonal manager (to be determined). Travis will use "Work Kamper" to find a site seasonal manager to maintain the facilities and check in people at the site. This on-site seasonal manager will received a small stipend with free rent and utilities at the park. Through the use of RV Tripsetter (their present software) and modern technology the remote booking and check-in process should be reasonably smooth with an on-site manager.

Will Ford:

Will Ford is a Humboldt County native who currently lives New Jersey, working for Steinberg Asset Management in Manhattan managing a trading desk for \$1.76BN long-only funds. His assets are center around his home, airplane and stocks. Will's Fico score dated December 29th, 2011 is 776 with 4 open credit cards with no balances and current mortgage payments. A copy of his recent resume is attached.

Jenny Rogers:

Jenny Rogers is a Sales Director for Gulfstream Aerospace since June, 2011. Jenny's sales area covers Eastern Canada and the Northeast United States. Jenny sells corporate jets that range in size and price from \$12M to \$65M. Jenny holds an airline transport pilot's license. Jenny's assets center on her home, airplane and savings account. Jenny's FICO score dated January 6, 2012 is 781 with 2 open credit cards with small balances and a current mortgage payment.. A copy of her recent resume is attached.

Policy Guidelines

Economic Base: This is a tourism business. Tourism is the third of the 9 base industry clusters that form the foundation of the North Coast Economic future.

Jobs

New borrowers expect to hire 2-3 permanent employees with seasonal part time employment.

Bankability

Jennifer Budwig from Redwood Capital referred Travis to RREDC. The requested loan amount would not meet the loan to value guidelines at this time. Borrowers' future plans will be to refinance in 2 -3 years when the upgraded park and business financials support a commercial or SBA loan.

Conditions of Approval

- Verifications of funds available for down payment and improvements to the property from each borrower.
- RREDC will hold the first D/T on the subject property.
- Loan covenant stating no additional borrowings without RREDC's approval.
- Prelim to have no items that will prevent RREDC from clear title.
- Insurance on property to show that RREDC as the loss payee.
- Flood Insurance must be in place.

Basis for Loan Officer Recommendation

This loan is recommended as it will allow the new borrowers to make the repairs necessary to run an efficient park at full capacity in Myers Flat. The new borrowers have the capacity to make this a successful campground. The Tourism dollars that will be generated will add to the economic base of the county. RREDC will be in first position on a piece of real estate on the Avenue of the Giants

Jenny M. Rogers

920 Hudson Street - 1B
Hoboken, NJ 07030

316.518.3990
jennymrogers@yahoo.com

EMPLOYMENT

Hawker Beechcraft Corporation - Wichita, KS

Sales Director, Northeast Region August 2007 – present

- Successfully marketed, sold and delivered 31 new Beechcraft airplanes in the midst (and aftermath) of a recession.
- Embrace an aggressive sales technique with a no-excuses, customer-focused mentality, building an excellent record of sales growth and customer satisfaction.
- Develop and implement an annual marketing and sales plan. Easily achieved sales and profit objectives within my assigned territory.
- Personally negotiate all contract terms, including the final price of each aircraft sold.
- Essentially run my own business, requiring little oversight, conducting sales presentations, meetings, and demonstration flights, being mindful of the costs associated with selling my planes.
- Create and execute prospecting plans to ensure a solid backlog of new prospects in each stage of the sales funnel.
- Responsible for organizing and marketing territory shows and tours.
- Manage all new and pre-owned aircraft acquisitions within my sales territory, including PA, NJ, NY, RI, CT, MA, VT, NH, ME, and Eastern Canada.
- Excellent post-delivery customer care and relationship management, resulting in high customer retention and referrals.
- Current ATP rated pilot with type-ratings in the Hawker 400xp and Beechcraft 1900. Current in all flight operations.

Sales Demonstration Pilot October 2003 – August 2007

- PIC for sales demonstration and company transportation flights on the Hawker 400xp, King Air 350, 200, C90GTi, 1900, Baron and Bonanza.
- Product presentations for customers and corporate pilots.
- International and Domestic product deliveries and support flights including flights to and within: Egypt, Portugal, Spain, Germany, Greece, Switzerland, France, United Kingdom, Italy, Iceland, Greenland, Canada, Mexico and across all 50 states.
- Coordinator for university recruitment, sales incentive and brand recognition programs.
- Contract employee from October 2003 – July 2004.
- Leave of absence to volunteer for three months.

Hisani Orphanage – Mwanza, Tanzania

Volunteer Teacher October 2006 – December 2006

- English and Math teacher for children in Tanzania.
- Attended an intense Swahili language program in order to teach Tanzanian children in their native language.
- Lived in remote village while volunteering.

Raytheon Aircraft Company – Wichita, KS

Flight Intern/Dispatcher January 2003 – October 2003

- PIC and SIC duties on company demonstration and transportation flights.
- Assisted with customer support and aircraft deliveries.
- Company dispatch duties to include coordination of aircraft and crew, always ensuring the most cost-effective and safe options were implemented.

ACTIVITIES

Avid runner and triathlete, having competed in several races, including the Syracuse Half Ironman (Sep 2009), Philadelphia Olympic Triathlon (May 2009), Philadelphia Half Marathon (Nov 2008), and NYC Half Marathon (Mar 2010). Currently training for the Lake Placid Ironman (Jul 2011). **Volunteer work** includes Big Brothers Big Sisters, Volleyball and Basketball Coach, and Hoboken sheiter. Speak **Russian** and **Swahili**.

EDUCATION

University of North Dakota, Grand Forks

Bachelor of Science, **Aeronautical Studies** - December 2002
Graduated with Honors, Cum Laude

Jenny Rogers

PERSONAL FINANCIAL SUMMARY

LOAN OFFICER:

920 Hudson Street #1B

Balance Sheet

ANALYST:

Hoboken, New Jersey 07030

FINANCIAL STATEMENT DATE: 12/22/2011

ASSETS

[balances in thousands]

Liquid Assets

	Statement Amount	Adjusted Amount	% adj
Checking Account	135	135	100
Savings Account	109	109	100
Marketable Securities	0	0	0
Cash Value Life Insurance	0	0	0
Other Liquid Assets	0	0	0
TOTAL LIQUID ASSETS	\$244	\$244	100

Real Estate

Residence	475	380	80
Second Home	0	0	0
Other real estate	0	0	0
TOTAL REAL ESTATE	\$475	\$380	80
Net R/E Adjustment (\$95)			

Other Assets

Airplane	100	0	0
Personal Property	0	0	0
Livestock	0	0	0
Inventory	0	0	0
Equipment	0	0	0
Unlisted Securities	0	0	0
Notes Receivable	0	0	0
IRA's/Vested Pension	18	13	70
Partnerships/S Corps	0	0	0
N/W Business Owned (subj)	0	0	0
N/W Business Owned (other)		0	0
		0	0
TOTAL OTHER ASSETS	\$118	\$13	11

TOTAL ASSETS

Total Liabilities / Net Worth 0.38 0.56

Total adjustments to assets: (\$200)

CONTINGENT LIABILITIES

	Gross Amt.	Curr Amt.	Net Amt.
Revolving (from TRW)	\$0	\$0	\$0
Other	\$0	\$0	\$0
Other	\$0	\$0	\$0
Total Contingent (not incl. in total liabilities)			\$0

LIABILITIES

[monthly pmts in dollars]

Short-Term Debt

	Monthly Pmts	Statement Amount	Adjusted Amount	% adj
Revolving	57	2	2	100
Notes Payable	0	0	0	0
Accrued Expenses	0	0	0	0
Taxes Payable	0	0	0	0
Other S/T Debt	0	0	0	0
TOTAL S-T DEBT		\$2	\$2	100

Real Estate Loans

Home Mortgage/Rent	1,257	228	228	100
Secondary Loans	0	0	0	0
Other R/E loans	0	0	0	0
TOTAL R/E LOANS		\$228	\$228	100
Real Estate Equity		247	152	

Term Debt/Other Liabilities

	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
Subject Loan Request	0	0	0	0
TOTAL OTHER LIABS		\$0	\$0	0

TOTAL LIABILITIES

NET WORTH

TOTAL LIABS & N/W

\$230 \$230 100
\$608 \$407 67
\$837 \$637 76

Total adjustments to liabilities: \$0

Total monthly payments

\$1,314

Cash Flow Calculation from Page Two

Pro forma Cash Flow After Tax	\$160
Annual Debt Service	\$16
Surplus Cash Flow	\$144

PERSONAL FINANCIAL SUMMARY

Income and Cash Flow Spread for: *Jenny Rogers*

INCOME (In Thousands)	12/31/2008		12/31/2009		12/31/2010		Pro forma 2011	
	Tax returns	%	Tax returns	%	Tax returns	%		%
Salary & Wages	\$267		\$96		\$214		\$200	
Interest Income	1				0			
Dividend Income								
Taxable Refunds			12					
Business Income								
Revenues	0	0	0	0	0	0	0	0
Expenses	0	0	0	0	0	0	0	0
Net Income	\$0	0	\$0	0	\$0	0	\$0	0
Capital Gain/Loss								
Other Gain								
IRA/Pension Distribution								
Rental Income								
Gross Rents	0	0	0	0	0	0	0	0
Expenses	0	0	0	0	0	0	0	0
Unallowed Loss	0	0	0	0	0	0	0	0
Net Income	\$0	0	\$0	0	\$0	0	\$0	0
Partnerships/S Corps								
Farm Income								
Revenues	0	0	0	0	0	0	0	0
Expenses	0	0	0	0	0	0	0	0
Net Income	\$0	0	\$0	0	\$0	0	\$0	0
Other Income/Loss								
Other Income/Loss								
TOTAL INCOME (1040)	\$268		\$108		\$207		\$200	
Depreciation - Business/Farm	0		0		0		0	
Interest - Business/Farm								
Depreciation - Rental Property								
Interest - Rental Property								
Partnership/S Corp (-Line 20 above)	0		0		7		0	
Partnership/S Corp Int/Div Inc (-)								
Partnership/S Corp Draw/Contrib (+/-)								
Unallowed Losses	0		0		0		0	
Tax-Exempt								
Adj. To Capital Gains								
Other Adjustments								
CASH FLOW BEFORE TAX	\$268		\$108		\$214		\$200	
Federal Taxes (% of total inc.)	66	25	17	16	42	20	40	20
State Taxes (% of total inc.)		0		0		0		0
FICA (7.65% salary) (% of total inc.)		0		0		0		0
CASH FLOW AFTER TAX	\$201		\$91		\$172		\$160	
Total Monthly Loan Payments:	\$1,314		Annual Debt Service (in thousands):				\$16	
Total Annual Debt Service (in dollars):	\$15,768		Surplus Personal Cash Flow:				\$144	

COMMENTS

Will R. Ford, CFA

1 Egan Court
Mountainside, NJ 07092
(H) 201-792-5749 ♦ (C) 201-892-1689
wford1@gmail.com

EXPERIENCE

February 2005-
Present

Steinberg Asset Management, New York, New York Director, Trading

- Manage trading desk for \$1.76BN long-only fund. In the process of rolling out equity long-short fund.
- Developed commission reports to track payouts to the Street; renegotiated soft dollar agreements to reduce costs. Built out trading & research sales contacts streetwide, ensuring analysts and PM have access to desired street resources. Brought significant portion of trading in-house, lowering costs.
- Member of Investment Committee. Supervise one equity trader. Manage quarterly broker review.

February 2003-
February 2005

Vice President – LEHMAN BROTHERS, New York, New York Equity Capital Management, Proprietary Desk Trader / Analyst / Junior PM

- Managed a \$25MM Consumer Discretionary sector long-short portfolio, generating a 6.5% annual return. Acted as one of two traders supporting 7 portfolio managers managing \$1BN in aggregate.
- Cultivated sell-side relationships to ensure we are at the top of the information flow priority list. This included daily contact with research salespeople. Constantly reviewed news & research for pertinent items related to portfolio holdings and related stocks/sectors. Coordinated with company reps, traders & analysts to add knowledge around our positions and to generate trading/investment ideas.

June 1999-
February 2003

LEHMAN BROTHERS, New York, New York US Equity Trading, Consumer Discretionary Trader

- Traded a \$12MM annual revenue list made up of 80-100 stocks (listed & OTC), including 18 NASDAQ 100 stocks. Traded average of 5MM shares daily on behalf of customers.
- Increased revenues 59% upon assumption of list by developing and maintaining critical relationships in the hedge fund and asset management community.
- Monitored compliance and operational issues related to transactions with my customers.
- Provided leadership in building an entirely new trading desk in the weeks following the 9/11 attacks

May 1994-
June 1999

Lieutenant, US Coast Guard

- Business Manager, Industrial Division, Boston, MA - Managed all aspects of Cost Accounting and Planning/Estimating for the division and its detachments. Led team of five employees. Designated management representative and Chief Negotiator in discussions with labor union. Provided leadership and direction as Logistics Officer during TWA Flight 800 search.
- Assistant Engineer Officer, US Coast Guard Cutter Acushnet, Eureka, CA - Managed the day-to-day administration of the Engineering Department with \$500K annual budget and 25 people.

EDUCATION

June 2004

Value Investing Executive Education Program Columbia University Graduate School of Business

June 1999-
June 2001

Chartered Financial Analyst Program CFA Institute

January 1997-
May 1999

Master of Business Administration in General Management Boston University Graduate School of Management, Boston, MA

- Specialization in Finance with GPA of 3.84 (High Honors)

July 1990-
May 1994

Bachelor of Science in Civil Engineering United States Coast Guard Academy, New London, CT

- Graduated with Honors

ADDITIONAL INFORMATION

- Currently serving on Board of Directors of private agricultural / real estate corporation by analyzing commercial real estate private equity investments.
- Interests include quantitative games, game theory, and running
- Series 7, 55, 63

Will R Ford

PERSONAL FINANCIAL SUMMARY

1 Egan Court
Mountainside, NJ 07092

Balance Sheet

LOAN OFFICER:

ANALYST:

FINANCIAL STATEMENT DATE: 12/29/2011

ASSETS				LIABILITIES				
[balances in thousands]	Statement Amount	Adjusted Amount	% adj	[monthly pmts in dollars]	Monthly Pmts	Statement Amount	Adjusted Amount	% adj
Liquid Assets				Short-Term Debt				
Checking Account	40	40	100	Revolving	0	0	0	0
Savings Account	0	0	0	Notes Payable	0	0	0	0
Marketable Securities	53	42	80	Accrued Expenses	0	0	0	0
Cash Value Life Insurance	0	0	0	Taxes Payable	0	0	0	0
Other Liquid Assets	0	0	0	Other S/T Debt	0	0	0	0
TOTAL LIQUID ASSETS	\$93	\$82	89	TOTAL S-T DEBT		\$0	\$0	0
Real Estate				Real Estate Loans				
Residence	1,100	880	80	Home Mortgage/Rent	5,813	750	750	100
Second Home	0	0	0	Secondary Loans	99	52	52	100
Other real estate	0	0	0	Other R/E loans	0	0	0	0
TOTAL REAL ESTATE	\$1,100	\$880	80	TOTAL R/E LOANS		\$802	\$802	100
Net R/E Adjustment (\$220)				Real Estate Equity		298	78	
Other Assets				Term Debt/Other Liabilities				
Vehicles / RV / Boat	0	0	0		0	0	0	0
Personal Property	0	0	0		0	0	0	0
Airplane	95	95	100		0	0	0	0
Inventory	0	0	0		0	0	0	0
Equipment	0	0	0		0	0	0	0
Unlisted Securities	0	0	0		0	0	0	0
Notes Receivable	0	0	0		0	0	0	0
IRA's/Vested Pension	300	210	70		0	0	0	0
Partnerships/S Corps	0	0	0		0	0	0	0
N/W Business Owned (subj)	0	0	0		0	0	0	0
N/W Business Owned (other)		0	0		0	0	0	0
		0	0		0	0	0	0
		0	0	Subject Loan Request	0		0	0
TOTAL OTHER ASSETS	\$395	\$305	77	TOTAL OTHER LIABS		\$0	\$0	0
TOTAL ASSETS	\$1,588	\$1,267	80	TOTAL LIABILITIES		\$802	\$802	100
Total Liabilities / Net Worth	1.02	1.72		NET WORTH		\$786	\$465	59
				TOTAL LIABS & N/W		\$1,588	\$1,267	80
Total adjustments to assets:		(\$321)		Total adjustments to liabilities:		\$0		
CONTINGENT LIABILITIES				Total monthly payments \$5,912				
	Gross Amt.	Curr Amt.	Net Amt.	Cash Flow Calculation from Page Two				
Revolving (from TRW)	\$0	\$0	\$0	Pro forma Cash Flow After Tax \$403				
Other	\$0	\$0	\$0	Annual Debt Service \$71				
Other	\$0	\$0	\$0	Surplus Cash Flow \$332				
Total Contingent (not incl. in total liabilities)			\$0					

PERSONAL FINANCIAL SUMMARY

Income and Cash Flow Spread for: *Will R Ford*

INCOME (In Thousands)	12/31/2008		12/31/2009		12/31/2010		Pro forma [estimated]	
	Tax returns	%	Tax returns	%	Tax returns	%		%
Salary & Wages	\$320		\$486		\$541		\$450	
Interest Income	5		2		4		4	
Dividend Income	5		3		8		8	
Taxable Refunds	4		4		10		10	
Business Income								
Revenues	0	0	0	0	0	0	0	0
Expenses	0	0	0	0	0	0	0	0
Net Income	\$0	0	\$0	0	\$0	0	\$0	0
Capital Gain/Loss	(3)		(3)		(3)		(3)	
Other Gain	(1)				(1)		(1)	
IRA/Pension Distribution								
Rental Income								
Gross Rents	0	0	63	100	39	100	39	100
Expenses	0	0	33	52	85	215	85	218
Unallowed Loss	0	0	0	0	0	0	0	0
Net Income	\$0	0	\$30	48	(\$45)	(115)	(\$46)	(118)
Partnerships/S Corps	4							
Farm Income								
Revenues	0	0	0	0	0	0	0	0
Expenses	0	0	0	0	0	0	0	0
Net Income	\$0	0	\$0	0	\$0	0	\$0	0
Other Income/Loss								
Other Income/Loss								
TOTAL INCOME (1040)	\$332		\$522		\$514		\$422	
Depreciation - Business/Farm	0		0		0		0	
Interest - Business/Farm								
Depreciation - Rental Property			11		29		29	
Interest - Rental Property			14		32		32	
Partnership/S Corp (-Line 20 above)	(4)		0		0		0	
Partnership/S Corp Int/Div Inc (-)								
Partnership/S Corp Draw/Contrib (+/-)								
Unallowed Losses	0		0		0		0	
Tax-Exempt								
Adj. To Capital Gains								
Other Adjustments								
CASH FLOW BEFORE TAX	\$329		\$546		\$575		\$483	
Federal Taxes (% of total inc.)	56	17	98	19	131	26	80	19
State Taxes (% of total inc.)		0		0		0		0
FICA (7.65% salary) (% of total inc.)		0		0		0		0
CASH FLOW AFTER TAX	\$273		\$449		\$444		\$403	
Total Monthly Loan Payments:	\$5,912		Annual Debt Service (in thousands):				\$71	
Total Annual Debt Service (in dollars):	\$70,944		Surplus Personal Cash Flow:				\$332	

COMMENTS

Travis Schneider

PERSONAL FINANCIAL SUMMARY

P.O. Box 133
Eureka, CA 95502

Balance Sheet

LOAN OFFICER:

ANALYST:

FINANCIAL STATEMENT DATE: 10/1/2011

ASSETS				LIABILITIES				
[balances in thousands]	Statement Amount	Adjusted Amount	% adj	[monthly pmts in dollars]	Monthly Pmts	Statement Amount	Adjusted Amount	% adj
Liquid Assets				Short-Term Debt				
Checking	5	5	100	Revolving	548	20	20	100
Savings	0	0	0	Notes Payable	0	85	85	100
Marketable Securities	0	0	0	Equipment Payable	0	93	93	100
Cash Value Life Insurance	0	0	0	Taxes Payable	0	0	0	0
Other Liquid Assets	0	0	0	Other S/T Debt	0	0	0	0
TOTAL LIQUID ASSETS	\$5	\$5	100	TOTAL S-T DEBT		\$198	\$198	100
Real Estate				Real Estate Loans				
Residence	0	0	0	Home Mortgage/Rent	0	0	0	0
Second Home	0	0	0	Secondary Loans	0	0	0	0
Total Real Estate	9,080	6,356	70	Total Real Estate loans	37,121	5,908	5,908	100
TOTAL REAL ESTATE	\$9,080	\$6,356	70	TOTAL R/E LOANS		\$5,908	\$5,908	100
Net R/E Adjustment (\$2,724)				Real Estate Equity		3,172	448	
Other Assets				Term Debt/Other Liabilities				
Vehicles / RV / Boat	12	0	0		0	0	0	0
Personal Property	85	0	0		0	0	0	0
Livestock	0	0	0		0	0	0	0
Inventory	0	0	0		0	0	0	0
Equipment	0	0	0		0	0	0	0
Unlisted Securities	0	0	0		0	0	0	0
Notes Receivable	0	0	0		0	0	0	0
IRA's/Vested Pension	21	15	70		0	0	0	0
Partnerships/S Corps	0	0	0		0	0	0	0
N/W Business Owned (subj)	0	0	0		0	0	0	0
N/W Business Owned (other)		0	0		0	0	0	0
		0	0		0	0	0	0
		0	0	Subject Loan Request	0		0	0
TOTAL OTHER ASSETS	\$118	\$15	12	TOTAL OTHER LIABS		\$0	\$0	0
TOTAL ASSETS	\$9,203	\$6,376	69	TOTAL LIABILITIES		\$6,106	\$6,106	100
Total Liabilities / Net Worth	1.97	22.60		NET WORTH		\$3,097	\$270	9
Total adjustments to assets: (\$2,827)				TOTAL LIABS & N/W		\$9,203	\$6,376	69
CONTINGENT LIABILITIES				Total adjustments to liabilities: \$0				
	Gross Amt.	Curr Amt.	Net Amt.	Total monthly payments \$37,669				
Revolving (from TRW)	\$0	\$0	\$0	Cash Flow Calculation from Page Two				
Other	\$0	\$0	\$0	Pro forma Cash Flow After Tax \$546				
Other	\$0	\$0	\$0	Annual Debt Service \$452				
Total Contingent (not incl. in total liabilities)	\$0	\$0	\$0	Surplus Cash Flow \$94				

PERSONAL FINANCIAL SUMMARY

Income and Cash Flow Spread for: *Travis Schneider*

INCOME (In Thousands)	12/31/2008		12/31/2009		12/31/2010		Pro forma 2011	
	Tax returns	%	Tax returns	%	Tax returns	%	2011	%
Salary & Wages	\$1		\$77		\$61		\$61	
Interest Income	0		2		1			
Dividend Income								
Taxable Refunds								
Business Income								
Revenues	0	0	0	0	0	0	0	0
Expenses	0	0	0	0	0	0	0	0
Net Income	(\$96)	0	(\$37)	0	\$0	0	\$0	0
Capital Gain/Loss			(231)					
Other Gain								
IRA/Pension Distribution			0					
Rental Income								
Gross Rents	0	0	0	0	0	0	0	0
Expenses	0	0	0	0	0	0	0	0
Unallowed Loss	0	0	0	0	0	0	0	0
Net Income	(\$27)	0	(\$25)	0	(\$27)	0	(\$25)	0
Partnerships/S Corps								
Farm Income								
Revenues	0	0	0	0	0	0	0	0
Expenses	0	0	0	0	0	0	0	0
Net Income	\$0	0	\$0	0	\$0	0	\$0	0
Other Income/Loss								
Other Income/Loss	Carryover loss		(129)		(345)		(300)	
TOTAL INCOME (1040)	(\$121)		(\$344)		(\$309)		(\$264)	
Depreciation - Business/Farm			0		0		0	
Interest - Business/Farm	111							
Depreciation - Rental Property	179		165		166		160	
Interest - Rental Property	162		374		376		350	
Partnership/S Corp (-Line 20 above)	0		0		0		0	
Partnership/S Corp Int/Div Inc (-)								
Partnership/S Corp Draw/Contrib (+/-)								
Unallowed Losses	0		0		0		0	
Tax-Exempt								
Adj. To Capital Gains								
Net operating loss carry			129		345		300	
CASH FLOW BEFORE TAX	\$331		\$324		\$578		\$546	
Federal Taxes		(% of total inc.)						
State Taxes		(% of total inc.)						
FICA (7.65% salary)		(% of total inc.)						
CASH FLOW AFTER TAX	\$331		\$324		\$578		\$546	
Total Monthly Loan Payments:	\$37,669		Annual Debt Service (in thousands):		\$452			
Total Annual Debt Service (in dollars):	\$452,028		Surplus Personal Cash Flow:		\$94			

COMMENTS

LOAN APPLICATION SUMMARY

RREDC Loan Committee Meeting January 17, 2012
 RREDC Executive Committee Meeting January 23, 2012

Applicant: Robert Mullin, Mark and Angela Jubb dba Cybercity Family Entertainment Center

Legal Structure:	Sole Proprietorship	Business Type:	Amusement and Recreation Industry
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Owners: Angela Jubb and Mark Jubb

Co-Signer: Robert Mullin (father of Angela Jubb)

Purpose	Purchase new laser tag equipment
Amount	\$37,500
Loan Type	Term
Term	7 years fully amortized
Rate	10% fixed
Fee	1.25% plus all out of pocket costs
Monthly Payments	\$622.54 per month.
Primary Source of Repayment	Business cash flow
Secondary Source of Repayment	Liquidation or refinance of collateral
Fund	EDA - \$37,500.00

Strengths	Weaknesses
1) Established business for 3.5 years with potential to grow 2) Unique laser tag game entertainment in Humboldt County 3) Financially sound co-signer 4) Loan will be collateralized.	1) Owners have negative net worth 2) Borrowers start up was underfunded leading to them incur more debt. 3) Current laser tag equipment is outdated thus declining revenues.

Background

Cybercity Family Entertainment Center has been a family operated business in Eureka since January 2008. The 8000 sq. ft. business is located at 3022 Broadway, Eureka near the Bayshore Mall. In January 2008 RREDC approved an \$115,000 loan for the Jubb's start-up business. Since then, the Jubb's have paid down this loan to \$100,723. They are current on all payments.

The primary draw to Cybercity is the laser tag game supplemented by a full video arcade, snack bar, 2 party rooms and a parent lounge. Their laser tag game business fulfills the need for an indoor based entertainment facility in Humboldt County along with the local movie theaters and bowling alleys. Cybercity's target market is families with school aged children, youth groups, social clubs, and

educational establishments. However, with the rapid expansion of the industry and the ability of use and enjoyment by all ages, the laser tag market is subject to constant expansion.

Laser Tag Game

Up to 20 players can participate in the 4000 sq. laser tag arena. The typical game time is 13 minutes with extra time for a qualified staff member to give safety instruction as well as game briefing prior to each game.

The arena is like a life-size video game. The darkened room is a maze that offers player's ample hiding places that makes it challenging to find and tag the other players. The arena is filled with haze that highlights the lasers used by the players. Flashing lights, music and UV lighting add to the excitement of the sport.

The purpose of the loan is to purchase a new 20 player laser tag system:

- Lighter packs – The new system packs are only 5.5 lbs., about half the weight of the current system which would provide a superior playing experience, especially for the youngest clients. (ages 3-10) These would be the lightest, most comfortable vests on the market.
- Intelligent Team Colors – Packs would all turn one color during “solo” games and multiple colors during “team” games. This would improve the overall player satisfaction and eliminate confusion during different game styles.
- Green Lasers – These would stand out from the other systems with vibrant “green” lasers.
- 20 Hour battery – Each pack could run 20+ hours on a single charge. This would streamline the entire operation, eliminating the current problem of batteries “dying” during games negatively impacting their business and customer service.
- Birthday Song Packs – These would enhance the experience of their birthday guests with special format games that include the welcoming of a birthday guest with a song to celebrate their birthday. Audio control is provided for simple start and stop of music with the game.
- The new system would include an additional 8 game formats – Solo, Team, QTeam, Solo Elimination, Team Elimination, Vampires, Infusion and Continuous. Each game format could be customized to some degree. The addition of multiple game formats would enhance the game play of returning patrons as well as expand the options when hosting annual events such as “Lock-In” and corporate events. Additional arena devices, bases, mines and energizers can be incorporated into game formats to add diversity to games.

Video Arcade

The arcade offers 12 games, with limited amounts of violence and adult themes, to attract and maintain a family-friendly atmosphere. A snack-bar area offers a modest selection of traditional and healthy snack options.

Party Rooms

The 2 party rooms continue to be a profit center for the Jubbs. Typically room rental is 3 hours with a basic package pricing of \$275.00.

The Parent Lounge

A lounge area offers a comfortable setting with a flat screen TV, Wi-Fi internet and pool table.

Management

Mark and Angela are improving their business skills by being active members with the International Laser Tag Association (ILTA) and frequently reviewing their business activities with Janet DePace at SBDC. Mark and Angela have been members of the ILTA since 2004.

Members of the ILTA have access to support in every phase of business operation including:

- Technical support on call 363 days a year.
- Supply of consumable merchandise.
- Access to upgrades and new software.
- Marketing and general business advice.

Competition

Currently in Humboldt County there is no direct competition. The few indoor venues that would be considered competition would be the roller rink, movie theaters, and bowling alleys, Bounce-O-Rama, the Video Arcade at the Mall, Flips for Kids and the local fast-food outlets which offer birthday party rooms.

Site Visit

Site visit will be completed after loan approval and before any funding. Site visits will continue until completion of project.

Sources and Uses of Funds

	RREDC	BORROWER	TOTAL
Equipment	\$37,500		\$37,500
Loan fees		500	500.
TOTAL	37,500	500.	38,000
Contribution	99.00%	1%	100%

Collateral

Type	Appraisal 01/2008	Discount Factor	Discounted Value	Existing Liens	New Loan	*CLTDV
3 rd D/T on 1794 Fischer Rd., McKinleyville	\$320,000	.9	\$288,000	\$104,776 plus RREDC \$100,723 (206,499)	\$37,500	84%
Equipment (new)	\$35,000	.50	\$17,500			
Inventory	\$10,000	.20	2,000	0	0	
TOTAL	\$365,000		\$307,500	\$206,499	\$37,500	79%

*CLTDV = combined loan-to-discounted value

- Cosigner/Guarantor, Robert Mullin has 2 Wells Fargo loans on his home: The first is a term loan with a balance of \$ \$49,776 and a 2nd ELOC with a balance of \$42,250 with an available amount of \$12,750. (\$42,250 +\$12,750=\$55,000)
- Lender included the full amount of \$55,000 from Cosigner/Guarantor 2nd ELOC for underwriting purposes.
- RREDC received a drive by appraisal valued at \$320,000 from Dave Tidwell, dated 01/11/08.
- Equipment Value is based on the new equipment only. RREDC has UCC-1 filing on the present business assets approximately valued at \$75,000 per borrower.

Business Financial Analysis

Borrowers have their financials and taxes prepared by Keith Crossley, CPA of Cunningham, Malone & Morton.

Borrowers prepared projections with the assistance of Janet DePace from SBDC. These projections (see attachment) include the following assumptions:

- Laser Tag Revenues – 2012/2013 revenues are based upon their previous income over the past 3 ½ years, allowing for increase/decrease in the state/local overall economy. They have maintained an overall average for each month with our current equipment and are confident of at least a small to moderate increase with new equipment.
- Arcade Sales – 2012/2013 revenues are based upon their previous income over the past 3 ½ years, allowing for increase/decrease in the state/local overall economy. They continue to evaluate current Arcade offerings and add alternatives whenever possible.
- Birthday Party Reservations – As one of their primary sources of revenue, party reservations are monitored on a monthly basis. Deposits are required for any parties booked in advance. A minimum of \$50.00 per party is required. The number of parties booked each month determines the party reservation revenues.
- Membership Sales – New Laser Tag equipment will facilitate the return of “Membership” sales during their traditionally slow summer months. (June/July/August) Although not a large source of revenue, it will make a definite impact on their bottom line during summer months. Membership pricing will be at an increased rate of \$75 per month per person with an average of 5-6 memberships per month.
- Cost of Goods Sold
 - 1) Party – Amount increased to 10% of overall total revenues in order to account for cost increases from their suppliers and falls more in line with their past 3 years experience.
 - 2) Snacks – Amount increased to 5% of overall total revenues in order to increase a variety of offerings for their customers.
- Cybercity plans to expand their summer revenue by expanding our discount to Costco. They have expressed interest in the past and they purchase in bulk, which would enable Costco to benefit as well as the local customers which shop at Costco.

Expense Assumptions

- Facility Rent increasing periodically to full amount based on agreement.
 1. See Lease Addendum and 2012-2013 Financial Projections.
- Payroll increased to include additional staff (to be hired)

- Decreased amounts for Building Maintenance and repairs during traditionally slow months.

Personal Financial Analysis

Mark and Angela Jubb:

As of 01/06/2012, the borrowers reported a net worth of \$75M. However, the net worth centers on their business which is well encumbered by RREDC loan. In addition, their excessive use of credit cards since 2008 put them in a situation that debt consolidation with Debt Free agency began last year. The original amount was \$103,000 with a balance of \$44,745 paying \$1,100/month. According to the borrowers, this entire amount will be settled this year through the negotiations with Debt Free agency and the credit card companies. All the debt is unsecured. A progress report was received by staff with the credit cards that have been settled and the ones remaining. No dollar figure was disclosed in this report.

- RREDC continues to receive yearly personal tax returns and quarterly financials.
- Credit report dated 01/06/12 shows a FICO of 482 for Angela and 543 for Mark with 6 accounts current.

Robert Mullin (Co-borrower):

As of 01/02/12, the co-borrower reports on his Personal Financial Statement a net worth of \$300M, with an adjusted net worth of \$212M after the new loan amount of \$35M is factored. Assets include the co-borrower's home and vested retirement plan through Korbel of \$182M. Liabilities consist of 2 Real Estate loans totaling \$ 105M with Wells Fargo, 1 auto loans of \$3M and a credit card balance of \$312.00.

- RREDC received Robert's 2010 personal tax returns.
- Credit report dated 07/20/11, gives a FICO score of 823. All accounts are paid and current.
- Robert Mullin retired from Korbel after 33 years as an Equipment Operator in 2011. Lender did not discount co-borrower's retirement given his age. Currently he receives \$2,953 from Social Security and \$1,222.95 from his Korbel pension. At this time, the IRA is intact at \$182M.

Policy Guidelines

Economic Base

This business will be within Humboldt County. However, tourism is a factor for this business especially families who stay for more than a few days in the area.

Jobs

Borrowers anticipate hiring 2 employees besides themselves. As the business grows, they plan to hire additional employees.

Bankability

The original loan in 2008 was referred to RREDC by Phil Sullivan. This loan does not fit the guidelines for SBA or commercial lending.

Conditions of Approval

- 3rd D/T will remain from the original loan and 4th D/T on SFR located at 1794 Fischer Road, McKinleyville, CA.
- Security agreement and UCC-1 filing on all business assets.
- Proof that business liability insurance is in place before funding.

- Evidence of insurance with RREDC listed as loss payee on collateral.
- Lease addendum to be notarized by all parties and reviewed by RREDC before funding.
- Landlord lien subordination agreement to be signed by all parties.
- Verification of Robert's income and IRA.
- Deborah Mullin, wife of Robert Mullin, to sign deed on trust on 1794 Fischer Rd as collateral.
- Loan covenant stating no additional borrowing without RREDC's approval.
- All loan funds to be paid by invoices. No funding to go directly to borrowers.

Basis for Loan Officer Recommendation

This loan is recommended for the following reasons:

- Mark and Angela provide a service to Humboldt County. The new equipment will enable them to continue and operate and grow their business.
- This business will provide indoor entertainment to an underserved market.
- Robert Mullin has a clear understanding of his role and the collateral he is allowing to be encumbered by RREDC.
- Borrowers will continue to use SBDC for support.

Income Statement												Version #:	1	R	Comp Year	3
CyberCity Family Entertaim	365		365		365		334		M	365		365				
	12/31/08	%	12/31/09	%	12/31/10	%	11/30/11	%	A	12/31/2012	%	12/31/2013	%			
Sale / Revenue	\$150.8	100.0	\$191.6	100.4	\$172.8	100.1	\$159.4	100.0		\$196.0	100.0	\$205.6	100			
	-	0.0	-	0.0	-	0.0	-	0.0		-	0.0	-	0.0			
	-	0.0	-	0.0	-	0.0	-	0.0		-	0.0	-	0.0			
Returns/Discounts (-)	-	0.0	(0.7)	-0.4	(0.2)	-0.1	-	0.0		-	0.0	-	0.0			
Net Sales	\$150.8	100.0	\$190.9	100.0	\$172.6	100.0	\$159.4	100.0	100.0	\$196.0	100.0	\$205.6	100			
Beginning Inventory	-	0.0	-	0.0	-	0.0	-	0.0		-	0.0	-	0.0			
Salaries	-	0.0	-	0.0	-	0.0	-	0.0		-	0.0	-	0.0			
Depreciation	-	0.0	-	0.0	-	0.0	-	0.0		-	0.0	-	0.0			
Material and Supplies	-	0.0	-	0.0	3.4	2.0	-	0.0		-	0.0	-	0.0			
Purchases	-	0.0	-	0.0	24.3	14.1	-	0.0		-	0.0	-	0.0			
Ending Inventory (-)	-	0.0	-	0.0	-	0.0	-	0.0		-	0.0	-	0.0			
Cost of Goods Sold	\$3.2	2.1	\$23.1	12.1	\$27.7	16.1	\$19.9	12.5	0.0	\$29.2	14.9	\$30.9	15.0			
GROSS PROFIT	\$147.6	97.9	\$167.8	87.9	\$144.9	83.9	\$139.5	87.5	100.0	\$166.7	85.1	\$174.8	85.0			
OPERATING EXPENSES:																
Officers/Owner's Salary	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0	0.0	\$0.0	0.0	\$0.0	0.0			
Salaries/Benefits	44.6	29.6	17.0	8.9	-	0.0	5.4	3.4		-	0.0	-	0.0			
Depreciation/Amort.	44.0	29.2	53.0	27.8	44.9	26.0	2.7	1.7		-	0.0	-	0.0			
Insurance	8.7	5.8	4.3	2.3	3.1	1.8	3.4	2.1		-	0.0	-	0.0			
Rent	49.0	32.5	32.9	17.2	17.8	10.3	19.5	12.2		-	0.0	-	0.0			
Supplies	13.4	8.9	-	0.0	11.6	6.7	1.3	0.8		-	0.0	-	0.0			
Taxes	13.7	9.1	7.4	3.9	1.7	1.0	1.7	1.0		-	0.0	-	0.0			
Utilities	13.0	8.6	12.4	6.5	11.7	6.8	11.6	7.3		-	0.0	-	0.0			
All Other Expenses	17.2	11.4	22.7	11.9	25.7	14.9	43.2	27.1		-	0.0	-	0.0			
TOTAL OPER. EXPENSES	\$203.6	135.0	\$149.7	78.4	\$116.7	67.6	\$88.8	55.7	0.0	\$106.3	54.2	\$126.8	61.7			
OPERATING PROFIT	(\$56.0)	-37.1	\$18.1	9.5	\$28.2	16.3	\$50.8	31.9	100.0	\$60.4	30.8	\$48.0	23.3			
OTHER INCOME / EXPENSE:																
Interest Income	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0		-	0.0	-	0.0			
Interest Expense (-)	(13.0)	-8.6	(18.3)	-9.6	(11.6)	-6.7	(10.3)	-6.4		(11.7)	-6.0	(11.7)	-5.7			
Extraordinary Gain (loss)	-	0.0	-	0.0	-	0.0	-	0.0		-	0.0	-	0.0			
Other Income/Expense	-	0.0	-	0.0	-	0.0	-	0.0		-	0.0	-	0.0			
TOTAL OTHER INCOME	(\$13.0)	-9.6	(\$18.3)	-9.6	(\$11.6)	-6.7	(\$10.3)	-6.4	0.0	(\$11.7)	-6.0	(\$11.7)	-5.7			
N/P BEFORE TAXES	(\$69.0)	-45.8	(\$0.2)	-0.1	\$16.7	9.7	\$40.5	25.4	100.0	\$48.7	24.9	\$36.3	17.6			
Inc. Taxes (% of NPBT)	-	0.0	-	0.0	-	0.0	-	0.0		-	0.0	-	0.0			
N/P AFTER TAXES	(\$69.0)	-45.8	(\$0.2)	-0.1	\$16.7	9.7	\$40.5	25.4		\$48.7	24.9	\$36.3	17.6			
DRAW OR DIVIDENDS	-	0.0	-	0.0	-	0.0	-	0.0		-	0.0	-	0.0			

Mark & Angela Jubb
BALANCE SHEET
As of November 30, 2011

Assets

CURRENT ASSETS

Cash on Hand	\$	200.00
Cash in Bank		(1,757.91)
Accounts Receivable		790.00
CC Escrow Acct - GCS (Global Client So		53.77

Total Current Assets (714.14)

PROPERTY AND EQUIPMENT

Game Systems	2,323.13
Furniture, Fixtures, & Tools	14,341.25
Office Equipment	4,542.05
Lazer Tag Equipment	75,000.00
Tenant Improvements	27,012.85
Less: Accum Depreciation	(112,276.93) -
Game Software	1,716.72
Loan Fees	2,494.60
Less: Amortization	<u>(2,280.95)</u>

Net Property and Equipment 12,872.72

OTHER ASSETS

Deposits	<u>6,000.00</u>
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Total Other Assets 6,000.00

TOTAL ASSETS \$ 18,158.58

Liabilities & Shareholder Equity

CURRENT LIABILITIES

N/P - Debbie Mullin	\$	820.00
N/P - Wells Fargo - Debbie Mullin		27,559.74
N/P RREDC		101,116.32
Federal W/H Taxes Payable		65.22
State W/H Taxes Payable		16.50
F.U.T.A. Taxes Payable		38.97
Sales Tax Payable		28.85
AMEX - 33008		984.62
AE Business Green 74009		1,493.41
Capital One - Cyber City		481.55
Costco/American Express 71007/72005		3,024.17
HSBC (Musician's Friend 2172)		648.92
Home Depot		324.19
Debt Settlement		<u>44,745.00</u> <i>APR 11/11</i>

Total Current Liabilities 181,347.46 *2.1.11/11/11/11/11*

This Statement Prepared Without Audit By:

Cunningham, Malone & Morton, 710 E Street, Suite 100, Eureka, CA - (707) 441-1111

Mark & Angela Jubb
BALANCE SHEET
As of November 30, 2011

Total Liabilities	<u>181,347.46</u>
EQUITY	
Capital	(198,976.53)
Less: Withdrawals	(4,693.49)
Net Income (Loss)	<u>40,481.14</u>
Total Equity	<u>(163,188.88)</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 18,158.58</u>

Mark & Angela Jubb INCOME STATEMENT 12 Month Comparison For 2011

	1/31/11	2/28/11	3/31/11	4/30/11	5/31/11	6/30/11	7/31/11	8/31/11	9/30/11	10/31/11	11/30/11	12/31/11	YTD Total
Sales													
Laser Tag Income	2,510.29	2,384.00	2,516.50	3,210.10	1,595.75	1,819.50	1,932.00	1,309.50	2,123.50	3,420.25	2,728.75	0.00	25,550.14
Sales	2,495.00	3,147.15	5,862.50	3,208.53	3,196.00	2,408.00	2,405.00	1,938.02	1,985.12	2,375.00	2,904.52	0.00	32,555.84
Party Sales	7,732.00	8,124.50	9,212.76	7,014.50	8,574.50	6,924.00	8,269.00	3,199.00	5,472.50	8,374.75	8,737.40	0.00	76,224.91
Game Rentals	163.00	198.35	295.30	268.00	159.50	400.50	400.50	162.50	206.00	142.00	145.50	0.00	2,650.15
Arcade Sales	1,369.23	1,262.50	1,726.18	1,358.64	1,084.58	1,615.60	776.50	1,297.44	104.24	1,895.50	1,062.28	0.00	13,552.69
Taxable Sales	436.08	255.00	397.00	287.40	213.30	282.75	213.25	153.75	166.50	241.75	(125.10)	0.00	2,521.68
Non-Taxable Sales	372.44	658.04	928.22	583.33	797.50	494.40	383.15	547.80	491.00	743.45	487.87	0.00	6,447.20
Less: Allowances & Adjustment	(0.50)	(51.75)	(9.75)	(2.00)	(1.50)	(4.00)	(4.00)	(0.50)	(4.50)	(1.00)	(0.50)	0.00	(80.00)
Total Sales	<u>15,077.54</u>	<u>15,977.79</u>	<u>20,918.71</u>	<u>15,909.50</u>	<u>15,619.63</u>	<u>14,689.75</u>	<u>8,945.40</u>	<u>8,607.51</u>	<u>10,544.36</u>	<u>17,191.70</u>	<u>15,940.72</u>	<u>0.00</u>	<u>159,422.61</u>
Cost of Goods Sold													
Purchases for Resale	2,135.33	1,999.33	2,538.52	1,784.37	2,237.65	1,659.57	840.03	783.74	1,429.85	2,529.22	1,939.01	0.00	19,876.62
Total Cost of Goods Sold	<u>2,135.33</u>	<u>1,999.33</u>	<u>2,538.52</u>	<u>1,784.37</u>	<u>2,237.65</u>	<u>1,659.57</u>	<u>840.03</u>	<u>783.74</u>	<u>1,429.85</u>	<u>2,529.22</u>	<u>1,939.01</u>	<u>0.00</u>	<u>19,876.62</u>
Gross Profit	<u>12,942.21</u>	<u>13,978.46</u>	<u>18,380.19</u>	<u>14,125.13</u>	<u>13,381.98</u>	<u>13,030.18</u>	<u>8,105.37</u>	<u>7,823.77</u>	<u>9,114.51</u>	<u>14,662.48</u>	<u>14,001.71</u>	<u>0.00</u>	<u>139,545.99</u>
Operating Expenses													
Accounting & Bookkeeping	0.00	0.00	1,525.00	0.00	0.00	85.00	0.00	0.00	0.00	0.00	0.00	0.00	1,610.00
Advertising	917.76	521.28	615.58	881.47	48.95	201.27	84.61	53.34	270.50	124.95	160.11	0.00	3,880.82
Amortization	24.94	24.94	29.75	36.30	36.29	36.31	36.30	57.23	57.23	57.23	87.14	0.00	483.66
Auto Expenses	1,952.19	1,287.81	1,893.87	1,097.98	856.95	916.91	427.59	865.00	970.83	936.70	1,658.19	0.00	12,864.02
Bank Service Charges	453.02	262.84	349.25	288.03	212.73	194.56	244.14	164.11	408.57	460.52	237.68	0.00	3,276.45
Charitable Donation	0.00	0.00	1,768.00	900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,668.00
Depreciation	75.04	75.04	91.51	91.51	200.49	258.93	325.30	325.30	325.30	325.30	637.10	0.00	2,664.45
Dues & Subscriptions	0.00	0.00	0.00	7.19	55.00	(7.19)	0.00	100.00	0.00	0.00	100.00	0.00	255.00
Insurance - General	131.58	499.00	543.37	130.87	260.05	137.16	388.45	499.00	270.78	137.16	384.39	0.00	3,391.81
Worker's Comp Insurance	28.84	29.72	80.34	72.50	112.07	66.16	0.00	0.00	0.00	0.00	386.45	0.00	776.08
Interest Expense	943.23	938.78	937.95	930.56	933.91	926.50	942.63	928.08	935.39	923.06	924.71	0.00	10,284.80
Licenses & Permits	66.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	66.50
Fees	70.00	0.00	0.00	0.00	2,176.70	840.68	10.00	0.00	178.76	0.00	25.00	0.00	433.70
Fees - Debt Settlement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,587.54
Meals and Entertainment	186.26	159.16	291.77	108.85	262.44	222.56	391.61	181.09	253.22	208.24	265.73	0.00	2,530.93
Office Supplies & Expense	318.51	315.21	46.50	193.56	204.26	117.77	6.57	91.46	81.64	143.61	192.23	0.00	1,711.32
Over/Short	5.49	70.07	7.38	(9.07)	87.97	80.96	12.45	(31.22)	(59.46)	1.59	12.22	0.00	178.38
Outside Services	0.00	85.00	60.00	0.00	15.00	0.00	0.00	56.00	0.00	60.00	0.00	0.00	276.00

This Statement Prepared Without Audit By:

Cunningham, Malone & Morton, 710 E Street, Suite 100, Eureka, CA - Telephone (707) 441-1111
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Mark & Angela Jubb INCOME STATEMENT 12 Month Comparison For 2011

	1/31/11	2/28/11	3/31/11	4/30/11	5/31/11	6/30/11	7/31/11	8/31/11	9/30/11	10/31/11	11/30/11	12/31/11	YTD Total
Payroll Expense	220.00	594.67	536.67	911.60	607.50	443.70	405.75	504.75	387.75	321.75	453.00	0.00	5,387.14
Postage	8.18	20.99	0.00	16.71	0.00	8.80	0.00	0.00	0.00	43.75	0.00	0.00	98.43
Professional Fees	297.29	0.00	0.00	0.00	0.00	0.00	85.00	0.00	85.00	0.00	85.00	0.00	552.29
Rent	3,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	0.00	0.00	2,000.00	2,500.00	2,000.00	0.00	19,500.00
Repairs & Maintenance	151.47	546.25	500.93	1,089.00	78.30	333.29	242.86	40.00	694.74	132.45	291.45	0.00	4,100.74
Small Tools	0.00	0.00	58.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	58.50
Supplies	23.99	27.01	111.63	123.01	129.38	41.40	76.35	0.00	55.47	265.80	475.99	0.00	1,330.03
Taxes - Other	751.55	80.81	0.00	0.00	0.00	0.00	0.00	0.00	0.00	756.19	100.00	0.00	1,688.55
Taxes - Payroll	26.29	71.06	64.13	108.94	115.39	65.01	58.62	72.95	56.04	46.50	65.44	0.00	750.37
Telephone	278.33	126.17	371.32	75.64	286.13	198.10	287.70	0.00	411.36	0.00	412.77	0.00	2,447.52
Travel	0.00	0.00	0.00	287.84	0.00	0.00	0.00	190.50	0.00	0.00	133.55	0.00	611.89
Utilities	844.68	1,094.23	1,328.72	870.63	346.98	976.12	1,060.49	1,184.00	1,143.38	1,173.00	1,598.06	0.00	11,620.29
Total Operating Expenses	10,775.14	8,830.04	13,212.17	10,213.12	9,027.49	8,144.00	5,020.05	5,776.69	8,527.50	8,767.80	10,771.21	0.00	99,065.21
Operating Income (Loss)	2,167.07	5,148.42	5,168.02	3,912.01	4,354.49	4,886.18	3,085.32	2,047.08	587.01	5,894.68	3,230.50	0.00	40,480.78
Other Income													
Interest Earned	0.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.36
Total Other Income	0.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.36
Other Expense													
Net Income (Loss)	\$ 2,167.43	\$ 5,148.42	\$ 5,168.02	\$ 3,912.01	\$ 4,354.49	\$ 4,886.18	\$ 3,085.32	\$ 2,047.08	\$ 587.01	\$ 5,894.68	\$ 3,230.50	\$ 0.00	\$ 40,481.14

This Statement Prepared Without Audit By:

Cunningham, Malone & Morton, 710 E Street, Suite 100, Eureka, CA - Telephone (707) 441-1111

CyberCity Entertainment
RREDC Projections
Profit and Loss Statement

2012

	Jan	Feb	March	April	May	June	July	August	September	October	November	December	Total	% of Total
Revenues														
Laser Tag Revenues	\$7,090	\$6,800	\$8,850	\$6,850	\$6,150	\$4,925	\$6,900	\$7,400	\$6,100	\$6,950	\$6,900	\$6,825	\$81,700	39.7%
Arcade Games (+Game Rentals)	1,650	1,450	1,725	1,375	1,225	2,115	1,350	1,475	1,250	2,025	1,225	1,450	18,575	9.0%
Party Sales	7,000	8,100	9,225	7,000	6,575	7,250	4,425	3,275	5,475	8,250	7,725	7,500	83,800	40.7%
Snack Bar (Taxable + Non-Taxable)	850	900	1,200	825	1,000	775	750	725	675	975	900	1,000	10,575	5.1%
Membership Sales	-	-	-	-	-	375	525	425	-	-	-	-	1,325	0.6%
Total Revenue	\$16,550	\$17,250	\$21,000	\$16,250	\$16,950	\$15,500	\$13,950	\$13,300	\$13,500	\$18,200	\$16,750	\$16,775	\$195,975	95.3%
Cost of Goods Sold														
Video Arcade	\$0	\$0	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
Party	1,655	1,725	1,990	1,625	1,695	1,550	1,395	1,300	1,350	1,820	1,675	1,675	19,485	9.9%
Snacks	828	863	995	813	848	775	698	665	675	910	835	838	9,746	4.7%
Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Other Direct Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Total Cost of Goods Sold (COGS)	\$ 2,483	\$ 2,588	\$ 2,985	\$ 2,438	\$ 2,543	\$ 2,325	\$ 2,093	\$ 1,995	\$ 2,025	\$ 2,730	\$ 2,513	\$ 2,513	\$ 29,231	14.2%
Gross Profit (Revenue - COGS)	\$ 14,067	\$ 14,662	\$ 18,015	\$ 13,812	\$ 14,407	\$ 13,175	\$ 11,857	\$ 11,305	\$ 11,475	\$ 15,470	\$ 14,237	\$ 14,262	\$ 166,744	81.0%
Contribution Margin (Gross Profit Margin)	85.0%	85.0%	85.8%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.1%	
Fixed Expenses (F/E) (Overhead)														
Payroll Admin Staff	\$600	\$600	\$600	\$600	\$600	\$500	\$350	\$350	\$350	\$500	\$500	\$600	\$ 6,150	2.9%
Employer Taxes	60	60	60	60	60	50	35	35	35	50	50	60	615	0.3%
Workers Compensation rate	30	30	30	30	30	25	18	18	18	25	25	30	308	0.1%
Other Employee Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Rent	3,000	3,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	5,000	6,000	6,320	51,320	24.9%
Utilities	1,250	1,250	1,250	1,250	1,350	1,350	1,300	1,300	1,250	1,250	1,250	1,250	15,550	7.4%
Security	25	25	25	25	25	25	25	25	25	25	25	25	300	0.1%
Insurance	130	130	130	130	130	130	130	130	130	130	130	130	1,580	0.7%
Building Repairs & Maintenance	260	260	260	260	260	260	260	260	260	200	260	260	2,560	1.2%
Advertising/Marketing	100	100	100	100	100	100	100	100	100	100	100	100	900	0.4%
Equipment Repairs & Maintenance	100	100	100	100	100	100	100	100	100	100	100	100	900	0.4%
Licenses & Permits	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
Dues & Subscriptions	150	100	100	100	275	275	275	275	275	275	275	275	3,300	1.6%
Bank Fees	100	100	100	100	100	100	100	100	50	100	100	100	1,100	0.5%
Office Supplies	410	410	410	410	410	410	410	410	410	410	410	410	4,920	2.3%
Property Tax	100	100	100	100	100	100	100	100	100	100	100	100	1,200	0.5%
Bookkeeping/Accounting/Taxes	975	975	975	975	975	975	975	975	975	975	975	975	11,700	5.6%
Depreciation	832	829	829	1,175	1,165	1,160	1,152	1,147	1,140	1,132	1,128	1,120	13,151	6.4%
RREDC Loan Interest	225	225	225	225	225	225	225	225	225	225	225	225	2,700	1.3%
Telephone/Internet Services	8,632	8,469	9,916	9,710	9,905	9,685	9,505	9,140	9,033	10,397	11,553	11,950	117,984	57.3%
Total Fixed Expenses (F/E)	\$ 5,445	\$ 6,193	\$ 8,099	\$ 4,102	\$ 4,502	\$ 3,490	\$ 2,353	\$ 2,166	\$ 2,443	\$ 5,073	\$ 2,584	\$ 2,312	\$ 48,751	23.7%

NET INCOME (Gross Profit - F/E)

CyberCity Entertainment

2012

Cash Flow Statement

Beginning Cash Flow (from Prev. Mo.)

	January	February	March	April	May	June	July	August	September	October	November	December
	\$ 4,101	\$ 9,085	\$ 14,845	\$ 17,402	\$ 20,273	\$ 22,333	\$ 23,474	\$ 31,881	\$ 32,158	\$ 36,543	\$ 33,822	

Cash Receipts (Cash In)

- Gross Revenue (from Operations)
- Equity Infusion (not from Operations)
- Loans Received (not from Operations)
- Other Sources

Total Cash Receipts (Cash In)

Gross Revenue (from Operations)	\$ 16,250	\$ 17,250	\$ 21,000	\$ 16,250	\$ 16,950	\$ 15,500	\$ 13,950	\$ 13,300	\$ 13,500	\$ 18,200	\$ 16,750	\$ 16,775
Equity Infusion (not from Operations)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loans Received (not from Operations)	\$ -	\$ 37,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cash Receipts (Cash In)	\$ 16,250	\$ 54,750	\$ 21,000	\$ 16,250	\$ 16,950	\$ 15,500	\$ 13,950	\$ 13,300	\$ 13,500	\$ 18,200	\$ 16,750	\$ 16,775

Payments (Cash Out) from Operations - from Profit and Loss Report

- Cost of Goods Sold (COGS)
- Total Fixed Expenses

Cost of Goods Sold (COGS)	\$ 2,438	\$ 2,558	\$ 2,985	\$ 2,438	\$ 2,543	\$ 2,325	\$ 2,093	\$ 1,995	\$ 2,025	\$ 2,730	\$ 2,513	\$ 2,513
Total Fixed Expenses	\$ 8,622	\$ 8,469	\$ 9,316	\$ 9,710	\$ 9,905	\$ 9,685	\$ 9,505	\$ 9,140	\$ 9,033	\$ 10,397	\$ 11,653	\$ 11,950

Total Payments Because of Operations (COGS + Overhead)

	\$ 11,060	\$ 11,027	\$ 12,901	\$ 12,148	\$ 12,448	\$ 12,010	\$ 11,598	\$ 11,135	\$ 11,058	\$ 13,127	\$ 14,166	\$ 14,463
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Net Income (from P&L - Used for tax calculation)

	\$ 5,445	\$ 6,193	\$ 8,099	\$ 4,102	\$ 4,502	\$ 3,490	\$ 2,350	\$ 2,166	\$ 2,443	\$ 5,073	\$ 2,584	\$ 2,312
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Other Non-Operational Payments (Cash Out - Reflected on Balance Sheet)

- Loan Principal Repayment
- Estimated Tax % (for Reserve Calculation)
- Reserve for Taxes Payable
- Owner's Draw
- Buildings & Leaseholds
- Capital Purchases (Equipment etc.)
- Inventory
- Other Start Up
- Savings Account/Reserve

Total Non-Operational Payments

Loan Principal Repayment	\$ -	\$ -	\$ 719	\$ 725	\$ 731	\$ 732	\$ 740	\$ 746	\$ 752	\$ 760	\$ 766	\$ 771
Estimated Tax % (for Reserve Calculation)	\$ 20.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve for Taxes Payable	\$ 1,089	\$ 1,239	\$ 1,520	\$ 820	\$ 900	\$ 698	\$ 471	\$ 433	\$ 550	\$ 600	\$ 500	\$ 600
Owner's Draw	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings & Leaseholds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Purchases (Equipment etc.)	\$ -	\$ -	\$ 37,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Start Up	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Savings Account/Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-Operational Payments	\$ 1,089	\$ 38,739	\$ 2,339	\$ 1,545	\$ 1,631	\$ 1,430	\$ 1,211	\$ 1,179	\$ 875	\$ 875	\$ 1,266	\$ 1,371

Total Payments (Total Cash Out) (Operational plus non-Operational)

	\$ 12,149	\$ 49,766	\$ 15,240	\$ 13,693	\$ 14,079	\$ 13,440	\$ 12,809	\$ 12,314	\$ 11,933	\$ 14,002	\$ 15,432	\$ 15,834
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Net Cash Change (Surplus or (Deficit)) (Total Cash Receipts - Total Payments)

	\$ 4,101	\$ 4,984	\$ 5,760	\$ 2,557	\$ 2,871	\$ 2,060	\$ 1,141	\$ 986	\$ 1,567	\$ 4,198	\$ 1,318	\$ 941
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Closing Cash Balance (Beginning Cash Balance + Net Cash Change)

	\$ 4,101	\$ 9,085	\$ 14,845	\$ 17,402	\$ 20,273	\$ 22,333	\$ 23,474	\$ 24,460	\$ 33,448	\$ 36,356	\$ 37,851	\$ 34,763
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p = From Operations (Shown on Profit and Loss Statement)

* = Non-Operational Cash Transactions (not shown on Profit and Loss Statement) but which are reflected on the Balance Sheet

\$ 48,761 Net Income for Year 1

Profit and Loss Statement

2013

	January	February	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	Total	% of total sales
Revenues														
Laser Tag Revenues	\$8,175	\$7,750	\$9,325	\$8,725	\$7,175	\$5,125	\$7,175	\$7,450	\$6,075	\$7,000	\$7,575	\$8,175	\$89,725	78.30%
Arcade Games (+Game Rentals)	1,675	1,475	1,750	1,575	1,250	2,100	1,375	1,475	1,275	2,000	1,250	1,475	18,675	16.30%
Party Sales	7,125	8,100	9,250	7,100	8,575	7,100	4,400	3,725	5,725	8,275	7,775	7,600	84,750	74.80%
Snack Bar (Taxable + Non-Taxable)	875	925	1,225	850	1,000	800	750	725	775	950	900	1,050	10,825	9.60%
Membership Sales	-	-	-	-	-	525	600	525	-	-	-	-	1,650	1.47%
Total Revenue	\$17,850	\$18,250	\$21,550	\$18,250	\$18,000	\$15,650	\$14,300	\$13,900	\$13,850	\$18,225	\$17,500	\$18,300	\$205,625	100.00%

	January	February	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	Total	% of total sales
Cost of Goods Sold														
Video Arcade	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
Party	1,785	1,825	2,155	1,825	1,800	1,565	1,430	1,390	1,385	1,825	1,750	1,830	20,565	10.00%
Snacks	893	913	1,078	913	900	783	715	695	693	913	875	915	10,286	5.00%
Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Other Direct Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Total Cost of Goods Sold (COGS)	\$ 2,678	\$ 2,738	\$ 3,233	\$ 2,738	\$ 2,700	\$ 2,348	\$ 2,145	\$ 2,085	\$ 2,078	\$ 2,738	\$ 2,625	\$ 2,745	\$ 30,851	15.00%

Gross Profit (Revenue - COGS) \$ 15,172 \$ 15,512 \$ 18,317 \$ 15,512 \$ 15,300 \$ 13,302 \$ 12,155 \$ 11,815 \$ 11,772 \$ 15,487 \$ 14,875 \$ 15,555 \$ 174,774 85.0%

	January	February	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	Total	% of total sales
Fixed Expenses (F/E) (Overhead)														
Payroll Admin Staff	\$650	\$700	\$750	\$700	\$650	\$575	\$500	\$400	\$450	\$500	\$550	\$600	\$7,025	3.42%
Employer Taxes	65	70	75	70	65	58	50	40	45	50	55	60	703	0.34%
Workers Compensation rate	33	35	38	35	33	29	25	20	23	25	28	30	352	0.17%
Other Employee Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Rent	6,715	7,110	7,110	6,320	6,320	6,320	6,320	6,320	6,320	6,320	6,320	6,320	77,815	37.84%
Utilities	1,250	1,250	1,250	1,250	1,350	1,350	1,350	1,300	1,250	1,250	1,250	1,250	15,350	7.47%
Security	25	25	25	25	25	25	25	25	25	25	25	25	300	0.15%
Insurance	130	130	130	130	130	130	130	130	130	130	130	130	1,560	0.76%
Building Repairs & Maintenance	260	260	260	260	260	130	130	75	50	130	260	260	2,335	1.14%
Advertising/Marketing	100	100	100	100	100	-	-	-	-	100	100	100	800	0.39%
Equipment Repairs & Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Licenses & Permits	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Dues & Subscriptions	150	100	100	-	-	-	-	-	-	-	-	-	350	0.17%
Bank Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Office Supplies	100	100	100	100	100	100	50	25	50	100	100	100	1,025	0.50%
Property Tax	410	410	410	410	410	410	410	410	410	410	410	410	4,920	2.38%
Bookkeeping/Accounting/Taxes	100	100	100	100	100	100	100	100	100	100	100	100	1,200	0.58%
Depreciation	975	975	975	975	975	975	975	975	975	975	975	975	11,700	5.69%
RREDC Loan Interest	1,115	1,109	1,100	1,096	1,090	1,085	1,080	1,074	1,069	1,060	1,055	1,048	12,981	6.31%
Telephone/Internet Services	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Total Fixed Expenses (F/E)	\$ 12,078	\$ 12,474	\$ 12,523	\$ 11,571	\$ 11,608	\$ 11,287	\$ 11,145	\$ 10,894	\$ 10,897	\$ 11,175	\$ 11,358	\$ 11,408	\$ 138,416	67.31%

NET INCOME (Gross Profit - F/E) \$ 3,095 \$ 3,038 \$ 5,795 \$ 3,941 \$ 3,693 \$ 2,015 \$ 1,010 \$ 921 \$ 875 \$ 4,312 \$ 3,517 \$ 4,147 \$ 36,358 17.69%

CyberCity Entertainment

2013

Cash Flow Statement

Beginning Cash Flow (from Prev. Mo.)

	January	February	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
Cash Receipts (Cash In)												
• Gross Revenue (from Operations)	\$ 17,850	\$ 18,250	\$ 21,550	\$ 18,250	\$ 18,000	\$ 15,650	\$ 14,300	\$ 13,900	\$ 13,850	\$ 18,225	\$ 17,500	\$ 18,300
• Equity Infusion (not from Operations)	\$ -											
• Loans Received (not from Operations)	\$ -											
• Other Sources	\$ -											
Total Cash Receipts (Cash In)	\$ 17,850	\$ 18,250	\$ 21,550	\$ 18,250	\$ 18,000	\$ 15,650	\$ 14,300	\$ 13,900	\$ 13,850	\$ 18,225	\$ 17,500	\$ 18,300

Payments (Cash Out) from Operations - from Profit

• Cost of Goods Sold (COGS)	\$ 2,678	\$ 2,738	\$ 3,233	\$ 2,738	\$ 2,700	\$ 2,348	\$ 2,145	\$ 2,085	\$ 2,078	\$ 2,738	\$ 2,625	\$ 2,745
• Total Fixed Expenses	\$ 12,078	\$ 12,474	\$ 12,523	\$ 11,571	\$ 11,608	\$ 11,287	\$ 11,145	\$ 10,884	\$ 10,897	\$ 11,175	\$ 11,358	\$ 11,408

Total Payments Because of Operations (COGS + Overhead)

	\$ 14,756	\$ 15,212	\$ 15,756	\$ 14,309	\$ 14,308	\$ 13,635	\$ 13,290	\$ 12,979	\$ 12,975	\$ 13,913	\$ 13,983	\$ 14,153
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Net Income (From P&L -Used for tax calculation)

	\$ 3,095	\$ 3,038	\$ 5,795	\$ 3,941	\$ 3,693	\$ 2,015	\$ 1,010	\$ 921	\$ 875	\$ 4,312	\$ 3,517	\$ 4,147
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Other Non-Operational Payments (Cash Out - Refile)

• Loan Principal Repayment	\$ 780	\$ 788	\$ 795	\$ 800	\$ 806	\$ 811	\$ 815	\$ 823	\$ 830	\$ 837	\$ 920	\$ 926
• Estimated Tax % (For Reserve Calculation)	20.00%											
• Reserve for Taxes Payable	\$ 619	\$ 608	\$ 1,159	\$ 788	\$ 739	\$ 403	\$ 202	\$ 184	\$ 175	\$ 852	\$ 703	\$ 829
• Owner's Draw												
• Buildings & Leaseholds												
• Capital Purchases (Equipment etc.)												
• Inventory												
• Other Start Up												
• Savings Account/Reserve												
Total Non-Operational Payments	\$ 1,399	\$ 1,396	\$ 1,954	\$ 1,588	\$ 1,545	\$ 1,214	\$ 1,017	\$ 1,007	\$ 1,005	\$ 1,699	\$ 1,623	\$ 1,755

Total Payments (Total Cash Out) (Operational plus non-Operational)

	\$ 16,155	\$ 16,608	\$ 17,709	\$ 15,897	\$ 15,852	\$ 14,849	\$ 14,307	\$ 13,986	\$ 13,980	\$ 15,612	\$ 15,606	\$ 15,908
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Net Cash Change [Surplus or (Deficit)] (Total Cash Receipts - Total Payments)

	\$ 1,695	\$ 1,642	\$ 3,841	\$ 2,353	\$ 2,148	\$ 801	\$ (7)	\$ (86)	\$ (130)	\$ 2,613	\$ 1,894	\$ 2,392
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Closing Cash Balance (Beginning Cash Balance + Net Cash Change) [Becomes

	\$ 37,080	\$ 38,723	\$ 42,563	\$ 44,916	\$ 47,064	\$ 47,865	\$ 47,858	\$ 47,772	\$ 47,642	\$ 50,255	\$ 52,148	\$ 54,540
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Net Income for Year 2 \$ 36,358

p = From Operations (Shown on Profit and Loss Statement)
 = Non-Operational Cash Transactions (not shown on Profit & Loss Statement)

Mark and Angela Jubb

PERSONAL FINANCIAL SUMMARY

890 Courtyard Circle #A
Arcata, CA 95521

Balance Sheet

LOAN OFFICER:

ANALYST:

FINANCIAL STATEMENT DATE: 1/6/2012

ASSETS	Statement	Adjusted	%	LIABILITIES	Monthly	Statement	Adjusted	%
[balances in thousands]	Amount	Amount	adj	[monthly pmts in dollars]	Pmts	Amount	Amount	adj
Liquid Assets				Short-Term Debt				
Cash in Bank	2	2	100	Credit Settlement	1,110	45	45	100
Savings	0	0	0	Current Revolving	235	6	6	100
Marketable Securities	0	0	80	Accrued Expenses	0	0	0	0
Cash Value Life Insurance	0	0	0	Taxes Payable	0	0	0	0
Other Liquid Assets	0	0	0	Other S/T Debt	0	0	0	0
TOTAL LIQUID ASSETS	\$2	\$2	97	TOTAL S-T DEBT		\$50	\$50	100
Real Estate				Real Estate Loans				
Residence	0	0	0	Home Mortgage/Rent	710	0	0	0
Second Home	0	0	0	Secondary Loans	0	0	0	0
Time Share	18	13	70					0
TOTAL REAL ESTATE	\$18	\$13	70	TOTAL R/E LOANS		\$0	\$0	0
Net R/E Adjustment (\$5)				Real Estate Equity		18	13	
Other Assets				Term Debt/Other Liabilities				
Vehicles / RV / Boat	28	0	0	Auto Loan	454	3	3	100
Personal Property	0	0	0		0	0	0	0
Livestock	0	0	0		0	0	0	0
Inventory	0	0	0		0	0	0	0
Equipment	0	0	0		0	0	0	0
Unlisted Securities	0	0	0		0	0	0	0
Notes Receivable	0	0	0		0	0	0	0
IRA's/Vested Pension	0	0	0		0	0	0	0
Partnerships/S Corps	0	0	0		0	0	0	0
N/W Business Owned (subj)	127	0	0		0	0	0	0
N/W Business Owned (other)		0	0		0	0	0	0
		0	0	Subject Loan Request	623	\$38	38	100
TOTAL OTHER ASSETS	\$155	\$0	0	TOTAL OTHER LIABS		\$40	\$40	100
TOTAL ASSETS	\$176	\$15	9	TOTAL LIABILITIES		\$91	\$91	100
Total Liabilities / Net Worth	1.06	0.00		NET WORTH		\$85	(\$76)	-89
				TOTAL LIABS & N/W		\$176	\$15	9

Total adjustments to assets: (\$161)

Total adjustments to liabilities: \$0

CONTINGENT LIABILITIES

	Gross Amt.	Curr Amt.	Net Amt.
Revolving (from TRW)	\$0	\$0	\$0
Other	\$0	\$0	\$0
Other	\$0	\$0	\$0
Total Contingent (not incl. in total liabilities)			\$0

Total monthly payments \$3,132

Cash Flow Calculation from Page Two

Pro forma Cash Flow After Tax	\$42
Annual Debt Service	\$38
Surplus Cash Flow	\$5

PERSONAL FINANCIAL SUMMARY

Income and Cash Flow Spread for:

Mark and Angela Jubb

INCOME (In Thousands)	12/31/2009		12/31/2010		11/30/2011		12/31/2012 [estimated]	
		%		%	Internal	%		%
Salary & Wages	\$0						\$0	
Interest Income								
Dividend Income								
Taxable Refunds								
CyberCity Owner's Revenues	192	100	173	100	159	100	196	100
(Schedule C) Expenses	191	100	156	90	119	75	185	94
Net Income	\$1	0	\$17	10	\$40	25	\$11	6
Capital Gain/Loss								
Other Gain								
IRA/Pension Distribution								
Rental Income								
(Schedule E) Gross Rents	0	0	0	0	0	0	0	0
Expenses	0	0	0	0	0	0	0	0
Unallowed Loss	0	0	0	0	0	0	0	0
Net Income	\$0	0	\$0	0	\$0	0	\$0	0
Partnerships/S Corps								
Farm Income								
(Schedule F) Revenues	0	0	0	0	0	0	0	0
Expenses	0	0	0	0	0	0	0	0
Net Income	\$0	0	\$0	0	\$0	0	\$0	0
Newspaper Delivery							8	
Other Income/Loss								
TOTAL INCOME (1040)	\$1		\$17		\$40		\$19	
Depreciation - CyberCity	53		45		3		12	
Interest - CyberCity	18		12		10		12	
Depreciation - Rental Property								
Interest - Rental Property								
Partnership/S Corp (-Line 20 above)	0		0		0		0	
Partnership/S Corp Int/Div Inc (-)								
Partnership/S Corp Draw/Contrib (+/-)								
Unallowed Losses	0		0		0		0	
Tax-Exempt								
Adj. To Capital Gains								
Other Adjustments								
CASH FLOW BEFORE TAX	\$72		\$73		\$54		\$42	
Federal Taxes (% of total inc.)		0		0		0		0
State Taxes (% of total inc.)		0		0		0		0
FICA (7.65% salary) (% of total inc.)		0		0		0		0
CASH FLOW AFTER TAX	\$72		\$73		\$54		\$42	
Total Monthly Loan Payments:	\$3,132		Annual Debt Service (in thousands):				\$38	
Total Annual Debt Service (in dollars):	\$37,584		Surplus Personal Cash Flow:				\$5	

COMMENTS

Robert L. Mullin

PERSONAL FINANCIAL SUMMARY

LOAN OFFICER: V. Fisher

1794 Fischer Rd.

Balance Sheet

ANALYST:

McKinleyville, CA 95519

FINANCIAL STATEMENT DATE: 1/2/2012

ASSETS				LIABILITIES				
[balances in thousands]	Statement Amount	Adjusted Amount	% adj	[monthly pmts in dollars]	Monthly Pmts	Statement Amount	Adjusted Amount	% adj
Liquid Assets				Short-Term Debt				
Cash in Bank	2	2	100	Revolving	25	0	0	100
Savings in Bank	18	18	100	Notes Payable	0	0	0	0
Marketable Securities	0	0	0	Accrued Expenses	0	0	0	0
Cash Value Life Insurance	0	0	0	Taxes Payable	0	0	0	0
Other Liquid Assets	0	0	0	Other S/T Debt	0	0	0	0
TOTAL LIQUID ASSETS	\$20	\$20	100	TOTAL S-T DEBT		\$0	\$0	100
Real Estate				Real Estate Loans				
Residence	320	256	80	Home Mortgage/Rent	722	50	50	100
Second Home	0	0	0	Secondary Loans	239	55	55	100
Other real estate	0	0	0	3rd RREDC	0	101	101	100
TOTAL REAL ESTATE	\$320	\$256	80	TOTAL R/E LOANS		\$205	\$205	100
Net R/E Adjustment (\$64)				Real Estate Equity		115	51	
Other Assets				Term Debt/Other Liabilities				
Vehicles / RV / Boat	24	0	0	CCU (Car Loan)	450	3	3	100
Personal Property	0	0	0					
Livestock	0	0	0					
Inventory	0	0	0					
Equipment	0	0	0					
Unlisted Securities	0	0	0					
Notes Receivable	0	0	0					
IRA's/Vested Pension	182	182	0					
Partnerships/S Corps	0	0	0					
N/W Business Owned (subj)	0	0	0					
N/W Business Owned (other)								
				Subject Loan Request	623	\$38	38	100
TOTAL OTHER ASSETS	\$206	\$182	88	TOTAL OTHER LIABS		\$41	\$41	100
TOTAL ASSETS	\$546	\$458	84	TOTAL LIABILITIES		\$246	\$246	100
Total Liabilities / Net Worth	0.82	1.16		NET WORTH		\$300	\$212	71
Total adjustments to assets: (\$88)				TOTAL LIABS & N/W		\$546	\$458	84
CONTINGENT LIABILITIES				Total adjustments to liabilities: \$0				
	Gross Amt.	Curr Amt.	Net Amt.	Total monthly payments \$2,059				
Revolving (from TRW)	\$0	\$0	\$0	Cash Flow Calculation from Page Two				
RREDC	\$101	\$0	\$101	Pro forma Cash Flow After Tax			\$45	
Other	\$0	\$0	\$0	Annual Debt Service			\$25	
Total Contingent (not incl. in total liabilities)			\$101	Surplus Cash Flow			\$20	

PERSONAL FINANCIAL SUMMARY

Income and Cash Flow Spread for: *Robert L. Mullin*

INCOME (In Thousands)	12/31/2009		12/31/2010		12/31/2011		12/31/2012	
	Tax returns	%	Tax returns	%	Internal	%	estimated	%
Salary & Wages	\$70		\$58		\$15		\$15	
Interest Income			0					
Dividend Income								
Taxable Refunds			1					
Business Income								
Revenues	0	0	0	0	0	0	0	0
Expenses	0	0	0	0	0	0	0	0
Net Income	\$0	0	\$0	0	\$0	0	\$0	0
Capital Gain/Loss								
Other Gain								
IRA/Pension Distribution								
Rental Income								
Gross Rents	0	0	0	0	0	0	0	0
Expenses	0	0	0	0	0	0	0	0
Unallowed Loss	0	0	0	0	0	0	0	0
Net Income	\$0	0	\$0	0	\$0	0	\$0	0
Partnerships/S Corps								
Farm Income								
Revenues	0	0	0	0	0	0	0	0
Expenses	0	0	0	0	0	0	0	0
Net Income	\$0	0	\$0	0	\$0	0	\$0	0
Social Security Benefits			24		35		35	
Other Income/Loss								
TOTAL INCOME (1040)	\$70		\$83		\$50		\$50	
Depreciation - Business/Farm	0		0		0		0	
Interest - Business/Farm								
Depreciation - Rental Property								
Interest - Rental Property								
Partnership/S Corp (-Line 20 above)	0		0		0		0	
Partnership/S Corp Int/Div Inc (-)								
Partnership/S Corp Draw/Contrib (+/-)								
Unallowed Losses	0		0		0		0	
Tax-Exempt								
Adj. To Capital Gains								
Other Adjustments								
CASH FLOW BEFORE TAX	\$70		\$83		\$50		\$50	
Federal Taxes (% of total inc.)	8	11	6	7	3	6	3	6
State Taxes (% of total inc.)	2		2	2	2	4	2	4
FICA (7.65% salary) (% of total inc.)		0		0		0		0
CASH FLOW AFTER TAX	\$60		\$74		\$45		\$45	
Total Monthly Loan Payments:	\$2,059		Annual Debt Service (in thousands):				\$25	
Total Annual Debt Service (in dollars):	\$24,708		Surplus Personal Cash Flow:				\$20	

COMMENTS