

EXECUTIVE SUMMARY

Catalyst Fitness currently operates two locations in Sault Ste. Marie Ontario. The first location is a private personal training facility and the second location is a CrossFit gym. Several services are offered including personal training, weightlifting for women, and fitness classes for kids. Catalyst targets an extremely wide ranged demographic which spans from young children and teens to rehabilitation clients and elite athletes.

The Company is implementing a new program targeting school aged children and teens and teaching them a combination of cognition and movement to enhance not only physical movement prowess but also the ability and readiness to learn academic material.

This business plan was compiled to confirm the sustainability of the new program; Ign!te and to ensure that the revenues would warrant hiring a full time trainer to manage the program. In order to complete an accurate review, several areas were analyzed including project goals, risks, implementation, and a competitive analysis to evaluate Catalyst's market position. Projected cash flow statements were developed and proved Ign!te to be a successful addition to the Company's services.

COMPANY INFORMATION

Catalyst Fitness Inc. is a group of highly educated, heavily experienced personal trainers and therapists. We were all born here. Each of us left for a while; travelled, studied, learned. Then we came home. And we brought an abundance of knowledge home with us.

Our new clients quickly find out that we're very different from other personal trainers. First, we don't use much equipment (we prefer to train your body to move in ways for which it was built.) This approach is far from the industry standard, we know; that's fine with us.

We enjoy the support of the vast majority of local physicians, physiotherapists, and chiropractors. Instead of parking you on a machine for an hour, our workouts and exercises improve the way you move, lessen your chance for injury, and help you live your life better - even experience more things.

We own two facilities: one, a private personal training facility on Queen Street in Sault Ste. Marie, Ontario. A quiet environment where we train everyone from post-rehab clients to soccer moms to elite athletes, we do 1-on-1 training, we write books, we do research and we conduct several daily Crossfit Groups.

Our other facility is a CrossFit gym located in an Industrial Park in Sault Ste. Marie, Ontario. It's built for performance; for our style of quick, intense workouts; for an atmosphere of change and success. It feels like a Coliseum, because our workouts feel like events.

If you're new to Catalyst, the first step is a free chat with one of our Elite Personal Trainers. No pressure; we're exercise professionals, not salespeople. We'll listen. Then we'll help chart a path toward the person you'd like to be. That may include personal training; some groups like CrossFit, a food plan and it will almost always include homework.

Most clients will see one of our trainers once per week, and perform 'homework' on their own: either at home, at our Gym, or at another fitness facility if they prefer. We always include a food plan for every client; it's part of your new lifestyle, after all. We've developed amazing tracking software free for our clients that we use to keep you moving in the right direction, interacting with our other clients and improving in measurable ways.

Hang around. There's a lot of interesting stuff here. Hop over to our Catalyst website for the daily CrossFit Workout of the Day. Browse the stories of a few of our clients. Follow us on Twitter, or join our Facebook group. There are dozens of free articles that we write, every week, sorted by category on the right. When you're ready, book a sit-down with a Catalyst Trainer, and watch your future unfold. Find out why our clients rave about us; why they post pictures of our workouts on facebook; why they won't stop talking at parties; why they're up late, checking our website for tomorrow's workout. NONE of them started as exercise addicts, masochists, or even as enthusiastic wannabes. Today, they're hooked; they're doing things no one ever told them they could; they're winning at life.

CATALYST SERVICES

Catalyst Fitness Inc. is Northern Ontario's provider of high-level fitness training. Our philosophy is to teach people to move better through practice; to use novelty and intensity to create a fun environment of constant progress; to maintain education as our primary goal for both coaches and clients.

CrossFit is a rapidly growing worldwide grassroots fitness movement. Combining gymnastics (calisthenics) with multijoint weightlifting, interval training, and aerobic training, it approaches fitness as a contest against oneself. Workouts are measured by

objective criteria like wattage, time, weight lifted, repetitions, or force, instead of repetitive "bodypart splits." Highly addictive, CrossFit focuses on perfection of form, a high frequency of variance in movement, a high intensity level over a short time period, and fun.

Barbell Bettys is a community of women seeking strength and its secondary benefits. The social aspect of the group encourages both strength gain and frequent participation without the unfounded stigma of heavy weights for women. Women are also encouraged to compete against their previous personal best lifts in competitions combining powerlifting and weightlifting.

Catalyst Varsity is the application of fitness for children and teenagers. Focusing on the fundamentals of movement that are common to weightlifting, tumbling, running, calisthenics, and sport, Catalyst Varsity teaches kids to perform better and enjoy exercise for its own sake. By providing a well-rounded approach, kids can address weaknesses while celebrating their strengths in a group of their peers.

Catalyst Enduro is a website geared to improving the performance of endurance (aerobic) athletes. Participants subscribe on a monthly basis and are given workouts, mobility and stretching videos and articles, a way to track progress, a weekly group run and a weekly group cycle.

Catalyst Athletic and CrossFit is a membership-based facility where members can attend CrossFit groups, or use the facility to practice skills and do workouts between groups. Set up as utilitarian, it features common weightlifting equipment in an open space, with very few machines.

PROJECT PLANNING AND GOAL SETTING

Catalyst Fitness Inc. has continuously added new programs to its offerings over the past five years and is doing it again beginning in September 2010. The Company is adding a program called Ign!te. This program will be a division of Catalyst Fitness Inc. and will be implemented and expanded over a one-year period.

Ign!te is a cognition/movement program. Using the framework suggested by the Naperville study for triggering memory, focus and cognition in children, and combining the xxxxx methodology for increased learning, Ign!te adds the excitement of Catalyst Varsity to keep kids interested. Workouts enhance not only physical movement prowess but also the ability and readiness to learn academic material.

Exercise makes you smarter.

More specifically, exercise helps you improve your retention skills and memory as much as 30% and the right type of exercise can help you maximize your time in the classroom.

This is cutting edge science, but new studies are being published regularly as this is exciting stuff.

Our Goal: to combine fun, effective exercise using the Catalyst Varsity model with the best academic enhancement possible.

Three simple concepts of movement-based learning

- 1) Children naturally learn through play and movement. Such activities build gross and fine motor skills that lead to thought structures.
- 2) Successful learning begins with an awareness of imbalance. Experimentation, the creation of new associations in memory, and a new level of equilibrium that brings a task to closure and stores it for future reference follow this experience.
- 3) Learners of any age can come to a roadblock. This happens when stress, injury, or anxiety interferes with their natural inclination to take action so as to achieve new balance, specific activities can support or restore the impulse to move.

School-aged children have less than a quarter of their week - about 18% - to use for learning. This, at the age where learning is easiest has the largest effect; and happens most naturally. Conversely, they use more time for unlearning - watching television, playing video games, and becoming unfit.

Just as 'fit' requires action, 'unfit' doesn't happen by itself, it requires decision. Our job is to create opportunities for decision, and then encourage the correct path.

Catalyst Fitness Inc. has spent several months researching child development and the benefits of xxxxxx and has combined all research into one effective program that has already been tested and is showing very quick and effective results. The Company has hired Mr. X to manage the program and to provide cognition and movement training sessions, both in groups and one-on-one. He will track results and implement improvement strategies, when and if necessary. Mr. X was hired with the assistance of a one-year internship grant through the X (government agency.)

This program will be implemented in local schools, Mr. X will visit a variety of schools to teach the children as well as to train the teachers how to continue to implement the Ign!te program without direct supervision. Multiple school sessions have already been confirmed.

The Ign!te program has raised a lot of interest from local child development and rehabilitation organizations. The Ign!te services have been approved by insurance companies as acceptable recovery and development techniques. Ign!te training has also proven very successful with children and teens with varying degrees of autism. In addition to offering a beneficial combination of exercise and learning, Ign!te will also produce several research reports and statistics which will be made available for review.

Ign!te will become a permanent service available to the general public and Catalyst members. This program will generate ongoing revenue for the Company and further diversify the clientele. Please refer to Appendix 1 for the Ign!te Educational E-Book.

SPECIFIC PROJECT GOALS:

- 1) Grow and diversify Catalyst's clientele by a minimum of 10% (approximately 30 new clients);
- 2) Support Company expansion with increased, steady cash flow;
- 3) Provide children and teens with the skills, motivation, and knowledge to make 'fit' decisions;
- 4) Improve academic alertness and eagerness by providing new learning techniques;
- 5) Provide Mr. X with a long term sustainable career;
- 6) Produce statistics and research reports supporting the program;

IMPLEMENTATION SCHEDULE**Phase 1: Project Planning**

March 2010 to September 2010

Mr. Cooper and staff began researching child development, childhood obesity, learning strategies, learning disabilities, and associated readings and articles. This research and planning resulted in the beginning of Ign!te. During this period, Catalyst combined its knowledge and developed the framework for the program and established a set of guidelines for the candidate required for implementation. Discussions with local professionals and teachers also occurred to develop an understanding of the market conditions and the demand.

Phase 2: Project Execution

September 2010 to January 2011

Mr. X will begin project execution and begin conducting initial consultations to determine the best training plan and schedule for the individual. He will also be recording all progress and research findings and make any necessary changes to the program. He will report directly to Mr. Cooper, who is available for assistance, if required.

Phase 3: Ign!te Expansion

February 2011 to August 2011

This phase will focus on expanding the clientele and ensuring that expected revenues are being generated. Additional long-term contracts will also be sought during this period.

IGNITE CLIENT TESTIMONIALS

MARKETING STRATEGY

Catalyst Fitness Inc. has determined over the past five years that our services really are capable of selling themselves. Our client's referrals are the main source of new clientele and have grown exponentially over the years. The Company now has over 300 regular clients and continues to grow. We have never put an emphasis on marketing but we make sure that the Catalyst name is always in the public eye. The Company will educate members on how to bring friends to the gym and has recently introduced the very successful "bring a buddy day" which allows the member and the buddy to participate in the event for no charge.

Catalyst Fitness Inc. manages two websites that are always updated daily. Staff and management share daily workouts, pictures, blog posts, videos, research information, and articles written by both Catalyst members and respected fitness idols. The clientele of Catalyst will always check the websites before being able to continue with their morning routines and often find themselves checking for updates throughout the entirety of the day.

The Company also participates in a variety of charitable events throughout the year. Catalyst will donate prizes to fundraisers as well as conduct several fundraisers of our own. Over the past year, Catalyst has raised money for the Relay for Life, The Lung Association, The Children's Hospital, Humane Society, and a local canned food drive. In addition, the Company has held fundraisers for Scott Vernelli, Sarah Grand, and Mark Hunt.

Catalyst will maintain its current marketing strategy.

INDUSTRY PROFILE

Please review the industry profile, which has been attached as Appendix 2.

In summary, the US fitness centres industry includes about 22,000 companies and nonprofits that operate about 30,000 fitness and recreation centres with combined annual revenue of over \$21 billion. This industry has been identified as labour intensive and offers average annual revenue per worker of approximately \$35,000. Major services include facilities for aerobic exercise and weightlifting. Also popular are running, swimming, racquet sports, yoga, karate, and basketball. The attrition rate has been identified as being between 35 and 50%. Having an attrition rate this high requires constant recruitment. Member payments include an initiation fee and annual or monthly dues. Several business challenges and opportunities have also been identified.

Catalyst Fitness Inc. exceeds the average industry in the majority of identified business challenges. This is a direct result of constant research, high trainer requirements, dedication, motivated clientele, and constant supplementary services being added to the service list.

COMPETITIVE ANALYSIS

The following table represents a competitive analysis between Catalyst and three of its main competitors: GoodLife, YMCA, and Achieve Fitness. Key business challenges have been evaluated.

| | CATALYST | GOODLIFE | YMCA | ACHIEVE |
|---------------------|--|---|-------------------------|------------------------------|
| ATTRITION RATE | 17% | 30-50% Industry Avg. | 30-50% Industry Avg. | N/A |
| AVERAGE PAY | \$40,000+ | \$30,000 | \$30,000 | \$30,000 |
| EDUCATION | University Degree and eligible certifications | High School and a fitness training course | High School | N/A |
| LOCATIONS | 2 | 220 | 45 | 1 |
| GENERAL MEMBER FEES | \$35.00/month no contract | | | \$39.95 on 12 month contract |
| SEASONAL SLOW DOWN | August | | | June/July/August/December |
| DEMOGRAPHICS | Ages 4+ | Ages 16+ | Ages 10+ | Women, 18+ |

As the table shows, Catalyst leads the competition in 6 of the key business challenges that have been recognized in the industry profile.

MANAGEMENT

KEY MANAGEMENT PERSONNEL

Chris Cooper, President

A catalyst founding partner, Chris brings his love of research, coaching, and personal improvement to Catalyst Fitness Inc. Chris competes in powerlifting and strongmen events, leads the team's research endeavors and maintains a large client base.

X, Personal Trainer

X attended X University on a baseball scholarship and is usually found in a high school classroom when he's not training athletes and fitness clients. X's involved as a volunteer coach for several local sports, and plays a large variety of sports.

EMPLOYEES OF CATALYST FITNESS INC.

X, Head Trainer

Since earning his Kinesiology (Honours) degree from the University of X in 2002, X has participated in a variety of activities, including various marathons. Clients benefit from his vast array of experience, as well as his willingness to go to great lengths on their behalf.

X, CrossFit Coach

X has an extensive dance background, is CrossFit Football Certified, has travelled and trained with the Us Olympic lifting coaching team, and has competed at National level CrossFit events.

X, Senior Gym Staff

A National University Wrestling Champion, X has completed his Bachelor of Arts and spent a year teaching in Korea. He trains as a competitive mixed martial artist and when he's not at the gym, X is a youth counselor. X is also a certified gymnastics coach and will be the first individual to receive Ign!te certification through Mr. X.

X, Junior Gym Staff

X also trains as a competitive mixed martial artist and is a current university student.

RISK ASSESSMENT

Catalyst Fitness Inc. has completed a review of possible internal and external risks:

INTERNAL RISKS

- 1) Existing clientele could decrease and clients stop renewing memberships and services;
- 2) Marketing initiatives could fail and be unable to retain new members;
- 3) Lose a trainer (temporary);
- 4) Incur unexpected capital expenses not accounted for in cash flow;
- 5) Mr. Cooper gets hurt or is unavailable to work;
- 6) Cash flow cannot cover expansion costs;

EXTERNAL RISKS

- 1) If insurance companies refuse to pay Ign!te services;
- 2) Schools and organizations stop supporting Catalyst services;

Once possible risks were acknowledged, Catalyst began evaluating feasible contingency plans to overcome the shortfalls and to ensure sustainability of the Company. Depending on the scenario that arises, the following contingencies will be executed:

- 1) Seek 3rd party investors;
- 2) Invest personal equity;

- 3) Redesign marketing initiatives to target a new demographic;
- 4) Create additional services based on existing client demand;
- 5) Alter class times and operating hours to become more convenient to clients;

The staff and management at Catalyst Fitness Inc. is confident that appropriate measures have been put into place to ensure successful project implementation and that goals will be met.

PROJECTED FINANCIALS

A 12 month projected cash flow statement, as well as an additional 3 year cash flow projection has been attached in Appendices 3 and 4. Projections incorporate the purchase of a building in May 2011. At this time, the two Catalyst locations will merge.

FINANCIAL NOTES

CASH INFLOW

Memberships: Averages have been used based on previous financial statements and seasonal trends.

Personal Training: Averages have been used based on previous financial statements-\$X/month.

Barbell Bettys: Class sizes are limited to 24 participants @ \$X/person (incl. gym membership for 6 week period)

Nutrition: \$X/month

Enduro: \$X/month

Fraternity Barbell: Class sizes are limited to 12 individuals @ \$X/person (incl. gym membership for 6 week period)

Corporate Groups: Based on actual data and seasonal trends.

Sports Teams: Based on actual data and seasonal trends.

OnRamp: Class sizes are limited to 8 individuals @ \$X/person

Reg Classes: \$X/class

Catalyst Varsity (CV): Class sizes are limited to 12 kids @ \$X/person for 6 weeks.

Special Events: Participants will pay entry fees based on the event i.e. a \$X entry fee to participate in the Catalyst Games. Approximately 5 events are held yearly.

Leagues: Entrance fees will range from \$X per event.

OffSite Catalyst Varsity: Approximately \$X/group for 2 days of coaching.

Courses for Teachers: \$X/course

Apprenticeship: \$X

CV Camps: Class sizes are limited to 8 kids @ \$X/child

Cogni-Gym (Ign!te): Training sessions vary based on client requirements and number of participants.

Specialty Certification: \$1,000/certification

Wage Subsidy (X): Mr. X will receive a salary of \$X, X% is being subsidized through Northern Ontario Heritage Fund Corporation's Internship program.

CASH OUTFLOW

Salaries: Includes gym staff wages, trainer, group and CrossFit wages. Mr. Belanger's salary has been added to the salary projections for years 2, 3, and 4. An additional employee's wages has been added to year 4.

Other Salary: \$X to Mr. X (included in 12 month cash flow only)

Mortgage/Lease: \$X/month.

Utilities: \$X/month

City Taxes: Approximately \$X/month. New building is projected at \$X/month.

Phone/Internet: \$X/month

Maintenance: Estimated at \$X/month.

Certifications & Equipment: Estimated costs for additional equipment and certifications for our trainers.

Current Loan Payment: Monthly payments of \$X.

Nutrition Sub Contractor: X% of revenue from the nutrition program.

REFERENCES

- 1) Industry Profile: Fitness Centres, BDC
- 2) BrainGym, Teacher's Edition, Paul E. Dennison and Gail E. Dennison, 1994
- 3) Ignitegym.com

APPENDICES

Appendix 1: Ign!te Education E-Book

Appendix 2: Industry Profile: Fitness Centres, BDC

Appendix 3: Projected Financials

Appendix 4: 3 Year Actual Financials