

EXHIBIT B
BUDGET



Pro Forma Summary
First Flight CDC (LAX) - Los Angeles, CA

Site Details		
Address:	9320 Lincoln Blvd, Los Angeles, CA 90045	Developer: nt CDC (LAX) - Los Angeles, CA
Site Name:	First Flight CDC (LAX) - Los Angeles, CA	Agreement Term: 5 years
DMA:	Los Angeles-Long Beach-Santa Ana, CA	
Division:	West(Teri Davies)	
District:	Metro LA	
Sq Ft:	6,000	
Capacity:	102	

Program Detail							
Programs	Count of Rooms	Ratio	Group Size	Capacity	5 Day Full	5 Day Full Time	5 Day Full Time
					Time Rates - LAWA	Rates - LAX Tenant	Rates - Community
Infants	1	4	12	14	\$358	\$403	\$448
Toddlers	2	4	8	16	\$315	\$355	\$394
Twos	2	6	12	24	\$305	\$346	\$384
Preschool	1	8	16	24	\$240	\$270	\$300
PreK	1	8	16	24	\$240	\$270	\$300
TOTAL	7			102			

Pricing recommended rates with cuties			
Rates	5 Day Full Time Rates - LAWA	5 Day Full Time Rates - LAX Tenant	5 Day Full Time Rates - Community
Infants	368	413	458
Tods	325	365	404
Two's	315	356	394
Early Pre-School	265	298	331
PreSchool	240	270	300
Pre-K	240	270	300
Avg Inf-PreK Full Rate	292	329	365

Demographic Data - 10 Minutes			
Median Family Household Income	\$107,903		
Learning Care Group Schools	0		
Chain Competitors	0		
	<u>Age 0-5</u>	<u>Age 5-13</u>	<u>Ttl (0-13)</u>
<u># Kids All Incomes</u>	14,207	30,104	44,311
Growth Rate (5 years)	-1.9%	4.3%	2.4%
<u># Kids in Families >\$100k HHI</u>	8,383	21,511	29,894
Growth Rate (annual)	-3.5%	0.3%	-1.6%
Predicted Private Pay Enrollment	68		

5 Year Pro Forma Financials						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
	6 Months	12 Months	12 Months	12 Months	12 Months	12 Months
Capacity		102	102	102	102	102
Utilization %		37%	52%	59%	64%	67%
AFTEs		38	53	61	65	68
Agency %		0.0%	0.0%	0.0%	0.0%	0.0%
Rev/AFTE		352	361	376	381	391
Net Revenue		686,061	1,001,939	1,185,759	1,291,487	1,386,666
Labor		504,456	678,736	767,933	808,114	820,710
Labor % Rev		73.5%	67.7%	64.8%	62.6%	59.2%
Controllables		193,895	230,313	246,385	265,981	273,939
Controllable % Rev		28.3%	23.0%	20.8%	20.6%	19.8%
Center Profit/(Loss)		(12,290)	92,891	171,441	217,392	292,018
Profit % Rev		-1.8%	9.3%	14.5%	16.8%	21.1%
LCG Initial investment	(\$245,000)	\$0	\$0	\$0	\$0	\$0
LCG Net Cash Flow	(\$245,000)	(12,290)	92,891	171,441	217,392	292,018

Capex Details						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
LCG responsibility						
Pre-Open	85,000					
FFE/Initial Technology Investment	160,000					

Value Proposition Strategy Compliance	
<input type="checkbox"/> Premium Brand	<input checked="" type="checkbox"/> Core Brand

FOOTNOTES
* Labor & Controllable: See itemized breakdown of Labor and Controllable on page 2 of this Pro Forma.

Onsite ProformaFirst Flight CDC (LAX) - Los Angeles, CA

	Year 1 Total		Year 2 Total		Year 3 Total		Year 4 Total		Year 5 Total	
	Full Year		Full Year		Full Year		Full Year		Full Year	
	Amount \$	% Rev	Amount \$	% Rev	Amount \$	% Rev	Amount \$	% Rev	Amount \$	% Rev
Sq. Ft.	6,000		6,000		6,000		6,000		6,000	
Capacity	102		102		102		102		102	
		<u>UTE</u>		<u>UTE</u>		<u>UTE</u>		<u>UTE</u>		<u>UTE</u>
Infants	8.0	57%	9.0	64%	11.0	79%	11.0	79%	12.3	88%
Toddlers	8.0	50%	9.0	56%	11.8	73%	11.0	69%	11.0	69%
Twos	6.0	25%	9.3	39%	13.1	55%	14.0	58%	13.8	58%
Early Preschool	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a
Preschool	7.8	32%	13.4	56%	12.3	51%	14.7	61%	15.6	65%
PreK	7.8	32%	12.7	53%	12.5	52%	14.5	60%	15.4	64%
Junior Kindergarten	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a
School Age B/A	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a
Summer Camp	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a
AFTEs	37.5		53.4		60.7		65.2		68.2	
Utilization %	36.8%		52.4%		59.5%		63.9%		66.8%	
Agency %	0.0%		0.0%		0.0%		0.0%		0.0%	
Rev/AFTE	352		361		376		381		391	
Tuition Revenue	\$670,703		\$975,863		\$1,152,453		\$1,257,524		\$1,349,629	
Total Registration	4,046		9,618		13,869		12,754		14,276	
Total Registration Revenue	4,046		9,618		13,869		12,754		14,276	
Other Revenue	29,492		42,911		50,676		55,296		59,346	
Other Revenue	29,492		42,911		50,676		55,296		59,346	
Gross Revenue	704,242		1,028,392		1,216,998		1,325,574		1,423,250	
Promotion Discounts	(1,182)	-0.2%	(1,720)	-0.2%	(2,031)	-0.2%	(2,216)	-0.2%	(2,378)	-0.2%
Employee Discounts	(7,290)	-1.1%	(10,607)	-1.1%	(12,527)	-1.1%	(13,669)	-1.1%	(14,670)	-1.1%
Tuition Discounts	(9,108)	-1.4%	(13,251)	-1.4%	(15,649)	-1.4%	(17,076)	-1.4%	(18,327)	-1.4%
Agency Discounts	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Management Approved Discounts	(538)	-0.1%	(783)	-0.1%	(925)	-0.1%	(1,010)	-0.1%	(1,084)	-0.1%
Total Discounts and Allowances	(18,118)	-2.7%	(26,362)	-2.7%	(31,132)	-2.7%	(33,971)	-2.7%	(36,459)	-2.7%
Bad Debt	(62)		(90)		(107)		(117)		(125)	
School Revenue	686,061		1,001,939		1,185,759		1,291,487		1,386,666	
Federal Food	-		-		-		-		-	
Management Fee Revenue	-		-		-		-		-	
Royalty Revenue	-		-		-		-		-	
Net Revenue	686,061		1,001,939		1,185,759		1,291,487		1,386,666	
Salaries & Wages	470,585	68.6%	628,469	62.7%	708,569	59.8%	743,338	57.6%	751,189	54.2%
Workers Comp Insurance	3,709	0.5%	5,504	0.5%	6,501	0.5%	7,093	0.5%	7,613	0.5%
Other Benefits/Payroll taxes	30,162	4.4%	44,763	4.5%	52,863	4.5%	57,682	4.5%	61,907	4.5%
Total Labor	504,456	73.5%	678,736	67.7%	767,933	64.8%	808,114	62.6%	820,710	59.2%
Food	15,340	2.2%	23,542	2.3%	26,842	2.3%	29,873	2.3%	31,401	2.3%
Food Supplies	5,046	0.7%	7,488	0.7%	9,016	0.8%	10,028	0.8%	10,965	0.8%
Office Supply/Copier Rentals	2,146	0.3%	3,185	0.3%	3,835	0.3%	4,266	0.3%	4,664	0.3%
Auto Rentals	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Children Supplies & Small Equipment	2,457	0.4%	8,646	0.9%	4,391	0.4%	9,883	0.8%	5,340	0.4%
Other Purchased Services	1,586	0.2%	2,354	0.2%	2,834	0.2%	3,152	0.2%	3,447	0.2%
Licenses & Permits	1,282	0.2%	1,903	0.2%	2,291	0.2%	2,548	0.2%	2,786	0.2%
Center Promotions	18,455	2.7%	19,035	1.9%	19,532	1.6%	19,984	1.5%	20,428	1.5%
Training & Meetings	742	0.1%	1,101	0.1%	1,325	0.1%	1,474	0.1%	1,612	0.1%
Summer Camp & Other Programs	16,141	2.4%	22,593	2.3%	28,259	2.4%	30,493	2.4%	32,881	2.4%
Utilities	102,500	14.9%	105,575	10.5%	108,742	9.2%	112,005	8.7%	115,365	8.3%
Custodial	15,000	2.2%	15,300	1.5%	15,726	1.3%	16,041	1.2%	16,361	1.2%
Total Center Accountables	180,694	26.3%	210,722	21.0%	222,795	18.8%	239,746	18.6%	245,251	17.7%
Repairs & Maintenance	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Insurance	5,088	0.7%	7,552	0.8%	9,093	0.8%	10,113	0.8%	11,058	0.8%
Credit Card Fees	7,754	1.1%	11,507	1.1%	13,856	1.2%	15,410	1.2%	16,851	1.2%
Sales Use & Gross Receipts Tax	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other	358	0.1%	532	0.1%	640	0.1%	712	0.1%	779	0.1%
Other Expenses	13,201	1.9%	19,591	2.0%	23,590	2.0%	26,235	2.0%	28,688	2.1%
Total Controllables	193,895	28.3%	230,313	23.0%	246,385	20.8%	265,981	20.6%	273,939	19.8%
EBITDAR	(12,290)	-1.8%	92,891	9.3%	171,441	14.5%	217,392	16.8%	292,018	21.1%
Rent	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Property Tax	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
CAM	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Facility	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
EBITDA	(12,290)	-1.8%	\$92,891	9.3%	\$171,441	14.5%	\$217,392	16.8%	292,018	21.1%