

## **AMUSEMENT PRODUCTS GO-KART TRACK FINANCIAL ANALYSIS**

Today's society is continually becoming more fast-paced and technical. People are constantly looking for new and exciting ways to entertain themselves. Some amusement fads come and go so rapidly that they barely last a year before they are outdated. One pastime, however, has lasted for nearly a century...people's obsession with cars. Since being invented, people have loved to buy them, collect them, pamper them, drive them, and race them. Most of these preoccupations can be easily satisfied by the average person, except for racing. Go-kart tracks allow people to test their driving skills against the track or against their friends. With the wind whipping through their hair and the roar of the engine behind them, they get the sensation of running a high-speed race without the expense or danger of actual racing. This may be why the popularity of go-kart tracks has grown so rapidly over the last two decades.

Starting in 1972, Amusement Products entered the go-kart business, not as a manufacturer, but as a track operator. After several years of trying different karts and being disappointed with their durability, we decided to design a kart that would withstand the rigors of a concession kart with as little maintenance as possible. Today, Amusement Products has grown to be the leader in safety and durability in go-kart manufacturing.

The following information is an economic breakdown of a go-kart operation. This information should come in handy when considering the possibility of operating a go-kart track. The sections are divided into three parts as follows:

1. Economics of Geographical Area
2. Economics of a Go-kart operation
3. Economics of admissions

## STATISTICAL DATA FOR POTENTIAL INVESTOR

### 1. ECONOMICS OF GEOGRAPHICAL AREA

Below is a list of criteria you want to consider for your new business:

- A. Population in a surrounding trade area - 10 miles - and population in immediate trade area - 5 miles.
- B. Social and economic breakdown of residents within both trade areas.
- C. Auto and traffic count in immediate area of proposed installation.
- D. Number of schools in trade areas.
- E. Median income in area.
- F. Other or same recreational activities available in area.
- G. Real estate trends, both residential and commercial.
- H. Unemployment ratio for area (if available).
- I. Growth characteristics of trade area (population trends last 5 years).
- J. Size and availability of parcel land.
- K. Cost of land and proposed improvements.
- L. Ratio of improvements to land cost.
- M. Supplemental activities to go-kart track.
  - Batting cages                      PhazerZone (indoor paintless paintball)
  - Miniature golf                      Pursuit Park paintball field
  - Bumper boats                      Game room (and birthday parties) and snack shop
- N. Obtain financing for land and improvements.
- O. Number of employees required
- P. Number of hours open to public
- Q. Weather conditions as it would affect the number of days open per year
- R. Advertising and promotional costs
- S. First, second, and third year budget forecast
- T. Projected return on investment before and after taxes

## 2. ECONOMICS OF A GO-KART OPERATION

- A. Maximum capacity income per hour for one kart:  
 \$5.00 per 5 minute ride  
 12 cycles per hour  
 \$60 per kart per hour
- B. Full operational capacity assuming 1 minute between cycles (6 minutes per cycle; 10 cycles per hour)
- C. Fifteen karts operating at full operational capacity  
 \$5.00 per ride=\$750 per hour
- D. Operating on a 12-hour day (12:00AM to 12:00PM) (gross)  
 \$750 per hour - \$9,000 per day
- E. Gross yearly income @ \$5.00 per ride:

% of Full Operational Capacity	Day	3 Summer Months		4 Off Months		7-month year total
		Month*	3 Month Total	Month**	4 Month Total	
15%	1350	\$33,750	\$101,250	\$ 8,437.50	\$33,750	\$135,000
20%	1800	\$45,000	\$135,000	\$11,250.00	\$ 45,000	\$180,000
25%	2250	\$56,250	\$168,750	\$14,062.50	\$ 56,250	\$225,000
30%	2700	\$67,500	\$202,500	\$16,875.00	\$ 67,500	\$270,000
35%	3150	\$78,750	\$236,250	\$19,687.50	\$ 78,750	\$315,000

Note: \* Allows for 5 rain days a month      \*\* Off month is 25% of summer months

- F. Investment in go-kart track inclusive of karts and improvements and exclusive of land.

Amortization of \$100,000 at 10% for:

Two years	\$4,614.50 monthly	\$55,374.00 yearly
Five years	\$2,127.72 monthly	\$25,496.64 yearly
Ten years	\$1,321.52 monthly	\$15,858.24 yearly

G. EMPLOYEE PAYROLL (Prime 3 months& 4 off months)

1)Operating hours 12:00-12:00

2)Employees per shift: Two shifts-12:00 to 6:00 and 6:00 to 12:00

<b>CAPACITY</b>	<b>15%</b>	<b>20%</b>	<b>25%</b>	<b>30-35%</b>
First Shift	1	1	1	2
Second Shift	1	2	3	3
Total staff per day	2	3	4	5
Total staff hours	12	18	24	30
cost per day at \$7 per hour	\$84	\$126	\$168	\$210
Cost per year*	\$17,640	\$26,460	\$35,280	\$44,100

\* 210 operating days per year

H. Net income before taxes

Percent of F.O.C.*	15%	20%	25%	30%	35%
Gross income	\$135,050	\$180,000	\$225,050	\$270,000	\$314,950
5-year debt service	\$25,497	\$25,497	\$25,497	\$25,497	\$25,497
Wages	\$17,640	\$26,460	\$35,280	\$44,500	\$44,100
Other Expenses**	\$20,258	\$27,000	\$33,758	\$40,500	\$47,243
Net before taxes	\$71,655	\$101,043	\$130,515	\$159,903	\$198,110

\* F.O.C. = Full Operational Capacity

\*\* 15% of gross income

I. ECONOMICS OF ADMISSIONS

All tracks will experience peak times and slow times throughout the week. The financial breakdown that was previously given shows rather minimal use of a track's full capacity. An average track will use between 15% and 30% of its maximum capacity. This is largely due to the daily fluctuations in the number of customers. Being a recreational business, a go-kart track gets the majority of its business on weekends and holidays. Thus, while you may often run less than 15% of your capacity during daytime shifts, on Friday, Saturday, and Sunday nights you will probably run better than 90% of the maximum capacity between 8:00PM and 11:00PM.

Amusement Products has over 40 years of experience building, owning, and operating go-kart tracks. Let us help you become your own boss and have a business that is successful.



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