

FunRide, Inc.



Contact Information:

Mark T. Shaffer CEO
FunRide
1998 Santa Barbara Street, Suite 130
San Luis Obispo, CA 93401
(805) 441-0851
mark@myfunride.com

October 1, 2010

This document contains confidential information. It is disclosed to you for informational purposes only. Its contents shall remain the property of FunRide and shall be returned to FunRide when requested.

This is a summary of the business plan and does not imply an offering of securities.

Executive Summary

Introduction

With the slow economic recovery and the consumer's search for cost savings in their budget, FunRide offers a fleet of vehicles to their members to drive without the high cost of vehicle ownership. Americans have always believed they have to own a car to drive one. Car sharing is challenging that belief by offering customers vehicles to lease by the hour. FunRide offers a car sharing program that promotes the exclusive use of alternative fuel and hybrid vehicles. With online reservations and convenient access to their vehicles, FunRide is poised to replace traditional car rental services throughout the United States.

FunRide has taken the car sharing model and added the opportunity for their members to experience a variety of alternative fuel and hybrid vehicles. They provide excellent customer service, including the cleaning and fueling of the vehicles. Car sharing is a new concept for many consumers, but individuals and businesses are learning how to use it to reduce their transportation cost.. Through participation in FunRide, customers can rent electric, natural gas, flex-fuel, propane, clean diesel and eventually hydrogen fuel vehicles in a car rental setting.

FunRide was developed as a business model for four years before launching its services in San Luis Obispo, California in July of 2009. This green car sharing service offers a variety of vehicles including pick-up trucks, fifteen passenger vans, and cars to meet the different needs of their customers. For just \$7 per hour, FunRide customers can use any of the vehicles with advanced reservations. The cost includes fuel, insurance, and cleaning of the vehicle. The person returns the vehicle to the location where they picked it up and FunRide's staff services the vehicle. The FunRide vehicles are scattered throughout the community for easy access.

The rising concern about the impact of climate change has brought an increase in governmental support for the development of alternative fuel vehicles and reduction in greenhouse gas emissions, which will substantially increase the support for FunRide services. For example, the State of California has approved bill AB118 that provides funding to businesses for services and products that reduce the creation of harmful emissions. The economic slow down in the United States offers an opportunity for FunRide to help people reduce their transportation costs by selling their personal vehicle and using FunRide when they need a vehicle. FunRide offers businesses and governmental agencies a low cost alternative by reducing their fleet vehicles.

FunRide began operations in San Luis Obispo County in July of 2009 and plans to offer the service to other communities in the United States. Car sharing in the United States is a new business that only exists in fifty locations. Most car sharing programs are located in larger urban areas. FunRide will target smaller markets that are not served by existing car sharing programs. With the high cost of gasoline,

people are looking for alternatives to having two cars for each household. There are currently 192,296 vehicles in San Luis Obispo County and 61% of households have more than one vehicle.

The Company

FunRide has been in the development stage since July of 2006, when founder Mark Shaffer had a vision of combining the proven car sharing model with the consumers' interest in alternative fuel vehicles. The company began the process of writing their business plan in March of 2007. We were incorporated as a S Corporation in the State of California in February of 2008. FunRide has secured a SBA loan through Mission Community Bank for \$75,000 to provide its start-up funding. We have raised \$155,000 from initial investors and are seeking additional investors who see the potential of our company. The first three FunRide vehicles went into service in July 2009. We are currently operating six vehicles and plan to have ten vehicles in operation by the end of 2010.

FunRide has developed a dynamic website at www.myfunride.com. Individuals and businesses can join FunRide online by submitting an e-application. We check their driving record and upon approval, the member receives an electronic fob that provides access into all the vehicles. Members can reserve the FunRide vehicles online or by phone, without completing paperwork for each use of the vehicles. We are insured through Philadelphia Insurance. Our insurance is the secondary insurance for our members that carry their own insurance.

We opened our office at 1996 Santa Barbara Street, Suite 130 in the City of San Luis Obispo in January of 2009, complete with computer and phone system.. FunRide's name and logo have been trademarked. We have launched our marketing campaign for the general public and the service is being well received in the community.

We have set up accounts for the City of San Luis Obispo and the County of San Luis Obispo to start a FunRide pilot project that will replace some of their fleet vehicles with our service. We have established a pod at the Quality in San Luis Obispo to serve the hotel cluster along Monterey Street. We have a full time Operations Manager who provides customer support and marketing outreach. We have a consultant who is working with FunRide in acquiring governmental funding for this green business.

The technology that handles the monitoring of the vehicles and billing has a long distance range which allows FunRide to operate car sharing services anywhere on the west coast for our offices in San Luis Obispo. We are seeking a major investor to fund the development of regional offices in San Luis Obispo, Denver, Boston, and Atlanta. From these regional offices, FunRide will be able to establish car sharing services at any location in the United States. We plan to expand our current operations into Santa Maria, Santa Barbara, Grass Valley, Sacramento and Ventura in 2011. We will plan on opening our Midwest Regional Office in Denver,

Colorado by the end of 2011. .

The Customer

FunRide has focused on five groups that will utilize this green car sharing service. These groups are: (1) business and governmental agencies; (2) commuters; (3) individuals; (4) visitors; and (5) developers.

Businesses and governmental agencies are looking for an alternative to purchasing fleet vehicles with their additional cost of insurance, maintenance, and fuel. With FunRide, the business gets access to vehicles, insurance, and fuel for their employees to conduct business related transportation.

Commuters have changed their ways of getting to work to reduce their personal transportation costs. Yet, these commuters still need a vehicle during the day to go to lunch or run personal errands. With FunRide, they can conveniently lease a vehicle by the hour to meet their transportation needs.

Other **individuals** can reduce their transportation costs of owning a personal vehicle by turning to FunRide and use an alternative fuel vehicle when they need a vehicle for transportation. Many environmentally sensitive individuals are using FunRide to reduce their contribution of greenhouse gases.

FunRide is also popular for **visitors** who fly or ride the train into San Luis Obispo County. Our vehicles will be available at hotel clusters in San Luis Obispo, Pismo Beach, Morro Bay, and Paso Robles for use on an hourly basis. We will also make FunRide vehicles available at the airport and train terminals for visitors to drive to their hotel.

Developers are looking at FunRide as a way to reduce the number of parking spaces that need to be included in their project. The City of San Luis Obispo has initiated an ordinance that will give developers credit for up to ten parking spaces in exchange for purchasing a vehicle for FunRide. We will provide the car sharing service at no additional cost to the developer.

The Marketing Plan

FunRide has branded their name and logo as a convenient service and inexpensive way to use a vehicle on an hourly basis. Once the customer is registered with FunRide, they can reserve a vehicle at various locations in the community called pods. They can make a reservation online or by phone without filling out paperwork at a rental counter. The customer's fob will unlock the door to their reserved vehicle. The onboard computer keeps track of the time and mileage of each use of the vehicle and bills their credit card for payment. We will be offering two payment plans for our customers and one plan for businesses.

FunRide uses radio, television, and print ads to promote our service to our potential customers. The SLO Regional Rideshare Program is marketing our green car sharing service to people who use transit, vanpools, and carpools. FunRide management is outreaching to businesses, governmental agencies, hotels, and developers to show them the benefits of using FunRide.

The Competition

FunRide is the largest car sharing service in San Luis Obispo County. Cal Poly University has a contract with ZipCar to provide several vehicles for the use of their facility. The other competition will be with traditional rental car companies. Currently, these companies rent on a daily or weekly basis with the customer paying the additional cost of fuel. FunRide is less expensive for the customer if their transportation needs are for less than a 6-7 hour period. These companies may convert to an hourly rental model to compete. FunRide is more convenient with pods in many locations, which make our vehicles within walking distance for our customers.

The current recession offers an opportunity to attract individuals who can no longer afford the cost of a vehicle loan, insurance, and gasoline. Loans for vehicles are difficult to secure for individuals and businesses. FunRide offers an alternative to owning a vehicle. Individuals and businesses are seeing the benefits of using FunRide, and are joining FunRide to use our services.

The Vehicles

The fleet for FunRide started with three vehicles, with a goal of increasing the fleet to 60 vehicles within the first five years of operation. The initial fleet is serving the downtown of the City of San Luis Obispo. The service area will expand throughout the county based on the response by our customers. The initial fleet is listed below:

FunRide Start-up Fleet

Vehicles acquired in July 2009-Phase 1

Quantity	Vehicle	Cost	FunRide	Lease \$	Month
1	CNG Honda Civic (N)	\$24,000	\$2,000	\$22,000	\$435
1	Chevy HHR E-85 (U)	\$15,000	\$0	\$15,000	\$310
1	Honda Insight Hybrid (N)	\$23,000	\$ 2,000	\$21,000	\$400
1	Zenn NEV (N)	\$13,000	\$0	\$13,000	\$240
1	E-85 Chevy Truck (U)	\$17,000	\$2,000	\$12,000	\$335
5		\$90,000	\$6,000	\$84,000	\$1,715

N= New U= Used C= Conversion

FunRide will acquire vehicles for their fleet through:

- a) leasing the vehicles
- b) purchasing the vehicles
- c) acquiring vehicles through grant programs (ie. AB 118, Clean Cities Grants)
- d) developers can purchase a FunRide vehicle and get credit for parking spaces in their development (City of SLO)
- e) investors can purchase a vehicle for FunRide and receive a monthly check based on the number of miles that are used for FunRide for that month.

Phases of FunRide Development

- ▶ **Phase 1:** Begin FunRide services in the City of San Luis Obispo
- ▶ **Phase 2:** Expand FunRide services to other parts of San Luis Obispo County
- ▶ **Phase 3:** Expand FunRide to other parts of California
- ▶ **Phase 4:** Establish regional offices in San Luis Obispo, Denver, Boston, and Atlanta

The Board of Directors

Mark Shaffer is the CEO and President of the Corporation. John Balderston is Vice President of the corporation. David Lees is the Secretary and Treasurer of the corporation. Mr. Shaffer has twenty-one years of transportation experience as the founder of Ride-On Transportation. He has grown this corporation into a \$5 million, nonprofit business.

John Balderston has owned his painting company since 1976. He is experienced in operating all aspects of a small business, including finances, human resources, policy and procedures, and marketing. He is well connected in San Luis Obispo with

membership in the San Luis Obispo Chamber of Commerce for over twenty years. **W. David Lees** has over twenty-five years experience in financing with Merrill Lynch, Continental Illinois National Bank and General Electric Finance Corporation. He has been the Controller for Ride-On Transportation for the past five years. He brings business and accounting expertise to the FunRide Board of Directors.

The Advisory Group

Patrick Mahan: Director of Operation and Sales

Patrick Mahan has 25 years experience in Sales and Sales Management. He spent 18 years in the Wireless Industry setting up distribution for the Wireless Carriers, Verizon, AT&T and Nextel. His expertise is in opening up new markets and introducing new technology to consumers.

Carol Core brings over twenty years of marketing experience to FunRide. She owns her own marketing business and has worked with corporations, small businesses, and nonprofit organizations. Ms. Core has expertise in project management, product branding, needs analysis, target market analysis, new product development, and marketing implementation plans. She will be assisting with the development and implementation of the FunRide Marketing Plan.

Tom Fulks is a recognized expert in the development of transportation systems and their implications in the State of California. He is the President of Mightycomm, a company that works with alternative fuel vehicle providers to assist with lobbying with political leaders. His contacts with established alternative fuel vehicle companies and political leaders will be vital in establishing working relations with these companies. He is an expert in the regulations in the alternative fuel vehicle industry.

The company has hired **June Mclvor** of Sinshimer Juenke Lebens & Mclvor as their attorney to assist with all legal duties for the corporation. She is experienced in all aspects of small business and investment laws.

The Offering

FunRide has completed its first phase of private offering of 2,000,000 shares of FunRide stock at 5 cents a common stock share with a minimum purchase of 200,000 shares for \$10,000. We have started the second offering of 1,000,000 shares at 10 cents a share with a minimum purchase of 100,000 shares for \$10,000.

Interested investors can contact Mark Shaffer at (805) 441-0851 or e-mail at mark@myfunride.com to set up an appointment for a 30 minute presentation about investment opportunities.

The Financial Projections

Projected Income

Membership Income:

FunRide offers the following choices for payment rates which include varying membership rates and vehicle rental rates:

Basic Rate: \$30/year \$7.00 per hour (40 cents a mile after 150 miles per each reservation)

Special Rate: \$20/month \$6.00 per hour (30 cents a mile after 150 miles per each reservation)

We are projecting that 75% of the memberships will be the Basic Plan with 25% of the special rate plan being selected by customers who use FunRide frequently.

We will have a preopening sign-up period that we anticipate signing up 60 members with a sign-up rate of 40 customers a month during the first year. We project that 75% of customers will renew their membership each year.

	Initial Period	First Year	Renewal 2nd	Second New
	60	40	32	40
\$30/year	45/ \$1,350	30/ \$900	24/ \$720	30/ \$900
\$20/mo	15/\$3,600	10/ \$2,400	8/ \$1,920	10/ \$2,400
Mon Total	\$4,950	\$3,300	\$2,640	\$3,300
Annual Total	\$4,950	\$39,600	\$31,680	\$39,600

Car Sharing Income:

The car sharing income is based on each vehicle in service averaging 7 hours a day of operation. Members pay \$7 per hour and receive 150 free miles with each reservation. If they exceed the 150 miles of utilization during a reservation, they are charged 40 cents for each additional mile. The vehicles are available to customers 24 hours a day, seven days a week.

Based on these assumptions, we are going to project 7 hours of use for each vehicle and only 100 miles of additional miles charges per vehicle

Hourly rate: \$7.00 X 7 hours X 30 days/month= \$1,470

Mileage rate: 100 miles X 40 cents/mile= \$40

Monthly total: \$1,510

Fixed costs and variable costs:

When we look at the variable costs that occur with the addition of each FunRide vehicle, we typically have these costs:

Cost	Monthly Amount
Vehicle Lease	\$380
Insurance	\$125
Fuel	\$100
Computer Software	\$ 80
Repairs/Service	\$100
Vehicle Registration	\$ 30
Total Monthly Cost	\$815

With each vehicle in service, we have a margin of \$695/month that can be used to pay overhead and all other fixed costs. Our calculated fixed costs are \$9,675/ month.

Vehicles/Year #	Monthly Income	Variable/Mo.	Margin/Mo.
5 1 st	\$7,550	\$4,075	\$3,475
10 1 st	\$15,100	\$8,150	\$6,950
15 2 nd	\$22,655	\$12,225	\$10,430
20 2 nd	\$30,200	\$16,300	\$13,900
25 3 rd	\$37,750	\$20,375	\$17,375
30 3 rd	\$45,300	\$24,450	\$20,850
35 4 th	\$52,850	\$28,525	\$24,325
40 4 th	\$60,400	\$32,600	\$27,800
45 4 th	\$67,950	\$36,675	\$31,275
50 5 th	\$75,500	\$40,750	\$34,750
55 5 th	\$83,050	\$44,825	\$38,225
60 5 th	\$90,600	\$48,900	\$41,700

When we add in the membership income per month, we see that the cost of operating the business is covered after the purchase of the fifteenth vehicle.

Vehicles/ Year #	Monthly Margin	Membership	Margin/Mo.
5 1 st	\$3,475	\$1,650	\$5,125
10 1 st	\$6,950	\$1,650	\$8,600
15 2 nd	\$10,430	\$2,970	\$13,400
20 2 nd	\$13,900	\$2,970	\$16,870
25 3 rd	\$17,375	\$4,290	\$21,665
30 3 rd	\$20,850	\$4,290	\$25,140
35 4 th	\$24,325	\$5,610	\$29,935
40 4 th	\$27,800	\$5,610	\$33,410
45 4 th	\$31,275	\$5,610	\$36,885
50 5 th	\$34,750	\$6,930	\$41,680
55 5 th	\$38,225	\$6,930	\$45,155
60 5 th	\$41,700	\$6,930	\$48,630

Expenses

Projected Expenses:

Wages: Full time Operations Manager at \$23/hr 40 hours a week for \$3987/mo

Payroll Expense: 15% of wages or \$598/month

Fuel: \$100/month per vehicle

Supplies: \$40/month

Repairs: \$100/month per vehicle

Advertising: \$3,000 per month

Travel: \$100 per month

Accounting/Legal: \$750/month

Rent: \$600/month

Telephone: \$350/month

Utilities: \$30/month (included with rent)

Insurance: \$125/month per vehicle

Taxes: \$250 a month

Vehicle Lease: \$380/per month per vehicle

Computer Support: \$100/month plus \$80/month per vehicle

Factors that will improve profitability

In preparing our projected cash flow, we have not included the following projections that will improve the profitability of the company:

1. Investor income: We have included no income from investors purchasing common stock. We estimate \$60,000 a year in investor revenue.
2. Investor vehicles: FunRide will lease vehicles on a mileage basis who purchase the vehicles for FunRide. They make only the vehicle payment and FunRide covers additional operational costs. FunRide's monthly lease cost is based on the level of actual usage of the vehicle.
3. Vehicle grants: FunRide has the opportunity to receive grants or have developers purchase vehicles in exchange for reducing parking spots at their development. Each vehicle acquired through grants will reduce FunRide's lease expense by \$360/month.
4. Higher vehicle usage: Projections of income are based on a moderate 6 hours of vehicle use a day. Higher usage of the vehicles will result in increased revenues.