

Edgar Filing: HEALTH FITNESS CORP /MN/ - Form 10-Q

HEALTH FITNESS CORP /MN/
Form 10-Q
May 15, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended March 31, 2003

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 0-25064

HEALTH FITNESS CORPORATION
(Exact name of registrant as specified in its charter)

Minnesota 41-1580506

(State of incorporation or organization) (I.R.S. Employer Identification No.)

3600 West 80th Street, Bloomington, Minnesota 55431

(Address of principal executive offices) (Zip Code)

(952) 831-6830

(Registrant's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by
Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12
months (or for such shorter period that the registrant was required to file such
reports), and (2) has been subject to such filing requirements for the past 90
days. Yes No

The number of shares outstanding of each of the registrant's classes of
capital stock, as of May 12, 2003 was:

Common Stock, \$0.01 par value, 12,322,908 shares

HEALTH FITNESS CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS

Edgar Filing: HEALTH FITNESS CORP /MN/ - Form 10-Q

TABLE OF CONTENTS

PART I.	FINANCIAL INFORMATION
Item 1.	Consolidated Financial Statements (unaudited)
	Consolidated Balance Sheets as of March 31, 2003 and December 31, 2002
	Consolidated Statements of Earnings for the three months ended March 31, 2003 and 2002
	Consolidated Statements of Cash Flows for the three months ended March 31, 2003 and 2002
	Notes to Consolidated Financial Statements
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 3.	Quantitative and Qualitative Disclosures About Market Risk
Item 4.	Controls and Procedures
PART II.	OTHER INFORMATION
Item 1.	Legal Proceedings
Items 2-5.	Not Applicable
Item 6.	Exhibits and reports on Form 8-K
	Signatures
Certifications	Sarbanes-Oxley Section 302 certifications of Chief Executive Officer and Chief Financial Officer
	Exhibit Index

Edgar Filing: HEALTH FITNESS CORP /MN/ - Form 10-Q

ASSETS

CURRENT ASSETS

Cash
Trade and other accounts receivable, less allowance for doubtful
accounts of \$79,400 and \$83,500
Prepaid expenses and other
Deferred tax assets

Total current assets

PROPERTY AND EQUIPMENT, net

OTHER ASSETS

Goodwill
Deferred tax assets
Other

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Note payable
Trade accounts payable
Accrued salaries, wages, and payroll taxes
Other accrued liabilities
Accrued benefits
Deferred revenue

Total current liabilities

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY

Preferred stock, \$0.01 par value; 5,000,000 shares authorized, none
issued or outstanding

Common stock, \$0.01 par value; 25,000,000 shares authorized; 12,322,908
and 12,297,661 shares issued and outstanding
Additional paid-in capital
Accumulated deficit

See notes to consolidated financial statements

Edgar Filing: HEALTH FITNESS CORP /MN/ - Form 10-Q

HEALTH FITNESS CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)

REVENUE	\$ 7,
COSTS OF REVENUE	5,
GROSS PROFIT	1,
OPERATING EXPENSES	
Salaries	
Selling, general, and administrative	
Total operating expenses	1,
OPERATING INCOME	
OTHER INCOME (EXPENSE)	
Interest expense	
Other, net	
EARNINGS BEFORE INCOME TAXES	
INCOME TAX EXPENSE (BENEFIT)	
NET EARNINGS	\$ =====
NET EARNINGS PER SHARE:	
Basic	\$
Diluted	
WEIGHTED AVERAGE COMMON SHARES	
Basic	12,
Diluted	12,

See notes to consolidated financial statements

Edgar Filing: HEALTH FITNESS CORP /MN/ - Form 10-Q

HEALTH FITNESS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months ended ----- 2003 -----
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net earnings	\$ 267,98
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:	
Depreciation and amortization	18,27
Deferred taxes	153,00
Change in assets and liabilities:	
Trade and other accounts receivable	(256,24)
Prepaid expenses and other	(21,06)
Other assets	(123,55)
Trade accounts payable	(130,46)
Accrued liabilities and other	131,85
Deferred revenue	(162,38)

Net cash provided by (used in) operating activities	(122,61)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	(26,49)

Net cash used in investing activities	(26,49)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings under note payable	811,94
Repayments of note payable	(679,00)
Proceeds from the issuance of common stock	11,36

Net cash provided by (used in) financing activities	144,30

NET DECREASE IN CASH	(4,80)
CASH AT BEGINNING OF PERIOD	91,65

CASH AT END OF PERIOD	\$ 86,85
	=====

See notes to consolidated financial statements

Edgar Filing: HEALTH FITNESS CORP /MN/ - Form 10-Q

NOTE 1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. They should be read in conjunction with the annual financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002. In the opinion of management, the interim consolidated financial statements include all adjustments (consisting of normal recurring accruals) necessary for the fair presentation of the results for interim periods presented. Operating results for the three months ended March 31, 2003 are not necessarily indicative of the operating results for the year ended December 31, 2003.

Certain reclassifications have been made to the consolidated financial statements as of December 31, 2002 and for the three months ended March 31, 2002 to conform to the presentation used as of and for the three months ended March 31, 2003. Such reclassifications had no effect on net earnings or stockholders' equity as previously reported.

NOTE 2. NOTE PAYABLE

On October 31, 2002, the Company entered into a revolving line of credit with Merrill Lynch Business Financial Services, Inc. (the "Merrill Loan") to refinance the Company's working capital facility with Coast Business Credit. The initial maturity date for the Merrill Loan is August 31, 2003 and, subject to certain terms, is renewable. The maximum borrowings available on the Merrill Loan are the lesser of \$2,750,000, or 80% of the Company's trade accounts receivable less than 90 days old. The Merrill Loan bears interest at the one-month LIBOR rate plus 2.35% (effective rate of 3.65% and 3.77% at March 31, 2003 and at December 31, 2002). Borrowings under the Merrill Loan are collateralized by substantially all of the Company's assets. The Company is also required to comply with certain quarterly financial covenants, including covenants related to the Company's minimum tangible net worth, total liabilities to tangible net worth and fixed charge coverage. The Company was in compliance with all of its financial covenants at March 31, 2003.

NOTE 3. STOCK-BASED COMPENSATION

The Company utilizes the intrinsic value method of accounting for its stock based employee compensation plans. All options granted had an exercise price equal to the market value of the underlying common stock on the date of grant and accordingly, no compensation cost is reflected in net earnings for the three months ended March 31, 2003 and 2002. The following table illustrates the effect on net earnings and earnings per share if the Company had applied the fair value method of accounting for stock options:

	Three Month	March
	-----	-----
	2003	2002
	-----	-----
Net earnings, as reported	\$267,980	\$
Less: Compensation expense determined under the fair value method, net of tax	(12,170)	-----
Proforma net earnings	255,810	=====
Earnings per Share:		=====

Edgar Filing: HEALTH FITNESS CORP /MN/ - Form 10-Q

Basic-as reported	\$ 0.02	\$
	=====	==
Basic-proforma	\$ 0.02	\$
	=====	==
Diluted-as reported	\$ 0.02	\$
	=====	==
Diluted-proforma	\$ 0.02	\$
	=====	==

The proforma information above should be read in conjunction with the related historical information.

5

The fair value of each option grant is estimated on the grant date using the Black-Scholes option-pricing model with the following assumptions and results for the grants:

	2003

Dividend yield	None
Expected volatility	90%
Expected life of option	4 years
Risk-free interest rate	2.9%
Weighted average fair value of options on grant date	\$0.26

NOTE 4. INCOME TAXES

Income taxes are calculated based on management's estimate of the Company's effective tax rate. Income taxes for the three months ended March 31, 2002 include a reduction of the deferred tax asset valuation allowance totaling \$625,300, offset by \$114,300 of income tax expense, and the recording of management's estimate of minimum state income taxes and federal taxes due because of alternative minimum tax calculations.

NOTE 5. RECENT ACCOUNTING PRONOUNCEMENTS

In January 2003, the Financial Accounting Standards Board issued Financial Interpretations No. 46 (FIN 46), "Consolidation of Variable Interest Entities." FIN 46 is an interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," and addresses consolidation by business enterprises of variable interest entities. FIN 46 applies immediately to variable interest entities created or obtained after January 31, 2003 and applies in the first fiscal year or interim period beginning after June 15,

Edgar Filing: HEALTH FITNESS CORP /MN/ - Form 10-Q

2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. This pronouncement is not anticipated to have an impact on the Company's financial position or results of operations.

6

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL. Health Fitness Corporation and its wholly owned subsidiaries (the Company), provide fitness and wellness management services and programs to corporations, hospitals, communities and universities located in the United States and Canada. Fitness and wellness management services include the development, marketing and management of corporate, hospital, community and university based fitness centers, injury prevention and work-injury management consulting, and on-site physical therapy and occupational health services. Programs include wellness and health programs for individual customers, including health risk assessments, nutrition and weight loss programs, smoking cessation, massage therapy, back care and ergonomic injury prevention.

RESULTS OF OPERATIONS FOR THE QUARTER ENDED MARCH 31, 2003 COMPARED TO THE QUARTER ENDED MARCH 31, 2002.

REVENUE. Revenues increased \$831,000 or 12.4% to \$7,518,000 for the three months ended March 31, 2003, from \$6,687,000 for the three months ended March 31, 2002. Management fee and consulting revenues increased \$783,000 or 12.2% while on-site and occupational health services revenues increased \$48,000 or 18.6% for the three months ended March 31, 2003, compared to the same period in 2002. These increases are attributed to the addition of new contracts.

GROSS PROFIT. Gross profit increased \$180,000 or 12.2% to \$1,654,000 for the three months ended March 31, 2003, from \$1,474,000 for the three months ended March 31, 2002. Management fee and consulting gross profit increased \$151,000 or 10.6% while on-site and occupational health services gross profit increased \$29,000 or 52.3% for the three months ended March 31, 2003, compared to the same period in 2002. These increases are attributed to the addition of new contracts.

OPERATING EXPENSES AND OPERATING INCOME. Operating expenses increased \$115,000 to \$1,193,000 from \$1,078,000 for the three months ended March 31, 2003 as compared to the three months ended March 31, 2002. The increase is mainly due to increased salary expense of \$118,000. The increase in salary expense is primarily attributed to increased employee benefits costs and an investment in additional sales and marketing staff that the Company made during 2002. Operating expenses as a percentage of revenue decreased to 15.9% for the three months ended March 31, 2003 compared to 16.1% for the three months ended March 31, 2002.

Operating income increased \$65,000 to \$461,000 from \$396,000 for the three months ended March 31, 2003 as compared to the three months ended March 31, 2002. This increase is the net result of the changes in gross profit and operating expenses discussed previously.

OTHER INCOME AND EXPENSE. Interest expense decreased \$88,000 or 89.3% to \$11,000 for the three months ended March 31, 2003, compared to \$99,000 for the same

Edgar Filing: HEALTH FITNESS CORP /MN/ - Form 10-Q

period in 2002. This decrease is due to decreased levels of borrowing and a lower interest rate. The Company's cost of borrowed funds decreased from 9.0% for the first quarter of 2002, to approximately 3.8% for the first quarter of 2003.

INCOME TAXES. Income taxes increased \$674,000 to an expense of \$182,000 for the three months ended March 31, 2003 compared to a benefit of 492,000 for the same period in 2002. The increase is primarily due to the tax benefit related to a \$625,300 reduction of the Company's deferred tax asset valuation allowance for the three months ended March 31, 2002.

NET EARNINGS. As a result of the above, net earnings for the three months ended March 31, 2003 decreased \$519,000 to \$268,000 for the three months ended March 31, 2003, compared to \$787,000 for the same period in 2002.

LIQUIDITY AND CAPITAL RESOURCES The Company had working capital of \$1,550,000 at March 31, 2003, compared to working capital of \$1,250,000 at December 31, 2002. The increase in working capital is primarily due to the increase in accounts receivable.

7

On October 31, 2002, the Company entered into a revolving line of credit with Merrill Lynch Business Financial Services, Inc. (the "Merrill Loan") to refinance the Company's working capital facility with Coast Business Credit. The initial maturity date for the Merrill Loan is August 31, 2003 and, subject to certain terms, is renewable. The maximum borrowings available on the Merrill Loan are the lesser of \$2,750,000, or 80% of the Company's trade accounts receivable less than 90 days old. The Merrill Loan bears interest at the one-month LIBOR rate plus 2.35% (effective rate of 3.65% and 3.77% at March 31, 2003 and at December 31, 2002). Borrowings under the Merrill Loan are collateralized by substantially all of the Company's assets. The Company is also required to comply with certain quarterly financial covenants, including covenants related to the Company's minimum tangible net worth, total liabilities to tangible net worth and fixed charge coverage. The Company was in compliance with all of its financial covenants at March 31, 2003.

As of March 31, 2003, the Company has no off-balance sheet arrangements or transactions with unconsolidated, limited purpose entities. Refer to the footnotes in the Company's Annual Report on Form 10-K for the year ended December 31, 2002 for disclosure related to the Company's "Commitments and Contingencies."

On a short and long-term basis, the Company believes that sources of capital to meet future obligations will be provided by cash generated through operations and the Company's revolving line of credit. The Company does not believe that inflation has had a significant impact on the results of its operations.

RECENTLY ISSUED ACCOUNTING POLICIES

As indicated in our notes to the financial statements, we are not aware of any recently issued accounting pronouncements that will have a material impact on the Company's financial position or results of operations.

RECENTLY PASSED LEGISLATION

Edgar Filing: HEALTH FITNESS CORP /MN/ - Form 10-Q

SARBANES-OXLEY. On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002 (the "Act"), which immediately impacts Securities and Exchange Commission registrants, public accounting firms, lawyers and securities analysts. This legislation is the most comprehensive securities legislation since the passage of the Securities Acts of 1933 and 1934. It has far reaching effects on the standards of integrity for corporate management, board of directors, and executive management. Additional disclosures, certifications and procedures will be required of the Company. We do not expect any material adverse effect on the Company as a result of the passage of this legislation; however, the full scope of the Act has not yet been determined. The Act provides for additional regulations and requirements of publicly traded companies, which have yet to be issued.

Refer to management's certifications contained elsewhere in this report regarding the Company's compliance with Sections 302 and 906 of the Sarbanes-Oxley Act of 2002.

HIPPA. The Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") require group health plans and health care providers who conduct certain administrative and financial transactions electronically ("Standard Transactions") to (a) comply with a certain data format and coding standards when conducting electronic transactions; (b) use appropriate technologies to protect the security and integrity of individually identifiable health information transmitted or maintained in an electronic format; and (c) protect the privacy of patient health information. The Company's occupational health line of business, which accounts for approximately five percent of the Company's total revenue, and the group health plan the Company sponsors for its employees are subject to HIPAA's requirements. The Company expects to be in compliance with HIPAA requirements within the timeline specified for the Company's affected business areas. The Company's corporate, hospital, community and university based fitness center management lines of business are not subject to the requirements of HIPAA.

CAUTIONARY STATEMENT

This Form 10-Q contains forward-looking statements within the meaning of federal securities laws. These statements include statements regarding intent, belief, or current expectations of the Company and its management and specifically include the statement regarding cash expected to be available from operations. These forward-looking statements are not guarantees of the future performance and involve a number of risks and uncertainties that may cause the Company's actual results to differ materially from the results discussed in these statements. Please refer to Management's Discussion and Analysis contained within the Company's Annual Report on Form 10-K for the year ended December 31, 2002, for

8

cautionary statements on important factors to consider in evaluating the forward-looking statements included in this Form 10-Q.

9

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Edgar Filing: HEALTH FITNESS CORP /MN/ - Form 10-Q

The Company has no history of, and does not anticipate in the future, investing in derivative financial instruments, derivative commodity instruments or other such financial instruments. Transactions with international customers are entered into in U.S. dollars, precluding the need for foreign currency hedges. As a result, the exposure to market risk is not material.

ITEM 4. CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer (collectively, the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures for the Company. The Certifying Officers have concluded (based upon their evaluation of these controls and procedures as of a date within 90 days of the filing of this report) that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in this report is accumulated and communicated to the Company's management, including its principal executive officers as appropriate, to allow timely decisions regarding required disclosure. The Certifying Officers also have indicated that there were no significant changes in the Company's internal controls or other factors that could significantly affect such controls subsequent to the date of their evaluation, and there were no corrective actions with regard to significant deficiencies and material weaknesses.

10

PART II. - OTHER INFORMATION

Item 1. Legal Proceedings

Refer to Item 3 (Legal Proceedings) of the Company's Annual Report on Form 10-K for the year ended December 31, 2002

Item 2. Changes in Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

See Exhibit Index on page following signatures

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 15, 2003

HEALTH FITNESS CORPORATION

..

By /s/ Jerry V. Noyce

Jerry V. Noyce
Chief Executive Officer
(Principal Executive Officer)

By /s/ Wesley W. Winnekins

Wesley W. Winnekins
Chief Financial Officer
(Principal Financial and
Accounting Officer)

SARBANES-OXLEY SECTION 302 CERTIFICATION

I, Jerry Noyce, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Health Fitness Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant

Edgar Filing: HEALTH FITNESS CORP /MN/ - Form 10-Q

and we have:

- a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
- b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
- c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

By /s/ Jerry V. Noyce

Jerry V. Noyce
Chief Executive Officer

13

SARBANES-OXLEY SECTION 302 CERTIFICATION

I, Wesley Winnekins, certify that:

- 1. I have reviewed this quarterly report on Form 10-Q of Health Fitness Corporation;
- 2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances

Edgar Filing: HEALTH FITNESS CORP /MN/ - Form 10-Q

under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

By /s/ Wesley Winnekins

Wesley Winnekins
Chief Financial Officer

Edgar Filing: HEALTH FITNESS CORP /MN/ - Form 10-Q

EXHIBIT INDEX
HEALTH FITNESS CORPORATION
FORM 10-Q

Exhibit No. -----	Description -----
3.1	Articles of Incorporation, as amended, of the Company - incorporated by reference to the Company's Quarterly Report on Form 10-QSB for the quarter ended June 30, 1997
3.2	Restated By-Laws of the Company - incorporated by reference to the Company's Registration Statement on Form SB-2 No. 33-83784C
4.1	Specimen of Common Stock Certificate - incorporated by reference to the Company's Registration Statement on Form SB-2 No. 33-83784C
10.1	Standard Office Lease Agreement (Net) dated as of June 13, 1996 covering a portion of the Company's headquarters - incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1996
10.2	Amendment dated March 1, 2001 to Standard Office Lease Agreement (Net) dated as of June 13, 1996 covering a portion of the Company's headquarters -incorporated by reference to the Company's Form 10-K for the year ended December 31, 2000
10.3	Second Amendment, dated June 12, 2002, to Standard Office Lease Agreement as of June 13, 1996 - incorporated by reference to the Company's Form 10-K for the quarter ended June 30, 2002
*10.4	Company's 1995 Stock Option Plan - incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1995
*10.5	Amendment to Company's 1995 Stock Option Plan - incorporated by reference to Part II, Item 4 of the Company's Form 10-QSB for the quarter ended June 30, 1997
*10.6	Employment agreement dated November 30, 2000 between Company and Jerry V. - incorporated by reference to the Company's Form 10-K for the year ended December 31, 2000
*10.7	Employment agreement dated April 21, 1995 between the Company and James A. Narum, as amended October 19, 1999, November 2, 2000 and March 25, 2003 - incorporated by reference to the Company's Form 10-K for the year ended December 31, 2002
*10.8	Employment agreement dated February 9, 2001 between Company and Wesley W. Winnekins - incorporated by reference to the Company's Form 10-K for the

Edgar Filing: HEALTH FITNESS CORP /MN/ - Form 10-Q

ended December 31, 2000

- *10.9 Employment agreement dated March 1, 2003 between Company and Jeanne Crawford incorporated by reference to the Company's Form 10-K for the year ended December 31, 2002
- 10.10 WCMA Loan and Security Agreement dated October 31, 2002 between the Company and Merrill Lynch Business Financial Services, Inc. - incorporated by reference to the Company's Form 10-Q for the quarter ended September 30, 2002
- 11.0 Statement re: Computation of Earnings per Share

15

Exhibit No. -----	Description -----
99.1	Certification by Jerry Noyce, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.2	Certification by Wesley Winnekins, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Indicates management contract or compensatory plan or arrangement