

2008



BUSINESS PLAN

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EXECUTIVE SUMMARY

Overview

Consider for a moment the type of television shows that kids are currently exposed to. Programming today is saturated with inappropriate content, non-motivating themes and detrimental role models; however, it does not have to be this way! A solution lies in the creation of entertaining sports television programming for kids that promotes healthy role models, consists of age-appropriate content, and teaches substantial life lessons. KSProductions (Kids Sports Productions) provides this solution by creating and pitching programming for television networks, which combine sports and entertainment geared towards tweens (8 to 14 year olds). Since no television shows of this nature currently exist, KSProductions stands alone as the innovator of entertaining television sports programming for tweens.

Market Strategy

KSProductions' programming has universal appeal for networks, advertisers and the audience. Creation of content the audience craves, drives viewership while compelling advertisers to flock for inclusion in the programming that reaches an elusive market. This will encourage the support of networks, who are the targeted customers.

Competitive Advantage

Not only does KSProductions have a unique concept that caters to an underserved demographic, but it possesses innovative and creative talent that will sustain this advantage into the future. In addition, KSProductions has already embarked on establishing a foothold in the industry by building a powerful Board of Advisors. With strong Board membership, KSProductions can generate key contacts and long-term relationships with industry professionals.

Management

The four founders' passion and enthusiasm for this market opportunity are unmatched; however, a fundamental first step for this venture is the placement of a powerhouse Executive Producer. This well-respected and well-connected individual will add invaluable insight and credibility to an already talented team.

Financials

A profitable opportunity exists in network relationships and advertising revenue. Breakeven and positive cash flow occur during year 3, and by the end of year 5 KSProductions will generate over \$16 million in revenue and \$2.5 million in net earnings.

Funding

KSProductions' founders will provide \$300,000 to launch this company, and seek an additional \$300,000 in seed funding from investors. In year two, \$250,000 will be sought from investors through a Round B offering.



COMPANY OVERVIEW

KSProductions is a limited liability partnership founded by four University of Colorado graduates. This television sports production company creates television series for the tween demographic and will begin operations in Louisville, Colorado in November 2008.

Mission Statement

KSProductions is dedicated to providing innovative, entertaining, and age appropriate sports programming for the tween market, and is determined to become the leading producers in tween sports television programming.

History and Current Status

The concept for KSProductions was created in January 2008 and the business plan was drafted soon after. The first Board of Advisors member was acquired in April 2008 and capital is currently being raised for this promising business venture.

Objectives

KSProductions aims to produce a broad portfolio of sports based television series, creating the platform to become a major competitor in the tween television market within the next five years. Profitable financial results will allow KSProductions to accomplish an initial public offering in five years. If this does not occur, an alternative exit strategy will be considered, which would be to sell the company.

PRODUCT STRATEGY

Description

KSProductions is a television production company currently in the startup phase, which creates sports entertainment programming for the tween market. A variety of series will be produced, keeping the theme of sports, entertainment, and a healthy lifestyle in mind. KSProductions is committed to developing age appropriate programming for the tween audience while incorporating life lessons into each series.

Programming Concepts

KSProductions projects to produce three separate sports entertainment series composed of 16 thirty minute episodes for the tween demographic. The following three concepts are the most promising to be picked up by a network.



“You Got Game?” is a viewer-generated series concept in which the audience is encouraged to send in their ideas for creative backyard sports games. Each week the show will feature two games selected from the entries, as demonstrated by the kid creator and his or her friends and family. This series will inspire viewers to go outside and make up games, in the hope of making it on TV, as well as create motivation for physical activities and an outlet for family bonding.

“Kids Sports Extravaganza” will be a variety show featuring an assortment of sports content. Topics include: Top 10 plays of the week, bloopers, segments on world sports (rugby, polo, cricket, etc) and much more. Viewers will be encouraged to send in videos of awesome tricks or top plays that they have made.



“America’s Next MVP” is a reality television series that features kid athletes who have been selected based upon skills exhibited in audition tapes. Each week, these athletes are tested in a series of physical and mental challenges. One competitor will be eliminated each week by a panel of sports experts. The final athlete will be named “America’s Next MVP.” These young star athletes will serve as role models for viewers, while life lessons like dealing with success and failure, will be passed on to the viewer.

Viewer Response

Customer surveys strongly support tween interest in KSProductions’ series concepts, with 43% very interested in “You Got Game?”, 37% in “America’s Next MVP”, and 34% in “Kids Sports Extravaganza.” All three of these shows are unlike anything currently being produced by competitors.

Future Programming

To keep programming fresh and inventive, KSProductions will continually introduce new ways to bring sports related programming to tweens.





Features and Benefits

FEATURES	BENEFITS
Tween age appropriate sports programming	Enhance tweens self esteem through ability to relate to surrounding community Sense of security for parents Increases ability for networks and advertisers to reach this target market
Audience contributed content	Pride of ownership, feeling of accomplishment A way for parents to bond with children
Life lessons embedded in every show	Broaden intellectual and emotional development

MARKET AND INDUSTRY ANALYSIS

Market Size (United States)

- 29.3 million tweens
 - 82% of tweens access sports primarily through television
 - **Addressable market: 24 million tweens (82% X 29.3 million)**

Entry Point

Tweens are an attractive market for a variety of reasons:

- **Interest in sports**, both playing and watching, is high at this age
- **Accessibility**: majority have TV's in their rooms
- **Current void** in tween targeted television programming
- **Large, profitable market** because of the number of tweens and advertisers who want to reach them

Future outlet possibilities to reach the tween market include other media types, particularly Internet or OnDemand programming. Expansion could also occur to target other age groups.



Tween Sports and Entertainment Trends

% of Tweens	Trend
97	Love playing sports ¹
82	Watch sports on television ¹
40	Believe not enough programming for age group ²
70	Watch sports on TV with others ³
70	Have TV in their room ³

1. AAF/ESPN Children & Sports Media Study
2. MarketResearch.com "Kids market" & "Tweens" studies
3. MarketResearch.Com "Tweens study"

Customer Research

Audience surveys from both tweens and parents confirm the need for KSProductions' programming. Forty surveys were collected, from both parent contacts and elementary/middle school students. All ages between 8 and 14, as well as equal proportions of boys and girls, were considered in the administration of the surveys.

Tween Surveys

- Low level of interest in ESPN and high interest in KSProductions' programming concepts **demonstrates market potential** for "tween oriented" sports television programming.

Topic	Interest	%
Interest in ESPN	Boring	54
	Watched frequently	11
Show concepts	Create your own game concept	43
	Sports reality show concept	37
	At least one of 5 potential show concepts	79



Parent Surveys

- Average influence of kids on the purchase of a cable package: 3 out of 5
- All parents surveyed talk about sports with their kids and believe sports involvement provides various benefits, such as teamwork, confidence, and social benefits

Factor of Current Sports Programming	Level of concern
Age appropriate for children	4
Violence	4.3
Sexy/risque ads	3.8
Alcohol ads	3.5
Foul language	3.3

All out of 5

Conclusions

- Surveys demonstrate that KSProductions' programming satisfies the strong parent concern for age appropriate programming.
- Kids programming influences cable package purchases and could provide a way for parents and children to bond.

Competition

Competitive Environment

Production companies compete based upon the creativity of concepts and the quality of programming. These factors drive popularity among viewers, and consequently advertising revenue for networks airing the produced shows.

Currently, there is not a high level of competition because there are no kids' sports programs on television. Direct competitors- other children focused television production companies, and indirect competitors- other sports media sources, exist; however, KSProductions has a competitive advantage in its unique and innovative concepts. Imitation from sources outside those existing in the television production industry will be difficult due to:

- barriers of necessary partnerships with networks and sponsors
- large start-up capital requirements
- brand awareness
- viewer popularity

Direct Competitors

KSProductions' *direct competition* is television production companies that currently create children's programming. Not only are they opponents for airtime, but even though none of these companies presently make any sports programming, they have the resources and knowledge of the children's market to be capable of doing so.



	<i>4Kids Entertainment</i>	<i>World Productions</i>	<i>HiT Entertainment</i>
Type of programming	Cartoons	Cartoons and live action	Cartoons and live action
Target market	6-14 years old	6-14 years old	3-8 years old
Amount of Sports programming	NONE	NONE	NONE

4Kids Entertainment- 4Kids Entertainment has a well established reputation within the industry of children's programming; this is due to several popular programs, like "Ninja Turtles".

World Productions- World Productions has 18 years experience in the children's television program industry and is run by the producers.

HiT Entertainment- HiT entertainment poses competition because of their foothold in the kids' television production industry and ability to create quality entertainment programming.

Indirect competition is defined as any producer of sports content intended for tweens through a media outlet other than television. KSProductions will not be competing for television airtime from these companies, but similar content and/or entertainment value could be sought from them.

Sports Illustrated for Kids- SI for Kids is a sports magazine, which targets children between the ages of 8 and 14. A well-known reputation is this company's largest advantage.

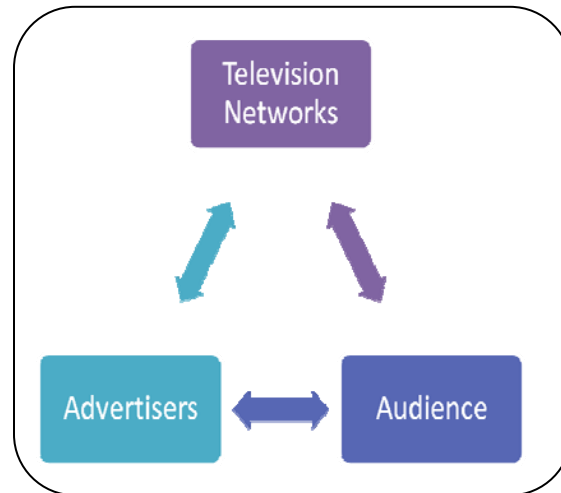
EA Sports- EA Sports produces sports video games appealing to kids and adults. Video games are an indirect competitor as an alternative form of media that competes for tween's attention. Increasing video game popularity among tweens, make EA Sports a competitor to consider.

SportsZU.tv- SportsZU.tv offers internet sports television programming that targets child athletes, parents, and coaches. Their programming includes sports videos with instructional tips, drills and interviews. This start up company is beginning to gain traction in the market and could be considered KSProductions' closest competitor. KSProductions has a competitive advantage over SportsZU.tv by launching its series on television channels and providing a higher entertainment value. .

MARKETING PLAN

Target Market Strategy

To define a target market strategy, KSProductions must establish how customers make buying decisions. Networks buy programming based on the advertising revenue that the show can generate. Advertisers buy advertising time on programs that have many viewers that may buy their products. Finally, viewers watch shows that interest them. To create a successful marketing plan, KSProductions' strategy must satisfy the needs of the viewers, advertisers, and in turn the television networks.



Networks

Disney's programming targets kids up to age 18. A quality, wholesome reputation defines all programming and advertising presented. A wide variety of shows appeal to viewers and advertising is geared towards popular kids' products. Advertisers must pass stringent guidelines. Disney holds appeal to parents and has established trust for projecting acceptable content for children. Show content includes animated cartoons, sitcoms and movies featuring kids. KSProductions' content and advertisers will coordinate well with the quality, wholesome reputation of Disney shows and advertisers.

Nickelodeon also airs programming targeted towards kids up to age 18; its reputation is that of fun, kid oriented programming. Content includes many animated cartoons and kids game shows. Nickelodeon's advertisers are very similar to Disney, including kid oriented products. The popularity with tween viewers makes this network an attractive target market and Nickelodeon could benefit from new advertising sources, such as from sporting good manufacturers, etc.

ESPN focuses on sports programming. Content consists of a wide array of sports competitions and sports news shows. Some ads, such as alcohol, may be of concern to parents. Many shows and advertisements are geared towards adults; however, there are currently a few shows involving kids, such as airing of the Little League World Series, and these have more strict advertising guidelines than normal programming. The sports concentration aligns with KSProductions content and the potential to attract future viewers from KSProductions target market would benefit ESPN.



Advertisers

In order to generate revenues, interest from advertisers is essential for both networks and KSProductions. Right now “the tween market is one that advertisers want to get at and are having trouble reaching (Jon Schmieder, Denver Metro Sports Commission)”. KSProductions’ tween concentrated focus will attract advertisers which will generate revenue for networks, making KSProductions an attractive company to buy programming from.

Audience

Age appropriate and educational programming will satisfy the needs of tweens and parents. Popularity among tweens is necessary to generate advertising interest and the approval of parents is necessary since they have influence and control over accessible programming for their tweens.

Positioning

KSProductions will create sports television programming tailored for tweens that will provide entertainment value and fill a void in tween age appropriate television programs. Uniqueness of the concept will be a source of competitive advantage and appeal to the target market of television networks. The distinctive combination of tween programming and sports entertainment will also generate interest and profit potential from advertisers constantly looking for ways to reach this audience. Program content quality and age appropriateness will establish support from parents by providing peace of mind about what their kids are watching on television. Future development centers on brand equity and expansion into other forms of media.



Channel Strategy

Since the content produced by KSProductions will not be directly sold to the consumer, there are numerous channel partners through which to distribute. Presently, these channel partners are large television networks that feature either children’s programming or sports programming.

- ESPN typically has difficulty reaching the tween market. Having sports programming for tweens would open up a new coveted market as well as a series of new advertisers. The shows would most likely be shown on one of the sister networks, such as ESPN2.





- Buying decisions are based on age-appropriate programming. Furthermore, by showing sports programming, Nickelodeon will attract new advertisers that may have not advertised with them in the past.

- Age appropriate programming is crucial in the buying decisions of Disney. Similar to Nickelodeon, featuring a sports program would attract sporting goods advertisers as well as advertisers for products relating to physical fitness.



Pricing

In order to acquire programming, a network pays a fixed rate as determined by market demand. As show concepts gain popularity and KSProductions' brand becomes established in the later years, the fixed rate prices increases.

A substantial amount of revenue comes from advertisers paying a fixed price per minute rate in return for ad space during a half hour show. KSProductions will split the advertising time available in a half hour show with the network airing the shows.

Fixed Rate for a half-hour

Year	Fixed Rate
Year 1	\$10,000
Year 2	\$10,000
Year 3	\$15,000
Year 4	\$17,500
Year 5	\$17,500

E-commerce

KSProductions will develop an informational website designed to provide informative content for present and potential clients.

Website link	Informational content
<i>News and New Shows</i>	<ul style="list-style-type: none"> • Updates on existing and future series • Pilot episode for new series
<i>Program Catalogue</i>	<ul style="list-style-type: none"> • Chronological library of produced shows • Video clips from select shows of series
<i>About Us</i>	<ul style="list-style-type: none"> • Value proposition • List of clients • List of executives
<i>Contact</i>	<ul style="list-style-type: none"> • Email Address • Office Address • Phone Number

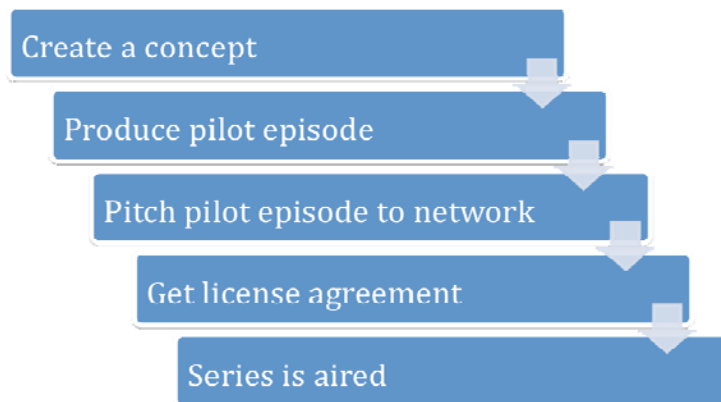
Sales Strategy



In the entertainment industry, it's all about who you know. A well-seasoned CEO/Executive Producer will be the backbone of the sales staff because of the ability to bring crucial industry contacts to the table. In the eyes of a network executive, production companies have clout when a well-respected producer is behind the scenes. Therefore, one of the most important initial steps for the company will be to hire a seasoned leader, one with production expertise and industry contacts. With the guidance of the CEO, articulate and enthusiastic sales representatives are responsible for pitching shows to networks and maintaining a subsequent relationship with them.

In addition to selling program concepts to networks, revenue is generated through advertising time which is split in half with the networks; KSProductions' sales staff is responsible for selling KSProductions share of the advertising time. Advertisements for sporting equipment manufacturers and sport beverages like Gatorade are consistent with KSProductions' programming.

Sales Process



Revenue Model

The three key factors in net revenue projections are the number of episodes produced per year, the amount of advertising time to fill per year and internet exposure.

Episodes

Per industry standards, a first year series is composed of 16 half hour episodes. For renewed series, 28 episodes are created. The number of episodes will remain constant, with respect to its age, while the number of series will increase over five years.

Total programming	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Total number of series/year	3	6	8	13	21
Total number of episodes/year	48	120	152	268	468



Advertising

The price for advertising is sold per minute. As a start-up, KSProductions will sell ad time modestly; in future years, ad prices will increase relative to the increase audience numbers.

Advertising	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Avg. price of advertising/min	\$1,000	\$1,500	\$2,500	\$3,500	\$3,500
% of advertising revenue	50%	50%	50%	50%	50%
Minutes of advertising to fill/year	384	960	1216	2144	3744
Net Revenue from Advertising	\$192,000	\$720,000	\$1,520,000	\$3,725,000	\$6,552,000

Internet Exposure

When a network selects a series concept, they typically like to promote the upcoming episodes of the series on their websites. The network pays the production company, typically \$1000 per finished minute of video for these teasers. The following revenue was calculated on the assumption that three minute “teasers” for each episode produced in the year will be sold.

Net Revenue

Year 1	Year 2	Year 3	Year 4	Year 5
\$816,000	\$2,280,000	\$4,256,000	\$9,246,000	\$16,146,000

OPERATIONS PLAN

Scope of Operations

The operations strategy for KSProductions has been designed to deliver premier quality while utilizing an economically feasible process. Certain members in the operations process are permanent full salary employees, while others are subcontracted. The separate subcontractors provide all production equipment. Low upfront costs on employees and equipment leads to possible higher financial resources allocation for marketing to establish KSProductions’ name in the industry.

Ongoing Operations

Phase 1- Pre-Production

The pre-production phase is composed of information gathering, concept creation and writing of the script, and preliminary selection of talent, location, and music and sound. Members involved in this process are described below.

Phase 2- Production



The production process is where the idea for the program becomes a reality. The script has been written, talent has been chosen, and the location has been reserved. Equipment and members involved in this process are displayed below.

Phase 3- Post-Production

This phase is where all of the final details of the video content are added. Sound effects, voice over, visual effects, and editing are all done in this period.

<i>In-House Production Crew</i>			
Position	Phase	Description	Salary/Fee*
Executive Producer	All Phases	Primary role is networking and approval and creation of concepts	\$150,000/Yr
Producer	All Phases	Manages the programming content and the members of the production team.	\$100,000/Yr
Creative Director	Pre-production	Hired in year 3 because more help in the creation of concepts will be needed	\$80,000/Yr
Director	Production, Post-Production	Director required at all times on every set	\$50,000/Yr
Writer	Pre-production	Writes scripts for shows	\$40,000/Yr
Gopher	Production	Performs general tasks on the set	\$23,000/Yr
Production Supervisor	All Phases	Manages and organizes subcontractors	\$50,000/Yr

<i>Subcontracted Production Crew</i>			
Position	Phase	Description	Salary/Fee*
Editors	Post-Production	Equipment included with editor. One 30 minute show takes 15 hours of editing work	\$250/hr
Soundmen	Production	Equipment is provided. At times, more than one sound man may be on the set at the same time.	\$450/10hr work day
Lighting	Production	Equipment is included with lighting. May have multiple on set at any given time	\$450/10hr work day
Cameramen	Production	Equipment is included with cameramen. May have multiple on set at any given time	\$1500/10hr work day
Actors/Talent	Production	Actors and talent serve as hosts, voiceovers, and extras. Actors will be minimal due to programming type	\$100/hr

*Salaries are for first year only. Salaries will steadily increase over a five year period. More detailed salaries can be seen in the financial plan.



Sales Force

Once a pilot has been created for a programming concept, a sales team approaches possible strategic partners with the idea. After production of a pilot, in-house marketing personnel will provide networks with this pilot. The CEO/Executive producer is crucial in this phase due to their strong connections in the industry. Furthermore, the sales team is responsible for selling advertising time.

Capital Assets

The facility for KSProductions will be 1,500 square feet for \$2,300/month and will house administrative space, offices for writers, directors, and producers and a conference room. The location of the facility is Louisville, Colorado, which was chosen for the relatively low rent and close-proximity to the Denver Metropolitan Area. A common misconception is that every television production company is located in California or New York, but in fact, the majority are distributed throughout the country. As mentioned above, no equipment will be purchased but instead will be provided by the subcontractors.

DEVELOPMENT PLAN

November 2008

- KSProductions will begin operations in its leased 1,500 sq ft office in Louisville, Colorado.
- Launch an informational website that will initially include contact information, freelance job descriptions, and casting descriptions.
- Assemble a Board of Advisors who are highly connected with prospective television networks, in order to become quickly successful in this industry. The first member of the board is Dee Haslam, President of RIVR MEDIA.

December 2008

- Produce "You Got Game?" pilot – all pilot episodes will be five to ten minutes long and very useful tools in the process of pitching concepts to networks
- Hire an extremely skilled and well known "show runner" as CEO by the end of this month - this individual will acquire a share of the company and will be a key contributor to the success of KSProductions

January 2009

- CEO and Sales Manager will begin to leverage their relationships with prospective networks and pitch "You Got Game?"
- Produce "Kids Sports Extravaganza" pilot episode
- Produce "America's Next MVP" pilot episode

February 2009

- The first full episode of "Kids Sports Extravaganza" and additional sent in footage will be edited and displayed on a website designed for viewers.

April 2009

- An agreement will be signed by a network to pick up one of the show concepts



- Pre-production on the first concept will begin

June 2009

- Agreements will be signed for the remaining two concepts
- Pre-production will begin for these two series

January 2010

- Hire a CFO

MANAGEMENT PLAN

Four University of Colorado undergraduate students, Stephen Kelly, Monica Brady, Leah Larson and Taylor Names founded KSProductions in early 2008 (see appendix for resumes). In order to address “holes” in the management team, a CEO and CFO will be hired in year one and year two, respectively.

Marketing Manager, Leah Larson

A University of Colorado graduate with a marketing degree, Leah will be responsible for discovering and creating marketing strategies for the TV shows each year, and initiating promotional activities aimed at attracting attention towards KSProductions. Also, Leah will focus on creating marketing strategies with our audience.

Sales Manager, Stephen Kelly

A business graduate from the University of Colorado, Stephen has a passion for sales that is unmatched. His role will require cold calling and networking to reach the decision makers of TV networks. In addition, Stephen will manage sales reps through out the years.

Bookkeeper, Taylor Names

An engineering graduate from the University of Colorado, Taylor is great with numbers and has experience handling basic finance and accounting jobs.

Production Supervisor, Monica Brady

A University of Colorado graduate with a business and Spanish degree, Monica has strong interpersonal relationship skills. Her main responsibility will be to manage all subcontractor relations.

Please reference the management hierarchy in the Appendix for more detail

Key Hiring

Key hiring will begin two months after the start of operations with a CEO/Executive Producer. This person ideally will have strong connections in the industry as well as extensive knowledge of the television production process. The main responsibility is making sure the show runs smoothly from start to finish and gets to the network in the condition they expect it to be in. Networks look to this person for reassurance that the television shows will be a quality production, thus this person must bring credibility to the



company. Preferably this person will have worked in kid's television prior to signing on with KSProductions.

Also, a CFO will be hired in year two, once KSProductions is further established financially. KSProductions will look for a person with substantial experience handling the finances of a multi-million dollar production company.

Board of Advisors

The Board of Advisors will be composed of five industry professionals. These members will have connections in media or the television industry, as well as experience with a multi-million dollar company. Members of the Board of Advisors will be compensated with stock options.

Dee Haslam: RIVR Media, CEO

Scott Binder: Comcast Cable, VP of Regional Sales

Bob James: Comcast Cable, Executive Director of VOD

Matt Bortz: Sportzu.tv, CEO

Chad Wachs: FSN, Director of Operations and Production

COMPETITIVE ADVANTAGE

Innovation

KSProductions has an initial competitive advantage in the uniqueness of the concept; no other television production companies are combining the tween market with sports television content. This will be advantageous for increasing the likelihood of getting show concepts picked up by networks. Advertisers will also be drawn to the new approach to this audience. This initial competitive advantage will help KSProductions create key contacts in the television industry, which will help the company expand and develop in the future. Continuing innovation in program concept development will maintain a competitive advantage in the future.

Expertise

The expertise of the founders/management, as well as the Board of Advisors, of KSProductions is a valuable asset and a key source of sustainable competitive advantage. The founders have valid experience for their company roles and extensive knowledge of the tween, television and sports markets. In addition, the selected Board of Advisors has widespread knowledge of the television industry and KSProductions audience. Their advice, experience, and in place key relationships will prove invaluable elements as part of KSProductions' success, both in starting up and achieving future growth.



FINANCIAL PLAN

Summary

KSProductions generates revenue from fixed rate network fees and 50% of advertising revenue earned by networks. Gross margins steadily increase and operating expenses decrease during all five years; as a result net earnings steadily increase as well. Breakeven occurs in year 3.

In Thousands	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
NET REVENUES	816	2,280	4,256	9,246	16,146
COST OF REVENUE	377	841	1,461	2,958	4,988
GROSS PROFIT	439	1,439	2,795	6,288	11,158
% of Revenues	53.8%	63.1%	65.7%	68.0%	69.1%
Total Operating Expenses	827	1,622	2,643	4,627	7,333
% of Revenue	101.3%	71.1%	62.1%	50.0%	45.4%
NET EARNINGS	(387)	(183)	152	1,226	2,492
% of Revenues	-47.5%	-8.0%	3.6%	13.3%	15.4%
CASH AT END OF YEAR	365	53	74	846	2,937

Detailed income statement, balance sheet, and statement of cash flows are found in the Appendix

Assumptions

Key forecast assumptions have been validated through interviews and comparative company analysis.

Assumption	Value	Rationale
Revenue		
Advertising revenue is split with networks	50%	Interview: Chad Wachs, FSN
Flat rate cost per episode	\$10000 to 17500	Interviews: Bob James (Comcast), Dee Haslam (RIVR Media)
Number of new series created	3 - 10	Based upon % of concepts selected
Number of episodes/series		
New series	16	Interview: Dee Haslam, CEO RIVR Media
Continuing series	28	Interview: Dee Haslam, CEO RIVR Media
Price of advertising/minute	varies	Popular shows generate high prices for ad time
Cost of Revenue		
Subcontract expenses	varies	Interview: Dee Haslam, CEO RIVR Media
Salaries and key employees	varies	salaries.com
Legal fees	\$50000 to 200,000	Increases with the number of shows
Other		
No extraordinary income and expense		No large one time startup costs



FUNDING

KSProductions has \$300,000 in seed funding for startup and beginning productions. An additional \$300,000 will be acquired through Round A offering before the start of operations. To round out funding, in year 2, another offering of \$250,000 will be issued.

SOURCES AND USES OF FUNDS

Round	Seed	A	B
Timing	Immediately	Immediately	Year 2
Amount	\$300K	\$300K	\$250K
Ownership		➤ 26%	➤ 6%
Sources	<ul style="list-style-type: none"> ➤ Founders (\$100K) ➤ Friends and Family 	➤ Investors	➤ Investors
Uses	<ul style="list-style-type: none"> ➤ In house & subcontractor salaries ➤ Sales and marketing ➤ Property, plant & equipment 	<ul style="list-style-type: none"> ➤ Executive Producer salary ➤ In house & subcontractor salaries ➤ Sales and marketing ➤ Website start up ➤ Property, Plant & Equipment 	<ul style="list-style-type: none"> ➤ Salaries ➤ Travel expenses ➤ Funding increased growth

Risk Factors

Programming concepts will not be picked up by a major network.

- Having an executive producer with connections in the industry will increase the probability of being picked up by a network. Furthermore, KSProduction's board of advisors will be chosen by their extent of experience in the industry, which will provide connections with networks. If these connections prove to be insufficient, content could be feasibly produced for other media, such as OnDemand or internet websites.

Programming is not popular among tweens.

- Audience survey results show initial programming concepts as very popular among tweens. However, if programming is still not successful, the creative staff in



KSProductions will identify disconnect between content and the target audience. When this problem is identified, new program concepts will be created to avoid similar mistakes.

Competitors develop sports programming for tweens.

- Because of barriers to the industry and high start up costs, there will at least be enough time to implement a new strategic approach before encroaching competition gains a foothold in the market. KSProductions should have the advantage of existing brand equity and reputation. Also, since KSProductions focuses exclusively on youth sports entertainment, production companies with a broad range of programming would have difficulty competing in the sports entertainment market.

Offering

Investment requirements

KSProductions seeks an immediate investment of \$200K from friends and family to supplement the \$100K investment from the founders. In addition \$300K will immediately be raised from investors during a Round A common stock offering. In year 2, a final offering of \$250K will be issued.



Valuation

Net earnings at the end of year 5 are \$2.5 million. According to the venture capital valuation method, the value of the company at the end of the fifth year is \$67.3 million.

Exit

Subject to market conditions and financial results, KSProductions plans to accomplish an initial public offering in five years, with founders retaining control of the company. An alternative exit strategy would be to sell KSProductions to a large network, cable company, or competitor during the same time frame.



APPENDICES

COMPETITIVE MATRIX

	Sports Illustrated for Kids	EA Sports	SportZu.tv	4Kids Entertainment	HiT Entertainment	World Productions
Medium of comparison	Indirect	Indirect	Indirect	Direct – TV production company	Direct – TV production company	Direct – TV production company
Type of programming	Magazine	Video games	Internet sports instructional videos, tips, drills, interviews	Cartoons	Cartoons and live action	Cartoons and live action
Target market	Ages 8-14	Ages 8-35	Kid athletes, parents, coaches	Ages 6-14	Ages 3-8	Ages 6-14
Amount of kid oriented programming	100%	75%	100%	100%	100%	80%
Amount of sports programming for kids 8-14	100%	100%	100%	0%	0%	0%
Strengths	Large budget and well-established reputation	Universal appeal, substantial financial resources, increasing video game popularity	Internet based, appeal for a range of markets	Well established reputation in children's programming industry	Strong foothold in television entertainment industry	18 years experience in children's programming industry
Weaknesses	Magazines are not a media often used by tweens	Lots of focus on the older audience, low education value, negative parent attitudes	Low entertainment value	Narrow production focus	No sports programming, not aimed at the tween market	Don't target our target market, no sports programming

CUSTOMER SURVEY RESULTS

SURVEY RESULTS

How much do you enjoy the following things?

	1-Hate it	2	3	4	5- Love it
Playing sports video games	20%	28.6%	11.4%	25.7%	17.1%
Watching sports on TV	28.6%	20%	17.1%	17.1%	17.1%
Visiting sports websites	54.2%	17.1%	17.1%	8.6%	5.7%
Playing sports outside	0%	5.8%	11.4%	28.6%	54.3%
Reading a sports magazine	37.1%	17.1%	28.6%	20%	0%

KIDS

Sports Interests

<i>Playing sports outside</i>	83%
<i>Playing sports video games</i>	43%
<i>Watching sports on TV</i>	34%
<i>Reading a sports magazine</i>	20%
<i>Visiting sports websites</i>	14%

Regarding ESPN

<i>Super boring</i>	54%
<i>Kind of fun</i>	31%
<i>Totally awesome</i>	11%

Watch ESPN

<i>Never</i>	43%
<i>1-3 times/week</i>	40%
<i>4-6/week</i>	17%

Show Concepts

<i>Create own games</i>	43%
<i>Reality</i>	37%
<i>Broadcast</i>	34%
<i>Interviews</i>	29%
<i>Instructional</i>	26%

*Respondents ranked level of enjoyment on scale of 1 to 5, answers of a 4 or 5 were counted as 'interested'

*Respondents ranked level of enjoyment on scale of 1 to 5, answers of a 4 or 5 were counted as 'interested'

Other comments:

- Girls most frequently watched networks- ABC Family and MTV
Boys- Disney and Cartoon Network
- Funny important in favorite TV show
- Usually watch alone or with friends
- Usually watch weekend nights, after school, after dinner
- Majority get TV show info from friends and ads
- Usually talk about sports with friends and parents
- Wide range of favorite athletes
- Sports like to watch on TV: Girls- ice skating, gymnastics, Olympics, skiing, Boys- Football, Olympics, basketball, skiing
- Connections from individual surveys: many kids loved playing sports outside and/or sports video games, but found ESPN boring and liked the create your own game show → more interactive

PARENTS

Ave. level of concern with age appropriate programming for children 4

Ave. level of concern with aspects of current sports programming:

Alcohol ads	3.5
Sexy/risque ads	3.8
Foul language	3.3
Violence	4.3

Ave. influence of kids in cable package bought 3

*all questions above ranked on scale of 1 to 5

Other comments:

- All kids played sports
- Kids usually watch TV after dinner and weekend mornings
- Age appropriate programming- Discovery channel, Disney, cartoons, game shows, sports
- Current sports programming appropriate: 17% said no, and all the ones that said yes had stipulations such as: if professional, except for some ads, and not some violence (like wrestling)
- All talked about sports with their kids
- Sports activities with kids besides talking: coaching, watching sports, playing sports together, or going to games
- Benefits for kids from involvement with sports: teamwork, confidence, and socialization skills mentioned most frequently
- Also mentioned: dedication and persistence, gracious winning and losing, respect, responsibility, fun, making friends, and keeping kids safe/out of trouble



5 year BALANCE SHEET - ANNUAL

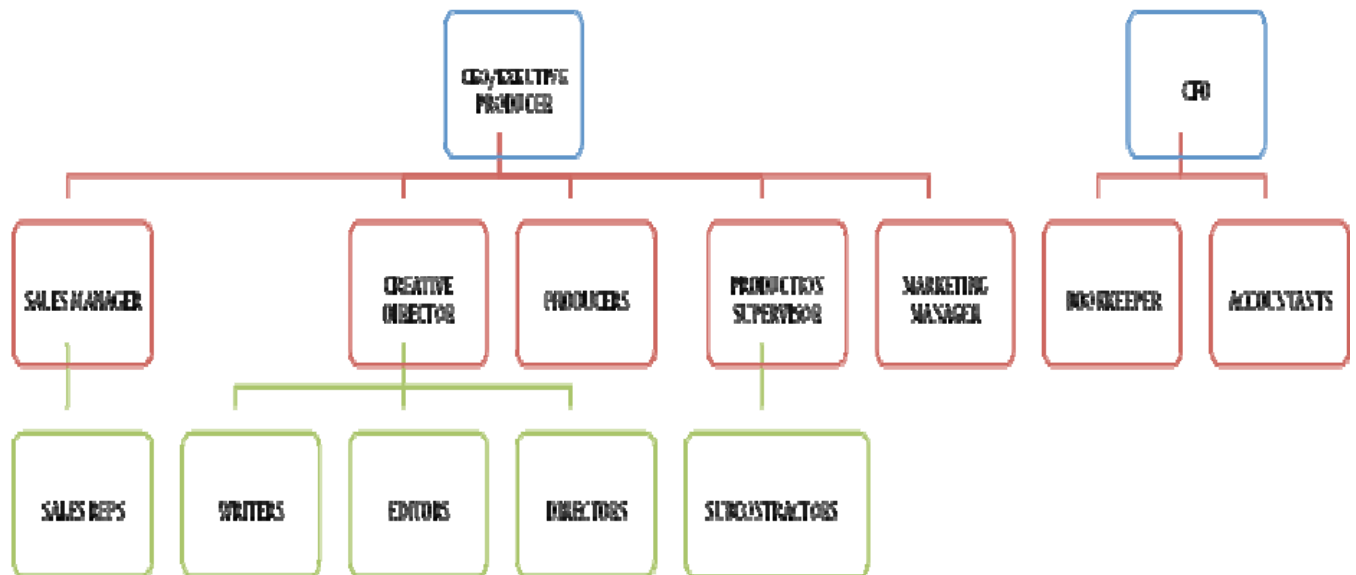
	<u>Begin</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
ASSETS						
CURRENT ASSETS						
Cash	600,000	65,328	3,062	23,903	796,151	2,886,601
Accounts Receivable		135,456	264,936	494,547	1,074,385	1,876,165
Inventories		0	0	0	0	0
Other Current Assets		0	0	0	0	0
Total Current Assets	600,000	200,784	267,998	518,450	1,870,536	4,762,766
PROPERTY & EQUIPMENT	0	28,000	43,333	32,000	46,000	65,333
TOTAL ASSETS	600,000	228,784	311,331	550,450	1,916,536	4,828,100
LIABILITIES & SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Short Term Debt	0	0	0	0	0	0
Accounts Payable & Accrued Expen		16,320	31,920	119,168	258,888	678,132
Other Current Liab		0	0	0	0	0
Current portion of long term debt	0	0	0	0	0	0
Total Current Liabilities	0	16,320	31,920	119,168	258,888	678,132
LONG TERM DEBT (less current portion)	0	0	0	0	0	0
STOCKHOLDERS' EQUITY						
Common Stock	300,000	300,000	300,000	300,000	300,000	300,000
Preferred Stock	300,000	300,000	550,000	550,000	550,000	550,000
Retained Earnings		(387,536)	(570,589)	(418,718)	807,648	3,299,968
Total Equity	600,000	212,464	279,411	431,282	1,657,648	4,149,968
TOTAL LIABILITIES & EQUITY	600,000	228,784	311,331	550,450	1,916,536	4,828,100



5 year INCOME STATEMENT – ANNUAL

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
NET REVENUES	816,000	2,280,000	4,256,000	9,246,000	16,146,000
COST OF REVENUE	376,846	840,886	1,461,156	2,957,856	4,988,356
% of Revenues	46.2%	36.9%	34.3%	32.0%	30.9%
GROSS PROFIT	439,154	1,439,114	2,794,844	6,288,144	11,157,644
% of Revenues	53.8%	63.1%	65.7%	68.0%	69.1%
OPERATING EXPENSES					
Sales & Marketing	202,960	309,400	636,760	1,188,160	2,042,160
Research & Development	441,930	825,100	1,313,330	2,343,930	3,591,180
General and Administration	181,800	487,667	692,883	1,094,800	1,699,967
Total Operating Expenses	826,690	1,622,167	2,642,973	4,626,890	7,333,307
% of Revenues	101%	71%	62%	50%	45%
EARNINGS FROM OPERATIONS	(387,536)	(183,053)	151,871	1,661,254	3,824,337
EXTRAORDINARY INCOME / (EXPENSE)	0	0	0	0	0
EARNINGS BEFORE INTEREST & TAXES	(387,536)	(183,053)	151,871	1,661,254	3,824,337
INTEREST INCOME / (EXPENSE)	0	0	0	0	10,000
NET EARNINGS BEFORE TAXES	(387,536)	(183,053)	151,871	1,661,254	3,834,337
TAXES	0	0	0	(434,888)	(1,342,018)
NET EARNINGS	(387,536)	(183,053)	151,871	1,226,366	2,492,319
% of Revenues	-47.5%	-8.0%	3.6%	13.3%	15.4%

MANAGEMENT HIERARCHY





5 year CASH FLOW STATEMENT – ANNUAL

		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
OPERATING ACTIVITIES						
Net Earnings		(387,536)	(183,053)	151,871	1,226,366	2,492,319
Depreciation		14,000	28,667	37,333	42,000	50,667
Working Capital Changes						
(Increase)/Decrease Accounts Receivable		(135,456)	(129,480)	(229,611)	(579,838)	(801,780)
(Increase)/Decrease Inventories		0	0	0	0	0
(Increase)/Decrease Other Current Assets		0	0	0	0	0
Increase/(Decrease) Accts Pay & Accrd Expenses		16,320	15,600	87,248	139,720	419,244
Increase/(Decrease) Other Current Liab		0	0	0	0	0
Net Cash Provided/(Used) by Operating Activities		(492,672)	(268,266)	46,841	828,248	2,160,450
INVESTING ACTIVITIES						
Property & Equipment		(42,000)	(44,000)	(26,000)	(56,000)	(70,000)
Other						
Net Cash Used in Investing Activities		(42,000)	(44,000)	(26,000)	(56,000)	(70,000)
FINANCING ACTIVITIES						
Increase/(Decrease) Short Term Debt		0	0	0	0	0
Increase/(Decrease) Curr. Portion LTD		0	0	0	0	0
Increase/(Decrease) Long Term Debt		0	0	0	0	0
Increase/(Decrease) Common Stock		0	0	0	0	0
Increase/(Decrease) Preferred Stock		0	250,000	0	0	0
Dividends Declared		0	0	0	0	0
Net Cash Provided / (Used) by Financing		0	250,000	0	0	0
INCREASE/(DECREASE) IN CASH						
		(534,672)	(62,266)	20,841	772,248	2,090,450
CASH AT BEGINNING OF YEAR		600,000	65,328	3,062	23,903	796,151
CASH AT END OF YEAR	600,000	65,328	3,062	23,903	796,151	2,886,601



BREAK-EVEN

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Revenue	816,000	2,280,000	4,256,000	9,246,000	16,146,000
Cost of Revenue					
Variable	63,360	172,800	300,960	635,160	1,109,160
Fixed	284,736	639,336	1,112,196	2,268,696	3,816,696
Total	348,096	812,136	1,413,156	2,903,856	4,925,856
Operating Expenses					
Variable	0	0	0	0	0
Fixed	826,690	1,622,167	2,642,973	4,626,890	7,333,307
Total	826,690	1,622,167	2,642,973	4,626,890	7,333,307
Total Costs & Expenses					
Variable	63,360	172,800	300,960	635,160	1,109,160
Fixed	1,111,426	2,261,503	3,755,169	6,895,586	11,150,003
Total	1,174,786	2,434,303	4,056,129	7,530,746	12,259,163
Variable Costs/Revenue Ratio	0.08	0.08	0.07	0.07	0.07
Break-Even Point Revenues	1,204,990	2,446,956	4,040,920	7,404,224	11,972,459



Monica Brady

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Management and Work Experience

- **Intern, Ronnoc LLC** November 2007-Present
Boulder, CO
 - Conducting and compiling research to support ongoing projects
- **Server and Bartender; Trainer, P.F. Chang's China Bistro** October 2006-Present
Broomfield, CO
 - Creating a positive guest experience
 - Upholding professional and knowledgeable service
 - Training new servers
- **President, AIESEC Colorado** May 2006-October 2007
University of Colorado, Boulder, CO
 - Managing a student organization comprised of 25 members
 - Communicating our goals and progress to members and interested parties, keeping a schedule, and being the spokeswoman of AIESEC.
- **Sales Representative Intern, University Directories** May 2006-August 2006
Boulder, CO
 - Reached my goal of \$25,000 in sales
 - Maintained a quota, schedule, remained focused, and built relationships

Education

- **University of Colorado at Boulder** Expected Graduation: May 2008
 - Double degree: Business Management; International Spanish for the Professions; Certificate: Entrepreneurship and Small Business Management
 - Current and past coursework: Accounting, Business Law, Buyer Behavior, Market Research, Supply Chain Management, Spanish Conversation, Spanish Business Practices, International Marketing, International Management Operations
 - Overall GPA: 3.33 Business GPA: 3.18

Skills

- Leader, organized, responsible, articulate, problem solver
- Fluent in Spanish
- Proficient in Word, Excel, and PowerPoint. WPM:65

Interests

- Languages, running, film, sports, traveling, global issues
-



Taylor E. Names

1738 W. Choke Cherry Drive, Louisville, CO 80027 U.S.A. - Taylor.Names@colorado.edu

EDUCATION

University of Colorado - Boulder, Colorado

Major: Architectural Engineering – Structural Emphasis

International Engineering Certificate in Spanish-In Progress

Cumulative GPA: 3.971 / 4.0

Engineering and Design Classes

AutoCAD, Circuits, Illumination, Electrical Systems in Buildings, Surveying, Geotechnical Engineering, Structural Analysis, Steel and Reinforced Concrete Design, Architectural Studio.

Expected Graduation Date: December 2008

PROFESSIONAL WORK EXPERIENCE

Fentress Bradburn Architects, Denver, Colorado U.S.A.

Architecture Intern.....08/05 – 01/06

- Served as a liaison between Fentress and Denver Museum of Nature and Science.
- Created space usage diagrams and other visuals for client presentations.
- Completed area takeoffs and space usage calculations.
- Displayed possible expansions/additions to the museum on CAD drawings
- Conducted site visits to DMNS

Denver Museum of Nature and Science (DMNS), Denver, Colorado U.S.A.

Facilities Master Plan Intern.....06/05 – 08/05

- Assisted the facilities director in preparation for a facilities master plan.
- Assisted with the creation of current space usage database within the museum.
- Updated electronic floor plans to show unrepresented areas within the museum.
- Communicated with architectural firms preparing and bidding on a desired project

EDUCATIONAL WORK EXPERIENCE

University of Colorado, Boulder, Colorado U.S.A.

Teacher's Assistant-Intro to Architectural Engineering.....07/06 – 12/06

- Assisted the professor in the development and grading of assignments

INTERNATIONAL EDUCATION / LANGUAGE SKILLS

- **Fluent in oral and written Spanish**
- **Habitat for Humanity** (Two Week) **Volunteer Construction Project-Costa Rica** (*Summer 05*)
- **University of Guadalajara** – (*5 Courses*) Spanish Language and Grammar (*Summer 06*)
- **University of Sevilla** –(*5 Courses*) International Business and Culture in Spanish (*Spring/Summer 07*)

COMPUTER SKILLS

AutoCAD 2008 (2-D and 3-D), Revit Architecture 2008, MATLAB, Mathematica, Microsoft Excel, Word, PowerPoint, Visual Basic, C++

HONORS AND DISTINCTIONS

- University of Colorado Deans List (*Every Semester 2004-2007*)
- J. Robert Romans Scholarship (*2005*)
- David DeCook Scholarship (*2006, 2007*)
- Study Abroad Scholarship (*2006, 2007*)

STUDENT ORGANIZATIONS/LEADERSHIP ACTIVITIES

- Tau Beta Pi Engineering Honor Society (*2006-2007*)
- Architectural Engineering Institute (*2004-2007*)



Stephen G. Kelly

3250 Madison Ave Apt #3
Boulder, CO 80303
(310) 283-6701
stephen.kelly@colorado.edu

SKILLS: Creative thinker with strong attention to detail

Excellent verbal and written communication skills
Entrepreneurial mindset
Strong in marketing strategy and implementation
Experience in sales and closing techniques

EDUCATION:

University of Colorado at Boulder, Leeds School of Business

Graduation Date: May 2008
Area of emphasis: **Marketing/ Entrepreneurship**
Marketing GPA: 3.4

EXPERIENCE:

Learn to Earn Workshops

January 2008 to present

Marketing Coordinator

Responsible for implementing marketing and sales strategies for this startup company which conducts workshops and one on one consulting for college students to help them find their first job out of college.

Kroenke Sports Enterprises

August 2007-December 2007

Corporate Sponsorship Intern

Assist service representatives with the servicing of their corporate accounts
Administer in-game promotions
Contribute promotion ideas

Performance Bicycles

June 2007 to August 2007

Sales Representative

Assist customers in the process of buying a bike
Sell low to high end mountain and road bicycles based on customers' needs

Eldora Mountain Resort

November 2006 to February 2006

Snowboard Instructor

Hollywood Video

May 2005 to May 2006

Shift Director - achieved top sales award

Rolling Hills Country Day Summer Camp

Summer 2006

Swim Instructor/Camp Counselor

ACTIVITIES:

- Member of The National Society of Collegiate Scholars (NSCS), 2005- present
- Member of CU Cycling Club, 2006- present
- Member of CU American Marketing Association (CUAMA), Fall 2006- Fall 2007
- Elected CUAMA V.P. of Careers, Placement and Administration for Fall 2007
- Member of Collegiate Entrepreneurship Organization (CEO), 2006- present