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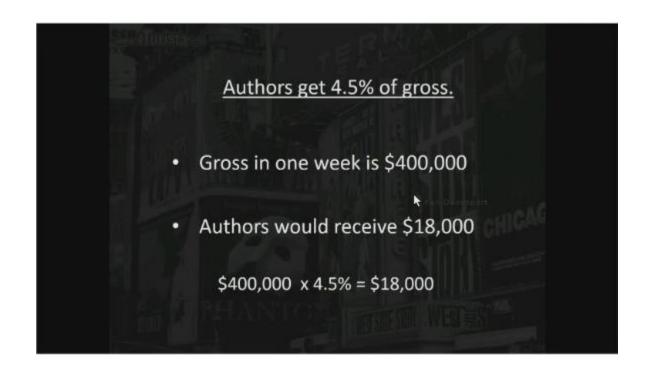




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Creative Tieam ets 15% of ross.

Gross in onelltweek is \$750,000

Expenses are \$350,000

Creative Team would receive \$112,500

Profit to show= \$287,500

{\$750,000 - {15% x \$750,000) - \$350,000::: \$287,500)

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Creative Team gets 15% of gross.

- Gross in one week is \$750,000
- Expenses are \$700,000
- Creative Team would receive \$112,500
- Profit LOSS to show = (\$62,500)

 $(\$750,000 - (\$5\% \times \$750,000) - \$700,000 = \$-62,500)$

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DEFINITION!

A ROYALTY POOL is a mechanism to provide compensation to creative personnel of a theatrical production based on a minimum payment per week against a portion of the net profits of the production.

Pool Component #1: The Creative Team Member Authors Underlying Rights Holder Director Choreographer Designers (set, costume, lights) Originating Theater Producer

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Pool Component #2: The Points

- Authors 6 points
- Underlying Rights Holder 2 points
- Director 2 points
- Choreographer 1 point
- Designers (set, costume, lights) 1.5 points
- Originating Theater 1 point
- Producer 3 points

TOTAL IN POOL = 16.5 points

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1 Point \$1,000

Autlhors- 6 points = \$6,000

Underlying Rights | +c | +c | -2 | points = \$2,000

Directo | -2 | points | = \$2,000

Choreographer - 1 | point | | | | 1,000

Designers i(set, costume, lights) | LS | points | = \$1,500

Originating Theater- 1 | point | = S | 1,00iO

Producer - 3 | points | = \$3,000

TOTAL MINIMUM\$ INPOOL= \$16,500 (16.5 point s x \$1000 = \$16,500)

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Pool Component #4: The Minimum Guarantee

The minimum amount of compensation a creative team member will receive every week regardless of the box office performance.

Minimum Totals for our example = \$16,500

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Pool Component #3: The Per Point Value

1 Point = \$1,000 h

- Authors- 6 points = \$ 6,000
- Underlying Rights Holder 2 points = \$ 2,000
- Director 2 points = \$ 2,000
- Choreographer 1 point = \$ 1,000
- Designers (set, costume, lights)- 1.5 points = \$ 1,500
- Originating Theater 1 point = \$ 1,000
- Producer 3 points = \$ 3,000

TOTAL MINIMUM \$ IN POOL = \$16,500

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Pool Component #4: The Minimum Guarantee

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Minimum Totals for our example = \$16,500

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Pool Component #3: The Per Point Value

1 Point = \$1,000

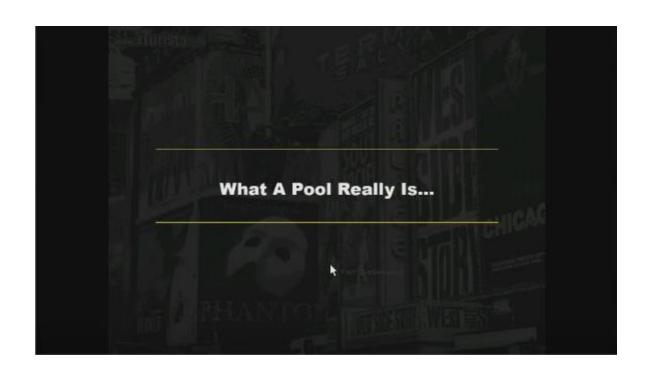
- Authors- 6 points = \$ 6,000
- Underlying Rights Holder 2 points = \$ 2,000
- Director 2 points = \$ 2,000
- Choreographer 1 point = \$ 1,000
- Designers (set, costume, lights)- 1.5 points = \$ 1,500
- Originating Theater 1 point = \$ 1,000
- Producer 3 points = \$ 3,000

TOTAL MINIMUM \$ IN POOL = \$16,500

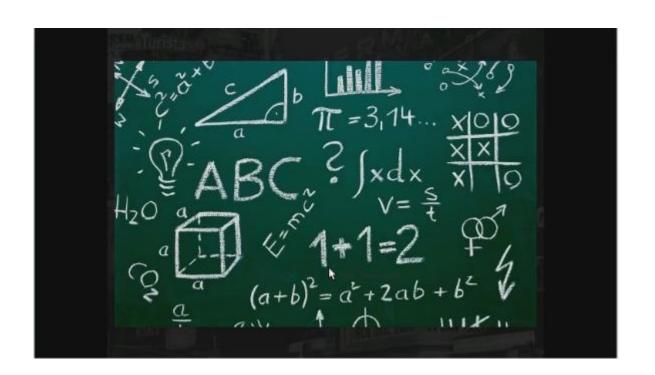
Pool Component #5: The Amount of Profit To The Pool

- Profit for show is \$100,000
- % to Pool = 40%
- \$40,000 paid to Pool
- (\$100,000 x 40% = \$40,000)

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POOL DISTRIBUTION

Amount to Pool / Points in Pool = \$ per point

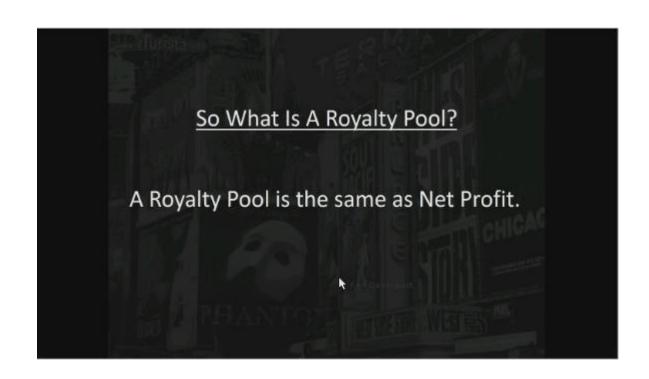
Royalty Overage per point =\$2,424.24 - \$1,000=\$1,424.24

\$40,000 / 16.5 = \$2,424.24

Author receives \$2,424.24 x 6 = \$14,545.45

Director receives \$2,424.24 x 2 = \$4,848.48

Notes:			





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Royalty Pool receives 40% of Profit.

Author receives 6 / 16.5 or 36.36% of Pool.

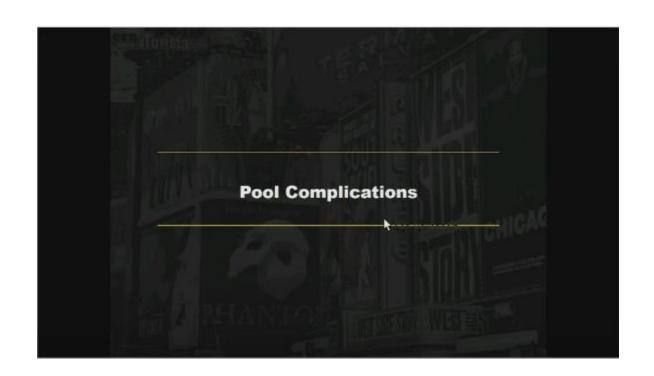
Author receives 36.36% of 40% or... 14.544% of Net Profits which is...

\$100,000 x 14.544% = \$14,544.

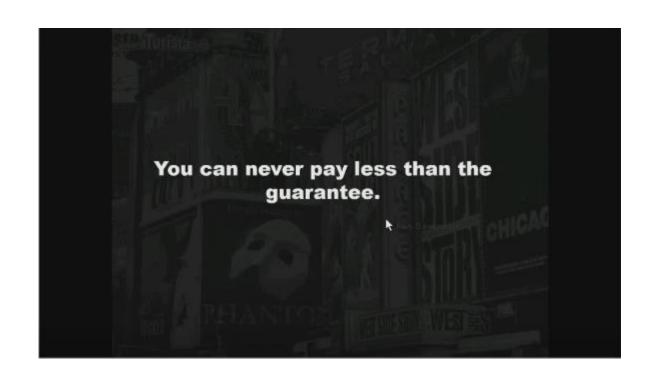
Which is the same as...

\$2,424.24 x 6 points = \$14,545.44

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Royalty Pool Test Question

- Gross for period = \$3,784,214
- Expenses = \$3,603,037
- Profit = \$181,177
- The Royalty Pool is compromised of 17 points and receives 40% of profit.
- Each point is guaranteed \$1,500 /point
- The Director gets 2 points in the pool
- Q: How much does the Director receive if he has already received his guarantee?

YOU HAVE 2 MINUTES!

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Royalty Pool Test Question

- Gross for period = \$3,784,214
- Expenses = \$3,603,037
- Profit = \$181,177 x 40% = \$72,470.80 / 17 = \$4,262.99
- The Royalty Pool is compromised of 17 points and receives 40% of profit.
- Each point is guaranteed \$1,500
- The Director gets 2 points in the pool x \$4,262.99 = \$8,525.98
- Q: How much does the Director receive if he has already received his guarantee?

A: \$8,525.98 - (2 x \$1,500) = \$5,525.98

Notes:			

