TheProducersPerspective.com Presents:

# WHAT IS FRONT MONEY AND HOW THE @#$% DO I GET IT?

## Webinar

Wednesday, March 16th
7PM EST

# DISCLAIMER

Raising money for commercial or non-profit ventures may be regulated by both Federal and State Securities Laws. The subjects discussed in this webinar should not be considered as legal advice. Should you wish to raise money for a commercial or non-profit venture, I strongly advise you to consult with an attorney before you begin your raise. As I'm sure you can understand, I or anyone associated with this webinar cannot be held liable for your activities.

# AGENDA

- WHAT IS FRONT MONEY?
- KEN'S THREE TRANCHES OF FUNDRAISING AND WHERE FRONT MONEY FITS IN
- WHAT'S "THE DEAL" WITH FRONT MONEY? (WARNING: MATH INVOLVED)
- THE FRONT MONEY CONTRACT
- TIPS FOR RAISING FRONT MONEY
- Q&A

# WHAT IS FRONT MONEY?

Front Money (n): The initial amount of capital raised for the development of a theatrical production.

# 3 CHARACTARISTICS OF FRONT MONEY

1. First monies received in a project's lifecycle
2. Investor receives most favorable investment terms
3. Extremely high risk.

# Ken's Three Tranches of Fundraising and Where Front Money Fits In

Tranche (n): A portion of something, especially money.

# Ken's Three Tranches of Fundraising and Where Front Money Fits In

- Tranche #1: "I've got an idea."
- Tranche #2: "I've got a script."
- Tranche #3: "I've got a theater."

# 3 CHARACTERISTICS OF FRONT MONEY

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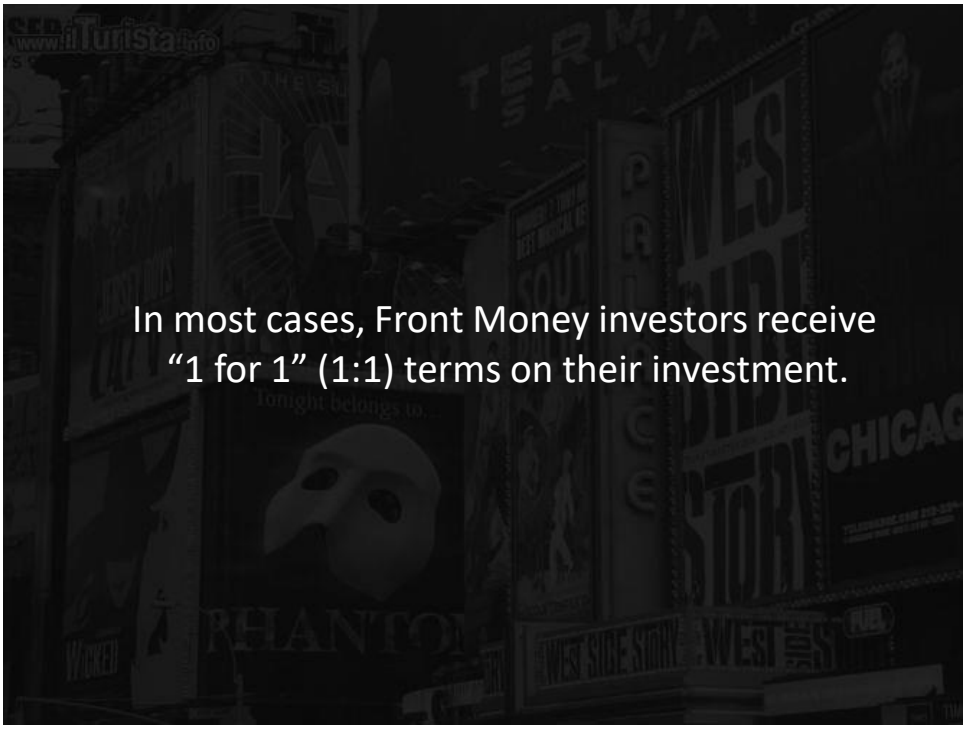
# 3 CHARACTERISTICS OF FRONT MONEY

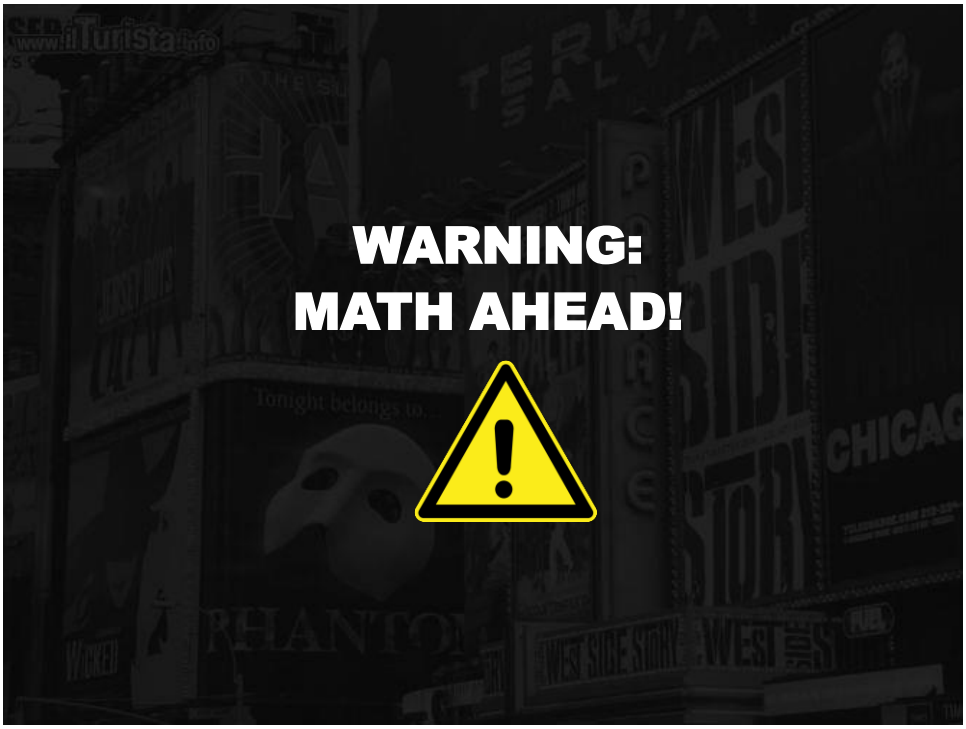
1. First monies received in a project's lifecycle
2. Investor receives most favorable investment terms
3. **Extremely high risk.**

# What's "The Deal" with Front Money?

## (Warning: Math Involved)


In most cases, Front Money investors receive
“1 for 1” (1:1) terms on their investment.

1:1 = For every dollar of profit the investor receives from the investor share of profits, the investor receives a dollar from the producer side of profits


WARNING:
MATH AHEAD!

- Capitalization = $1,000,000
- Front Money Investment = $25,000, or 2.5% of Capitalization
- Investor Share = 2.5% of $5,000 or $125
- TOTAL FRONT MONEY INVESTOR RETURN = $125 + $125 = $250
- Profit = $10,000

# TIP:

Keep Front Money to a minimum to keep more profit for yourself.

# The Front Money Contract

[COMPANY NAME]

[DATE]

ENTER NAME
ADDRESS
CITY, ST. ZIP

Dear NAME

This letter will constitute an agreement between us concerning certain monies to be advanced by you to us for use in connection with expenses incurred and to be incurred for the stage production of a dramatic production (the "Play") with the current working title of [TITLE OF SHOW]

1. Upon the execution of this Agreement, you agree to pay to the amount of [AMOUNT] ($XX,XXX.XX) (the "Advance"), to be used by us, in our sole discretion, for pre-production and production expenses incurred in connection with the Play.

2. In consideration of the Advance paid by the hereunder, you and we agree as follows:

A. Out of the Producer's share of the net profits, if any (as such term is usually defined in theatrical enterprises), derived by the limited partnership or other entity (the "Production Company") from the exploitation of the Play, you shall be entitled to receive a sum equal to one hundred percent (100%) of the net profits, if any, which you would be entitled to receive as a limited partner purchasing [AMOUNT] ($XX,XXX.XX) interest in the Production Company, subject to, right of refund, other judgments as are applicable to the Producer's share under the limited partnership agreement. For example, if the Production Company is capitalized at [AMOUNT OF CAPITALIZATION] ($X,XX,XXX.XX) and [AMOUNT OF FRONT MONEY INVESTMENT] ($XX,XXX.XX) would entitle a limited partner to receive [HALF OF PERCENTAGE INVESTMENT] percent (X%) of the Production Company's net profits, we shall pay you out of the Producer's share of net profits an additional [HALF OF PERCENTAGE INVESTMENT] percent (X%) of the Production Company's net profits.

B. We shall have no obligation to repay any of your Advance to you except as follows:

(i) At the time the Production Company which is formed to produce the Play is fully capitalized, at your option, the Advance shall be deemed to be the equivalent of a cash contribution in the amount of the Advance by you to the capitalization of the Production Company, and you shall be a limited partner or investor therein to the extent of such contribution, with equal or ratable right, preferences and privileges as all other investors thereunder. You shall sign such Production Company Agreement and, at

ADDRESS CITY, STATE ZIP
XXX.XXX.XXXX phone XXX.XXX.XXXX fax
WWW.DOMAIN.COM

the same time and in the same manner as all other limited partners or investors. Each limited partner or investor in such entity producing the Play shall receive that proportion of fifty percent (50%) of the net profits, if any (as such term is usually defined in theatrical enterprises), as the amount of the contribution of such limited partner or investor bears to the total contributions of all limited partners or investors.

(ii) If you elect not to be designated as a limited partner of the Partnership, prior to exercising your option to be so designated, you will receive a full refund of your front money contribution, without interest, in the event and at such time as the Partnership is fully capitalized. As a result thereof, you shall only be entitled, in the consideration specified in Paragraph 2(A) of this agreement.

(iii) If we abandon the production of the Play (as provided in Paragraph 3 herein), we shall return any unused portion of the Advance to you, along with a summary of expenditures upon your request.

3. If and when we commence our efforts to fully capitalize the Production Company, we will advise you of the terms of any opportunities we create for major investors to become co-producers or associate producers. If within 15 business days from the time we so notify you you advise us that you would like to become a co-producer or associate producer, we will provide you with a co-producer or associate producer agreement on terms no less favorable than those offered to co-producers or associate producers committing to invest (or projects to be invested) the same, or a lesser amount, than you commit to invest. The amount of the Advance will be taken into account in determining the amount of your co-producer or associate producer commitment.

4. It is understood that we shall have the right, in our sole discretion, if we shall deem it appropriate, to abandon the production of the Play at any time, whether before or after the formation and full capitalization of the Production Company or the commencement of rehearsals, without any obligation to you hereunder, except for the return of any unused portion of the Advance.

5. It is specifically understood and agreed that under no circumstances shall you be deemed to be a general partner or joint venturer with us by reason of this agreement, and we agree to indemnify and hold you harmless against any liability, cost and/or expense, which you may incur in excess of your Advance hereunder. Notwithstanding the foregoing, our proper use of funds if not returned or recovered by you shall not be covered by the foregoing indemnity.

6. You represent and warrant that you are at least twenty-one (21) years of age and that you have no intention of selling or otherwise transferring or assigning your interest in this production as set forth herein or in the Production Company, and that you are acquiring such interest for investment purposes only and not with a view to the resale or distribution thereof.

7. This Agreement is made in the City of New York and shall be governed and enforced in accordance with the laws of the State of New York.

8. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives and successors, but shall not be assignable except upon the mutual written consent of the parties hereto.

9. You acknowledge that you are purchasing the above interest in this production as set forth herein and in the Production Company to be established to produce the Play from us. You further acknowledge that you are aware that an offering prospectus has been filed with, or in any way examined by, the Attorney General of the State of New York, and you hereby expressly waive your right to receive information in an offering circular that might otherwise be required by certain provisions of law.

10. Please make all checks payable to [COMPANY NAME]

If the foregoing accurately sets forth our understanding, please sign below where indicated, and thereupon this will constitute a binding and enforceable agreement between us.

Sincerely,

[COMPANY NAME]

By: _____
[NAME]

_____
Date

ACCEPTED AND AGREED TO:

_____
[NAME OF INVESTOR]

_____
Date

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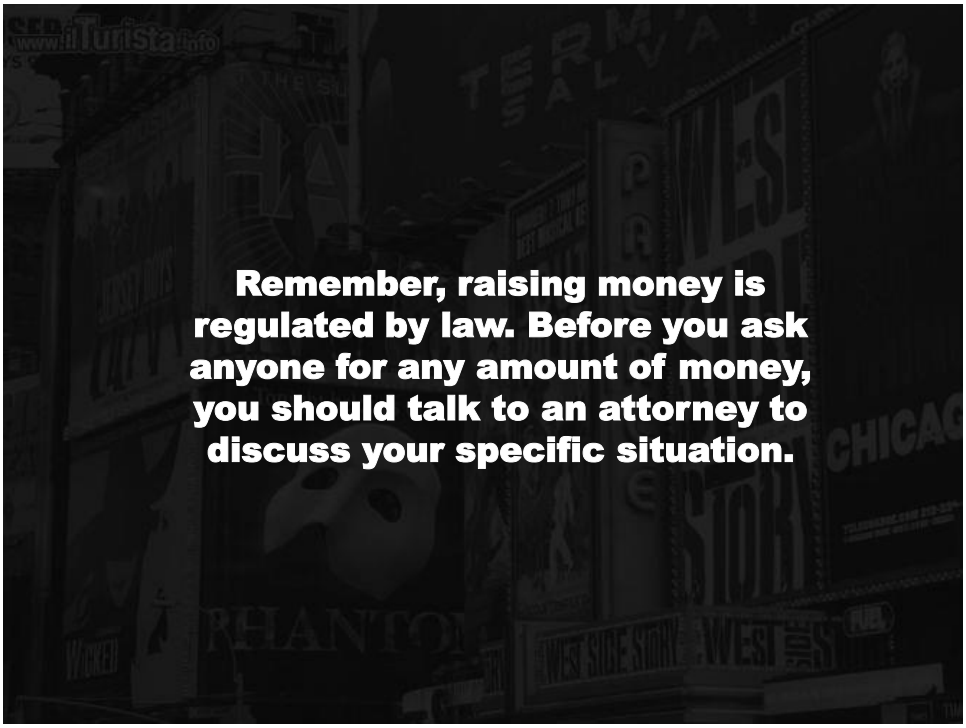
Front Money Investments are
for Accredited Investors only.

**An Accredited Investor is a person with an individual income of more than $200,000 per year, or a joint income of $300,000 with his/her spouse, in each of the last two years and expect to reasonably maintain the same level of income or a person who has a net worth exceeding $1 million, either individually or jointly with his or her spouse.**


Remember, raising money is regulated by law. Before you ask anyone for any amount of money, you should talk to an attorney to discuss your specific situation.

TIPS FOR RAISING MONEY

www.iTurista.info
Tonight belongs to...
PHANTOM
WICKED
SOUL PALACE
PALACE
WEST SIDE STORY
CHICAGO

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Relationships
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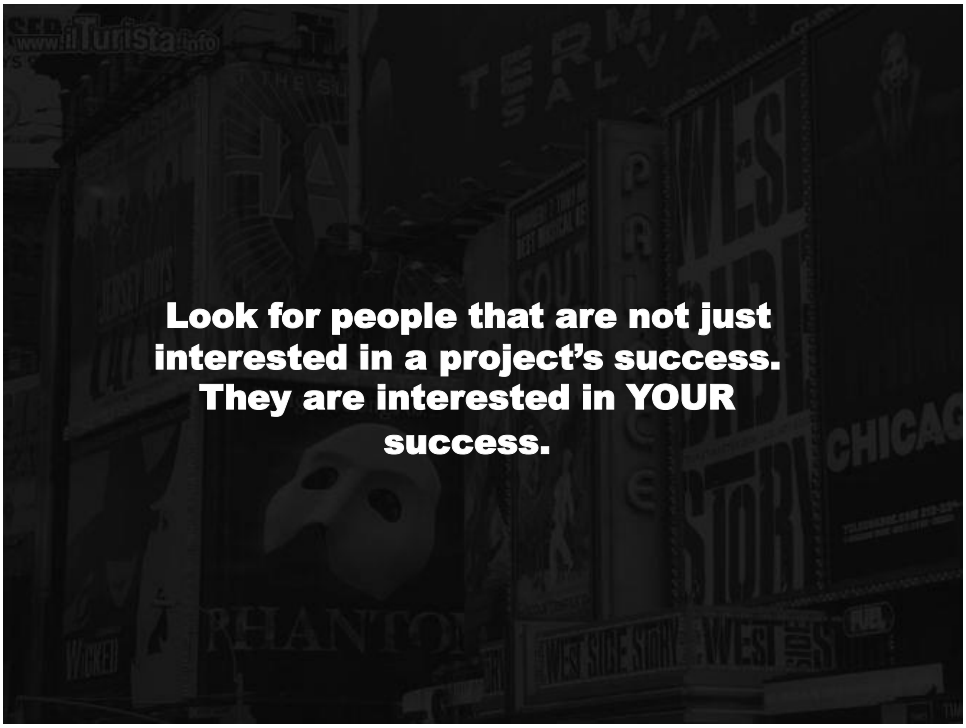
Tonight belongs to...
WICKED
PHANTOM
WEST SIDE STORY
CHICAGO


Look for people that are not just interested in a project's success. They are interested in YOUR success.

Relationships
Access
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Tonight belongs to...
WICKED
PHANTOM
WEST SIDE STORY
CHICAGO

Front Money Investment gets an investor early access to a world that others can't get.

Relationships
Access
Investment Return
S
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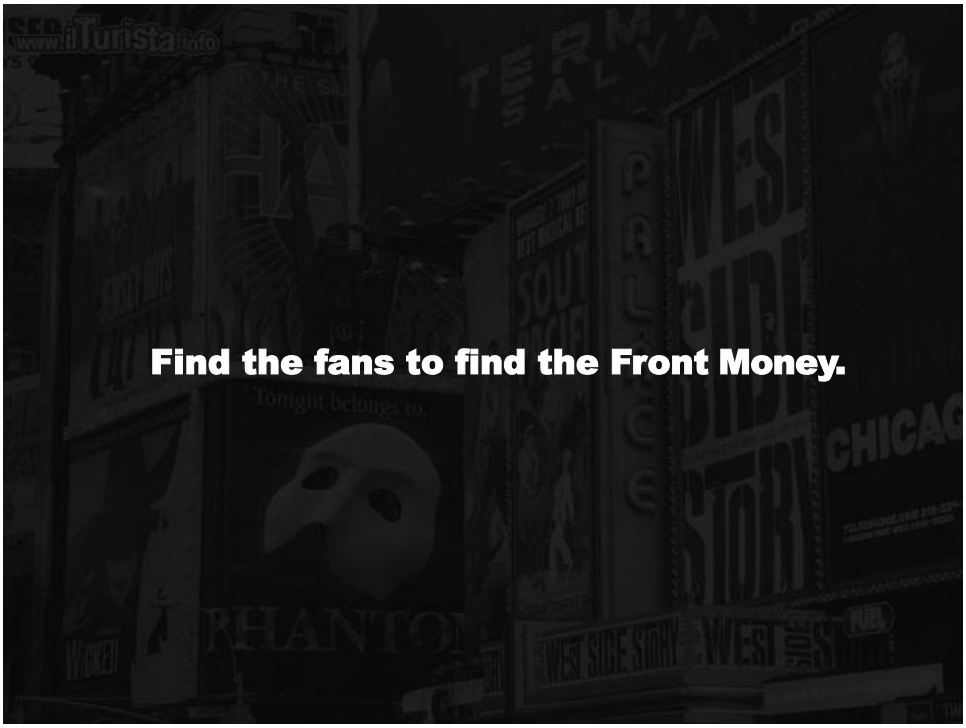
**Imagine if you had invested in *Wicked.***

**Now imagine if you had Front Money in *Wicked.***

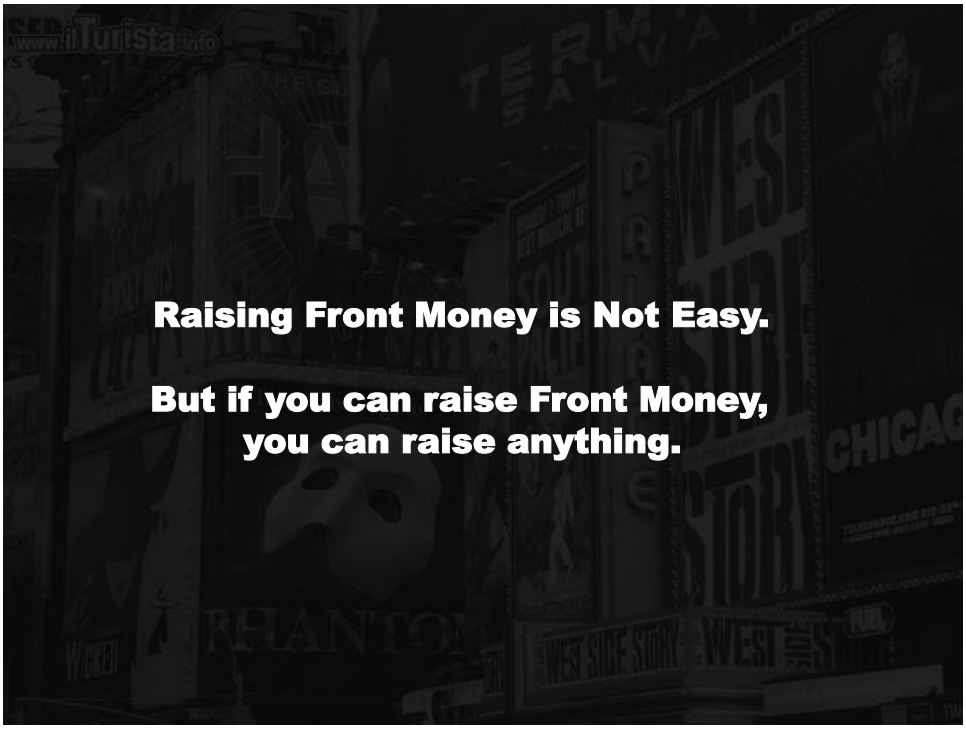
**Front Money returns are 2x.**

Relationships
Access
Investment Return
Subject
E


Find the fans to find the Front Money.
Tonight belongs to...
WICKED
WEST SIDE STORY
CHICAGO

Relationships
Access
Investment Return
Subject
Education

A Front Money Investment is like
going to grad school.
But cheaper.


Raising Front Money is Not Easy.
But if you can raise Front Money,
you can raise anything.

Q & A

Next Month's Webinar:

## How To Use Social Media To Sell Tickets

Wednesday, April 6th at 7 PM ET
$149
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