

DETAILS OF SOME CASH FLOW EXPENDITURES

Based on 100 Million Dollar Stock Offering (Fall 2018)

Advertisements and Revenue

WORLD MEDIA will have a full-time sales team to go out and secure advertisers to place in our network. In addition, the celebrities that we have on the show are some of the biggest in the world from Beyonce to the Rolling Stones. This makes our show a natural magnet for advertisers. The young demographics of our network are the most sought after in the advertising industry. There is a saying in the advertising industry “Celebrity Sells.” In addition, we have done well in the Nielson ratings when we have aired coming close to or beating shows that have some of the biggest and best advertisers in the world. Nielson ratings are the bible of the ad industry for television and they act as a barometer for advertisers of the value of advertising with a particular show. The average cost of a commercial in our late-night feed will be \$10,000 per 30 second spot

We have met in the past with representatives from Starcom and OMD, the two largest media buying agencies in the country. These two companies have expressed interest in advertising in our network. The funding will allow us to give these companies a firm schedule for our national show. WORLD MEDIA has developed a relationship with the CEO and officers of “Miller Brewing” by filming their entrepreneur series and airing it on FOX TV. They have pledge to put their advertising in our programs. Over the years WORLD MEDIA has done a significant amount of pro-bono work to develop relationships to the point where we can be reasonably assured that the principals we have met with will keep their word.

Many advertisers take a look at where McDonalds is going with their advertising and follow. McDonald’s owner operators have taken votes at their corporate meetings to advertise and purchase slots in our show. They are waiting for us to give them firm air dates for the upcoming seasons.

Ticket Sales

Ticket sales will be derived from the audience members and the different forms our TV Shows generate from celebrity TV, Business TV to Children’s programing for various age groups. The average ticket price will be \$100.

Internet Sales

Internet revenue will be derived from channeling our television viewers to our website where they can see more clips and behind the scenes footage. Most advertisers will not only advertise with the TV show but will ask to advertise on the website to further their ad campaign. We expect that 20% of our viewers will go to our website to view further clips from teasers on the show. Advertisers pay as much as \$60 per thousand viewers. If we were to take half that price, \$30 per thousand viewers for every million viewers the website had, that would be $\$30 \times 1000 \text{ viewers} = \$30,000 \times 4 \text{ shows per month} = \$120,000$ for every million viewers. If we were to conservatively say the show had 2 million viewers per week that would be \$240,000 per month in internet ad sales per month. **2-TV shows would double that amount.** Additional revenue could also be realized by viewers that tuned into the website to view the whole TV show streamed for those that did not see it on TV.

Video/Graphics Editors

TV Editors transform raw footage filmed on the set of a television show into a polished final product for broadcast. Using computer technology, TV Editors mix video footage with music, sound effects, audio, and special effects. TV Editors are responsible for the majority of the post-production process, and their editorial decisions determine how the story is told, ultimately molding the audience's experience.

Editing and Writing

Editing and writing is an important part of the overall flow of interviews and stories that are intertwined in a full show. By effectively editing each interview and story segment, a seamless and complete show can be produced. The editors will also be responsible for creating story lines that give accurate and descriptive portrayals of its interviewees. We estimate that we will initially employ one individual at a cost of \$4765 per month. This amount was derived at by applying the mean salary for an individual employed in the television industry, according to the latest up to date statistics provided by the Bureau of Labor and Statistics.

Research Costs

Research is a critical element in insuring that an interviews and stories give accurate portrayals of its guests. The Company will initially employ one researcher,, to gather and coordinate historical and present-day information and data about its guests. This information is then consolidated and condensed to be used by our interviews. We estimate was arrived at by applying the mean salary for an individual employed in the television industry, according to the Bureau of Labor and Statistics.

Officers Salaries

Founders salary:

They will devote 24hrs to the development and progression of the TV Network. They have mortgage their homes to advance the growth of the busing into the dynamic organization it is today. They have not sought to profit personally from the company for the past number of years but have used 100% of their credit, spare finances, and savings to bring the company to the point where it can compete with the likes of “Entertainment Tonight,” “Access Hollywood,” and other celebrity shows. They do not have income outside of the revenue of the TV Network. The compensation will allow the officers to cover their everyday living expenses for themselves and their families. The amount of Officers’ salaries was also determined by applying the mean standards for the specific occupation in the television industry. The specific salaries were calculated using the Bureau of Labor Statistics for management and executives for the national average within the television industry. In each case the salary was discounted from the mean salary within the industry. The CFO will directly supervise the accountant and treasurer positions. This position will be responsible for reporting to management and executive personnel. The CFO will act as a third level of control and efficiency behind the accountant and treasurer. The CFO will report directly to the CEO and President, COO, and other necessary management personnel.

Production Manager

The Company’s production manager is responsible for overseeing a shows production process, drawing up a shooting schedule; ensuring that the show is completed in a cost effective, timely, and high quality manner; working out the human and material resources needed for a shoot; drafting a timescale for the project; estimating costs and setting the quality standards; monitoring the production processes and adjusting schedules as needed; being responsible for recommending and maintaining equipment; monitoring show standards and implementing quality-control programs; liaising among different departments, e.g. suppliers, managers; working with managers to implement the company's policies and goals; reviewing the performance of subordinates; and identifying training needs.

Because of the wide ranging duties that this individual is responsible for he will be paid a competitive rate. This is competitive with the national average for television production managers in the television as the determined by the Bureau of Labor Statistics.

Sales Dept. Salaries

The Company will employ full-time salespersons called media buyers. Our media buyers work closely with our production manager and help with the following activities: identifying the target audience for a particular media campaign and deciding how best to communicate to that audience; keeping up to date with industry television research figures, including Nielson and audience figures in the entire television industry; monitoring selling strategies; liaising and building relationships with clients and media sales companies; negotiating with media sales companies to obtain the best rates and most appropriate media spaces in online, broadcast and print advertising; booking individual media spots, pages, posters, internet banners, broadcast

advert, etc.; ensuring that the advert runs accurately so the desired media message is seen and heard by consumers; client reporting and budget management, including preparing costs for clients and producing spending and expense updates throughout the campaign; collecting and analyzing sales and consumer data; and monitoring the effectiveness of the campaign - this data may also be used to monitor future campaigns. This figure is competitive with the national average for media buyers in the television industry from the Bureau of Labor Statistics. Our sales people will also be eligible for commissions based on their performance and number of hours they utilize in their daily duties.

Office Salaries

The Company will employ a full time secretary to handle and coordinate the daily activities within the organization. The secretary will act as the main communications traffic coordinator for the entire organization. This person will also provide assistance to the department heads in administrative and non-administrative areas. This person reports to the officers and managers of the Company. Their responsibilities also include supervising any additional clerks, clerk-typist, receptionists, or temporary employees. The secretary will be compensated \$2428 per month. This figure is derived from the national average for similar office personnel within the television industry.

TV Host

5 TV host will be salaried.

Workers Compensation

Workers compensation will be calculated using the National Council on Compensation Insurance (NCCI) standards for setting workman compensation for each position within the Company for the state of Illinois. However, because several of our employees reside in various states the actual numbers will vary widely from state to state, therefore the final calculations are not included in these estimates. Therefore it is yet to be determined.

Business Insurance

This estimate will be based on quotes given to it by Farmers Insurance Company. The Company will acquire additional insurance based on its needs as it expands. This insurance will cover numerous segments within the organization but may not be limited to the following: camera and video equipment, computers and accessories, life, accidents, natural disasters, and travel.

Health Insurance

The Company will secure health insurance for all of its full-time and some part-time employees. This estimate is derived from estimates given to it by Blue Cross Blue Shield of Illinois. This estimate may vary widely due to the physical health, existing conditions, medical and family history, and state and federal regulations.

Auto Insurance

This figure is derived from current insurance premiums and rates offered by State Farm and Allstate Insurance Companies.

Van Insurance

This figure is derived from the expected insurance coverage rates given to it by State Farm and Allstate Insurance Companies. This estimate covers 2 Cargo Vans with the necessary customizing needed to secure specialized television and video equipment. This figure is higher than normal rates because the vans will be used to transport specialized camera and video equipment to and from different in-the-field shoots.

Accounting

The Company will employ a full-time account to handle the ever-increasing complexity involved with local, state, and federal tax laws. The Company's accountant will prepare profit and loss statements and monthly closing and cost accounting reports. Their duties will also include but will not be limited to the following: compile and analyze financial information to prepare entries to accounts, such as general ledger accounts, and document business transactions; analyze revenue and expenditure trends and recommend appropriate budget levels, and ensure expenditure control; explain billing invoices and accounting policies to staff, vendors and clients; and recommend, develop and maintain financial data bases, computer software systems and manual filing systems. The account will report directly to the CFO and management personnel. Due to the specificity and complex nature of this position the Company will utilize this position on a full time basis. We estimate the cost of this position to be approximately \$2751 per month for a comparable accountant with the above-mentioned skills in the television industry based on the federal Bureau of Labor Statistics.

Treasurer

The Company will also employ a full-time treasurer. Their responsibilities will include, but will not be limited to the following: establish, maintain, and coordinate the implementation of accounting and accounting control procedures; analyze and review budgets and expenditures for the Company's local, national, and international budgets; monitor and review accounting and related system reports for accuracy and completeness; analyze revenue and expenditure trends and recommend appropriate budget levels, and ensure expenditure control; resolve accounting discrepancies; supervise the input and handling of financial data and reports for the Company's financial systems; interact with auditors in completing financial reports; and help develop the annual operating budget and consult with departmental management on the fiscal aspects of program planning, salary recommendations, and other administrative actions. Due to the highly specialized nature of this job the Company will utilize this position on a full time basis. The Treasurer will report directly to the CEO, CFO and other management personnel as needed. The Company estimates the competitive cost of this position to be approximately \$4000 per month,

based on the national mean for someone working in this position as determined by the Bureau of Labor Statistics.

Legal Fees

The company will utilize the expertise of its lawyers and the legal relationships it has cultivated over numerous years. Due to the highly specialized nature of being an entertainment lawyer it will be necessary to employ their services on a regular basis. The Company will also employ the legal services of lawyers to handle company related day-to-day activities. Some of the responsibilities and duties of our attorney will include, but will not be limited to the following: drafting contracts, reviewing contracts from managers, publicists, record labels, film studios and others to make sure they're legal and fair to the client and then negotiate those contracts, maintaining relationships with studios or record labels and be aware of who's influential and what deals are being made in the industry; helping the company identify what types of contracts to choose, and which business deals to pursue; acting as general counsel for the company, helping with marketing and merchandising deals, as well as real estate transactions and tax issues; and helping the company secure the rights to use music, videos, and other materials, complying with copyright laws. Every televised show must be cleared and reviewed by an attorney for copyright laws and clearance issues. Every song, dramatization, skit, must be completely reviewed for any potential legal issues that may arise. The attorney must also negotiate and clear permissions and territorial rights for interviews and concerts. This will entail hours of legal time each month. Therefore the company will need to employ their services on a relatively consistent month to month basis. The company estimates that it will expend approximately \$5978 per month. This is derived from the national median for lawyers within the television industry. This fee may also be paid on a sub-contractual basis because they have their own offices, which may help reduce expenditures to the company.

Key man insurance.

Key man insurance was calculated by figuring out what amount would be needed to cover the amount of the loan in the event the principals of the company had a death that would adversely affect the operations of the company. Currently the key man insurance is set at \$10M. If the amount of the loan disbursement increases beyond this amount the insurance will increase accordingly. In the event of a death the insurance company will issue a check for \$10M to the Company. If the insurance amount is set at \$20M the insurance company will issue a check for \$20m. This will allow the company to pay off the loan and interest to the limited partners. The premiums set forth cover the policy in event of death.

Show Advertising

WORLD MEDIA will advertise throughout the day what will be coming up on each days show. This will entail taking out 15 second highlight spots which will announce what artist will be coming up and the show along with clips of interest from the interviews, dramatization, or skits.

day may have as many as 10 announcements throughout the day. This will help boost ratings and advertising dollars. Once a show airs we will tease the viewer with clips from the website to go behind the interview and see unedited clip and funny outtakes.

Office Rent

Office furniture will accommodate meeting rooms for celebrities and clients. Most celebrities travel with a staff of 5 people with some of the biggest names having a crew of up to ten if they are in town for a major event or concert. WORLD MEDIA will have access to an enormous amount of celebrities in NY without having to pay travel costs for them to come to Chicago. This will save the cost of having to fly in some of the talent that will be on the show. The company will have a separate department which may be at another location for editing, and studio operations. We will have 3 full time editors and 3 full time camera men, 2 producers, a sound person, a light tech, 2 segment directors, and an associate producer.

Office utilities

This expense will include gas, lights, water, and sewer costs. This expense was estimated from the average commercial use rates applied to the square footage of space the company is expected to use.

Postage and handling

WORLD MEDIA must Fed Ex its TV shows overnight to entities that are not prepared for digital transfers. Commercials that are custom made for advertisers by WORLD MEDIA will have to be over-nighted to meet most daily reviewing schedules and air times. Each station carried must have its tape delivered daily and weekly, to meet air times.

Office supplies

Ink, toner, paper, and printer drums must be purchase to cover print advertising cost for media kits, show literature, and general administrative needs.

Hotel /Housing

The company expects to fly in 2 celebrity guests per week. It is more cost effective to have a central location for housing celebrities during their stay. For celebrities that prefer a hotel the cost will be according with the average stay being 3 days. (In time sponsors may pick up these

costs). Celebrity interviews and interaction are the lifeblood to WORLD MEDIA. Therefore we need to maintain a steady stream of celebrities into our shows.

Field Disbursements: (In the field production for national show)

Personnel that are covered under this area are producers, field producers, directors, cast, set operations, wardrobe, in field video production, transportation, post production, residuals, union wages will have to be paid for most technical positions. In budgeting a motion picture or television production, **below-the-line** costs include the salaries of the non-starring cast members and the technical crew, as well as use of the film studio and its technical equipment, travel, location, and catering costs, etc. In contrast to above the line costs, the below-the-line budget is usually fixed. The distinction originates from the early studio days when the budget top-sheet would literally have a line separating the **above-the-line** and **below-the-line** costs.

In the television industry, **above-the-line** expenditures are those that are negotiated or spent before filming begins. These costs can include rights for the material on which the screenplay is based; and the salaries for the screenwriter, producer, actors, director, and assistants to directors (not to be confused with assistant directors).

Similarly, in television production, above-the-line expenses include salaries for the positions mentioned above (typically all employees working under individual contracts) but are budgeted on a weekly or episodic basis for the run of a series. Coverage in the summary budget further identified in Appendix B.

Position Definitions:

A film producer or movie producer is someone who creates the scenes and conditions for making movies. The producer initiates, co-ordinates, supervises and controls matters such as fund-raising, hiring key personnel and arranging for distributors. The producer is involved throughout all phases of the film-making process from development to completion of a project.

Traditionally, the producer is considered the chief of staff while the director is in charge of the line. This "staff and line" organization mirrors that of most large corporations and the military. Under this arrangement, the producer has overall control of the project and can terminate the

director, but the director actually makes the film. The "line producer" is thus a producer who assists with day-to-day financial and production concerns "on the line" as the film is being made.

Producer: A film producer creates the conditions for making movies. The producer initiates, coordinates, supervises, and controls matters such as raising funding, hiring key personnel, and arranging for distributors. The producer is involved throughout all phases of the filmmaking from development to "delivery" of a project.

Executive producer: Often they oversee the financial, administrative and creative aspects of production, though not always in a technical capacity. In smaller companies or independent projects, it may be synonymous with creator/writer. Often, a "Line Producer" is awarded this title if this producer has a lineage of experience, or is involved in a greater capacity than a "typical" line producer. E.G - working from development through post, or simply bringing to the table a certain level of expertise.

Associate producer: Usually acts as a representative of the Producer, who may share financial, creative, or administrative responsibilities, delegated from that producer. **Assistant producer:** Usually works under the direction of the Associate Producer.

Production director: A representative of the film company assigned to the set and given the authority to act on behalf of the senior production-team members. This title is not typically used in feature films.

Line producer: Oversees a budget and day-to-day activities, reports to the studio or financier, and acts as a conduit between the studio/financier and the production team (including the Director).

Production supervisor: Performs managerial duties. This position is usually considered the "non-union" Production Manager, because they have the responsibilities of hiring crew, signing time cards, approving costs, etc.

Production manager: Manages the studio.

Post production supervisor: Supervises the post team in movies.

Production designer: Usually oversees the on screen visual aspects of a location or set - including stage dressing, props, color palette, and set design.

Administrative Producer: Freelancers are employed by the Administrative Producer for specific tasks such as press and publicity activities, design, production management, etc.

Directors

Film directors are responsible for overseeing creative aspects of the show. They often develop the vision for a film and carry the vision out, deciding how the film should look. They also direct what mood it should have and what an audience should gain from the cinematic experience. Directing a film is a kind of storytelling. TV directors are responsible for approving camera angles, lens effects, lighting, and set design, and will often take part in hiring key crew members. They coordinate the actors' moves and also may be involved in the writing, financing, and editing of a film.

The director works closely with the cast and crew to shape the show and may often take suggestions on pertinent issues. Some like to conduct rigorous rehearsals in preproduction while

others do so before each scene. In either case this process is essential as it tells the director as well as other key members of the crew (Director of Photography, stunt choreographer, hair stylist, etc.), how the actors are going to play the scene, which enables them to make any necessary adjustments. Directors often use storyboards to illustrate sequences and concepts, and a director's viewfinder to set up camera angles.

The director also plays a key role in post-production. He/she works with the editor to ensure that the emotions of the scene and the close ups, mid shots and wide or long shots appropriately reflect which character is driving the narrative. The director also advises on the (color) grading of the final images, adding warmth or fridity to the composition of the shots to reflect the emotional subtext of the character or environment. They also participate in the sound mix and musical composition of the film.

Station Fees

Where syndication agreements are not in place WORLD MEDIA will purchase times slots seasonally and yearly to lock in times that are advantageous to our advertisers. This prevents the show times from being altered or changed by outside entities. This also allow WORLD MEDIA to have complete creative control. In some instances, certain stations will agree to a 50/50 barter deal where the station will agree to air the programming for free in exchange for some of the advertising.

We currently have the available air dates from FOX and WGN.

WORLD MEDIA will lock in its times slots seasonally and yearly. The advantages of purchasing our own time slot are:

- 1.) You guarantee your advertisers that you will be on the air for the duration of their ad campaign.
- 2.) There is no advertising split with syndicators which can be up to 90% or more in favor of the other party. By purchasing a time slot the company has more upfront cost but in the long run the Company retains all profits.
- 3.) The Company maintains creative control over the show. There are no approval processes to keep the show on the air or to go into a new creative direction. The companies program is guaranteed to stay on the air. Certain pioneers in the TV business such as Byron Allen, Bob Johnson, and others have used this business model to build their empires. In the event that the company agrees to be picked up for distribution by a network such as FOX, ABC or other we will consider the cost benefits analysis and make a decision at that time. The advantage of being picked up is that the Syndicator will pay all production cost and recoup its money out of the profits.

Camera Purchases

The Red brand camera is the most cost-effective camera to give a cinematographer type look.

The cost of a Basic Package, the minimum kit required for a working RED ONE would be \$28,900. In its most basic configuration a RED ONE package would consist of the following: WORLD MEDIA has will have dramatic reenactment of the performer's life interspersed throughout the interview in a retrospective fashion. Some of these reenactments will have direct participation from Celebrities. Most of the celebrities that we have approached about this part of the program are very interested in participating. As long as a celebrity is being portrayed in a good like they are more than will to have a reenactment or dramatization of their life on the show. Some of the segment will be comedic skits with celebrity participation. This digital based brand cameras gives the cheapest bang for the buck and eliminates the need for the expensive post production. Dramatic reenactment cannot be shot with the same cameras you show most TV interviews with. They do not give the proper perspective and depth of field needed for dramas. The rental rate for this camera is \$1000 per day not including any accessories. It is more cost effective in the long run to purchase this camera. Even if you were to use this camera just 1 day a week it would amount to over \$50,000 in the first year alone per camera. Just for the body alone without any lights lenses or accessories. Certain high-end cameras are not available for lease just daily rental rates or purchase. The purchase would also save on interest which would be thousands of dollars per year.

3 in house studio cameras: Month 1

3 Sony XD cameras 18.900 x 3 = \$56,700

These are the same cameras used by such stations as CBS, and FOX. These 3 cameras will be used in the studio for on set interviews and performances. This model camera is a industry standard used by the like of companies such as Entertainment Tonight, ER, American Idol and many show in the television industry. You need a minimum of 3 camera angles for any Network broadcast interview in a fixed setting. Cheaper cameras will not give you the high definition resolution that is in line with major broadcasters.

3 Field location Cameras Purchased in month 4

RED ONE body	\$17,500
Base Production Pack	\$ 1,250
RED 18-50 T3 lens	\$ 6,500
RED Power Pack (4)	\$ 5,800
RED LCD	\$ 1,700
RED CF Module	\$ 500
Total = 28,500X3 = \$86,700	

Lighting kits:

Each camera will need a lighting kit that will handle variations of scene textures. The estimated cost per camera is \$5000.

Teleprompter \$6500

3 Shoulder mount Sony xdcams

$\$8320 \times 3 = \24960 each purchased in Month 1

Microphones \$6840

These video only cameras will be used for “run and gun” shooting that takes place at a moments’ notice without the need for much set up in the field. ie: segments where you are traveling down the street or in a moving car.

Television Vans

The Company will lease 2 Cargo vans with extended cabs to handle the daily transport of television and video equipment and company employees. These rates were obtained from State Farm Insurance by estimating what a four-year lease would cost the company with standard options packages based on moderate to heavy mileage use. Necessary customization to secure video equipment during travel also played a role in this estimate. Availability of an automobile can affect the final cost.