

MEDIA PROJECT FINANCING

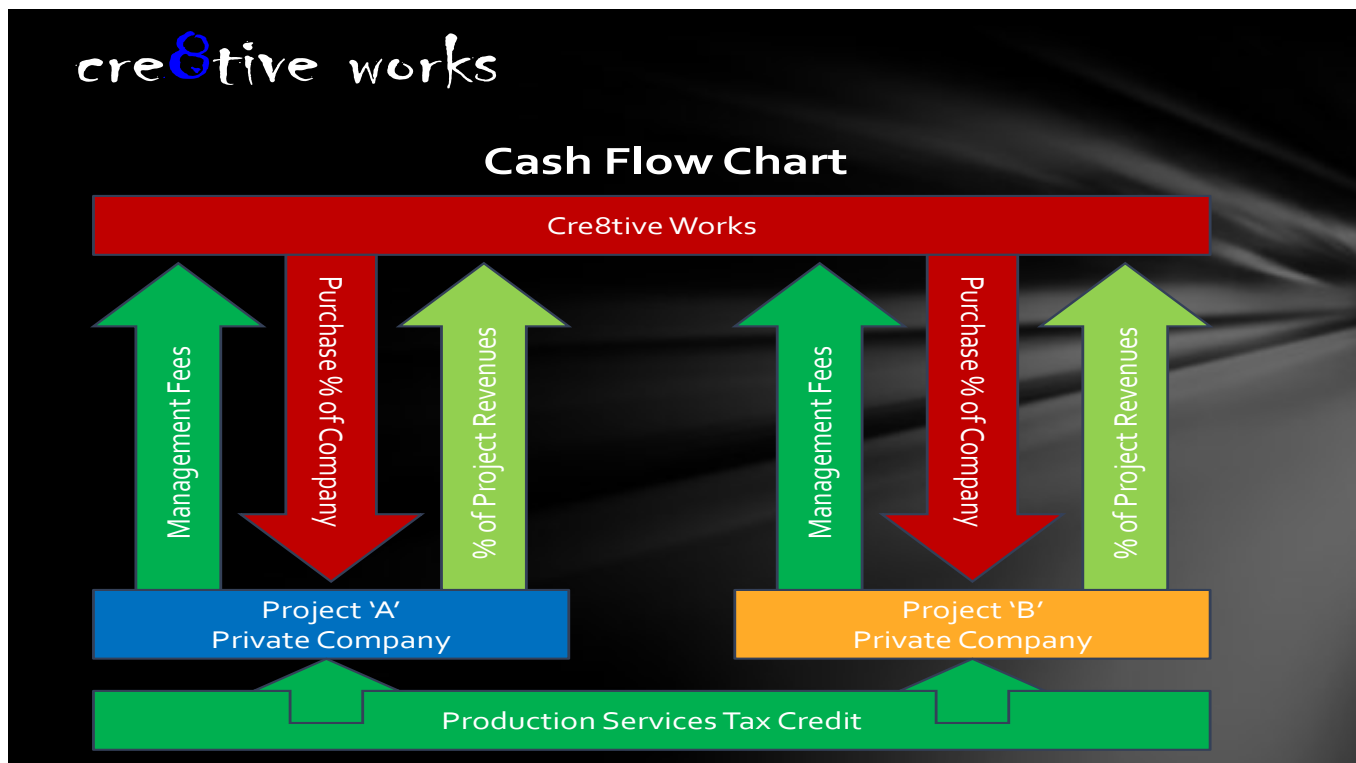
Cre8tive Works is in the business of financing media productions. Cre8tive Works investment in an approved project will not exceed 33% of the project’s final budget and is capped at \$500,000. In funding these projects, Cre8tive Works will utilize a combination of cash and stock. Recoupment of Cre8tive Works investment via revenue, tax incentives, government grants, etc., will be on a first out basis unless otherwise mutually agreed upon. Upon recoupment of the project’s initial budget, future revenues generated will be shared on a pro-rata basis in perpetuity. Cre8tive Works will appoint an Executive Producer to monitor the funding and progress of each project. The appointed Executive Producer and Cre8tive Works will each be entitled to a credit in the project including having their names displayed in the credit roll. Wherever possible and practical, approved projects will be encouraged to use the Cre8tive Works production facilities, which will be offered at preferred rates.

FUNDING PROGRAM CASE STUDY

Assumptions:

- Project “A” needs \$250,000 to finish filming and post production.
- Cre8tive Works agrees to invest the \$250,000 for a percentage of the future net profits.
- Project “A” is incorporated and maintains a presence in the Province of British Columbia.

Cre8tive Works will purchase shares in Project “A” (Down Red Arrow - Purchase % of Company). The shares will be an asset for Cre8tive Works and appear at cost (\$250,000) on the Balance Sheet. Project “A” will use the investment from Cre8tive Works to complete the media project. Upon completion Project “A” will file a corporate tax return with the Canada Revenue Agency and apply for the BC Productions Services Tax Credit. Once the return has been accepted Canada Revenue Agency will issue a check back to Project “A” out of which a management fee of \$250,000 will be paid to Cre8tive Works (Up Green Arrow - Management Fees). Cre8tive Works will maintain ownership of its original investment and share in future profits of the project (Up Light Green Arrow - % of Project Revenues).



ABOUT THE BC PRODUCTIONS TAX CREDIT

The Production Services Tax Credit (PSTC) is an economic initiative designed to encourage film, television, digital animation and visual effects production in British Columbia. Eligible applicants are film, television and animation production corporations that have incurred qualifying labor expenses in British Columbia. The PSTC is not subject to any Canadian content requirements and it is available to either international or Canadian productions produced in British Columbia.

CONTACT INFORMATION

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