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## **Executive Summary**

Milledgeville Performing Arts Center (MPAC) will be a business serving the community with live entertainment and performing art. The main events hosted by MPAC will include: theatre performances by the Milledgeville Players, music concerts for adults and college students, art classes for groups, Saturday morning coffee galleries, theatre classes for all ages, festivals similar to Milledgeville's Annual Deep Roots festival, and other events that will bring members of the community together.

This business plan is an outline of the ideas and plans created from the management team. The intentions are to partner with The Milledgeville Players, Allied Arts, Corks and Canvas, the Greenway Association, and specific departments of Georgia College to bring together a home of performing arts for the community. The management team will work to organize a calendar of events that will be consistent while helping structure, plan, and promote its activities. The Milledgeville Player's will be the foundation of arts for this proposed business idea. Whitney and Tyler have worked with Mr. John Geist throughout the semester to collaborate ideas for the upcoming Shaw Building, and how MPAC could provide entertainment to facilitate the target audiences.

MPAC will directly target two markets of Milledgeville; college students and middle-age adults through promotional activities, word-of-mouth marketing, social media and MPAC's website.

The requirements for startup investment and expenses are \$68,400, see MPAC's Start-Up Summary on page 4 showing more detailed information. MPAC anticipates building strong relationships with the community and gaining many participates for the membership program. This business will fully reach the two specified target markets and eventually merge with other communities. The balance sheet estimates a net worth of \$16,200 for the first year, ticket sales of \$82,000 for the third year.

## ***1.1 Objectives***

MPAC has established three objectives it will achieve in the next three years:

1. MPAC will unify the Milledgeville community by providing a performing arts center that offers fun entertainment through theatre, music, and art.
2. By the third operating year, have over \$100,000 in ticket sales and community investments.
3. Gain at least 30 participants in the first year for the membership program.

## ***1.2 Keys to Success***

There are four keys to success in this business, three of which are the same in most service providing businesses. It is our fourth key, the Community Mission, that will give us the gaining interest of the public.

1. The greatest location: a place gathering in Milledgeville where everyone feels benefitted and comfortable.
2. The best entertainment: MPAC will be an activity for all ages that is healthy, inspiring, and culturally affective.
3. The friendliest staff: cheerful, talented, passionate, and organized.
4. The unifying link: working with local artists and performers, MPAC will bring the community together by hosting events that all will enjoy.

5. Milledgeville Performing Arts Center will have the finest reputation and thrive through word of mouth advertising and promotion of its community mission to unite the arts.

## **Mission, Vision, and Culture**

### ***2.0 Mission, Vision, and Culture***

The mission, vision, and culture of MPAC are designed to embrace local art and entertainment to serve the Milledgeville community.

#### ***2.1 Mission***

We dedicate our efforts to give you the finest in arts and entertainment, bringing you a life and a noise unique to the Milledgeville area. By attracting music and art from scenes across the state of Georgia, we hope to animate the town's small culture with divergent atmospheres abroad and transform the liberal arts community. We welcome talent as a measure for appreciating style and ideas. Whether for music, art, comedy, or pure bliss, we serve the interests of Milledgeville through live action entertainment, so "come get your cheesecake and popsicles."

#### ***2.2 Vision***

The vision is to paint an entertainment scene in the city of Milledgeville through the collaboration of theatre, music, and arts. Working with the students and adults of the community, we will promote a performing arts center that will affect the Milledgeville culture. Calendar events will consist of theatre shows, art classes, galleries, concerts, and other festivities that appeal to most ages.

### ***2.3 Culture***

The culture will be free thinking, open minded, and a place to be yourself. MPAC will provide a comfortable atmosphere to the audience that will leave them feeling attached and invested in the arts. The performing arts center will be a place in which everyone can express themselves in an authentic way. Every performer or audience member brings an important ingredient to the cheesecake.

## **Company Summary**

MPAC (Milledgeville Performing Arts Center) will be a performing arts center built on a foundation of community involvement and dreams to impact everyone involved. We wish to inspire local artists and musicians by providing them with a place to express their work and an audience to enjoy the entertainment. It is important for a small town to have activities for the locals to participate in that brings natural excitement and happiness. MPAC will bring a collaboration of arts including: art galleries, art classes, concerts for the college audience, music for the adult community, antique shows, theatre performances, and other engaging entertainment.

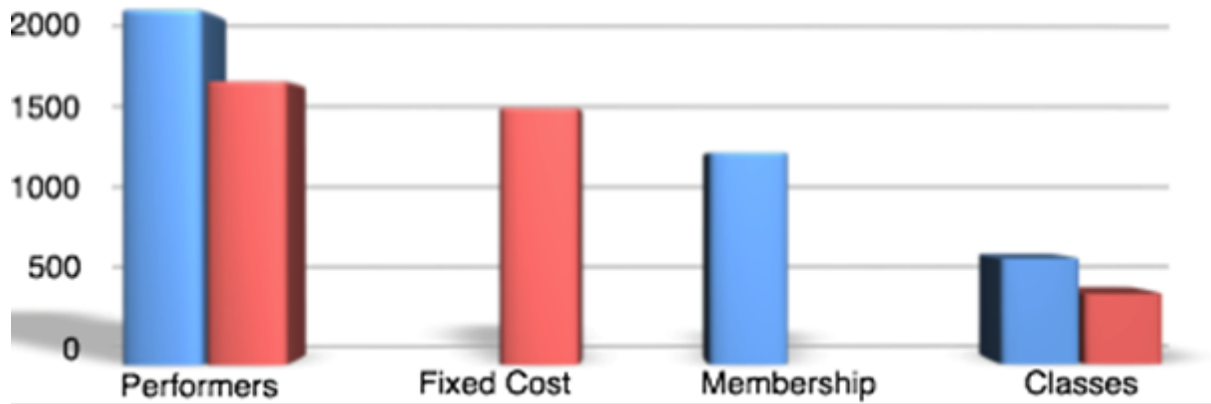
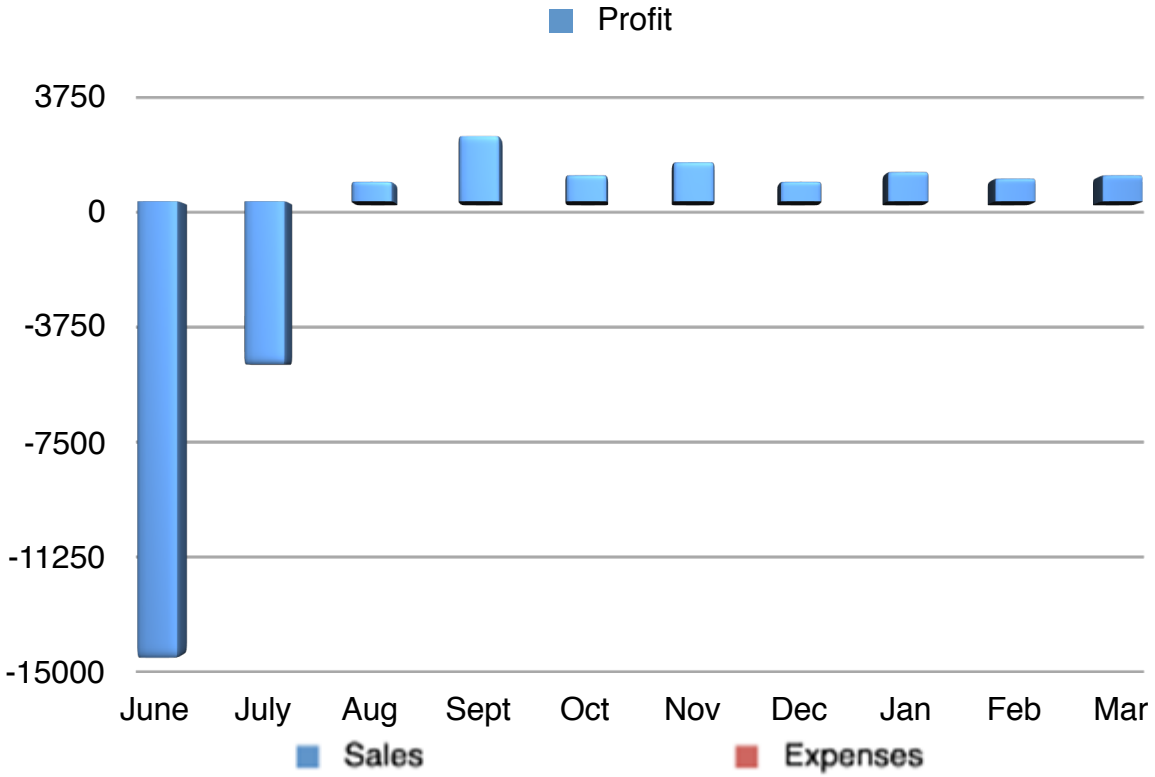
### ***3.1 Company Ownership***

MPAC is a nonprofit organization where all members will operate under the coordination of partnering businesses and other organizations to schedule events where talent is hired from members in and out of the Milledgeville community. Ownership will be in partnership with the Milledgeville Players and will host functions in a variety of venues available in Milledgeville. The plan calls for national theatre grants, membership fees, donations, fundraising events and tax

receipts for businesses to fund the actions of MPAC. Memberships will begin at \$100 for all patron benefits and will cap at \$15,000 for angel sponsors. Milledgeville Player's will remain co-owners of the nonprofit organization while recognizing MPAC as the management team that plans and brings sponsors as part of the support.

### ***3.2 Start-Up Summary***

MPAC's start-up expenses are listed in the table below. A start up location will include renting space from the Shaw Building as an office to headquarter and facilitate the actions of MPAC, including all of its record keeping and sight oversee. It is estimated that \$4,800 will cover the costs needed for rent to initiate MPAC's first installment at the Shaw Building. Legal expenses will be for insurance purposes and account for the yearly policy amount. Insurance needed for MPAC will be \$3,000 for property/liability/errors and omissions insurance. Direct cost of services sold will be the total projected cost for the first year and include: advertising (flyers, newsletter, membership with constant contact, billboard, etc. \$800 a month, \$9600 a year) cost of performers (average \$400 a performance, 4 performances a month, \$1600 a month or \$19,200 a year), art classes (\$100 for teacher and/or supplies. 4 a month. \$400 per month 4800 a year). Cash required will be for the amount of expenses MPAC plans to use in the first month of operations. Other assets include venue fixtures and décor, and supplies for art classes. Long term assets will be computers and production equipment. See appendix A1-A3 for a detailed breakdown of these assets.



| Start Up Requirements                               |                 |
|---|-----------------|
| <b>Start Up Expenses</b>                            |                 |
| Legal   | \$3,000         |
| Office Supplies                                     | \$1,000         |
| Rent  | \$4,800         |
| Direct Cost of Services Sold (1 <sup>st</sup> year) |                 |
| <b>Total Start-up Expenses</b>                      | <b>\$42,400</b> |
|   |                 |

|                        |          |
|------------------------|----------|
| <b>Start Up Assets</b> |          |
| Cash Required          | \$5,000  |
| Other Current Assets   | \$4,000  |
| Long Term Assets       | \$17,000 |
| Total Assets           | \$26,000 |
|                        |          |
| Total Requirements     | \$68,400 |

### Market Analysis

MPAC will focus on two markets:

1. Adult community: those looking for live entertainment activities. The segment will consist of young adults, working adults, and retirees seeking live entertainment. MPAC also hopes to recruit a large group of locals for the membership program
2. College students: young people looking to express themselves through different arts. MPAC will offer classes and a calendar of events that this segment can count on for fun entertainment in this simple small town.

| <i>Market Analysis</i>                  |              |               |               |               |               |               |              |
|---|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
|   |              | 2013          | 2014          | 2015          | 2016          | 2017          |              |
| Potential Customers                     | Growth       |               |               |               |               |               | CAGR         |
| Georgia College Students                | 0%           | 7,000         | 7,100         | 7,100         | 7,300         | 7,300         | 1.05%        |
| Other College Campuses in Milledgeville | 0%           | 2,149         | 2,300         | 2,300         | 2,400         | 2,500         | 3.85%        |
| Grade Schools                           | 0%           | 3,500         | 3,500         | 3,500         | 3,500         | 3,600         | 0.71%        |
| Adult Community                         | 0%           | 15,940        | 15,970        | 15,970        | 16,000        | 16,000        | 0.09%        |
| <b>Total</b>                            | <b>0.70%</b> | <b>28,589</b> | <b>28,870</b> | <b>28,870</b> | <b>29,200</b> | <b>29,400</b> | <b>0.70%</b> |



#### ***4.1 Market Segmentation***

Milledgeville Performing Arts Center will focus on the market segment consisting of adult locals and college students. The age difference of these two audiences will cause MPAC to use different strategies to market toward both segments.

The adult locals are defined by those adults living in the Milledgeville community. Hosting theatre performances, concerts, and other activities for this segment will give them an event to engage in social interactions. Other than restaurants, the local movie theatre, and the occasional showings from Milledgeville Players, not much of a sociable scene for the adults exist in Milledgeville. An attractive way to target the adult segment would be to express the need for community unity and involvement through the arts.

The total population for the town of Milledgeville is around 17,744 with a population density of 671 per square mile (Census). The adult segment that will be interested in attending theatre showing will be between the ages of 42 and 65, live in a household without kids, and have an income of \$45,000 +. The Caucasian and Asian population will most likely be the largest attendance segment, with Caucasian's consisting of 48% of the total population and Asian population at 290 residents. (Census)

Another adult age group that is projected to be interested in the showings are Milledgeville Players are the retirees. The total percentage of people living in the community over the age of 65 is 11.2 %. The only struggle will be converting these traditional "Milledgevillers" to getting out for entertainment rather than sitting at home in front of the TV. However, once the buzz is created about the quality of events happening, and the community

begins to see MPAC as a unity tool, more people will come and benefit from the services.

(Census)

The college students will be intrigued mostly by the opportunity to participate in art classes and showings, standup comedy nights, working with the Milledgeville Players to perform community performances, concerts out at the greenway, and mini festivals similar to Deep Roots. There a need for entertainment in Milledgeville that young people can enjoy, other than the bars on Hancock Street. If a variety of fun events are consistently happening, young people could get involved with a healthier entertainment hobby.

Georgia College has roughly 7,000 college students and GMC has a total of 1550. When comparing to the total population above (which cannot be accurately compared because college students are not account for in the census) the total amount of college students in this small town consist of almost half of the entire population. At such a large percentage, this segment will defiantly have events catered to them. (Census)

#### ***4.2 Target Market Segment Strategy***

MPAC's primary target market is the adult community who need entertainment in their day to day lives. Life can become too much of a routine for those who work all day or have already retired. This segment of adults simply needs a management team to bring consistent event calendar to this bland town. The way MPAC plans to target this segment is by creating awareness in newspaper ads, billboards, word of mouth, and buzz created by the new development of the Shaw Building. The team anticipates that if the performing arts center is launched with engaging events, the audience will continue to come back for more entertainment.

The student segment of the community will include those attending school at Georgia College, GMC, and Baldwin County. MPAC will target this audience by hosting performances that will allow the students to learn, express, and experience the world of art. Either through art and theatre classes or a variety of workshops that will provide a fun free knowledge, MPAC hopes to impact the younger generation with an activity that will be beneficial to their well being. MPAC intends on working with different departments from the school in order to recruit artists, musicians, and performers looking to engage in their passions.

#### ***4.3 Industry Analysis***

The performing arts industry is a timeless activity enjoyed by those who have the opportunity to participate. The current issue in Milledgeville pertains to that there is not a consistent, planned, event calendar in which members of the community can enjoy. The entertainment industry in Milledgeville has consisted of art showings from the college, a few places in town that offer art classes and galleries, the occasional theatre showings from Milledgeville Players or one of the schools, and Deep Roots Festival.

Deep Roots Festival is an annual event hosted in Milledgeville that brings an audience of all ages to enjoy the day walking around and browsing amongst the unique creations. *Live From Your Neighborhood*, an independent study about outdoor festivals, state that, “ Repeat iterations of the NEA’s Survey of Public Participation in the Arts (SPPA) have shown that festivals and fairs collectively attract more unique audience members per year than most arts events. In 2008 alone, more than 55 million U.S. adults attended at least one arts-and-crafts fair or festival in the

past year, and 47 million attended at least one outdoor performing arts festival.” MPAC plans to host more festivals in the town that will bring arts and crafts, music, and theatre for all to enjoy.

MPAC plans to bring a new noise and scene to Milledgeville that will fill the town with excitement. The organization plans to grow to 100 members by the end of the first year, and maintain ticket sales of at least 70%.

### ***4.3 Competition and Buying Patterns***

The primary competitors against MPAC will be the local performing arts centers in the surrounding counties. Macon, Eatonton, and Madison all have performing art centers that provide entertainment to their community. Milledgeville lacks in this category.

The organization that holds the most variety, consistency, and shortest distance from Milledgeville would be OPAS, Oconee Performing Arts Center. OPAS offers a calendar that consist of at least 3 events per month, including art and wine receptions, music concerts, and symphony performances. This location is approximately 40 miles from downtown Milledgeville.

The other primary competitor would be the Madison Cultural Center. This performance center hosts events such as theatre showings, art exhibits, and antique shows. The Madison Cultural Center also works with the High School to put on two community performances a year with the high school students. The advantage that this organization holds is that the events hosted truly bring the community together. Every year for the fourth of July, Christmas, and other holidays, the town gathers for a picnic on the front lawn of the cultural center. Their events are intended to provide unity and entertainment to it’s small town community.

The third primary competitor is the FOX theatre located in Atlanta, GA. This venue has a variety of high quality events ranging from concerts of different genres, to musicals and broadways performances. The Fox offers a higher quality of performances, which in turns calls for a higher ticket price. Customers will also have to drive a further distance to Atlanta, and have to deal with traffic and parking issues. This is more than likely an activity in which members of Milledgeville would stay in Atlanta over night, rather than just going for a casual outing.

Some of the secondary competitors that MPAC will be up against are places such as the movie theatre, local art galleries, and concerts that are hosted at Amici or other small venues in this community. MPAC does not feel that this will be an issue to compete with, considering that the target audience is in need for a live entertainment activity.

Topiary competitors are those that MPAC will compete with for the market share. Buying patterns show that many people in the community choose to spend their money on restaurant outings, clothing and retail stores, grocery stores, or other out of town activities. This is simply due to the lack of entertainment in the community. Predictions are that if there were a consistent calendar of events, the target market would plan in advance to attend desired activities.

## **Strategy and Implementation**

Partnering with the Milledgeville Players at the Shaw Building will assist in event scheduling during each part of the year. Implementation will begin with advertising with the Milledgeville Players and social media. The management team intends to “provide a life and a noise in Milledgeville unique to the area” by accessing talent that is in or outside of

Milledgeville. The Shaw Building will act as the headquarter of information important to scheduling events and receiving contacts.

The functions will provide the demographic of Milledgeville a balanced set of entertainment and service that complement the actions of the Milledgeville Players. Much like the engaging structure of Milledgeville's "Deep Roots Festival", MPAC will serve to engage the art enthusiast both musically and visually through live action media in and out of doors.

### ***5.1 Products***

The finest in arts and entertainment in Milledgeville through a collaboration of theatre, music, and art. The performance based organization will involve students and independent adults of the community to organize events. The management team will coordinate the actions of local or hired artists and musicians by providing them a place to express their work, ideally in the Shaw Building, and an audience to enjoy the entertainment. The Milledgeville Player's will provide an excellent partnership through John Geist and promote the interests of the management team through both marketing and experience obtained in theater production.

### **5.2 Competitive Edge**

The Shaw Building is a 92,000 square foot facility a part of the Central State Hospital Campus Project and is contributed with the "rebirth of the South side of Milledgeville". This venue will be funded through money granted by supporters and national theater foundations in conjunction with the Milledgeville Players. Direct competition includes:

- The Georgia Theatre

- The Grand Opera House
- The Fox Theater (Atlanta)
- The Madison Culture Center
- The Oconee Performing Arts Society
- Cox Capitol Theater
- Georgia College
- Campus Theater Box
- Russell Auditorium

These organizations are all listed as competitors, however, the Milledgeville Players will be listed as a business partner for the explicit purpose of establishing a venue dedicated to increase the number of events hosted within the year. MPAC will have the chance to reach new contacts and gain crucial business experience that can develop once the nonprofit acquires a new facility, ideally, the Shaw Building of Milledgeville.

### ***5.3 Marketing Strategy***

MPAC will attempt to market through the Milledgeville Players, social media, and artists targeted for hire. MPAC may also market through the Georgia College community, seeking talent through those who are interested in the performing arts. In addition to the performing arts, galleries may be useful to visual artists who attract community attention, similar to live action entertainment. Marketing to those who frequent the downtown Mainstreet area of Milledgeville

can be performed through weekend, cafe style events hosted outdoor that serve to educate the community about the organization and provide them with a sample of MPAC's culture.

#### ***5.4 Sales Strategy***

As a dedicated nonprofit organization, funds generated by MPAC events will be used explicitly for future events. Funds may be raised through tickets sales for each of the concerts or galleries hosted, national/federal grants, donations given by those of Milledgeville who wish to partner or invest in the interests of the entertainment organization, membership fees that are incurred by annual payments to receive benefits from services, money collected from musicians who wish to occupy the venues obtained, and tax receipts from local businesses as charitable donations for the organization.

##### ***5.4.1 Sales Forecast***

In the first year, MPAC intends to sell performance tickets, memberships, and reservations figuring a rough total of \$24,000. There will also be art and theatre classes that customers can participate in, which MPAC estimates to see \$7200 in sales for the its first year. MPAC will offer an art gallery space for local artists wanting to showcase and sell their art to the public. For every painting or art piece sold, MPAC will gain 5% on the sale. Adding the membership fees and investments will provide a profit of \$3000 for the first year. In the second year, double the ticket sales and increase class participation. Ticket sales will account for \$50,000, and \$8,000 for the classes. There is an expected \$27,000 profit to reinvest back into the center after the second year. This will be needed to expand or relocate to a larger facility. In the third year, ticket and class sales are projected at \$82,000, also gaining \$20,000 in membership



fees and investments, which would give a \$48,000 profit for the third year. See Appendix A1 and A2.

| <i>Sales Forecast</i>                |                 |                 |                 |
|--------------------------------------|-----------------|-----------------|-----------------|
|                                      | 2013            | 2014            | 2015            |
| Sales                                |                 |                 |                 |
| Ticket Sales                         | \$24,000        | \$25,000        | \$48,000        |
| Classes                              | \$7,200         | \$10,800        | \$10,800        |
| <b>Total Sales</b>                   | <b>\$31,200</b> | <b>\$35,800</b> | <b>\$58,800</b> |
|                                      |                 |                 |                 |
| Direct Cost of Sales                 | 2013            | 2014            | 2015            |
| performances                         | \$19,200        | \$19,200        | \$24,000        |
| classes                              | \$4,800         | \$7,200         | \$7,200         |
| <b>Subtotal Direct Cost of Sales</b> | <b>\$24,000</b> | <b>\$26,400</b> | <b>\$31,200</b> |

## **Management and Operations Summary**

MPAC is a flat organization with few management levels. Since this is a nonprofit organization, the employees are volunteers to help maintain a minimal overhead expense. The management team will be “hands on” at planning, managing, advertising, and organizing the events. There is no intention of hiring people to drain profits and complicate decisions.

Milledgeville Player’s will be actively involved in the management and operations for the theatre aspect of this business. The founders, Tyler Griffin and Whitney Deadwyler, bring a strong management and marketing foundation to MPAC. Griffin and Deadwyler are both graduates of Georgia College with complimenting degrees and experience. Griffin is an Art major with a minor in Marketing (Appendix I), and Deadwyler is a Marketing major who has completed beneficial classes such as Small Business Institute that will assist in this operation

(Appendix I). Griffin has a natural talent and interest in visual art, and his lifelong experience will be a major asset to the team. Deadwyler shows strengths in planning events and managing a business, so the two are sure to complement each other in all areas of this business. They will initially divide all the management responsibilities, other than the art classes in which Griffin will initially chaperone.

### ***6.1 Personnel Plan***

The management team expects to operate the nonprofit with minimal staff that includes the business partners of the Milledgeville Player's. For the first three years, there will be no payroll expenses. All "employees" will be working as volunteers to complete the tasks needed to maintain the business. Deadwyler will be held responsible for managing the relationships with advertising, public relations, the media, and our web site. Griffin will supervise the art classes and gain relationships with performers as a way to keep the calendar consistent with showings. The Milledgeville Players will provide up to 12 theatre showings per year.

The only compensation from MPAC will be to performers who provide entertainment. However, this will be listed as an expense under Cost of Services sold, rather than a payroll expense.

### ***6.2 Physical Locations/Facilities***

The Shaw Building will serve to headquarter the records and communication systems of the management team. Contact information, supplies, and equipment may be stored the physical facility or at a site selection in coordination with a venue. The team has budgeted \$400 per

month for rent and utility cost for the Shaw Building. At \$2 per square feet, this would give the management team 200 square feet of office space to manage the operations.

Theatre performances and music concerts will be hosted in the Shaw Building's auditorium. Milledgeville Player's will be assisting with any cost associated with using the auditorium for theatre. Any cost incurred for using the auditorium for a music performance will be paid with the profits of ticket sales. MPAC intends to host music concerts at the greenway, as well as most art classes. GC is also an option for art classes if the Art department approves select students as class instructors.

### ***6.3 Inventory, Production, and Quality Assurance***

There will be no inventory associated with MPAC because this is a service business. The only on hand supplies used from customers will be the art supplies provided for the classes, in which the fee for the class will cover any supply cost. MPAC has purchased production equipment that will be combined with Milledgeville Player's equipment for performances. (Appendix C).

By having a knowledgeable and experienced management team, quality is increased and assured to provide a sufficient calendar of events. Because of the need for community entertainment, customers will experience high quality performing arts that are sure to bring them back continuously.

## **Financial Plan**

Partnering with the Milledgeville Payer's will add financial stability to MPAC and the start-up process and give the management team the experience they need in Milledgeville's performance industry to begin hosting shows and understanding the culture.

The financial plan includes a balance between grants, sponsors, membership fees, and equipment or venue leases that are crucial to reduce costs for MPAC and maximize its reach into Milledgeville. Long term financing will entail a lower monthly rate of expenses that rely on part of the initial investment, where money obtained after MPAC has established a schedule through the Milledgeville Player's can split the cost for the advertising and promotion of future endeavors.

### ***7.1 Important Assumptions***

The financial plan is based on important assumptions that are declared below that identify anticipated encounters of MPAC's financing.

- MPAC operates at the discretion of the partnership with Milledgeville Player's in terms of shared spaces.
- MPAC assumes Milledgeville's community will continue to promote the arts and music, specifically local performances.
- MPAC assumes access to the funds generated by membership fees, grants, fundraisers, donations, and other equity for the explicit purpose of reinvesting those funds into event

scheduling. These assumptions are limited due to the economic situations and innovations of outside activities.

## **7.2 Break-even Analysis**

MPAC's fixed costs are identified on a monthly basis post start-up investment estimated at \$3,450 a month. This estimate includes the rent, payment to art educators, advertising, and hired performers for scheduled events. MPAC understands that it will need at least 4 shows, 4 art classes, and \$900 of combined fundraiser and donated money a month to break even with the \$3,450 dollars it would cost to offer these monthly events. The total profit to be generated per month is anticipated to average at \$4,350 for MPAC's efforts. See appendix A1 and A2.

Monthly break-even: \$3,450

Monthly revenue: \$4,350

Assumptions: none

Average gain in income: \$900

Average percentage gain: 26%

## ***7.3 Projected Profit and Loss***

MPAC is expecting a fluctuation of membership royalties, donation efforts, and ticket sales. Points of fluctuation include seasonality, lag time between performances, and summer class for students. There is a grace amount of around \$900 per month to allot for these pitfalls and shortcomings. Once the experience and reputation of MPAC is recognized in the community,

profits generated and equity obtained through the partnership with the Milledgeville Players should maintain a monthly profit of \$900.

The anticipated 26% profit from the monthly expenses are to generate enough profit for the organization to carry additional, even more expansive endeavors in the future. The profit will provide a savings plan for MPAC to guarantee successful turnouts for the future in the event of omission, poor turnout, and lack of donations during some months. Equipment that is invested during the start-up period are assets which may be amalgamated with the assets of the Milledgeville Players during specific functions. These efforts do not affect the monthly expenditures and are strategies to enhance the profit turnout for each month.

Sales are anticipated to remain steady during the first year, judging by the researched business behavior of the Milledgeville Players. With the steady gain in profit by MPAC, the second year may experience an expanse in assets, equity, or the talent hired for performance at MPAC venues. The \$52,200 estimated annual sales leaves the \$42,000 annual expense with a gain of approximately \$10,200 to cushion shortcomings and pitfalls that are considered in the MPAC start-up investment profit and loss.

#### ***7.4 Projected Cash Flow***

MPAC's cash flow will have dips and rises, as with any business, but will periodically incorporate donations and investments into the finances. After the initial investment of developing the performing arts organization (PAO) and gaining contributors for the membership program, the business should be relatively self sustaining.

The first year of MPAC will have to strongly depend on grants, start up investments, and fund raising events. After the performing arts center has been established and the community begins to enjoy the benefits of the entertainment, the team hopes to see a quick rise in the membership program. The membership fee's will be a fixed income that should cover the overhead cost of utilities, performer fees, advertising, and supplies needed for the arts. MPAC's goal is to gain 30 members by the end of the first year. The membership fees will be broken down into different categories with the smallest membership level starting from \$100-\$300 per year and the highest level membership being \$15,000 plus. This estimation is also one that escapes the potential to receive funds from business looking to collect tax receipts in the form of donations to a nonprofit charitable, community organization.

Assuming an initial investment and financing of \$18,000, MPAC will need to do extensive fundraising and really seek out grants and investments. It is extremely important to provide quality entertainment during the first year so that more people will want to invest in MPAC and join the membership program. The team is also hoping to have large audience turnouts during the first few months of opening, so this will also help to maintain a healthy cash flow.

The membership fees will be a consistent cash flow every month, but the ticket sale income will fluctuate with the seasons. January through March will be our slowest seasons, in which we will most likely have fewer performances to prepare for the spring season. The team expects these three months will be the cash shortfalls. April and May should bring heavy participation in which people are wanting to get out more and enjoy the great weather. MPAC plans to host a variety of concerts and festivals at the greenway and other outside venues during

these months. The summer time will be moderate considering that many community members will be out of town. However, MPAC is planning to bring more tourism to Milledgeville, so this could be a time of heavy participation and promotion from other community members. August and September will be busy months considering all the students will be back, and MPAC plans to host many events for the student audience. October and November will be our second slowest time of the year because most people are beginning to save up for the holidays and busy with the middle of the semester. December will be filled with holiday entertainment and activities, with MPAC hosting an event a few times a week. MPAC will have to strategically plan for this month since double the amount of funding will be needed for these extra events. See appendix A1 and A2.

|                      |          |          |          |
|----------------------|----------|----------|----------|
| Income               | FY1      | FY2      | FY3      |
| Cash Received        | \$43,200 | \$58,000 | \$87,000 |
| Cash From Operations | \$24,000 | \$24,000 | \$24,000 |
| Cash Sales           | \$31,200 | \$35,800 | \$58,800 |
|                      |          |          |          |
| Expenditures         | FY1      | FY2      | FY3      |
| Cash Spent           | \$42,000 | \$48,300 | \$48,600 |
| Bill Payments        | \$7,800  | \$7,800  | \$7,800  |
| Operations Cost      | \$24,000 | \$36,000 | \$40,800 |

### ***7.5 Projected Balance Sheet***

The financial statement below reflects the estimated assets, liabilities, and equity of MPAC. The assets belonging to MPAC will be capital equipment, cash, and other assets. The capital equipment consist of: production equipment, supplies for art class, two computers for



management, office supplies, and fixtures or décor for the venue. Cash reflects the ticket sales and art/theatre class sales. Other assets include investments and donations from outside sources.

Capital equipment will more than likely increase \$2,000 in the second year due to new pieces of production equipment and higher demand for the art classes. By the third fiscal year, MPAC plans to either expand or rent out another location in order to offer larger art classes and growth in other activities.

Cash assets for the first fiscal year consist of \$24,000 for ticket sales plus \$7200 for the art classes. These prices are broken down as follows: ticket sales configured with an average \$15 ticket price, 35 audience members a show, and four performances a month. The art classes will be \$15 per class, which includes a canvas, paint during the session, and an art instructor for an hour. MPAC plans to average 10 participants per class, offering the class four times a month.

MPAC plans to see almost a \$27,000 increase in participation for theatre and music performances, as well as art classes. The ticket prices will more than likely remain the same in order to keep a consistent audience return. By the third fiscal year, MPAC hopes to see a 38% increase in cash sales from the opening season.

Other Assets will be Membership fees and investments received during the year. Those select audience members who would like to enjoy benefits and be rewarded for our services will pay membership fees. There will be four different membership levels, ranging from \$100 a year to \$10,000+ a year. Other assets also include investments gained and money raised from fundraising. This category will fluctuate every year, however; MPAC plans to use the cash and other assets to pay for the liabilities. For the first year, there will be heavy fundraising to make

up for less members that contribute fees. The team is also depending on a large amount of investments, which will need to be gained through creating awareness and credibility of the performing arts center.

Liabilities include the account payables, or bills that MPAC will owe yearly. These expenses are broken down as follows for the first fiscal year: We hope to average 4 events/performances each month, each costing around \$400 year, which comes to \$19,200 total. The art classes will cost MPAC \$100 per class, which will include the supplies and small pay to the instructor, and calculate out to \$4,800 per fiscal year. Rent for the Shaw Building is uncertain, but MPAC budgeted \$400 per month, \$4800 for the year. Advertising expenses for newspaper ads, billboard, direct mail, constant contact membership, website fee, ect, will be \$800 per month, coming to \$9600 yearly. Lastly is the property/ liability insurances policy, which will be roughly \$3,000 a year. All of these expenses equal out to \$3,450 a month, \$42,000 a year. MPAC plans to not see much change in the second fiscal year for expenses, but does account for a \$9,000 increase in the third fiscal year due to cost with adding a new location. See appendix A1-A3.

### December 2013

| Assets            | FY1    | FY2    | FY3     |
|-------------------|--------|--------|---------|
| Capital equipment | 15,000 | 17,000 | 23,000  |
| Cash              | 31,200 | 58,000 | 82,000  |
| Other Assets      | 12,000 | 15,000 | 20,000  |
| Total Assets      | 58,200 | 90,000 | 125,000 |

| Liabilities | FY1 | FY2 | FY3 |
|-------------|-----|-----|-----|
|-------------|-----|-----|-----|

|                  |        |        |        |
|------------------|--------|--------|--------|
| Accounts payable | 42,000 | 46,000 | 54,000 |
| Equity           | 16,200 | 44,000 | 71,000 |

### **7.6 Business Ratios**

|                         | FY1    | FY2    | FY3    |
|-------------------------|--------|--------|--------|
| Sales growth            | 0%     | 14.7%  | 64.3%  |
| Percent of Total Assets | 69.2%  | 62.9%  | 44.2%  |
| Other assets            | 28.6%  | 47.6%  | 59.67% |
| Capital equipment       | 41.67% | 37.27% | 44.24% |
| Total liabilities       | 224.6% | 169.5% | 80.1%  |
| Net Worth               | 2.8%   | 17.86% | 44.6%  |
| Percent of Sales        | 72.2%  | 60.8%  | 70%    |
| Gross Margin            | 30%    | 35.6%  | 88.5%  |
| general expenses        | 97.2%  | 82.1%  | 55%    |
| Profit with no tax      | 2.8%   | 17.9%  | 44.6%  |

| Additional Ratios | FY1  | FY2   | FY3   |
|-------------------|------|-------|-------|
| Net profit margin | 2.8% | 17.9% | 44.6% |
| return on equity  | 6.4% | 36.8% | 64.6% |
| Sales/ net worth  | 36   | 3.33  | 1.59  |

See appendix B for a detailed calculation of this.

### **Funding Request**

Funding requests will be initially generated by the start-up investment estimations that include a total of \$4,000 in membership fees for the first year, fundraising efforts that are anticipated to reach \$4,000 each quarter, and gifts/grants supplied by nations organizations or community member that come to a total of \$5,000 per year. Funding requests start for members

at \$100 as a patron service and end with 15,000+ for angel sponsors. The American Theatre Wing will be accepting applications for grants in the spring of 2013 for nonprofit entertainment/performing arts organizations that are looking for ways to cover start-up investment costs. National Theatre Company Grants provided by the ATW have extended their reach from NY across the nation in search of developing, live-action arts organizations.

The National Endowment for the Arts is looking to subsidize organizations that serve as “groundbreaking, innovative theater and musical theater in the American spirit that is bold, passionate, profound, creative, and engaging and that demonstrates serious, exceptional, and rigorous aesthetic value.”

### *Milestones*

The milestone table for MPAC reflects critical dates in chronological order for the start-up of the organization in terms of its headquartering in the Shaw Building to its establishment as a non profit through national grants and fundraising supported by the community in Milledgeville. The launch of the organization will take place in the summer of 2013 in coordination with the Milledgeville Players in June. Chronology of events are as follows:

- Website for MPAC
- Final Collaborations with John Geist for partnership with Milledgeville Players
- Social media organizing
- Cast online voting for events desired in local Milledgeville
- Obtain relations with Heather Langston of the Greenway for event planning.
- Obtain relations with the Corry House owner for event planning

- Receive mobile devices for the management team to use for the purposes of the organization.
- Installment into the Shaw Building
- List the official launch of the organization through social/public media advertising and at physical location.

**Appendix A-1**First Year Expenses:

Performers: Average 4 events during the month. Average \$400 per performance. \$1,600 a month.  
\$19,200 a year

Classes: \$100 for teacher and/or supplies. 4 a month. \$400 a month  
\$4,800 a year

Rent: Shaw Building space, \$400 a month  
\$4,800 a year

Advertising: flyers, newsletter, membership with constant contact, billboard, etc. \$800 a month.  
\$9,600 a year

Property/liability/errors and omissions insurance: \$250 per month.  
\$3,000 a year

**Total: \$42,000 a year**

Second Year Expenses:

Performers: Average 4 events during the month. Average \$400 per performance. \$1,600 a month  
\$19,200 a year

Classes: \$100 for teacher and/or supplies. 6 a month. \$600 per month  
\$7,200 a year

Rent: Shaw Building space, \$400 a month  
\$4,800 a year

Advertising: flyers, newsletter, membership with constant contact, billboard, etc. \$800 a month  
\$9,600 a year

Property/liability/errors and omissions insurance: \$250 per month.  
\$3,000 a year

**Total: \$48,300 a year**

Third Year Expenses:

Performers: Average 4 events during the month. Each costing around \$500.

\$24,000 a year

Classes: \$100 for teacher and/or supplies. 6 a month. \$600 per month

\$7,200 a year

Rent: Shaw Building space, \$400 a month

\$4,800 a year

Advertising: flyers, newsletter, membership with constant contact, billboard, etc. \$400 a month

\$9,600 a year

Property/liability/errors and omissions insurance: \$250 per month.

\$3,000 a year

**Total: \$48,600 a year**



**Appendix A-2**First Year Income:

Participation from performances: average ticket price = \$15 average attendance= 35 people.  
\$500 per performance. 4 a month, \$2,000.

\$24,000 a year,

Classes: \$15 a class. 10 to participate. 4 a month= \$600.

\$7,200 a year

Fundraising events: 1 every quarter. Average donations = \$4,000.

\$12,000 a year

**Total: \$43,200 per year**

Second Year Income:

Gifts/investments

\$5,000 a year

Participation from performances: average ticket price = \$15 average attendance= 50 people.  
\$750 per performance. 4 a month, \$3,000.

\$25,000 a year

Classes: \$15 a class. 10 to participate. 6 a month. \$900.

\$10,800 a year

Fundraising events: 1 every quarter. average donations = \$4,000.

\$12,000 a year

Membership fees

\$ 6,000

**Total: \$52,200 a year**

Third Year Income:

Gifts/investments:

\$7,000 a year

Participation from performances: average ticket price = \$20 average attendance= 50 people.  
\$1000 per performance. 4 a month, \$4,000.

\$48,000 a year

Classes: \$15 a class. 10 to participate. 6 a month. \$900.

\$10,800 a year

Fundraising events: 1 every quarter. average donations = \$5,000.

\$12,000 a year

Membership fees

\$10,000

**Total: \$52,200 a year**

**Appendix A-3****Start up Investment**

Promotions and advertising: creating awareness. Gaining outside entertainers. \$2500

Fixtures and venue decor: \$3000

Supplies for art classes: \$1000

Sound equipment: \$8,000

Two Computers: \$3000

**Total startup cost: \$17,500**

- Sources of capital: grants, gifts from community members, fundraising events.
- Uses of capital: recycle the cash flow by maintaining the overhead, continuing to book performers, continuing to advertise and promote

Second Year Capital Equipment

Sign for advertising: \$2,000

Fixtures and venue decor: \$2000

Supplies for art classes: \$1000

Sound equipment: \$10,000

Two computers: \$3000

**Total: \$18,000**

Third Year Capital Equipment

Advertising sign: \$2,000

Fixtures and venue decor: \$1000 due to accumulated depreciation

Supplies for art classes: \$2000

Sound and production equipment: \$15,000

Two computers: \$1500 due to accumulated depreciation

**Total cost: \$17,500**

## Appendix B

### Explanation of Business Ratios:

#### *Sales Growth*

Current year sales- previous year sales/ previous sales

Example from first year: \$35,800 (participation from performances and classes on second year income) - \$31,200 = \$4,600 / \$31,200 = .1474

#### *Percent of total assets (debt to total asset ratio)*

Total liabilities/ total assets

Example from first year: \$42,000/ \$58,000= .724

#### *Other assets (percent of current assets)*

Current assets/ current liabilities

Example from second year: cash of \$58,000/ \$46,000= 1.26

#### *Capital Equipment*

Capital equipment / accounts payable

Example from second year: 17,000 / 46,000 = .3695

#### *Total Liabilities (debt to equity ratio)*

Total liabilities/ total equity

Example from first year:  $42,000 / 16,200 = 2.246$

### *Net Worth*

Net after tax profits / share holder capital + retained earnings

Example from first year:  $58,200 - 15,000$  (for capital equipment) = 43,200

$43,200 - 42,000$  (for accounts payable) = 1200

$1200 / 58,200 = .0208$

### *Percent of Sales*

Cash / total revenue

Example from first year:  $31,200 / 43,200$  (ticket sales + fundraising + membership fees) = .7222

### *Gross Margin*

Revenue from services – COSS/ COSS

Example from first year:  $19,200 + 7,200 = 26,400$

$43,200 - 26,400 = 16,800$

$16,800 / 26400 = .30$

### *Profit with no tax*

Profit / total revenue

Example from second year:  $58,000 + 15,000 = 73,000$

$73,000 - 46,000 = 27,000$

$27,000 / 73,000 = .369$



*Net Profit margin*

Net income after taxes / revenue

Example from first year:  $1200 / 31,200 = .028$

*Return on equity*

Net income / equity

Example from third year:  $82,000 + 20,000 = 102,000$

$$102,000 - 54,000 = 58,000$$

$$58,000 / 71,000 = .676$$

*Sales/ net worth*

Percent of sales / net worth

Example from third year:  $70 / 44.6 = 1.59$

## Appendix C

### Membership fees

\$50-\$99

E-Friends (ages up to 50)

Exclusive access to members-only ticket sales 1 week before the general public

Recognized by MPAC

\$100-\$499

- All of the E-Friends benefits, plus:

- Invitation to the select member-only events

\$500-\$999

- Invitation to performing arts lectures and "Behind the Scenes" tours

- Opportunities for exclusive trips to attend performances in Atlanta, Augusta and Athens

\$1,000-\$2,499

- Contributing Membership

-All of the Supporting Membership benefits, plus:

-Admittance to restricted tent reception area and VIP seating at select events

-Invitation to select exclusive special member events

\$2,500 - \$4,999

Patron Membership

- All of the Contributing Membership benefits, plus:

- Invitation to Annual Dinner where you will be honored for your support of the performing arts
- Opportunities to attend cast parties and pre- and post-performance receptions

\$5,000-\$9,999

Director's Circle

- All of the Patron Membership benefits, plus:
- Exclusive access to members-only ticket sales ten days before the general public
- Membership in the Committee dell'Arte

\$10,000-\$24,999

Angels

- All of the Director's Circle Membership benefits, plus:
- Personalized VIP Concierge service for all MPAC ticketing needs
- Invitation to events with special guest speakers or entertainers

\$25,000+

Chairman's Circle

Unlimited VIP benefits with access to any of MPAC's performances.