




Prelude2Cinema Business Proposal

May 2006

www.prelude2cinema.pbwiki.com

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Prelude2Cinema is a Branded Entertainment Company that is creating a new Digital Media Technology Industry in Northeast Ohio. Prelude2Cinema reaches audiences using innovative technology and enhances the community through multiple revenue streams.

www.prelude2cinema.pbwiki.com

**“To me, it's very simple, if you're going to be thinking. You might as well think big.”
Donald Trump**

Contact info

**Alex P. Michaels
Prelude2Cinema
216-341-0218**

alexmichaels@prelude2cinema.com

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Pages from the Wiki www.prelude2cinema.pbwiki.com
See wiki for updated info

[Prelude2Cinema](#)

Seeking-Business-Partners



The Gathering of Business Partners

In order to further the Company's Mission, [Prelude2Cinema](#) will be bringing aboard new Business Partners starting May 5, 2006. Each Partnership will bring different benefits to the company and partners will benefit by owning a percentage of future profits. **There will not be a general solicitation of partners.**

New Business Partners will be involved in [Prelude2Cinema](#), so the company will make sure each new partner understands what the company is about and its goals.

For info on [Prelude2Cinema](#), take a look at our [Annual Report](#)

New Tax Law allows Possible Write off for Movie & TV Productions

The President of the Directors Guild of America, Michael Apter, applauded the final signing into law of The American Jobs Creation Act and the provisions within the bill that offer production incentives that will reduce the flight of film and television productions from the U.S.

[Page from the Director's Guild of American about the Tax Law](#)

[Link to a PDF file of the Law from the American Job Creations Act of 2004](#)

Info pages on Business Partnerships

[Partnership info from About dot com](#)

[Wiki definition on Partnerships](#)

[Info about Partnerships from Nolo](#)

• Contents Of A Business Partnership Agreement

What should be covered in a good business partnership agreement? According to the Small Business Administration(SBA), the agreement should include the following:

- Amount of equity invested by each partner.
- Type of business.
- How profits and loss will be shared.
- Partners pay and compensation.
- Distribution of assets on dissolution.
- Provisions for changes or dissolving the partnership.
- Dispute settlement clause.
- Settlement in case of death or incapacitation.
- Restrictions of authority and expenditures.
- Length of partnership

Building a small business can be more rewarding and profitable in a partnership environment. Consider a business partnership structure when you have someone to compliment your skill set and add value to your company. Partnerships can work when the right foundation is laid in the beginning.

Prelude2Cinema has current agreements with each Partner involved with the company. New agreements will be tailor made to the partners who come aboard and each one will be weighed to see it does not conflict with current agreements.

Info below is about Partnerships and Limited Liability Corporations from www.nolo.com

Prelude Productions, Inc., an Ohio Corporation currently owns Prelude2Cinema. Prelude2Cinema may soon become its own separate limited liability corporation.

What are the differences between a partnership and a limited liability company?

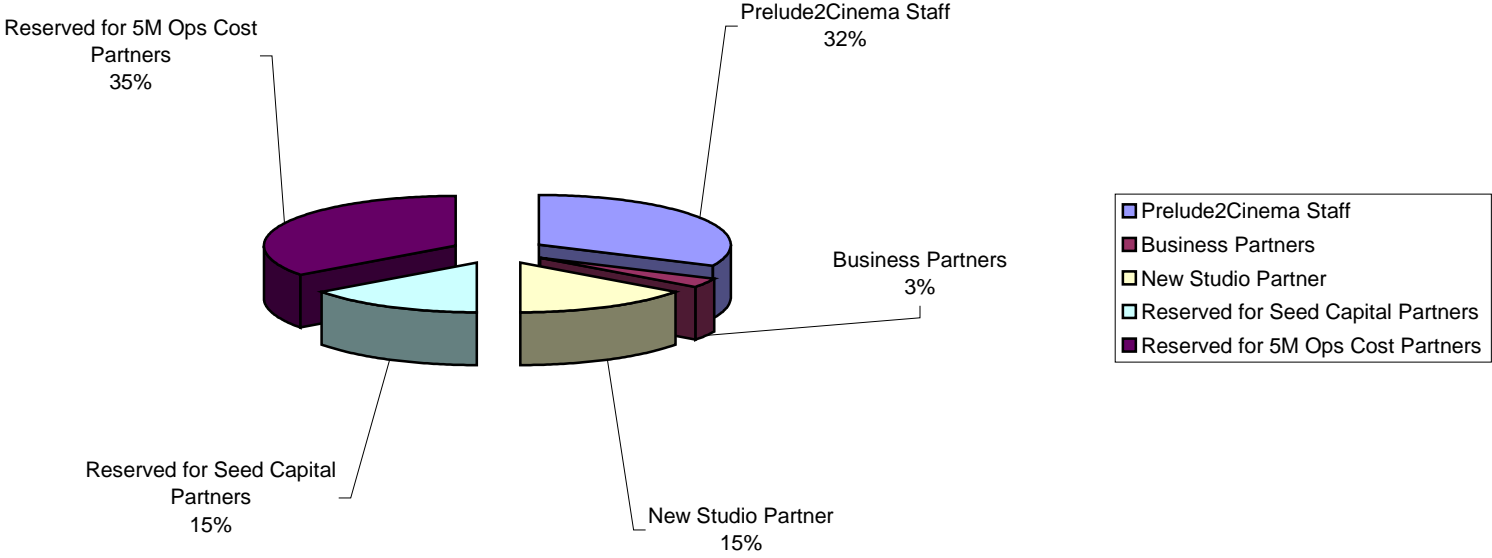
When two or more people go into business together, they've automatically formed a partnership; they don't need to file any formal paperwork. By contrast, to form a limited liability company (LLC), business owners must file formal articles of organization (sometimes called a certificate of organization) with their state's LLC filing office (usually the secretary of state or department of corporations) and comply with other state filing requirements.

Aside from formation requirements, the main difference between a partnership and an LLC is that partners are personally liable for any business debts of the partnership -- meaning that creditors of the partnership can go after the partners' personal assets -- while members (owners) of an LLC are not personally liable for the company's debts and liabilities.

There is one similarity between LLCs and partnerships, however. They both offer "pass-through" taxation, which means that the owners report business income or losses on their individual tax returns; the partnership or LLC itself does not pay taxes.

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Prelude2Cinema Total Partners May 2006



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Partners/ Units					Seed capital	Total Shares	10,000	
Seed capital	Total Amount	Cost per share	% per share	Shares per Unit	Unit Cost	% per Unit	Total % owned	
Total Units	50	\$150,000	\$15	0.0015	200	\$3,000	0.3	15
Partners can buy								
More than 1 Unit								
Partners/ Units					Full Studio Ops	Total Shares	100,000	
Full Studio Ops	Total Amount	Cost per share	% per share	Shares per Unit	Unit Cost	% per Unit	Total % owned	
Total Units	50	\$5,000,000	\$50	0.00035	2,000	\$100,000	0.7	35
Total No.	100					Total % owned		50
Note								
Prelude2Cinema is working on raising 150K seed capital so it will offer a % of the company to Business Partners.								
Studio Full Operating Cost is estimated at 5M annually								
Studio and Upgrades and Equipment 2M								
Staff 1M								
Content and Marketing 2M								
Seed Capital and 5M Partners require organization of Prelude2Cinema								
Partners can be more than One Person or a Organization								

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[Prelude2Cinema](#)

A-Branded-Entertainment-Company



April 27, 2006 Digital Movie Company [Prelude2Cinema](#) will become a Branded Entertainment Company

To explore what that means, we first have to look at what is branded entertainment.

What is Branded Entertainment?

First, it looks like product placement, but it is not. It is the integration of a brand into a creative production. The integration must be done in a way that promotes the product, but also allows the creative production to entertain.

This is a new field, but yet it has its roots in the beginning of movies and television.

[Prelude2Cinema](#) first flirted with branded entertainment when it began the TV Series "Out of Darkness." Now the company is still producing the TV Series, but it is also focused on gaining a firm hold in the business of integrating brands into creative productions.

This will not be a simple matter of sticking a product in the scene, but actually finding a way the characters can "realistically" interact with the brand. In real life, we are surrounded by brands.

No doubt you are reading this on a brand name computer. Your monitor may be the same brand or another company. The clothes you wear are a brand. The car you drive. And if you're drinking coffee, well the name of your coffee probably begins with a "S." The world is full of brands. A Company has their name on everything around you.

So, if we are to create entertainment that mirrors life, we must include brands. This official step into being a branded entertainment company will not deter [Prelude2Cinema](#)'s goal of creating the digital media industry in northeast Ohio. Nor will it stop us from creating dramatic productions. We will serve both agendas, by being focused on the field that will allow us to entertain and sell at the same time.

It is a careful balancing act. Yet, we are more than ready and now is the time. Stay tuned...



Info on Branded Entertainment

[Prelude2Cinema uses Branded Entertainment in its TV Series](#)

[Seeking-sponsor-for-TV-Series](#)

[Sites on Branded Entertainment](#)

[Articles on Branded Entertainment](#)

[Branded Entertainment Companies](#)

Seeking Businesses to Contact us

We are looking for Companies interested in Exposure in a Unique and Innovative Manner. Explore the pages ahead, and feel free to [Contact Us](#) if you are ready to take the next step. We'd love to hear from new people and those we know.

Business we have worked with

Click Link to visit the Site



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Reworking the Studio for Midtown Cleveland

In his book, "Trump: the Art of the Deal," Donald Trump recounts how when NBC was reconsidering leaving New York's Rockefeller Center for a cheaper space in New Jersey, he proposed building Television City. Television City was to be a business and residential space with the studio centered there and other businesses around it. Things did change and NBC remained where it was, and Trump went on to build another structure at this location. Yet, the ideal was sound and can work for the Studio Incubator. Only we would not build a place, but take over an existing place and then later expand as the need arises. It would be easy to keep the essentials of the Incubator proposal to the city and have it work to benefit Midtown City. The City of Cleveland can still be involved in providing either space and/or funds.

The first steps

1. Identify existing space that has the potential to grow. The landlord can be a partner in the Incubator and receive between 10-25% of the income from productions provided it supplies the space for a token payment and pays the utilities.
2. Deals can be worked out with tenants where they move in for a year and get rent subsidies in exchange for 10% of their monthly income going for rent.
3. Identify partners in the Incubator. The businesses will vary and at times each will be involved in a production but at other times, they will reach out to their own customer base. The Studio will help to promote them
4. Tap into economic development funds for the benefit of all involved in the Incubator.

There are numerous ways to share the economic development incentive and benefit as many businesses in the city as possible. In turn, these businesses will hire people from the community and also train people in the community for future employment. The Studio and the movies and TV productions will act to make the city a tourist attraction.

Benefits to the partners

- * Each one receives 1% of the studio income (this is from the redesign fund)
- * Each one is promoted by [Prelude2Cinema](#) and promoted in the movies and TV production from the Studio
- * Each one shares resources that are common to all businesses.

The Incubator will focus on the Business side of Show Business

Since this is an Incubator focused on movies and TV production in Cleveland, it is unique. The Incubator will focus on first the Business aspect of productions instead of the creative aspects. Except for [Prelude2Cinema](#), each business will only be involved in productions on a need to basis.

What types of businesses can be involved in the Incubator?

That is the great thing about movies and TV. It can involve nearly any type of business. Here are other examples of businesses from different industries and how they can be involved.

Type of Business

Involvement in Movies and TV

Benefits

Clothing

Providing wardrobe that will be seen in movies and TV

A campaign can be built around their clothing featured in movies and TV.

Food

A movie and TV production literally hires hundreds of persons that will need to be fed each day of shooting.

The studio will provide a constant customer base.

Software company

The company can provide proprietary software to aid in productions

A new product can be created and displayed in the movies.

Internet company

Each movie requires a website

The website will promote the movie and the designer.

This is only a small example of the involvement of businesses in the Studio. Each business will be involved in different ways with productions and will benefit financially.

TELEVISION

Cleveland-based TV show stars local actors, locations

JULIE E. WASHINGTON
Plain Dealer Reporter

Cleveland detective Teresa Maria de los Angeles — Angie to her friends — is assigned to a special regional task force that takes on the worst cases. She's under pressure from her superiors, a corrupt prosecutor and a publicity-hungry mayor — all demanding answers.

But when Angie sleeps, that's when the real mystery starts. Unbeknownst to her, inside her body lies a dark entity that emerges to carry out its own justice on criminals.

Dying to find out more? Don't tune in the news. Angie is a character in "Out of Darkness," a television series being shot in Cleveland.



Michaels

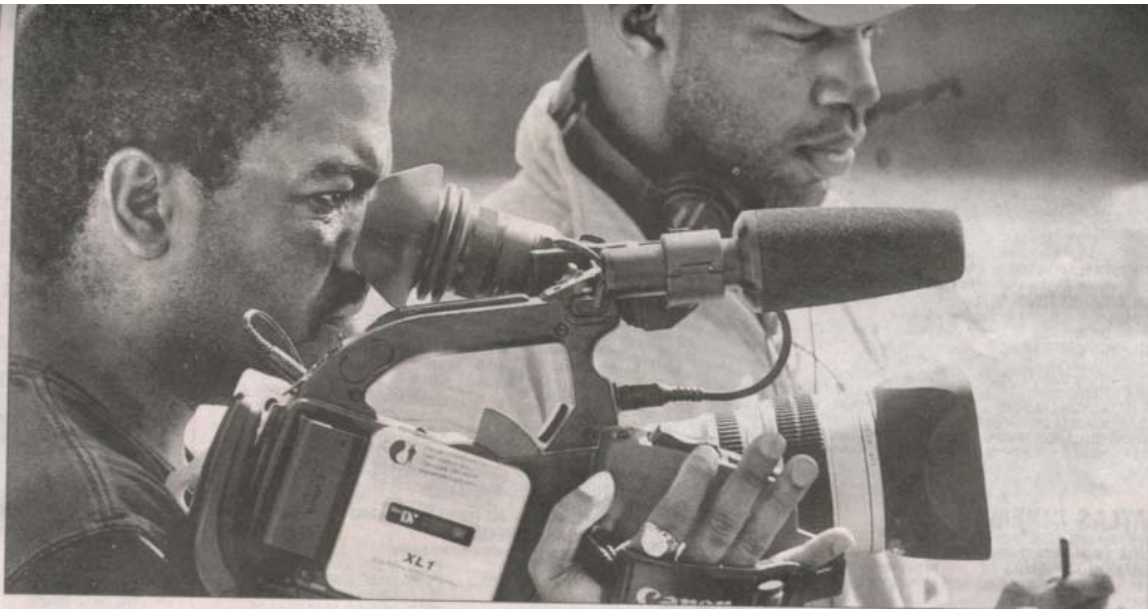
That's right, Cleveland. Series creator Alex Michaels worked for six years to create "Out of Darkness" and get it on the air. Last month, the supernatural crime series debuted with a five-episode run on the Dish satellite network. It airs at 12:30 a.m. Saturday on Dish channel 216, which is the Resorts and Residence channel, through Saturday, Sept. 24.

Michaels, an independent filmmaker with an entrepreneurial spirit, landed sponsors by pledging to write those businesses into "Out of Darkness" episodes and shoot scenes there.

The businesses get exposure. Michaels, 39, who lives in Cleveland, gets financial support and free locations for shooting.

SEE SHOW | E7





LYNNISCHAY | THE PLAIN DEALER

Series creator Alex Michaels checks out a shot for his television series "Out of Darkness," before handing the camera back to cinematographer Jerome Lee Brown. "Out of Darkness" is a supernatural crime show being filmed here and airing on the Dish satellite service.

SHOW

FROM E1

Cleveland-based show stars local actors

He garnered enough support to buy late-night spots on Dish, which was cheaper than buying time on local television stations, he said.

He liked the late-night berth because he thinks that people who are up past midnight will like the series and because some episodes will contain adult themes.

Michaels found like-minded entrepreneurs, such as Massimo da Milano Restaurant, were eager to help a project that could boost Cleveland's image.

He made deals without showing sponsors any footage. "They did not care," he said. "Business is about the other person. They don't care about me."

Michael Feigenbaum, owner of Lucy's Sweet Surrender bakery in Cleveland, said he made a small investment in the series. In exchange, Michaels wrote the bakery into scripts as a police hang-out.

"I thought that would be real fun," said Feigenbaum, who even got to say a few lines. "It's pretty brave of someone in this day, when everything is so hyped, and he's shoestring. I believe in small local business. He represents that to me."

On a recent sunny afternoon, Michaels switched from businessman to filmmaker. A few

cast members, plus one cameraman operating a digital camera, gathered at the Whiskey Island Marina to shoot scenes for the fourth episode. A small building at the marina stands in for the fictional Seventh District police headquarters.

Michaels, 39, has written and directed most of the episodes, but he has brought in other screenwriters and directors as well.

The striking Ada Carolina Ortiz, who plays Angie, rehearsed a scene with two other actors. Ortiz is the third actress to play Angie; the others left due to disagreements with Michaels, who had to reshoot episodes.

Ortiz said she thinks "Out of Darkness" will let Cleveland's filmmaking community show its talents to the nation.

"Angie's personality, troubled past and the extreme circumstances she goes through allow me to show a wide range of emotions," Ortiz, who lives in Chagrin Falls, wrote in an e-mail. "Each episode allows me to display my own Spanish heritage and culture and will include some Spanish dialogue. On top of that, this girl has superpowers!"

Actor Joseph Primer, who portrays Angie's partner Drew, was cast after Michaels saw him perform at Cleveland Public Theatre in 2002. Primer, who lives in South Euclid, is excited that the series finally has made it to the airwaves.

"Now someone can turn on the TV, and there you are," said Primer.

Michaels plays one of the main

characters, the shifty prosecutor George Bailey Raft. Michaels took on the role because he initially thought it would be small. But after Michaels and actor George Fiderio, playing a shady businessman, clicked in their scenes together, Raft's role was expanded.

The first time that Michaels got behind a camera, he was filling in for a director who had bailed on a small project for which Michaels had written a script.

Growing up on Cleveland's East Side, he was more interested in writing stories than watching or making movies. After studying medical technology, he gravitated toward movies and theater. He said that a family trust fund provides living expenses but can't be used to fund his projects.

Michaels directed a few inde-

pendent film projects, including "Blood Kiss: Soul of a Woman." They didn't find distribution. He learned that films take a long time to shoot, with no guarantee of distribution or income at the end.

Now "Out of Darkness" has a chance to find an audience. Michaels has paid for five episodes to air, but he's certain that funding for the entire 13-episode season will come through. He knows that his cast and sponsors are counting on him to complete the series.

"I have a responsibility to these people to do what I said I would do," he said.

To reach this Plain Dealer reporter:
jwashington@plaind.com,
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H.R.4520

American Jobs Creation Act of 2004 (Enrolled as Agreed to or Passed by Both House and Senate; signed by the President on Friday, October 22 2004; became Public Law No: 108-357)

SEC. 244. SPECIAL RULES FOR CERTAIN FILM AND TELEVISION PRODUCTIONS.

(a) IN GENERAL- Part VI of subchapter B of chapter 1 is amended by inserting after section 180 the following new section:

SEC. 181. TREATMENT OF CERTAIN QUALIFIED FILM AND TELEVISION PRODUCTIONS.

(a) ELECTION TO TREAT COSTS AS EXPENSES-

(1) IN GENERAL- A taxpayer may elect to treat the cost of any qualified film or television production as an expense which is not chargeable to capital account. Any cost so treated shall be allowed as a deduction.

(2) DOLLAR LIMITATION-

(A) IN GENERAL- Paragraph (1) shall not apply to any qualified film or television production the aggregate cost of which exceeds \$15,000,000.

(B) HIGHER DOLLAR LIMITATION FOR PRODUCTIONS IN CERTAIN AREAS- In the case of any qualified film or television production the aggregate cost of which is significantly incurred in an area eligible for designation as--

(i) a low-income community under section 45D, or

(ii) a distressed county or isolated area of distress by the Delta Regional Authority established under section 2009aa-1 of title 7, United States Code,

subparagraph (A) shall be applied by substituting '\$20,000,000' for '\$15,000,000'.

(b) NO OTHER DEDUCTION OR AMORTIZATION DEDUCTION ALLOWABLE-

With respect to the basis of any qualified film or television production to which an election is made under subsection (a), no other depreciation or amortization deduction shall be allowable.

(c) ELECTION-

(1) IN GENERAL- An election under this section with respect to any qualified film or television production shall be made in such manner as prescribed by the Secretary and by the due date (including extensions) for filing the taxpayer's return of tax under this chapter for the taxable year in which costs of the production are first incurred.

(2) REVOCATION OF ELECTION- Any election made under this section may not be revoked without the consent of the Secretary.

`(d) QUALIFIED FILM OR TELEVISION PRODUCTION- For purposes of this section--

`(1) IN GENERAL- The term `qualified film or television production' means any production described in paragraph (2) if 75 percent of the total compensation of the production is qualified compensation.

`(2) PRODUCTION-

`(A) IN GENERAL- A production is described in this paragraph if such production is property described in section 168(f)(3). For purposes of a television series, only the first 44 episodes of such series may be taken into account.

`(B) EXCEPTION- A production is not described in this paragraph if records are required under section 2257 of title 18, United States Code, to be maintained with respect to any performer in such production.

`(3) QUALIFIED COMPENSATION- For purposes of paragraph (1)--

`(A) IN GENERAL- The term `qualified compensation' means compensation for services performed in the United States by actors, directors, producers, and other relevant production personnel.

`(B) PARTICIPATIONS AND RESIDUALS EXCLUDED- The term `compensation' does not include participations and residuals (as defined in section 167(g)(7)(B)).

`(e) APPLICATION OF CERTAIN OTHER RULES- For purposes of this section, rules similar to the rules of subsections (b)(2) and (c)(4) of section 194 shall apply.

`(f) TERMINATION- This section shall not apply to qualified film and television productions commencing after December 31, 2008.'

(b) CONFORMING AMENDMENT- The table of sections for part VI of subchapter B of chapter 1 is amended by inserting after the item relating to section 180 the following new item:

`Sec. 181. Treatment of certain qualified film and television productions.'

(c) EFFECTIVE DATE- The amendments made by this section shall apply to qualified film and television productions (as defined in section 181(d)(1) of the Internal Revenue Code of 1986, as added by this section) commencing after the date of the enactment of this Act.

To Be Continued

Prelude2Cinema Photo Timeline 1999-2004



It has been the best of times and the worst of times, but it has been fun. Now the real work lies ahead and with our partners, we are ready to continue. As the old song goes, “The Best is Yet to Come.”

Prelude2Cinema

“Movies That Make You Think.”

www.prelude2cinema.com