**Profit Sharing Agreement**

This **Profit Sharing Agreement** ("Agreement") is entered into as of \_\_\_\_\_\_\_\_\_ [Date], by and between:

* **Roberta Kang** ("Party A")
* **Tommy Duch** ("Party B")

Together referred to as the "Parties."

**1. Purpose**

The Parties agree to collaborate on the development, marketing, and distribution of the ***Animation Timeline Tool*** (the "Project"). This Agreement outlines how profits generated by the Project will be shared.

**2. Profit Sharing Ratio**

The net profits resulting from the Project shall be divided as follows:

* Party A: 70%
* Party B: 30%

*“Net profits” shall mean all revenue received from the Project minus all agreed-upon expenses directly related to the Project.*

***Performance-Based Adjustment:***

If Party B successfully secures **100 paying users** of the Animation Timeline Tool, the profit sharing ratio shall adjust as follows:

* Party A: 60%
* Party B: 40%

This adjusted profit-sharing ratio shall apply to all profits generated after the user milestone is met. The number of paying users will be verified through financial records and mutually agreed documentation.

**3. Responsibilities**

* **Party A:**

1. Oversees overall project management and development strategy for the Animation Timeline Tool.
2. Leads product design including UI and UX to ensure the tool is user-friendly and meets animator needs.
3. Develops and engineers the core desktop and mobile (tablet) application, ensuring functionality, stability, and integration capabilities.
4. Manages web engineering tasks related to supporting platforms or online components.
5. Participates alongside Party B in negotiating licensing deals, managing client relationships, and pitching the tool to potential customers.

* **Party B:**

1. Contributes to UX design with a focus on animator workflows and animation production needs.
2. Acts as the primary liaison to animation studios and freelancers.
3. Drives studio sales efforts including pitching the tool, managing client relationships, and negotiating licensing deals.
4. Supports marketing and outreach to expand the user base among studios and freelance animators.

**4. Accounting and Payments**

Profits will be calculated on a monthly basis.

Payments will be distributed to the Parties within 30 days after the end of each accounting period.

Both Parties will have access to relevant financial records for transparency.

Payments shall be made in USD via PayPal.

**5. Intellectual Property**

All intellectual property rights related to the Animation Timeline Tool, including but not limited to source code, designs, trademarks, documentation, and other materials created or developed during the term of this Agreement, shall be jointly owned by the Parties unless otherwise agreed in writing.

Neither Party may license, sell, transfer, or otherwise use the intellectual property outside the scope of this Agreement without the prior written consent of the other Party.

Upon termination of this Agreement, both Parties shall retain rights to any intellectual property created during the term and may continue to use it in accordance with any further agreements or licenses mutually agreed upon.

**6. Term and Termination**

This Agreement shall remain in effect until terminated by mutual consent or upon:

1. **Mutual Consent:**

Both Parties may terminate this Agreement at any time by providing written consent.

1. **Material Breach:**

If one Party materially breaches the Agreement by failing to perform their responsibilities or obligations, the other Party may terminate the Agreement upon written notice.

1. **Inactivity:**

If there is no substantial work or revenue generated from the Project for a continuous period of one year and a half, either Party may terminate the Agreement upon written notice.

Upon termination, any remaining profits will be distributed according to the agreed ratio.

**7. Dispute Resolution**

Any disputes arising out of or relating to this Agreement shall first be submitted to good faith mediation, with both Parties agreeing to cooperate in an effort to resolve the matter amicably.

If the dispute remains unresolved after mediation for a period of 30 days, the Parties agree to submit the dispute to binding arbitration administered by the American Arbitration Association (AAA) under its rules, with the arbitration to be conducted in the State of California.

The arbitration shall serve as the sole and exclusive remedy for resolving disputes under this Agreement, and the Parties hereby waive any right to pursue litigation in court. The decision of the arbitrator(s) shall be final, conclusive, and binding on all Parties.

To reduce costs and streamline the process, the Parties agree to:

* Equally share the arbitration fees, unless the arbitrator(s) determine otherwise;
* Limit discovery and hearing procedures to those reasonably necessary;
* Conduct arbitration hearings remotely where practicable.

**8. Entire Agreement**  
This Agreement constitutes the entire understanding between the Parties regarding profit sharing and supersedes all prior agreements, negotiations, and understandings, whether written or oral.

**9. Governing Law**  
This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to its conflict of law principles.

**10. Signatures**

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| Roberta Kang  Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_  Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Tommy Duch  Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_  Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_ |