

CONFIDENTIAL

# RULE 1

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*Your Voice, Your Signature, Your Legacy*

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**Business Plan**  
Prepared October 2023

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# Executive Summary

## Opportunity

### Problem

Vocal technology is advancing rapidly, but protections for artists have lagged behind. There are currently few regulations preventing unauthorized vocal replication or ensuring fair compensation when an artist's voiceprint is used. First Rule seeks to empower singers by giving them full control over if, when, and how their voice is used. More specifically, control over consent, credit, compensation, creation, and collaboration.

Our platform solves three key problems facing artists today:

1. **Deepfake Risks:** Artificial intelligence can now create synthetic media, including audio, that manipulates or generates content to make it appear real. Unregulated use of this technology poses serious risks for singers, whose voice and likeness could be misused without their consent. Rule 1's voiceprint protection helps artists maintain control over their identity and brand.
2. **Future Lack of Monetization Options:** Currently, artists have limited ways to generate revenue from their voiceprints and little say in how it's used by others. First Rule opens up new secure monetization streams, enabling singers to profit directly from authorized use of their voiceprint along with other downstream opportunities such as boutique LLMs trained on their catalog's data if and when they decide to open up to that revenue stream.
3. **Legal Complications:** Ownership and usage rights surrounding vocals are complex, often leading to costly legal disputes over royalties, licensing, and intellectual property. First Rule provides a transparent framework for artists to authorize use of their voiceprint, set clear terms and conditions, and ensure fair compensation - reducing headaches for both singers and producers.

By solving these key problems, First Rule gives singers unprecedented control, connection, and commercial opportunity. Our platform is designed specifically with established artists in mind, focusing on empowerment over ownership. While big tech races to gain control of artists' brands, First Rule puts the power back where it belongs - in the artists' hands.

### Solution

At First Rule, we offer artists the opportunity to protect their melodic voiceprints by securely storing their voiceprint data and granting access to it through the issuance of NFTs. This not only includes traditional contracts between artists and their labels, but also opens up new and unique avenues for monetizing their voice through AI-powered content generation and model training. By entrusting their melodic voiceprints to us, artists can effortlessly grant licenses for a wide range of potential use cases, while having the peace of mind of easily identifying copyright infringement and misuse. They can confidently track which parties they have authorized for specific use cases, ensuring their voiceprints are used appropriately.

### Market

First Rule focuses on pop, country, hip hop, R&B, and electronic music artists based in the United States. To be eligible to use Rule 1, an artist must have:

- A minimum of 250,000 (*flexible number*) followers across streaming platforms (e.g. Spotify, Apple Music) and social media (e.g. Instagram, Twitter)
- 1-5 million streams of at least one of their singles in the past 12-24 months

These parameters ensure we are working with established and fast-growing artists who have an engaged fan base and the potential for mainstream success. By focusing on these popular, English-language based genres and geographies, we can scale quickly to reach a large portion of engaged music consumers and the influencers that shape their tastes.

## Competition

1. Mint Songs: A blockchain-based platform for artists to mint and distribute unique songs as NFTs, earning crypto rewards.
2. Elf.Tech: Grimes collaborates with TuneCore and CreateSafe for AI-driven music production, allowing users to transform their own singing recordings into Grimes' voice.
3. Controlla.XYZ: A music platform connecting artists with fans, providing monetization opportunities and building a loyal fan base.
4. Voice-Swap.AI: Easily transform your vocals to match the style of chart-topping singers.
5. Google + Universal Records, Warner Records: They announced (but haven't released) a label-first/top-down approach to a similar product as First Rule.
6. Kits.AI by Arpeggi Labs: Generate your own AI voices in one click, or transform your voice using our growing library of officially licensed AI voices. Unfortunately, Kits.AI has multiple stripped and illegally cloned voices in their library + very few known artists in the approved and licensable voiceprint library.

## Why Us?

While several companies are racing to capitalize on the emerging trend of AI content generation using vocal cloning and generative voice (vocaloid) technologies, First Rule takes a unique approach by prioritizing the artists. We firmly believe in giving artists complete autonomy to determine when, where, and how to license their voices.

At First Rule, artists retain ownership of the contracts that govern the deployment of their Melodic Voices (MV) as non-fungible tokens (NFTs). This ownership empowers them to make decisions on their own terms, ensuring that their artistic vision is respected.

Moreover, First Rule possesses extensive industry knowledge and strong connections. Our headquarters are strategically located in Nashville, TN, which is the heart of the music world. This proximity enables us to forge relationships with a

wide range of artists, industry insiders, studios, and labels who share our vision for the future of AI music generation and protection.

## Expectations

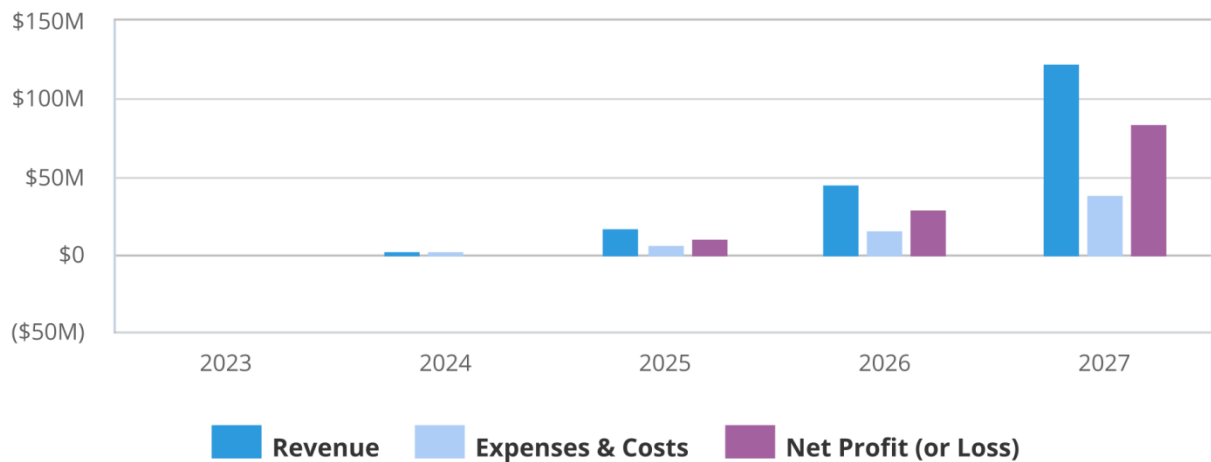
### Forecast

In December 2023, we anticipate that our revenue will begin to flow from various sources. This includes the income generated from onboarding and initiation costs, as well as the proceeds from percentages of artist-issued melodic voiceprint and AI Co-Writer NFTs + licensing agreements.

Our projection for October is to onboard 10 artists, resulting in approximately \$15,000 in initiation fees. Following this, we anticipate a monthly subscription fee of \$1,000 for each artist. Moreover, we anticipate that roughly 50% of our artists will express interest in our boutique model training program, which entails an initiation fee of \$1,500 and a 5% profit structure per subscription.

Initially, we estimate that each artist will generate \$5,000 in revenue per month. However, this figure is expected to increase to \$10,000 per artist per month as we achieve a remarkable 200% growth in our artist clientele starting from October 2023.

## Financial Highlights by Year



## Financing Needed

Our goal is to secure \$500K at a \$4M valuation in a pre-seed round which will be matched by an agile software development team which has offered that + scaling our prototype to a sellable product. From there, we'll enter a seed round where we'll aim for a rollup deal which will involve acquiring two music tech startups that have already developed and launched their products. By leveraging their existing technology, we aim to accelerate our growth and scale rapidly.

Specifically in the near term we need financing for the following --

- 1) Outreach to potential artist partners to shepherd us through our initial rollout
- 2) Specialized blockchain, AI, and front end engineers to blitz scale the product and bring all the features, particularly the voiceprint NFTs and the boutique models to market.
- 3) In addition to engineering needs, we will need legal advisors to help us navigate the potential legal issues surrounding artist protection and label relationships.

4) We will need core administrative, technical, marketing, and sales support as well as liaisons with potential mergers and roll-ups that we want to initiate as soon as possible.

5) For a clearer idea of the near and longer term projected expenditures, reference the detailed profit and loss metrics included in this plan.

# Opportunity

## Problem & Solution

### Problem Worth Solving

Problem Worth Solving

*Brief:* The 4 C's of Control are not in the Artist's hands:

1. Compensation
2. Credit
3. Consent
4. Creativity
5. Collaboration

This is how First Rule solves for that:

**1. Inefficiencies in Licensing and Monetizing Vocal Talents:** The music industry currently faces a cumbersome and often opaque process when it comes to licensing vocal talents. The lack of standardized systems often leads to legal conflicts, delays, and missed opportunities for both artists and those seeking to utilize their talents. First Rule introduces a streamlined platform where artists' voices are represented through Melodic Voiceprint NFTs, allowing for transparent and efficient licensing.

**2. Lack of Control and Security over Vocal Intellectual Property:** Artists often find themselves at the mercy of various intermediaries and platforms that control the distribution and monetization of their vocal work. First Rule's model provides a decentralized and secure method of controlling one's vocal IP. The physical USB keys for cold storage, along with secure backup options, empower artists to have greater autonomy and security over their work.

**3. Limited Customization and Integration with Existing Platforms:** Traditional methods of generating and distributing vocal content are siloed and lack flexibility. Rule 1's proposed integration with other platforms, like EastWest Sounds' vocal



sample libraries, will enable secure unique and boutique artist model generations. This allows for a more versatile and tailored experience, expanding the range of possibilities in content creation.

**4. Barrier to Innovative Content Generation:** Creating personalized content like a famous singer's rendition of "Happy Birthday" is an ambitious idea that is often hindered by legal complexities and technological limitations. First Rule's innovation breaks down these barriers by utilizing MV-NFTs to facilitate new content creation in a lawful and efficient manner.

**5. Need for Strategic Onboarding of Artists:** Artists require proper representation and incentives to embrace new technologies. First Rule's strategic approach to onboarding, including physical Artist's Vault Intro Packages and engaging well-known brand ambassadors, ensures a smooth transition and promotes adoption within the artistic community.

In summary, First Rule is not just a product; it's a holistic solution addressing several key challenges within the music industry (and beyond). By modernizing licensing processes, enhancing security, fostering integration, promoting new content creation, and thoughtfully engaging with artists, we're building a platform that resonates with the current needs of the industry and paves the way for future innovation. Our approach sets us apart from traditional and competitive solutions and marks an exciting advancement in how vocal talents are utilized, protected, and celebrated.

## Our Solution

In our quest to address the significant challenges faced by artists, we present a unique end-to-end solution that involves leveraging AI and blockchain technology to enable them to generate and securely store their *melodic voiceprints*. By doing so, they will have the power to open up downstream opportunities by minting NFTs that serve as exclusive contracts, granting them full autonomy and control. Additionally, we aim to simplify the process of developing personalized trained LLM models called "Co-writer", thereby unlocking unprecedented at-scale revenue opportunities for artists. This innovative approach not only safeguards their vocal

identity but also amplifies their engagement with fans and fellow musicians, fostering novel and exhilarating connections.

## Target Market

### Market Size

The global music industry generates over \$50 billion in revenue annually. Within this market, the licensing and monetization of vocal assets from famous singers is a fast-growing segment. According to Music Business Worldwide, over the past three years, the number of brands seeking to license music and vocals from well-known artists has increased by 63%. Similarly, the demand for customized vocal content, such as personal messages or re-recorded songs, has risen by a staggering 137% over the same period.

First Rule is poised to capitalize on the momentum in this segment by providing famous singers an exclusive and innovative platform to license, share, and monetize their voiceprint/vocal assets. We make the process more efficient, secure, and personalized for both the artists and those integrating and engaging with the vocals. Our model gives singers more control and creative freedom over their work while opening up new revenue streams from licensing, customized content, and other opportunities.

### Target Segments

First Rule has identified two key customer segments: famous singers (clients) and vocal asset integrators/fans (users).

#### Famous Singers (Clients)

This segment includes well-known recording artists, particularly those with a unique vocal style or brand. They stand to gain the most from our platform by licensing and monetizing their vocals on their terms. We aim to onboard 50 major artists in our first year, adding 25-50 more each subsequent year.

#### Vocal Asset Integrators/Fans (Users)

This broad segment includes music producers, interactive media companies, brands, and fans seeking to license, integrate or engage with vocals from famous singers. Whether for commercial or personal use, First Rule provides the means for users to easily access and work with celebrity vocals. We anticipate growing this segment to over 100 million users within 5 years based on current industry trends.

By targeting these segments, First Rule is poised to dominate an untapped space in the music technology market. We have developed key partnerships and integrations to reach clients and users, setting the groundwork for rapid expansion and massive scale. The vast size of the music industry and increasing demand for vocal assets point to nearly limitless potential. First Rule is the innovative solution the world has been waiting for.

## Competition

### Current Alternatives

Controlla.XYZ allows fans to interact with and remix songs from their favorite artists. While an innovative concept, Controlla.XYZ **does not enable new revenue streams from those assets**.

Elf.Tech utilizes AI to transform users' voices into the style of popular artists like Grimes. However, **Elf.Tech does not provide a platform for artists to share, monetize, or gain insights from their vocal assets**. The technology is limited to impersonating established artists' voices rather than enabling new creative works from artists' actual vocal assets.

Voice-Swap.AI also relies on AI to swap users' voices for those of popular singers. **Like Elf.Tech, Voice-Swap.AI does not work with artists' own vocal assets or support artists in building new revenue streams and fan connections from those assets**. The platforms are more focused on vocal impersonation than empowering artists with control over their creative works.

Mint Songs allows artists to sell songs as NFTs, providing some control over distribution and earning potential. However, **Mint Songs does not specifically focus on vocal assets, provide a platform for sharing and monetizing those assets,**

**or generate insights from their use.** While an interesting concept for song ownership and distribution, Mint Songs lacks First Rule's comprehensive solution centered on amplifying the value and impact of artists' vocal creativity.

Kits.AI allows you to generate your own AI voices in one click, or transform your voice using our growing library of officially licensed AI voices, **yet some of their library's user-created voiceprints are illegally ripped voiceprints, clearly indicating a lack of security even though they boast being on-chain.**

In contrast, First Rule provides an all-in-one exclusive platform for artists to upload, protect, share, and monetize their vocal assets. First Rule's solution generates insights into how those assets are being used to build connections between artists and voiceprint-integrators and fans. With this innovative approach focused specifically on vocal assets + our proprietary Co-Writer tool, **First Rule offers artists greater control, ownership and earning potential from their creative works.**

## Our Advantages

First Rule's Key Advantages:

1. **Innovation in Personalization:** First Rule's use of Melodic Voiceprint NFTs (MV-NFTs) allows artists to write dynamic lyrics with AI co-writers, a truly unique and cutting-edge service that blends AI and creativity.
2. **Revenue Enhancement:** By leveraging famous artists' melodic voiceprints along with their AI Co-Writer, emerging artists can achieve significant revenue growth, as evidenced by successful collaborations. This value proposition extends beyond mere creativity, driving tangible financial results. We see an opportunity for artists to capture and generate novel revenue streams where they previously have lost revenue to copy-cats. Imitators will inevitably rip off great artists' sound and style without even stealing their inspiration's voiceprint, but now artists will be able to more directly profit off of this common occurrence.
3. **Targeting Established Artists:** Focusing on famous singers as primary adopters positions First Rule in a niche market with a significant influence on

trends and public opinion. This strategic focus on key influencers can lead to wider market penetration.

4. **Integration and Collaboration:** By partnering with integration points like EastWest Sounds' vocal sample libraries and other content generation avenues, First Rule offers a comprehensive and unique ecosystem for music creation. This integration sets First Rule apart from competitors who may offer isolated or fragmented solutions.
5. **Cold Storage Solutions for Security:** Offering physical USB key charges for cold storage adds a layer of security for artists' wallets. This attention to security could be a unique selling point in a market concerned with digital asset protection.
6. **Tailored Solutions:** First Rule offerings are not one-size-fits-all. From boutique artist model generations to specific song content generation, these solutions are highly customizable, catering to the unique needs and aspirations of individual artists.
7. **Strategic Acquisitions:** With plans for roll-ups like Controlla.XYZ and Emvoice, First Rule demonstrates an aggressive growth strategy that aims to rapidly scale and consolidate key technologies and market positions.

### Conclusion:

First Rule's competitive edge lies in its exclusivity, innovation, targeted approach, integration, and commitment to delivering real value to both established and eventually, emerging artists. These advantages position First Rule as a unique player in the market, offering specialized solutions that are designed to enhance creativity, secure digital assets, and drive revenue growth for its users. The company's strategy, technology, and vision align to create a strong value proposition that sets it apart from other competitors in the field.

# Execution

## Marketing & Sales

### Marketing Plan

First Rule will leverage an integrated marketing strategy to drive brand awareness and customer acquisition. Our approach focuses on digital advertising, social media outreach, search engine optimization, email marketing, influencer collaborations, and strategic partnerships.

We will invest in targeted online ads across music-focused platforms to reach key audiences, including artists, producers, and industry leaders. By optimizing ad content and placements, we aim to generate interest and drive traffic to our website and social media profiles.

Our social media profiles on Instagram, Twitter, and LinkedIn will feature regular posts with insights, updates, and content that resonate with the music community. By posting daily and engaging actively with our followers, we will establish First Rule as an authority in our industry.

Optimizing our website for search engines like Google will increase our visibility in organic search results for relevant keywords. We will also develop and distribute educational content, including blog posts, videos, and downloadable resources. This content will improve SEO and provide value to our target customers.

Through regular email newsletters, we will keep subscribers up to date with company news, platform updates, resources, and success stories from customers. Newsletters will increase brand recall and give recipients a reason to re-engage with our website and social media profiles.

Collaborating with 25 music artists and producers as official brand ambassadors will amplify our marketing reach. These influencers will promote First Rule to their followers across social media and at industry events. In exchange, we will provide them with access to our platform and promotional opportunities.

First Rule's unique logo and visual identity will give us a professional, polished brand image. We will apply this branding consistently across all marketing materials and digital presences to build brand recognition.

With a strategy focused on resonating with our target customers through multiple touchpoints, First Rule is poised to become a leader in the music industry. By delivering real value to artists, businesses, and other music professionals, we will achieve sustainable growth and success.

## Sales Plan

For First Rule, the sales process is deeply entwined with providing value and ensuring customer satisfaction at each touch point. Our primary focus is on targeted B2B sales with famous singers initially. Here's how we plan to turn prospects into paying customers:

1. **Lead Qualification:** Once an artist shows interest, our Business Development team will qualify the lead by assessing their needs and how First Rule can specifically address them.
2. **Product Demo:** The next step would be to arrange a product demonstration where we can showcase our technology and its benefits in real-time. This will be a tailor-made presentation, focusing on how First Rule can help them secure their vocal signatures, train & create lyric-writing AI models (*Co-Writer*), and issue melodic voiceprint NFTs.
3. **Custom Proposal:** After the demo, a custom proposal will be sent, which will include a pricing model that best suits the artist's needs. We'll make it flexible to accommodate the different revenue streams that artists have.
4. **Onboarding and Training:** Once the artist agrees to the proposal, we will provide comprehensive onboarding and training to help them get the most out of First Rule.
5. **Account Management:** Each artist will have a dedicated account manager who will be responsible for nurturing the relationship, ensuring customer satisfaction, and exploring upsell or cross-sell opportunities.
6. **Closing and Follow-Up:** The deal is considered closed when the artist starts using First Rule for their work. We will continually follow up to gather feedback and make any necessary improvements.

7. **Customer Success Team:** This team will work on maximizing customer lifetime value, monitoring artist engagement with First Rule, and proactively identifying any issues that could lead to churn.

**Staffing Needs:**

- Business Development Team for lead qualification and initial reach-out
- Account Managers for maintaining relationships
- Customer Success Team for post-sales activities

**Commission Structure:** We will operate on a tiered commission structure, rewarding those who meet or exceed quotas.

**Sales Activities:**

- **Networking at industry-specific events:**
  - Attend music industry conferences like SXSW, Midem, and AIMM Con to connect with artists, producers, labels, and managers.
  - Host sponsored stages, panels, or networking events at major music festivals to increase brand visibility.
  - Leverage existing relationships with influencers to gain introductions to new prospects.
- **Engaging with referrals:**
  - Offer referral bonuses to incentivize existing customers to connect us with artists in their network.
  - Send personalized outreach to referred prospects that highlights the referring customer's positive experience.
  - Prioritize referred leads during lead qualification since they come pre-vetted.
- **Existing customer follow-ups for upsell or cross-sell opportunities:**
  - Check in regularly to gauge satisfaction and explore additional needs we can fulfill.
  - Educate on new features or products that could augment their usage.



- Offer special bundled pricing or discounts for existing customers adding services.
- **Thought leadership through webinars, articles, etc., to establish First Rule as an industry innovator:**
  - Host webinars showcasing First Rule's capabilities to prospects.
  - Publish bylined articles in music industry trade publications.
  - Speak at industry conferences about AI-enabled content creation and IP protection.
  - Promote thought leadership content through owned channels and social media.

We're well-equipped to build and maintain a robust sales pipeline and ensure a high conversion rate of prospects into satisfied, paying customers.

## Operations

### Locations & Facilities

Currently, First Rule is based in Nashville, TN, and operates in a decentralized manner with all team members working remotely. Our vision is to establish a presence in the vibrant Music City by making use of shared office spaces. These spaces will not only provide cold storage options for our clients but also offer a flexible workspace where our staff can periodically gather to collaborate as a cohesive team.

### Technology

In our current phase, we are focused on building a demo product that combines a Streamlit UI and a pythonic backend. This initial version will serve as a foundation for the future development of a full-stack application that can support both web and mobile platforms. Our ultimate goal is to create a comprehensive platform that seamlessly integrates robust AI model training capabilities with the power of Blockchain technology and music studio software.

## Equipment & Tools

We currently operate using our local machines, but as we expand, it is essential for us to have a reliable source of GPU processors. These processors can be either physical or, more likely, cloud-based, to facilitate the training and maintenance of our AI models. Additionally, we will need a secure solution for storing our partner artists' private blockchain keys in cold storage. Furthermore, we will require cloud storage for the melodic voiceprints themselves to ensure their accessibility and protection.

## Milestones & Metrics

### Milestones Table

Milestone	Due Date	Who's Responsible	Details
Functional demo completed	Completed	Dave T	Functional demo completed, ready to shop to potential partner artists and ready to scale as new engineers are brought on.
New leadership onboarded.	Completed		Flex C-Suite exec, CFO / COO onboarded to assist with rapid scaling.
Pre-seed Financing Secured	October 25, 2023	Founding Team	Initial larger round of financing to secure the capital for rapid expansion and execution of our plan to blitz-scale.
Initial Artist Partners Onboarded	November 15, 2023	Founding Team	Initial partner artists / evangelists secured, scout and marketing teams in place for artist outreach and communication.
Team members onboarded	November 15, 2023		Advisors and investor relations exec onboarded to explore.
CTO and engineering team build out	November 30, 2023		As we scale, more engineering talent and oversight will be critical, thus requiring new team members to be onboarded.

Launch and Initial Adoption	December 11, 2023		<ul style="list-style-type: none"> <li>- Launch the Artist Vault™ platform with early-bird promotions for artists to upload voiceprints.</li> <li>- Partner with 5-10 emerging artists for exclusive Co-Writer™ training sessions and/or contests.</li> </ul>
Boutique Models Training Begins, MV and NFTs rolled out	January 01, 2024	CTO	Once the initial artists have been secured, we will begin boutique model training and enhanced blockchain MV protection protocols.
Expansion within Music Industry	February 26, 2024		<ul style="list-style-type: none"> <li>- Grow user base: Launch North American marketing campaigns targeting independent artists.</li> <li>- \$5K/mo on PR</li> <li>- Introduce new features in the Artist Vault, such as advanced analytics for artists to track voiceprint usage.</li> </ul>
Exit [Scenario 1]	November 28, 2025		<ul style="list-style-type: none"> <li>- Acquisition by a larger music or tech company, possibly Nvidia, with whom we already have connections.</li> <li>- Licensing the technology for use in other industries.</li> </ul>

Exit [Scenario 2]	February 23, 2026		- Strategic partnership or acquisition with a major entertainment company; Possibly a PRO
Exit [Scenario 3]	December 01, 2027		- IPO

## Key Metrics

At First Rule, we have established the following key performance indicators (KPIs) to track our progress:

### Artist Vault Acquisitions:

Our goal is to onboard 500 artists in our first year who complete voiceprint registration and upload samples to their Artist Vault. This metric indicates market traction for our core value proposition.

### Subscription Conversion Rate:

We aim for a 10% conversion rate from platform visitors to paying subscribers of our Full Studio Access service. This will validate product-market fit.

### User Engagement:

We will track the frequency of Co-Writer interactions and satisfaction ratings. Our target is an average of 2 sessions per week with 75% user satisfaction.

### Cash Reserves:

Maintaining reserves equal to 6 months of operating costs allows us to withstand market fluctuations and invest in R&D.

### Customer Retention:

Keeping churn below 2% per month indicates our customers find ongoing value in our platform.

By monitoring these metrics, we can course-correct and optimize our go-to-market strategy. Our success hinges on driving value for artists and fans.

# Company

## Overview

First Rule is a DBA for SpokeTek, Inc, a Delaware C-Corp. Rule 1 is owned by Joel Robert Kaiser, Dave S. Thomas, and Robert Baker.

## Team

### Management Team

**Dave S. Thomas** - Co-Founder | CTO/Chief Magic Officer

**Skills and Experience:** Dave brings a wealth of experience in tech entrepreneurship and innovation. He has a strong background in music technology, having worked on cutting-edge projects that bridge the gap between art and technology.

**Role:** Dave will focus on strategic leadership, technology vision, and operational guidance. His in-depth industry knowledge and innovative mindset will drive the product development and growth strategy.

**Strengths:** His blend of technical expertise and creative thinking makes him a driving force behind First Rule's unique value proposition.

**Joel Robert Kaiser** - Co-Founder | Co-CEO

**Skills and Experience:** Joel has a diversified background in business management, design, branding, marketing, and the entertainment industry. He has worked with numerous artists and has a keen understanding of the music business landscape.

**Role:** Joel will oversee marketing, artist relations, and business expansion. His hands-on experience with artist management will guide the development of tools tailored to the needs of famous singers.

**Strengths:** Joel's strong network and deep insight into the music industry position him as a critical player in navigating the intricate dynamics of the music world.

### **Rob Baker** - Co-Founder | Co-CEO

**Skills and Experience:** Rob is a two-decade veteran of the music industry in Nashville, with almost 12 years as an entertainment attorney and another 12 as an artist manager. After practicing corporate law at Waller, Lansden, Dortch and Davis, Rob became the managing partner of his own firm and led a practice that included multi-platinum artists, writers, producers, executives, independent record labels and music publishers before establishing and chairing the entertainment group at Bone, McAllester, Norton. In 2011, Rob shifted gears, began managing artists full-time and grew Longshot Management into a successful boutique management company, whose artists boasted multiple number 1 songs and albums, multi-million dollar tours and partnerships and took home CMA, ACM, CMT, BMI and ASCAP awards.

**Role:** Rob will provide seasoned leadership and utilize his extensive network of executives, artists, writers, producers and service providers in the entertainment industry to onboard artists, writers and users to scale the growth of First Rule.

**Strengths:** Extensive experience and relationships as a trusted advisor in the music and entertainment industry. Rob has founded and led two successful companies from inception to high profitability.

### Conclusion

The First Rule management team is a well-rounded blend of skills and expertise, uniquely positioned to capitalize on this market opportunity. Their combined experience in technology, music, legal affairs, and business development equips them to navigate the complexities of this innovative venture. The synergy among the team members amplifies First Rule's strengths, positioning the company as a leader in transforming how vocal assets are managed and experienced in the music industry.

### Advisors

**Larry Bridgsmith** - AI & Blockchain Advisor



**Skills and Experience:** Larry is an expert in artificial intelligence, blockchain technology, and legal affairs. His experience spans multiple successful projects involving complex technological solutions and legal structures.

**Role:** Larry's advisory role focuses on ensuring that First Rule's technology is cutting-edge, secure, and compliant with legal regulations. He guides the integration of AI and blockchain into Rule 1's offerings.

**Strengths:** His blend of technological know-how and legal acumen is instrumental in building a robust, trustworthy platform.

**Taylor Cason** - Business Development and Industry Relations Advisor

**Skills and Experience:** Taylor has an extensive background in business development and has strong ties within the music industry. She has experience in forging successful collaborations and identifying growth opportunities.

**Role:** Taylor will focus on cultivating industry relationships, identifying strategic partners, and steering business development efforts to ensure First Rule's growth and market penetration.

**Strengths:** Taylor's knack for relationship-building and keen business acumen make her pivotal in expanding First Rule's reach and influence.

# Financial Plan

## Forecast

### Key Assumptions

First Rule's projected revenue and operating costs have been developed based on the following key assumptions:

#### Revenue Streams

- Melodic Voiceprint NFT (MV-NFT) Contracts: We estimate these licenses to generate substantial revenue, reflecting a % fee on each MV-NFT issued.
- Initiation and Management Fees: Recurring revenue will come from initial onboarding and ongoing profile management fees for artists.
- Physical USB Key Sales: Revenue will be generated from sales of secure physical storage keys for MV-NFTs, appealing to security-conscious artists.
- Content Creation and Integrations: Partnerships to develop artist avatars and content, e.g. a 'Happy Birthday' track using famous artists' melodic voiceprints, will open new revenue channels.
- Boutique LLMs trained on singers', singer-songwriters', and songwriters' catalog data = *Co-Writer* AI model

#### Growth Assumptions

We anticipate gradual growth given the newness of our offering and the need to build trust. Focusing first on well-known artists will drive further adoption.

#### Major Expenses

- Brand Ambassador Acquisition: Pop-ups backstage at award shows, festivals and other trade events will build awareness and help in acquiring early adopters after we launch our beta version and open our pilot program.
  - Developing and delivering pass codes (physically and electronically) to 250 initial adopters for exclusive functional demos of our platform.

- Staffing: Engineers, support, executives, and marketers will make up a substantial part of operating expenses.
- Acquisitions: The purchases of Controlla.XYZ, Emvoice, and Suno.AI should be viewed as key strategic investments.

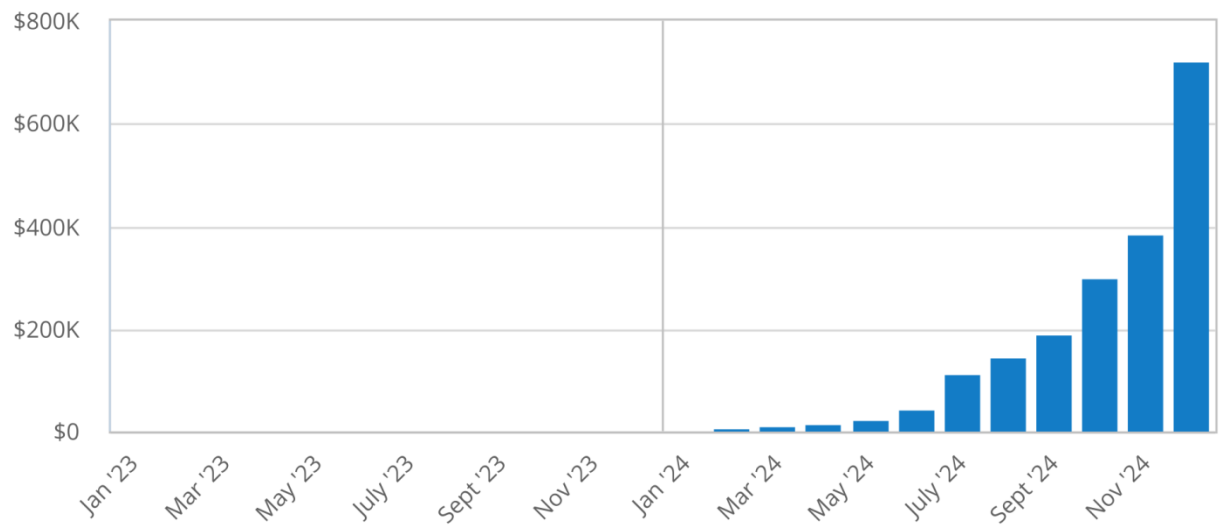
### **Profit Expectations**

We expect profitability to correlate with platform adoption, backing our brand messaging of being the new industry standard, and development of native and downstream marketing opportunities. Conservatively, we forecast running at a loss for 18–24 months, but with an aim to generate revenue as early as December of 2023.

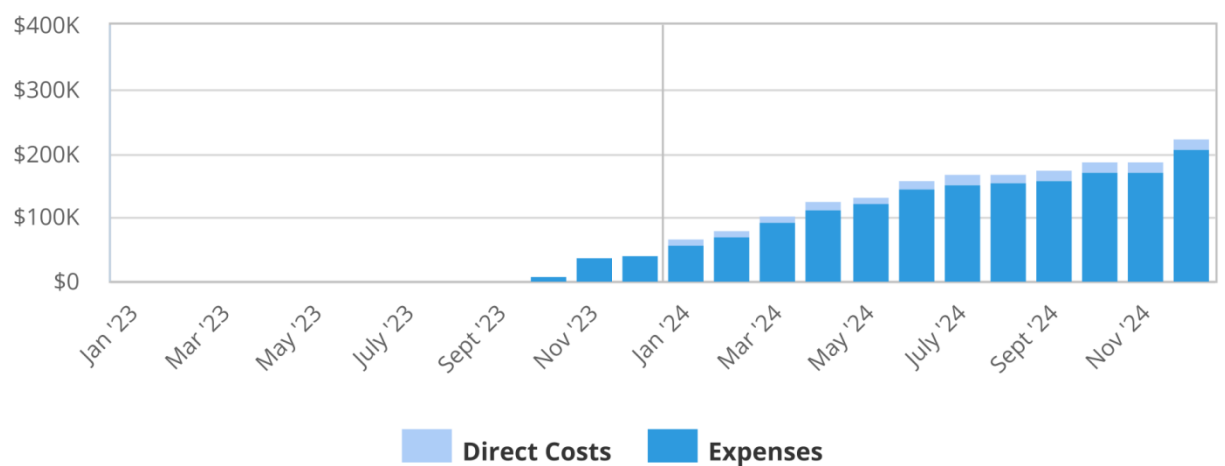
In summary, First Rule's projections indicate an innovative, opportunity-rich venture poised for strategic growth. Aligning with industry trends and addressing unmet needs positions us uniquely. Continuous revenue streams and one-off opportunities create balance, supported by investment in ambassadorship and talent.

While challenging, First Rule's originality and fit with the current art and tech landscape make it a promising investment. Projections match trends and endorse a model that resonates with stakeholders.

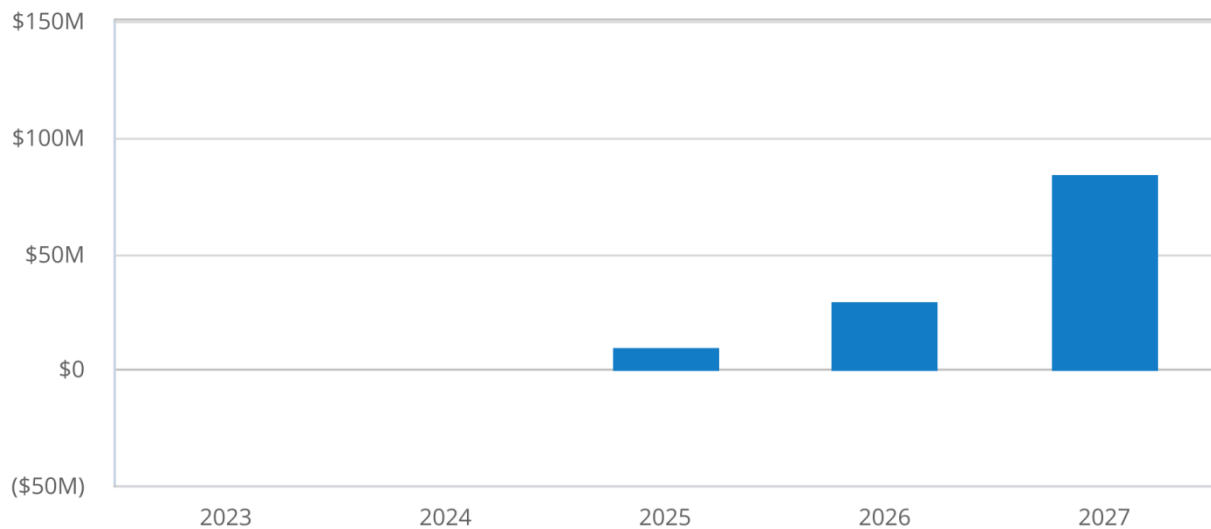
Revenue by Month



Expenses by Month



## Net Profit (or Loss) by Year



## Financing

### Use of Funds

#### First Rule's Utilization of \$500K in a Pre-seed Round with a Valuation of \$4M

Description: We will invest in research and development of our Beta versions of-

- Securing / creating voiceprints
- Integrating blockchain technology
- Reverse-audio search for natively comparing deepfakes to the vector of our artists' voiceprints
  - Developing an API for scraping the entire internet for AI-generated voiceprint deepfakes
- Development of the Melodic Voiceprint NFT contracts
  - Visual certification
    - Green check mark
  - On-chain certification

- Authentication measures for artists' profiles
- Boutique training of AI Co-Writer LLMs
  - Multimodal collaborative interactions
    - Text-to-Speech
    - Speech-to-Speech
    - Music-to-Music

Benefit: This investment will enhance and innovate our product offerings, with the goal of having industry-leading technology, security, and scalability.

### **Seed round of \$5M-\$6M USD Raised:**

Description: We will invest in research and development of scalable versions of Beta version

### **Product Development and Technology Integration (\$1.5M-\$2M):**

- Development of AiLias for artists
  - End-user utilized Co-Writer masters owned entirely by artist(s)
- Secure plugin for DAWs (Digital Audio Workstations)

### **Marketing and Brand Ambassador Program (\$800K-\$1M):**

Description: We will expand our marketing efforts, including the introduction of Artist's Vault Intro Packages and engagement with 100 key brand ambassadors. Content marketing and artist-led contests will engage fan bases and other famous-tier singers through these partnerships. Eventually, we'll also begin marketing to a separate market via a separate division; rising / aspiring artist users.

Benefit: This initiative will increase brand awareness, stimulate adoption among artists, and contribute to the growth of our customer base.

### **Personnel and Talent Acquisition (\$800K-\$1M):**

Description: We will hire key roles such as engineers, support staff, C-suite executives, and marketers.

Benefit: Building a talented team will enable us to execute our vision, provide excellent customer support, and drive growth.

### **Operational Expenses and Scaling (\$400K-\$600K):**

Description: These funds will cover the costs of daily operations, legal and compliance requirements, office space, and other essential functions.

Benefit: This allocation will support smooth and sustainable growth, ensuring that our foundation is strong as we scale.

### **Capital Expenditures and Infrastructure (\$300K-\$400K):**

Description: We will invest in critical equipment, technology infrastructure, and any necessary physical assets.

Benefit: This investment will ensure the stability, performance, and resilience of our platform and services.

### **Contingency and Future Opportunities (\$200K-\$400K):**

Description: We will maintain a reserve for unforeseen expenses or strategic opportunities that may arise.

Benefit: This allocation will provide us with financial flexibility and risk mitigation.

### **Conclusion:**

First Rule's strategic allocation of the raised funds is designed to fuel our vision, enable blitz scaling, and build a robust and innovative platform in the music industry. By investing in acquisitions, technology, marketing, talent, and infrastructure, we aim to position First Rule as a leader in the space and deliver value to both our customers and investors. Our approach is not only aligned with our mission but also carefully crafted to drive revenue growth, increase market share, and maximize return on investment for our stakeholders.

## Sources of Funds

First Rule is seeking an initial pre-seed round of \$500K to launch and scale our platform. This will be matched by our technical partners who will contribute an additional \$250K along with their expertise building scalable AI and blockchain platforms. We have applied for an additional \$250K from InvestTN's Regional Seed Fund which combined with the matching funds would fully capitalize our initial pre-seed needs.

Our pre-seed round will enable us to build an initial functioning platform to migrate our early beta users onto and complete further core technology development. We will use this to establish product-market fit and prepare for a follow-on seed round of \$5M to \$6M to rapidly scale up the platform and user base globally.

First Rule is committed to a lean startup approach. Our pre-seed raise is prudently sized to prove core assumptions before raising larger rounds. We have assembled an experienced team that has repeatedly built startups frugally to profitability prior to exit. Our matching technical partners share this experience scaling startups on a budget.

Beyond investment, our team and partners contribute significant sweat equity. We will remain disciplined in our spending and operations to maximize the impact of funds raised. Investments will focus on technology and reaching initial core milestones to set up a successful seed round.



## Statements

### Projected Profit and Loss

	2023	2024	2025	2026	2027
<b>Revenue</b>		<b>\$1,966,976</b>	<b>\$16,783,471</b>	<b>\$45,155,399</b>	<b>\$122,734,165</b>
<b>Direct Costs</b>	<b>\$1,500</b>	<b>\$157,750</b>	<b>\$40,000</b>	<b>\$80,000</b>	<b>\$160,000</b>
Gross Margin	(\$1,500)	\$1,809,226	\$16,743,471	\$45,075,399	\$122,574,165
<b>Gross Margin %</b>		<b>92%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Operating Expenses</b>					
Salaries & Wages	\$59,000	\$917,000	\$1,714,000	\$2,344,000	\$2,944,000
Employee Related Expenses	\$10,300	\$149,900	\$266,800	\$372,800	\$482,800
Dues and Subscriptions	\$500	\$6,500	\$15,000	\$25,000	\$35,000
Legal Fees	\$10,000	\$119,000	\$250,000	\$350,000	\$500,000
Accounting Fees		\$34,000	\$50,000	\$75,000	\$100,000
Liability Insurance	\$2,000	\$15,000	\$25,000	\$50,000	\$100,000
Security			\$50,000	\$75,000	\$100,000
Travel	\$2,250	\$34,000	\$45,000	\$75,000	\$100,000
Meals and Entertainment	\$3,750	\$122,000	\$200,000	\$225,000	\$250,000
Utilities	\$550	\$6,850	\$7,500	\$12,500	\$15,000
Telecommunications		\$7,250	\$10,000	\$15,000	\$20,000
Office Supplies	\$600	\$9,750	\$12,000	\$25,000	\$25,000
Licensing					
Advertising and Promotion		\$107,500	\$250,000	\$500,000	\$750,000

## First Rule

Business Insurance	\$250	\$3,000	\$5,000	\$10,000	\$25,000
Software Subscriptions	\$375	\$3,775	\$5,000	\$10,000	\$25,000
Social Media Marketing (Content Marketing)	\$500	\$18,250	\$30,000	\$50,000	\$75,000
Website Hosting	\$50	\$825	\$1,500	\$2,500	\$3,500
Cloud Storage Fees		\$900	\$7,500	\$37,500	\$90,000
Equipment Rentals		\$12,250	\$25,000	\$50,000	\$75,000
Security Systems					
Miscellaneous Operating Expenses	\$500	\$22,500	\$50,000	\$75,000	\$125,000
Internet Access	\$100	\$2,150	\$5,000	\$7,500	\$10,000
Bank Service Charges		\$428	\$3,750	\$19,500	\$48,000
Printing and Reproduction	\$75	\$10,600	\$15,000	\$20,000	\$20,000
<b>Total Operating Expenses</b>	<b>\$90,800</b>	<b>\$1,603,428</b>	<b>\$3,043,050</b>	<b>\$4,426,300</b>	<b>\$5,918,300</b>
<b>Operating Income</b>	<b>(\$92,300)</b>	<b>\$205,798</b>	<b>\$13,700,421</b>	<b>\$40,649,099</b>	<b>\$116,655,865</b>
Interest Incurred					
Depreciation and Amortization					
Gain or Loss from Sale of Assets					
Income Taxes	\$0	\$31,212	\$3,767,616	\$11,178,502	\$32,080,363
<b>Total Expenses</b>	<b>\$92,300</b>	<b>\$1,792,390</b>	<b>\$6,850,666</b>	<b>\$15,684,802</b>	<b>\$38,158,663</b>
<b>Net Profit</b>	<b>(\$92,300)</b>	<b>\$174,586</b>	<b>\$9,932,805</b>	<b>\$29,470,597</b>	<b>\$84,575,502</b>

First Rule

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Net Profit / Sales	9%	59%	65%	69%
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## Projected Balance Sheet

	Starting Balances	2023	2024	2025	2026	2027
Cash		\$413,275	\$540,611	\$11,460,645	\$42,593,707	\$132,171,765
Accounts Receivable		\$0	\$108,562	\$255,935	\$646,742	\$1,809,581
Inventory						
Other Current Assets						
<b>Total Current Assets</b>		<b>\$413,275</b>	<b>\$649,173</b>	<b>\$11,716,580</b>	<b>\$43,240,449</b>	<b>\$133,981,346</b>
Long-Term Assets						
Accumulated Depreciation						
<b>Total Long- Term Assets</b>						
<b>Total Assets</b>		<b>\$413,275</b>	<b>\$649,173</b>	<b>\$11,716,580</b>	<b>\$43,240,449</b>	<b>\$133,981,346</b>
Accounts Payable		\$5,575	\$35,675	\$45,924	\$74,563	\$110,479
Income Taxes Payable		\$0	\$31,212	\$1,155,565	\$3,180,198	\$9,309,677
Sales Taxes Payable			\$0	\$0	\$0	\$0
Short-Term Debt						
Prepaid Revenue	\$0		\$0	\$0	\$0	\$0
<b>Total Current Liabilities</b>	<b>\$0</b>	<b>\$5,575</b>	<b>\$66,887</b>	<b>\$1,201,489</b>	<b>\$3,254,761</b>	<b>\$9,420,156</b>
Long-Term Debt						
<b>Long-Term Liabilities</b>						

## First Rule

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<b>Total Liabilities</b>	<b>\$0</b>	<b>\$5,575</b>	<b>\$66,887</b>	<b>\$1,201,489</b>	<b>\$3,254,761</b>	<b>\$9,420,156</b>
Paid-In Capital		\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Retained Earnings	\$0	\$0	(\$92,300)	\$82,286	\$10,015,092	\$39,485,688
Earnings		(\$92,300)	\$174,586	\$9,932,805	\$29,470,597	\$84,575,502
<b>Total Owner's Equity</b>	<b>\$0</b>	<b>\$407,700</b>	<b>\$582,286</b>	<b>\$10,515,092</b>	<b>\$39,985,688</b>	<b>\$124,561,191</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$0</b>	<b>\$413,275</b>	<b>\$649,173</b>	<b>\$11,716,580</b>	<b>\$43,240,449</b>	<b>\$133,981,346</b>

## Projected Cash Flow Statement

	2023	2024	2025	2026	2027
<b>Net Cash Flow from Operations</b>					
Net Profit	(\$92,300)	\$174,586	\$9,932,805	\$29,470,597	\$84,575,502
Depreciation & Amortization					
Change in Accounts Receivable	\$0	(\$108,562)	(\$147,373)	(\$390,807)	(\$1,162,839)
Change in Inventory					
Change in Accounts Payable	\$5,575	\$30,100	\$10,249	\$28,640	\$35,916
Change in Income Tax Payable	\$0	\$31,212	\$1,124,353	\$2,024,633	\$6,129,479
Change in Sales Tax Payable		\$0	\$0	\$0	\$0
Change in Prepaid Revenue	\$0	\$0	\$0	\$0	\$0
<b>Net Cash Flow from Operations</b>	<b>(\$86,725)</b>	<b>\$127,336</b>	<b>\$10,920,034</b>	<b>\$31,133,062</b>	<b>\$89,578,058</b>
<b>Investing &amp; Financing</b>					
Assets Purchased or Sold					
<b>Net Cash from Investing</b>					
Investments Received	\$500,000				
Dividends & Distributions					

## First Rule

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Change in  
Short-Term  
Debt

Change in Long-  
Term Debt

**Net Cash from  
Financing**

**\$500,000**

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Cash at Beginning of Period	\$0	\$413,275	\$540,611	\$11,460,645	\$42,593,707
Net Change in Cash	\$413,275	\$127,336	\$10,920,034	\$31,133,062	\$89,578,058
<b>Cash at End of Period</b>	<b>\$413,275</b>	<b>\$540,611</b>	<b>\$11,460,645</b>	<b>\$42,593,707</b>	<b>\$132,171,765</b>

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# Appendix

## Profit and Loss Statement (With Monthly Detail)

2023	Jan '23	Feb '23	Mar '23	Apr '23	May '23	June '23	July '23	Aug '23	Sept '23	Oct '23	Nov '23	Dec '23
<b>Total Revenue</b>												
<b>Total Direct Costs</b>										\$500	\$500	\$500
Gross Margin										(\$500)	(\$500)	(\$500)
<b>Gross Margin %</b>												
<b>Operating Expenses</b>												
Salaries and Wages										\$7,500	\$25,000	\$26,500
Employee Related Expenses										\$1,000	\$4,500	\$4,800
Dues and Subscriptions										\$150	\$150	\$200
Legal Fees											\$5,000	\$5,000
Accounting Fees												
Liability Insurance											\$1,000	\$1,000
Security												
Travel										\$500	\$750	\$1,000
Meals and Entertainment										\$1,000	\$1,250	\$1,500
Utilities										\$150	\$200	\$200



## First Rule

Telecommunications				
Office Supplies	\$150	\$150	\$150	\$150
Licensing				
Advertising and Promotion				
Business Insurance				\$250
Software Subscriptions	\$50	\$75	\$100	\$150
Social Media Marketing (Content Marketing)				\$500
Website Hosting			\$25	\$25
Cloud Storage Fees				
Equipment Rentals				
Security Systems				
Miscellaneous Operating Expenses				\$500
Internet Access				\$100
Bank Service Charges				
Printing and Reproduction				\$75
<b>Total Operating Expenses</b>	<b>\$200</b>	<b>\$10,525</b>	<b>\$38,125</b>	<b>\$41,950</b>
<b>Operating Income</b>	<b>(\$200)</b>	<b>(\$11,025)</b>	<b>(\$38,625)</b>	<b>(\$42,450)</b>
Interest Incurred				

## First Rule

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Depreciation and  
Amortization

Gain or Loss from  
Sale of Assets

Income Taxes

**Total Expenses**

**Net Profit**

**Net Profit /  
Sales**

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\$0	\$0	\$0	\$0
\$200	\$11,025	\$38,625	\$42,450
(\$200)	(\$11,025)	(\$38,625)	(\$42,450)

## First Rule

2024	Jan '24	Feb '24	Mar '24	Apr '24	May '24	June '24	July '24	Aug '24	Sept '24	Oct '24	Nov '24	Dec '24
<b>Total Revenue</b>	<b>\$1,750</b>	<b>\$9,000</b>	<b>\$11,000</b>	<b>\$17,350</b>	<b>\$26,278</b>	<b>\$44,222</b>	<b>\$112,907</b>	<b>\$144,351</b>	<b>\$190,077</b>	<b>\$299,727</b>	<b>\$386,568</b>	<b>\$723,746</b>
<b>Total Direct Costs</b>	<b>\$8,750</b>	<b>\$9,000</b>	<b>\$9,500</b>	<b>\$11,000</b>	<b>\$12,000</b>	<b>\$13,000</b>	<b>\$14,500</b>	<b>\$15,000</b>	<b>\$15,500</b>	<b>\$16,000</b>	<b>\$16,500</b>	<b>\$17,000</b>
Gross Margin	(\$7,000)	\$0	\$1,500	\$6,350	\$14,278	\$31,222	\$98,407	\$129,351	\$174,577	\$283,727	\$370,068	\$706,746
<b>Gross Margin %</b>	<b>(400%)</b>	<b>0%</b>	<b>14%</b>	<b>37%</b>	<b>54%</b>	<b>71%</b>	<b>87%</b>	<b>90%</b>	<b>92%</b>	<b>95%</b>	<b>96%</b>	<b>98%</b>
<b>Operating Expenses</b>												
Salaries and Wages	\$34,000	\$42,500	\$55,000	\$67,000	\$68,000	\$87,500	\$88,500	\$89,000	\$89,500	\$98,000	\$98,500	\$99,500
Employee Related Expenses	\$5,500	\$5,700	\$8,200	\$10,600	\$10,700	\$14,600	\$14,700	\$14,800	\$14,900	\$16,600	\$16,700	\$16,900
Dues and Subscriptions	\$250	\$300	\$400	\$500	\$500	\$500	\$500	\$650	\$650	\$750	\$750	\$750
Legal Fees	\$5,000	\$6,500	\$7,500	\$7,500	\$10,000	\$10,000	\$10,000	\$10,000	\$12,500	\$12,500	\$12,500	\$15,000
Accounting Fees	\$1,500	\$2,500	\$2,500	\$5,000	\$5,000	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Liability Insurance	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
Security												
Travel	\$1,250	\$1,500	\$1,750	\$2,250	\$2,500	\$2,750	\$3,000	\$3,250	\$3,500	\$3,750	\$4,000	\$4,500
Meals and Entertainment	\$2,000	\$2,500	\$5,000	\$5,000	\$7,500	\$10,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Utilities	\$250	\$250	\$300	\$350	\$350	\$400	\$450	\$500	\$750	\$1,000	\$1,000	\$1,250
Telecommunications	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$750	\$750	\$750	\$750	\$750
Office Supplies	\$250	\$250	\$500	\$750	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Licensing												
Advertising and Promotion	\$5,000	\$5,000	\$7,500	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Business Insurance	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250

**CONFIDENTIAL - DO NOT DISSEMINATE.** This business plan contains confidential, trade-secret information and is shared only with the understanding that you will not share its contents or ideas with third parties without the express written consent of the plan author.

## First Rule

Software Subscriptions	\$150	\$175	\$200	\$225	\$250	\$275	\$300	\$350	\$400	\$450	\$500	\$500
Social Media Marketing (Content Marketing)	\$750	\$750	\$1,250	\$1,250	\$1,500	\$1,500	\$1,500	\$1,750	\$2,000	\$2,000	\$2,000	\$2,000
Website Hosting	\$50	\$50	\$50	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75
Cloud Storage Fees	\$13	\$13	\$25	\$25	\$38	\$50	\$75	\$75	\$100	\$150	\$150	\$188
Equipment Rentals	\$500	\$500	\$500	\$750	\$750	\$750	\$1,250	\$1,250	\$1,500	\$1,500	\$1,500	\$1,500
Security Systems												
Miscellaneous Operating Expenses	\$1,000	\$1,000	\$1,000	\$1,500	\$2,000	\$2,000	\$2,000	\$2,000	\$2,500	\$2,500	\$2,500	\$2,500
Internet Access	\$100	\$100	\$100	\$150	\$150	\$150	\$200	\$200	\$250	\$250	\$250	\$250
Bank Service Charges	\$8	\$8	\$15	\$15	\$15	\$15	\$38	\$38	\$50	\$70	\$70	\$88
Printing and Reproduction	\$150	\$150	\$300	\$500	\$500	\$750	\$750	\$1,000	\$1,250	\$1,500	\$1,750	\$2,000
<b>Total Operating Expenses</b>	<b>\$59,720</b>	<b>\$71,745</b>	<b>\$94,090</b>	<b>\$115,440</b>	<b>\$122,828</b>	<b>\$146,815</b>	<b>\$153,838</b>	<b>\$155,688</b>	<b>\$160,675</b>	<b>\$171,845</b>	<b>\$172,995</b>	<b>\$177,750</b>
<b>Operating Income</b>	<b>(\$66,720)</b>	<b>(\$71,745)</b>	<b>(\$92,590)</b>	<b>(\$109,090)</b>	<b>(\$108,550)</b>	<b>(\$115,593)</b>	<b>(\$55,430)</b>	<b>(\$26,336)</b>	<b>\$13,902</b>	<b>\$111,882</b>	<b>\$197,073</b>	<b>\$528,996</b>
Interest Incurred												
Depreciation and Amortization												
Gain or Loss from Sale of Assets												
Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,212
<b>Total Expenses</b>	<b>\$68,470</b>	<b>\$80,745</b>	<b>\$103,590</b>	<b>\$126,440</b>	<b>\$134,828</b>	<b>\$159,815</b>	<b>\$168,338</b>	<b>\$170,688</b>	<b>\$176,175</b>	<b>\$187,845</b>	<b>\$189,495</b>	<b>\$225,962</b>

## First Rule

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Net Profit	(\$66,720)	(\$71,745)	(\$92,590)	(\$109,090)	(\$108,550)	(\$115,593)	(\$55,430)	(\$26,336)	\$13,902	\$111,882	\$197,073	\$497,784
Net Profit / Sales	(3,813%)	(797%)	(842%)	(629%)	(413%)	(261%)	(49%)	(18%)	7%	37%	51%	69%

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## First Rule

	2023	2024	2025	2026	2027
<b>Total Revenue</b>		<b>\$1,966,976</b>	<b>\$16,783,471</b>	<b>\$45,155,399</b>	<b>\$122,734,165</b>
<b>Total Direct Costs</b>	<b>\$1,500</b>	<b>\$157,750</b>	<b>\$40,000</b>	<b>\$80,000</b>	<b>\$160,000</b>
Gross Margin	(\$1,500)	\$1,809,226	\$16,743,471	\$45,075,399	\$122,574,165
<b>Gross Margin %</b>		<b>92%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Operating Expenses</b>					
Salaries and Wages	\$59,000	\$917,000	\$1,714,000	\$2,344,000	\$2,944,000
Employee Related Expenses	\$10,300	\$149,900	\$266,800	\$372,800	\$482,800
Dues and Subscriptions	\$500	\$6,500	\$15,000	\$25,000	\$35,000
Legal Fees	\$10,000	\$119,000	\$250,000	\$350,000	\$500,000
Accounting Fees		\$34,000	\$50,000	\$75,000	\$100,000
Liability Insurance	\$2,000	\$15,000	\$25,000	\$50,000	\$100,000
Security			\$50,000	\$75,000	\$100,000
Travel	\$2,250	\$34,000	\$45,000	\$75,000	\$100,000
Meals and Entertainment	\$3,750	\$122,000	\$200,000	\$225,000	\$250,000
Utilities	\$550	\$6,850	\$7,500	\$12,500	\$15,000
Telecommunications		\$7,250	\$10,000	\$15,000	\$20,000
Office Supplies	\$600	\$9,750	\$12,000	\$25,000	\$25,000
Licensing					
Advertising and Promotion		\$107,500	\$250,000	\$500,000	\$750,000
Business Insurance	\$250	\$3,000	\$5,000	\$10,000	\$25,000
Software Subscriptions	\$375	\$3,775	\$5,000	\$10,000	\$25,000
Social Media Marketing (Content Marketing)	\$500	\$18,250	\$30,000	\$50,000	\$75,000
Website Hosting	\$50	\$825	\$1,500	\$2,500	\$3,500

## First Rule

Cloud Storage Fees		\$900	\$7,500	\$37,500	\$90,000
Equipment Rentals		\$12,250	\$25,000	\$50,000	\$75,000
Security Systems					
Miscellaneous Operating Expenses	\$500	\$22,500	\$50,000	\$75,000	\$125,000
Internet Access	\$100	\$2,150	\$5,000	\$7,500	\$10,000
Bank Service Charges		\$428	\$3,750	\$19,500	\$48,000
Printing and Reproduction	\$75	\$10,600	\$15,000	\$20,000	\$20,000
<b>Total Operating Expenses</b>	<b>\$90,800</b>	<b>\$1,603,428</b>	<b>\$3,043,050</b>	<b>\$4,426,300</b>	<b>\$5,918,300</b>
<b>Operating Income</b>	<b>(\$92,300)</b>	<b>\$205,798</b>	<b>\$13,700,421</b>	<b>\$40,649,099</b>	<b>\$116,655,865</b>
Interest Incurred					
Depreciation and Amortization					
Gain or Loss from Sale of Assets					
Income Taxes	\$0	\$31,212	\$3,767,616	\$11,178,502	\$32,080,363
<b>Total Expenses</b>	<b>\$92,300</b>	<b>\$1,792,390</b>	<b>\$6,850,666</b>	<b>\$15,684,802</b>	<b>\$38,158,663</b>
<b>Net Profit</b>	<b>(\$92,300)</b>	<b>\$174,586</b>	<b>\$9,932,805</b>	<b>\$29,470,597</b>	<b>\$84,575,502</b>
<b>Net Profit / Sales</b>		<b>9%</b>	<b>59%</b>	<b>65%</b>	<b>69%</b>

## Balance Sheet (With Monthly Detail)

	Starting Balances	Jan '23	Feb '23	Mar '23	Apr '23	May '23	June '23	July '23	Aug '23	Sept '23	Oct '23	Nov '23	Dec '23
Cash		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$100)	(\$9,963)	\$454,713	\$413,275
Accounts Receivable		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inventory													
Other Current Assets													
<b>Total Current Assets</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$100)</b>	<b>(\$9,963)</b>	<b>\$454,713</b>	<b>\$413,275</b>
Long-Term Assets													
Accumulated Depreciation													
<b>Total Long-Term Assets</b>													
<b>Total Assets</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$100)</b>	<b>(\$9,963)</b>	<b>\$454,713</b>	<b>\$413,275</b>
Accounts Payable										\$100	\$1,263	\$4,563	\$5,575
Income Taxes Payable										\$0	\$0	\$0	\$0
Sales Taxes Payable													
Short-Term Debt													
Prepaid Revenue	\$0												
<b>Total Current Liabilities</b>	<b>\$0</b>									<b>\$100</b>	<b>\$1,263</b>	<b>\$4,563</b>	<b>\$5,575</b>
Long-Term Debt													



## First Rule

### Long-Term Liabilities

<b>Total Liabilities</b>	<b>\$0</b>										<b>\$100</b>	<b>\$1,263</b>	<b>\$4,563</b>	<b>\$5,575</b>
Paid-In Capital													\$500,000	\$500,000
Retained Earnings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Earnings											(\$200)	(\$11,225)	(\$49,850)	(\$92,300)
<b>Total Owner's Equity</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$200)</b>	<b>(\$11,225)</b>	<b>\$450,150</b>	<b>\$407,700</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$100)</b>	<b>(\$9,963)</b>	<b>\$454,713</b>	<b>\$413,275</b>

## First Rule

2024	Jan '24	Feb '24	Mar '24	Apr '24	May '24	June '24	July '24	Aug '24	Sept '24	Oct '24	Nov '24	Dec '24
Cash	\$353,703	\$282,658	\$193,440	\$87,373	(\$19,122)	(\$136,864)	(\$199,136)	(\$229,314)	(\$220,077)	(\$123,907)	\$60,414	\$540,611
Accounts Receivable	\$263	\$1,350	\$1,650	\$2,603	\$3,942	\$6,633	\$16,936	\$21,653	\$28,512	\$44,959	\$57,985	\$108,562
Inventory												
Other Current Assets												
<b>Total Current Assets</b>	<b>\$353,965</b>	<b>\$284,008</b>	<b>\$195,090</b>	<b>\$89,975</b>	<b>(\$15,181)</b>	<b>(\$130,230)</b>	<b>(\$182,200)</b>	<b>(\$207,661)</b>	<b>(\$191,565)</b>	<b>(\$78,948)</b>	<b>\$118,399</b>	<b>\$649,173</b>
Long-Term Assets												
Accumulated Depreciation												
<b>Total Long-Term Assets</b>												
<b>Total Assets</b>	<b>\$353,965</b>	<b>\$284,008</b>	<b>\$195,090</b>	<b>\$89,975</b>	<b>(\$15,181)</b>	<b>(\$130,230)</b>	<b>(\$182,200)</b>	<b>(\$207,661)</b>	<b>(\$191,565)</b>	<b>(\$78,948)</b>	<b>\$118,399</b>	<b>\$649,173</b>
Accounts Payable	\$12,985	\$14,773	\$18,445	\$22,420	\$25,814	\$26,358	\$29,819	\$30,694	\$32,888	\$33,623	\$33,898	\$35,675
Income Taxes Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,212
Sales Taxes Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Short-Term Debt												
Prepaid Revenue				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Current Liabilities</b>	<b>\$12,985</b>	<b>\$14,773</b>	<b>\$18,445</b>	<b>\$22,420</b>	<b>\$25,814</b>	<b>\$26,358</b>	<b>\$29,819</b>	<b>\$30,694</b>	<b>\$32,888</b>	<b>\$33,623</b>	<b>\$33,898</b>	<b>\$66,887</b>
Long-Term Debt												
<b>Long-Term Liabilities</b>												

## First Rule

<b>Total Liabilities</b>	<b>\$12,985</b>	<b>\$14,773</b>	<b>\$18,445</b>	<b>\$22,420</b>	<b>\$25,814</b>	<b>\$26,358</b>	<b>\$29,819</b>	<b>\$30,694</b>	<b>\$32,888</b>	<b>\$33,623</b>	<b>\$33,898</b>	<b>\$66,887</b>
Paid-In Capital	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Retained Earnings	(\$92,300)	(\$92,300)	(\$92,300)	(\$92,300)	(\$92,300)	(\$92,300)	(\$92,300)	(\$92,300)	(\$92,300)	(\$92,300)	(\$92,300)	(\$92,300)
Earnings	(\$66,720)	(\$138,465)	(\$231,055)	(\$340,145)	(\$448,695)	(\$564,288)	(\$619,718)	(\$646,055)	(\$632,153)	(\$520,271)	(\$323,198)	\$174,586
<b>Total Owner's Equity</b>	<b>\$340,980</b>	<b>\$269,235</b>	<b>\$176,645</b>	<b>\$67,555</b>	<b>(\$40,995)</b>	<b>(\$156,588)</b>	<b>(\$212,018)</b>	<b>(\$238,355)</b>	<b>(\$224,453)</b>	<b>(\$112,571)</b>	<b>\$84,502</b>	<b>\$582,286</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$353,965</b>	<b>\$284,008</b>	<b>\$195,090</b>	<b>\$89,975</b>	<b>(\$15,181)</b>	<b>(\$130,230)</b>	<b>(\$182,200)</b>	<b>(\$207,661)</b>	<b>(\$191,565)</b>	<b>(\$78,948)</b>	<b>\$118,399</b>	<b>\$649,173</b>

## First Rule

	Starting Balances	2023	2024	2025	2026	2027
Cash		\$413,275	\$540,611	\$11,460,645	\$42,593,707	\$132,171,765
Accounts Receivable		\$0	\$108,562	\$255,935	\$646,742	\$1,809,581
Inventory						
Other Current Assets						
<b>Total Current Assets</b>		<b>\$413,275</b>	<b>\$649,173</b>	<b>\$11,716,580</b>	<b>\$43,240,449</b>	<b>\$133,981,346</b>
Long-Term Assets						
Accumulated Depreciation						
<b>Total Long-Term Assets</b>						
<b>Total Assets</b>		<b>\$413,275</b>	<b>\$649,173</b>	<b>\$11,716,580</b>	<b>\$43,240,449</b>	<b>\$133,981,346</b>
Accounts Payable		\$5,575	\$35,675	\$45,924	\$74,563	\$110,479
Income Taxes Payable		\$0	\$31,212	\$1,155,565	\$3,180,198	\$9,309,677
Sales Taxes Payable			\$0	\$0	\$0	\$0
Short-Term Debt						
Prepaid Revenue	\$0		\$0	\$0	\$0	\$0
<b>Total Current Liabilities</b>	<b>\$0</b>	<b>\$5,575</b>	<b>\$66,887</b>	<b>\$1,201,489</b>	<b>\$3,254,761</b>	<b>\$9,420,156</b>
Long-Term Debt						
<b>Long-Term Liabilities</b>						
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$5,575</b>	<b>\$66,887</b>	<b>\$1,201,489</b>	<b>\$3,254,761</b>	<b>\$9,420,156</b>
Paid-In Capital		\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Retained Earnings	\$0	\$0	(\$92,300)	\$82,286	\$10,015,092	\$39,485,688
Earnings		(\$92,300)	\$174,586	\$9,932,805	\$29,470,597	\$84,575,502
<b>Total Owner's Equity</b>	<b>\$0</b>	<b>\$407,700</b>	<b>\$582,286</b>	<b>\$10,515,092</b>	<b>\$39,985,688</b>	<b>\$124,561,191</b>

First Rule

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Total Liabilities & Equity	\$0	\$413,275	\$649,173	\$11,716,580	\$43,240,449	\$133,981,346
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## Cash Flow Statement (With Monthly Detail)

2023	Jan '23	Feb '23	Mar '23	Apr '23	May '23	June '23	July '23	Aug '23	Sept '23	Oct '23	Nov '23	Dec '23
<b>Net Cash Flow from Operations</b>												
Net Profit									(\$200)	(\$11,025)	(\$38,625)	(\$42,450)
Depreciation & Amortization												
Change in Accounts Receivable	\$0	\$0										
Change in Inventory												
Change in Accounts Payable									\$100	\$1,163	\$3,300	\$1,013
Change in Income Tax Payable									\$0	\$0	\$0	\$0
Change in Sales Tax Payable												
Change in Prepaid Revenue	\$0											
<b>Net Cash Flow from Operations</b>	<b>\$0</b>	<b>\$0</b>							<b>(\$100)</b>	<b>(\$9,863)</b>	<b>(\$35,325)</b>	<b>(\$41,438)</b>
<b>Investing &amp; Financing</b>												
Assets Purchased or Sold												
<b>Net Cash from Investing</b>												

First Rule

Investments Received												\$500,000	
Dividends & Distributions													
Change in Short-Term Debt													
Change in Long-Term Debt													
Net Cash from Financing												\$500,000	
Cash at Beginning of Period	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$100)	(\$9,963)	\$454,713
Net Change in Cash	\$0	\$0								(\$100)	(\$9,863)	\$464,675	(\$41,438)
Cash at End of Period	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$100)	(\$9,963)	\$454,713	\$413,275

## First Rule

2024	Jan '24	Feb '24	Mar '24	Apr '24	May '24	June '24	July '24	Aug '24	Sept '24	Oct '24	Nov '24	Dec '24
<b>Net Cash Flow from Operations</b>												
Net Profit	(\$66,720)	(\$71,745)	(\$92,590)	(\$109,090)	(\$108,550)	(\$115,593)	(\$55,430)	(\$26,336)	\$13,902	\$111,882	\$197,073	\$497,784
Depreciation & Amortization												
Change in Accounts Receivable	(\$263)	(\$1,088)	(\$300)	(\$953)	(\$1,339)	(\$2,692)	(\$10,303)	(\$4,717)	(\$6,859)	(\$16,447)	(\$13,026)	(\$50,577)
Change in Inventory												
Change in Accounts Payable	\$7,410	\$1,788	\$3,673	\$3,975	\$3,394	\$544	\$3,461	\$875	\$2,194	\$735	\$275	\$1,778
Change in Income Tax Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,212
Change in Sales Tax Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in Prepaid Revenue				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Cash Flow from Operations</b>	<b>(\$59,573)</b>	<b>(\$71,045)</b>	<b>(\$89,218)</b>	<b>(\$106,068)</b>	<b>(\$106,495)</b>	<b>(\$117,741)</b>	<b>(\$62,272)</b>	<b>(\$30,178)</b>	<b>\$9,237</b>	<b>\$96,169</b>	<b>\$184,321</b>	<b>\$480,197</b>
<b>Investing &amp; Financing</b>												
Assets Purchased or Sold												
<b>Net Cash from Investing</b>												
Investments Received												



## First Rule

Dividends & Distributions												
Change in Short-Term Debt												
Change in Long-Term Debt												
<b>Net Cash from Financing</b>												
Cash at Beginning of Period	\$413,275	\$353,703	\$282,658	\$193,440	\$87,373	(\$19,122)	(\$136,864)	(\$199,136)	(\$229,314)	(\$220,077)	(\$123,907)	\$60,414
Net Change in Cash	(\$59,573)	(\$71,045)	(\$89,218)	(\$106,068)	(\$106,495)	(\$117,741)	(\$62,272)	(\$30,178)	\$9,237	\$96,169	\$184,321	\$480,197
<b>Cash at End of Period</b>	<b>\$353,703</b>	<b>\$282,658</b>	<b>\$193,440</b>	<b>\$87,373</b>	<b>(\$19,122)</b>	<b>(\$136,864)</b>	<b>(\$199,136)</b>	<b>(\$229,314)</b>	<b>(\$220,077)</b>	<b>(\$123,907)</b>	<b>\$60,414</b>	<b>\$540,611</b>

## First Rule

	2023	2024	2025	2026	2027
<b>Net Cash Flow from Operations</b>					
Net Profit	(\$92,300)	\$174,586	\$9,932,805	\$29,470,597	\$84,575,502
Depreciation & Amortization					
Change in Accounts Receivable	\$0	(\$108,562)	(\$147,373)	(\$390,807)	(\$1,162,839)
Change in Inventory					
Change in Accounts Payable	\$5,575	\$30,100	\$10,249	\$28,640	\$35,916
Change in Income Tax Payable	\$0	\$31,212	\$1,124,353	\$2,024,633	\$6,129,479
Change in Sales Tax Payable		\$0	\$0	\$0	\$0
Change in Prepaid Revenue	\$0	\$0	\$0	\$0	\$0
<b>Net Cash Flow from Operations</b>	<b>(\$86,725)</b>	<b>\$127,336</b>	<b>\$10,920,034</b>	<b>\$31,133,062</b>	<b>\$89,578,058</b>
<b>Investing &amp; Financing</b>					
Assets Purchased or Sold					
<b>Net Cash from Investing</b>					
Investments Received	\$500,000				
Dividends & Distributions					
Change in Short-Term Debt					
Change in Long-Term Debt					
<b>Net Cash from Financing</b>	<b>\$500,000</b>				
Cash at Beginning of Period	\$0	\$413,275	\$540,611	\$11,460,645	\$42,593,707
Net Change in Cash	\$413,275	\$127,336	\$10,920,034	\$31,133,062	\$89,578,058
<b>Cash at End of Period</b>	<b>\$413,275</b>	<b>\$540,611</b>	<b>\$11,460,645</b>	<b>\$42,593,707</b>	<b>\$132,171,765</b>