

ID VIP Team: Our Future is in our Equity Partners



ID VIP Team

The Entertainment Specialists

Those of us that have decided that the music industry is our future have had to face the reality that the industry needs to change. While industries such as Law, Accounting and Engineering exemplify the virtues of a professional business model, the music industry lags behind in some archaic feudal system resembling the economics of a third world nation. The music industry glorifies an inequality in power and resources where the rich get richer, the poor are the masses, and there is a definable missing middle class.

So what should we do and what should a professional business model for the music industry look like? We believe it starts with our equity partners at the foundation as they help build a professional and equitable music industry from the ground up. In our opinion, this building process is based on the following key concepts:

Industry Standards:

Our business model places a mandate on adhering to a code of ethics and a standard of education and professionalism worthy of a professional industry or organization. These standards are enforced by our corporate entity and our equity partners lead by example on a regional level.

Defined Career Path:

Every profession has a clear and defined career path. Individuals should understand the education and/or experience required to develop and build a career in an industry. The music industry has always been veiled in mystery and our mandate is to educate and inform so we can build that defined career path. Equity partners are the fulfilment of that career path. Equity partners are vested leaders in our business, their local region and the music industry.

Mentoring:

A teacher shares facts and a mentor shares a way of life. Our equity partners act as mentors and are industry professionals that act as life coaches to teach, train, inspire, motivate, and support worthy interns. As we train, mentor and support our interns, we are ensuring a sustainable succession plan to build our business and our industry in a sustainable manner. As the world faces a shortage of experienced managers and industry leaders over the next 10 years, ID VIP Team will be progressively building a management and leadership team from within.

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Fiscal Responsibility:

Understanding and managing the finances of a business is a quintessential part of industry responsibility. We must be stewards of the revenue and resources at our disposal with a long term vision and a focus on sustainability. Our equity partners understand that we are obligated to leverage our resources, revenue and talent pool to expand opportunities for musicians and provide a viable alternative to the existing music industry structure.

Regional Office & Equity Partner Guidelines

Current Market Valuation:

We project the potential revenue of a region at \$1 X the regional population. Your regional office is initially valued at an increment of 10% of projected regional revenue plus assets. After Year 1, it is valued at 10% of projected regional revenue plus assets plus the prior year actual gross revenue.

Example:	Regional Population	500,000	
	Projected Regional Peak Revenue	\$500,000	(500,000 x \$1)
	Projected Year 1 (\$500,000 X 10%)	\$50,000	
	Regional Assets	<u>\$100,000</u>	
	Year 1 Valuation:	\$150,000	
	Year 1 Actual Gross Revenue	\$78,000	
	Year 2 Valuation:		
	Projected Year 2 (\$500,000 X 10%)	\$50,000	
	Regional Assets	\$100,000	
	Year 1 Actual Gross Revenue	<u>\$78,000</u>	
	Year 2 Valuation	\$228,000	

Please note regional offices are immediately valued at assets of \$100,000 to cover goodwill, brand name recognition, websites, online infrastructure and the 4 associated companies in each office consisting of ID VIP Team Corp (for profit), Sun, Snow & Our Show Concert Series Ltd (not-for profit) and the ID VIP Team Music Scholarship (charity) and our associated partner companies; Findagig. Instant Discount and the Mid-Atlantic Music Conference.

Geographic Boundaries:

Regional offices represent areas with a population of up to 1,000,000 people or are based in major municipalities that represent populations of up to 6 million. This can encompass greater municipal areas, counties and/or any sensible geographic area with defined boundaries discernible by a map. A regional office can supplement their service area with satellite offices at their discretion with approval from ID VIP Team Corp.

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Corporate Partner Programs:

Regional offices act as official agents for our Corporate Partner Programs which include:

UNIR1 Network	25% commissions to the regional office.
Mid-Atlantic Music Conference & Trade Show	50% commissions to the regional office.
Instant Discount	50% commissions to the regional office.
Findagig	50% commissions to the regional office.

Corporate Royalties:

Each regional office pays a 10% royalty on monthly revenues to ID VIP Team Corp for centralized services provided including but not limited to:

- *1-800 call centre
- *Toll Free Conference Call Service
- Corporate Website
- Corporate Streaming TV & Radio Stations
- Centralized Cloud System
- Corporate Templates & Instructional Material
- **Public Liability Insurance
- ***Music Library Services and Subscriptions

* Available in North America only at this time.

**Available in Alberta, Canada only at this time.

*** Available in Canada only at this time.

Each regional office has corporate consulting services available to them for specific projects in their region. Key staff in our corporate head office are available to provide professional consulting services when a regional office lacks the required expertise. These services are billed to your event project based on the contractor program and the equity partner pay structure and paid to ID VIP Team Corp directly.

Cooperative Advertising Program:

Each regional office pays a 5% cooperative advertising contribution on monthly revenues to ID VIP Team Corp for regional advertising including but not limited to:

Corporate Integrated Campaign:	UNIR1 Network
	MidAtlantic Music Conference & Trade Show
	Findagig
	Instant Discount

Mainstream Media:

- Facebook Ad Campaign
- Google Ad Campaign
- Kijiji /Craigslist Ad Campaign
- Reverbnation Campaign
- Memberships, trade shows, etc
- Affiliate Programs

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Share Structure:

Every regional office is a partnership based on a privately administered share ownership structure between ID VIP Team Corp at 51% ownership and the regional equity partners comprising a total of 49% ownership. Equity partners purchase shares through a contribution of work equity, cash, assets and/or any combination of these contributions. Shares are valued based on the Market Valuation formula above. Partners are allowed to purchase up to 5% of available shares for each year of service as an equity partner to a maximum of 15% per equity partner. Equity partners may sell shares to other equity partners at any time with written consent from ID VIP Team Corp and based on the Share Structure guidelines mentioned above.

Share Purchases:

Cash Purchase:

You can purchase your shares at the calculated cost in a simple cash transaction. This payment can be made via certified funds including bank draft, certified check or money order. Due to the nature of this transaction and the dollar amounts, we do not use online transactions for share purchases.

Share or Asset Exchange Purchase:

You can purchase your shares at the calculated cost through an exchange of shares or assets. In such cases, the proposed exchange involves a valuation of the shares or assets to be exchanged. This is done by averaging three (3) valuation methods including Fair Market Value, Replacement Value and Book Value. Fair Market Value is the value the market would pay for the asset. Replacement Value is the cost to replace the asset. Book value is the actual accounting book value of the asset less any applicable depreciation, amortization or other devaluing factor. The average of these three valuation methods results in the ID VIP Team exchange valuation used for the purchase of the shares. If the exchange asset is worth more than the shares being purchased, the outstanding balance is established as a loan between the Equity Partner and the Regional Office. If there is a short fall, the outstanding amount would need to be paid in cash or may be financed.

ID VIP Team Corporation Financing:

In order to finance your Equity Partnership through the ID VIP Team Corporation for your share purchase, the following conditions apply:

- Minimum 25% non-refundable down payment in verified funds or assets is required.
- Loan administration fee of \$500 will be applied.
- Minimum credit score of 650 is required by the Equity Partner.
- Interest on the loan is charged at a rate of prime + 3%.
- Loan amortization of 5 years max with payments available on a monthly, semi-monthly, bi-weekly, or weekly basis.
- Finance agreement includes personal guarantees on total amount financed.

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- Online calculator: <http://www.amortization-calc.com/>

Profit Sharing:

Net profits in the regional office are based on a year end of March 31 of each year and are based on Net Earnings Less Taxes, Interest, Depreciation, Amortization and a 10% Reserve Fund. Profits are distributed based on share ownership and are distributed in the form of a yearly dividend paid on June 1 of each year.

Employment Status:

Equity partners are employees and as such are paid a pay cheque every two weeks less appropriate government with holdings, taxes, etc. During the initial 12 months of operation of a regional office, an equity partner may elect to provide services on a contractor basis due to accommodate an unstable revenue stream during start-up.

Director Status:

The equity partners act as the board of directors of a regional office in conjunction with at least one ID VIP Team Corp representative and are primarily responsible for:

- determining the regional office's strategic objectives and policies;
- monitoring progress towards achieving the objectives and policies;
- appointing senior management;
- accounting for the company's activities to relevant parties, e.g. ID VIP Team Corp.

The managing partner/chief executive is responsible for the performance of the company, as dictated by the board's overall strategy. He or she reports to the board of directors.

Statutory Director Duties

Directors need to be aware that they are personally subject to statutory duties in their capacity as directors of a regional office. In addition, the regional office under the corresponding corporate entity operates as a separate legal entity and is subject to statutory controls and the directors are responsible for ensuring that the regional office complies with all such statutory controls.

Local regional and national legislation codifies certain common law and equitable duties of directors. Generally most legislation sets out seven general duties of directors which are:-

- to act within powers in accordance with the company's constitution and to use those powers only for the purposes for which they were conferred
- to promote the success of the company for the benefit of its members
- to exercise independent judgement
- to exercise reasonable care, skill and diligence
- to avoid conflicts of interest
- not to accept benefits from third parties
- to declare an interest in a proposed transaction or arrangement

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The statutory duties that replace the fiduciary or equitable duty are interpreted in accordance with the previous case law which remains relevant. These statutory duties cannot be seen in isolation because in addition a director will be subject to a wide range of regulation and legislation.

The company secretary as chief administrative officer will be responsible for the performance of many of the administrative duties imposed under corporate policy. A regional office is not required to appoint a company secretary and where no company secretary is appointed the duties and responsibilities of the company secretary will fall on the directors.

Directors may be liable for penalties if the company fails to carry out its statutory duties. However, they may have a defence if they had reasonable grounds to believe that a competent person had been given the duty to see that the statutory provisions were complied with.

One of the main statutory responsibilities falling on directors is the preparation of the accounts and the report of the directors. It is the responsibility of the directors to ensure that the regional office maintains full and accurate accounting records. This includes the preparation of a balance sheet and a profit and loss account for each financial period of ID VIP Team Corp, and the presentation of these to shareholders and, subject to various exemptions, the filing of the accounts and report of the directors with the appropriate governmental offices and agencies via ID VIP Team Corp legal counsel.

Equity Partner/Director Liabilities:

Equity Partners act as Directors and accordingly may incur personal liability, both civil and criminal, for their acts or omissions in directing their regional office.

Equity Partners should be aware of the effects of the applicable regional and national legislation, which could lead to the disqualification from acting as a director of a regional office for a period of between two and fifteen years, and which gives rise to the possibility of equity partners being made personally liable for the regional office's debts.

Pay Rate:

Equity partners are paid for their consulting work based on a starting pay rate of \$50/billable hour and receive a \$10/billable hour pay raise for each year of service as an equity partner with no cap on their rate. Equity partners are responsible for the profitability of their regional office and accordingly can discount their fees at their own discretion.

Employment Benefits:

Each regional office sets its own standards for employment benefits for equity partners but are encouraged to provide a thorough and comprehensive package while maintaining fiscal responsibility. These benefits can include, but are not limited to health benefits, personal disability and life insurance, corporate key staff insurance, company cell phone, company computer, company expense account, company vehicle, continuing education, family services including child care and annual vacations, and company housing. Company benefits must be included in a total compensation plan for each equity partner and as such must have final written approval from ID VIP Team Corp and the ID VIP Team Corp HR Department.

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Parental Leave:

Equity partners may take up to 24 months of unpaid leave for parenting or family duty leave. A partner must be available for a minimum of 10 billable hours per month or 120 billable hours per year to maintain partner status and may work remotely from home to accomplish this. These billable hours are paid according to the equity partner Pay Rate guidelines. This leave status is based on establishing a viable work share plan with the other equity partners in that regional office and is based on written approval from the ID VIP Team Corp HR Department.

Retirement:

There is no set retirement age for equity partners but an equity partner must be able to meet minimum standards of performance including a minimum of 600 billable hours per year. All equity partners have a peer evaluation done yearly on March 1 of each year by their fellow equity partners in their regional office and reviewed by the ID VIP Team Corp HR Department.

Upon retirement, equity partners will liquidate their shares at the Current Market Value to ID VIP Team Corp. Retirements are always intended to be planned events with a succession plan in place and transitions to occur at the corporate year end to allow for dividend pay outs etc to occur. In the event that a retirement occurs outside of a year end, a proportional dividend will be paid out to the retiring equity partner as per the Profit Sharing guidelines.

This process can not take longer than 90 days from the date of retirement. In the event that the process exceeds 90 days, the regional office will pay interest at the Prime Banking Rate + 5% proportionally allocated on a daily basis for every day thereafter until the process is complete and all funds are paid out to the equity partner.

Death:

Upon the death of an equity partner, the equity partner's estate will immediately liquidate their shares at Current Market Value to ID VIP Team Corp. The date of death shall act as the defining date for defining the current market value of shares and the date for the proportional dividend to be paid out to the equity partner's estate as per the Profit Sharing guidelines.

This process can not take longer than 90 days from the date of death. In the event that the process exceeds 90 days, the regional office will pay interest at the Prime Banking Rate + 5% proportionally allocated on a daily basis for every day thereafter until the process is complete and all funds are paid out to the estate.

Equity Partner's Disqualification & Removal

The circumstances in which an application may be made for the disqualification of an equity partner/director and ultimate removal are as follows:

- the equity partner/director has been guilty of one or more defaults in complying with companies legislation regarding the filing of documents with the appropriate authorities and government bodies during the preceding five years;
- he or she is, or was, a director of a company that has at any time become insolvent and that

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his/her conduct as a director of that company makes him/her unfit to be concerned in the management of a company;

- the equity partner\director is found to be guilty of wrongful or fraudulent trading as defined in regional and/or national legislation.
- the equity partner\director is found to be guilty of theft or embezzlement.
- he or she is, or was, found to be guilty of discrimination in the workplace for such characteristics as gender, race, age, religion, and\or sexual orientation;
- he or she is, or was, found to be guilty of sexual harassment in the workplace;
- he or she is, or was, found to be guilty of a criminal offence not mentioned above to the extent that it affects his or her professional career and\or the goodwill and corporate image of ID VIP Team Corp.

In the event that an equity partner\director is formally charged with, accused with just cause of, or found guilty of one or more of the above offences, ID VIP Team Corp has the right, with a majority vote of the board of directors, to immediately hold the equity partner's shares, equity and pay in trust and to suspend the equity partner. ID VIP Team Corp can immediately file the appropriate civil and criminal charges associated with the offence, if applicable, against the equity partner at this time. The equity partner's shares will be locked in at current market value as of the date of the resolution made by the board of directors.

If found guilty, the equity partner will be responsible for all legal fees associated with this process and the associated funds in trust will be used to cover any fees, costs, charges, fines, penalties, and\or settlements associated with their offence. All shares would be liquidated immediately on the issuing of a guilty verdict and the associated trust would be used to cover the aforementioned fees, costs, charges, fines, penalties, and\or settlements associated with the offence. Any funds remaining after all disbursements would be allocated to the former equity partner. If the funds in trust are not sufficient to cover all disbursements, ID VIP Team Corp would file civil proceedings to collect the outstanding funds.

Please feel free to contact me directly if you have any questions, concerns or to discuss this further.

Sincerely,

Brian T. Ho | CEO & Founder

ID VIP Team Corp. | Sun, Snow & Our Show Concert Series Ltd. | Instant Discount

* Exclusive Canadian Agent for the MidAtlantic Music Conference

* Exclusive Agent for Findagig.ca

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