

Executive Summary

Draft

VISION

A successful multi-use theatre that provides a first class experience for everyone to enjoy.

FACTS

Company Name: Dauphin Community Cinema Inc.
Location: 200 1st Street SE, Dauphin MB
Contact: Dauphin Economic Development
Phone: (204) 622-3229
Email: cinema@dauphin.ca
Website: www.dauphincinema.ca

Organization: Non-Profit Corporation
(Reg #: 5847444)

Type of Business: First-run movie theatre
Business Status: New business
Owner's Equity: \$1.2 million
Financing: \$1.8 million
Total Project: \$3.0 million

Highlights: 12,000 sq ft multi-use facility
4-plex with stadium seating



Dauphin Community Cinema

The magic of the movies is coming back to Dauphin!

A state-of-the-art, multi-use theatre will be built adjacent to the Parkland Recreation Complex. The 4-plex facility with stadium seating will feature new release movies, the latest technology including 3D, private rentals, and special events/programming.

The Organization

The Dauphin Community Cinema Inc. was incorporated on April 29, 2009 as a non-profit organization. Membership is open to the public for a fee of \$100. Dauphin Community Cinema will be a professionally managed and operated organization. Serious interest has been expressed by a manager with extensive theatre management experience who wants to move back to Manitoba. The Board of Directors will be elected by the membership and an interim Board has been established to see the project through the construction and start-up phases until the first Annual General Meeting to be held within 18 months of incorporation.



Market & Feasibility

The total market size is 48,000 people, including 10,000 in the immediate Dauphin community. The theatre industry has been recession resilient and revenues and attendance continue to increase. In general, movie attendance is spread throughout all ages with the Boomers as the fastest growing market segment.

On a per capita basis, Canadians go to the movies 3.2 times per year. The business plan very conservatively estimates 80,000 admissions per year (average 24 people per show). Ticket prices of \$7.50 and average concession spending per person of \$3.65, will generate \$938,000 of sales in year one (including \$39,000 from theatre rentals and advertising).

The development of a theatre fits well with many other initiatives currently going on in Dauphin such as attracting more big scale sports events, meetings and conventions through the Destination Dauphin program, the upcoming 2010 RBC Cup , annual festivals and the growing tourism market in our area.

The market size will support a 4 screen cinema which offers a wider selection and maximizes profit margins on first-run movies.

Financial Summary

The total project cost is estimated at \$3 million with \$1.2 million raised in equity and \$1.8 million in debt financing. Equity will be raised from fundraising, sponsorships and government grants. Year 1 net income before tax is estimated at \$168,978. Annual distribution of net income would go towards increased debt servicing, equipment reserve, staff profit sharing and community donations.

| 5 Year Pro Forma Income Statement | | | | | |
|-----------------------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Revenue: | | | | | |
| Tickets | \$ 600,000 | \$ 612,000 | \$ 624,240 | \$ 651,497 | \$ 658,284 |
| Concession | \$ 299,314 | \$ 305,153 | \$ 326,453 | \$ 344,272 | \$ 365,016 |
| Other | \$ 39,000 | \$ 39,000 | \$ 39,000 | \$ 39,000 | \$ 39,000 |
| Total Revenue | \$ 938,314 | \$ 956,153 | \$ 989,693 | \$ 1,034,769 | \$ 1,062,300 |
| Less: Cost of Goods Sold | \$ 395,836 | \$ 403,720 | \$ 415,440 | \$ 434,434 | \$ 442,934 |
| Gross Profit | \$ 542,478 | \$ 552,433 | \$ 574,253 | \$ 600,335 | \$ 619,366 |
| Total Operating Expenses | \$ 373,500 | \$ 378,478 | \$ 383,707 | \$ 390,299 | \$ 396,813 |
| Net Income (before taxes) | \$ 168,978 | \$ 173,955 | \$ 190,546 | \$ 210,036 | \$ 222,553 |

The break-even point in sales is \$428,448 or 38,425 paid admissions per year. The business plan is based on realistic and attainable estimates that will ensure a long-term viable and successful theatre in the Dauphin region that provides a first-class experience for customers and contributes back into the community.

[See you at the movies!](#)