

YOT RECORDS
BUSINESS PLAN

Youth of Tomorrow Records

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MISSION STATEMENT

YOT Records, which stands for Youth of Tomorrow Records, exists to discover, develop, and support emerging artists while creating sustainable opportunities for the next generation of music talent. Through ingenuity, mentorship, inclusivity, and long-term artist development, YOT Records will continue evolving with each new generation of artists and music consumers.

The youth of today eventually grow older, but there will always be a youth of tomorrow.

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3. EXECUTIVE SUMMARY

YOT Records, which stands for Youth of Tomorrow Records, is an independent record label that will be based in Muskegon, Michigan. The company was created to discover, develop, and support emerging artists while building entertainment opportunities that connect with younger audiences. YOT's primary target market is teens ages 13 to 20, with millennials serving as a secondary market. The concept behind YOT is that every generation brings new artists and consumers who influence the future of music. Rather than building the company around one generation or trend, YOT plans to continue evolving with the youth of tomorrow.

YOT Records will primarily operate within Pop and R&B while remaining open to opportunities in other areas, including Gospel. Revenue will be generated through recorded music and streaming, merchandise, live entertainment, licensing, brand partnerships, and other artist-related opportunities. As technology and consumer interests change, YOT will also explore gaming, virtual entertainment, and other interactive experiences that allow artists to connect with audiences beyond traditional music releases.

One of YOT's competitive advantages will be its focus on continuous, year-round artist development. The company will work with artists to develop their music, image, audience, and overall entertainment brand rather than focusing only on individual releases. Marketing strategies will be developed around each artist and may include social media, streaming promotion, live performances, public relations, collaborations, merchandise, digital advertising, and partnerships.

YOT Records was founded by Navarro Smith, who is completing a Master of Science in Entertainment Business at Full Sail University. His experience includes

an internship with LoveCat Music Inc. and supervisory experience in live entertainment. Smith has continued developing the YOT Records concept since 2013 and will serve as Founder and President/Label Operations. Richard Dragicevich will serve as Executive Vice President, bringing experience in accounting, business, and management to support the company's financial planning and operations.

YOT Records projects net sales of approximately \$94,953 in Year 1, \$267,318 in Year 2, and \$851,702 in Year 3. The company projects losses before taxes of approximately \$33,981 in Year 1 and \$27,208 in Year 2 as operations and artist development are established. By Year 3, YOT projects approximately \$129,128 in profit before taxes. Management will control expenses by gradually increasing staffing as revenue and operations grow.

YOT Records is seeking \$165,000 in equity financing in exchange for a 20% ownership interest. Smith will contribute an additional \$10,000, providing total initial funding of \$175,000. Funding will support approximately \$84,079 in start-up costs, \$47,000 in working capital, and a \$43,921 cash reserve. The investor will have the opportunity to benefit from future profit distributions and increases in the value of the company as YOT grows.

Although YOT Records will begin in Muskegon, its long-term vision includes expansion into larger music markets such as Los Angeles, Nashville, and Atlanta. YOT also has a long-term goal of potentially becoming an addition to or working alongside Universal Music Group. Such a relationship could allow YOT to bring emerging artists and younger audiences to a larger music company while providing YOT and its artists with greater exposure, resources, distribution opportunities, industry relationships, and global reach.

YOT Records was built around a simple idea: the youth of today eventually grow older, but there will always be a youth of tomorrow. By continuing to evolve with new generations, developing artists beyond individual music releases, and creating multiple opportunities for revenue and audience engagement, YOT plans to build a record label capable of growing alongside the changing music industry.

4. COMPANY DESCRIPTION

YOT Records, which stands for Youth of Tomorrow Records, is an independent record label that will be based in Muskegon, Michigan. The company was created with the idea that every generation brings a new group of artists and music listeners who help shape the future of the music industry. YOT Records will focus on discovering, developing, and supporting emerging artists while creating music and entertainment that connects with younger audiences. The primary target market for YOT Records is teens ages 13 to 20, with millennials serving as a secondary target market.

Although YOT Records will begin in Muskegon, the long-term goal is to expand the company into larger music markets, including Los Angeles, California; Nashville, Tennessee; and Atlanta, Georgia. Expanding into these areas would allow YOT to build relationships with more artists, producers, songwriters, entertainment professionals, and potential business partners. As the company grows, YOT will continue looking for opportunities to expand its reach while maintaining the original purpose behind the company: representing and developing the youth of tomorrow.

YOT Records will generate revenue through multiple areas of the music and entertainment industry, including recorded music and streaming, merchandise, live entertainment, licensing, and brand partnerships. Rather than depending on

one source of revenue, the company will use different opportunities surrounding its artists and their music to support long-term growth. YOT will also continue adapting its business and marketing strategies as technology, music consumption, and audience interests change.

One of the ideas that separates YOT Records from a traditional label model is its focus on continuing to evolve with each new generation. YOT is not designed around one specific era, trend, or group of artists. As one generation of young consumers grows older, another becomes the next generation of music listeners and creators. YOT Records plans to continue learning from these changes and adjusting how it discovers artists, develops talent, markets music, and connects with audiences.

As YOT Records grows, one of the company's long-term goals is to eventually become an addition to or work alongside Universal Music Group (UMG). YOT could help a larger music company reach younger audiences while creating new opportunities through streaming, emerging artists, and other areas of entertainment. In return, a future relationship could provide YOT with greater exposure, resources, distribution opportunities, industry relationships, and global reach. This represents a future strategic goal and not a current affiliation between YOT Records and UMG.

5. INDUSTRY ANALYSIS AND TRENDS

The music industry continues to grow and change as technology creates new ways for consumers to discover, listen to, and interact with music. Streaming has become one of the most important areas of the recorded music industry and has changed how record labels release and market music (International Federation of the Phonographic Industry [IFPI], 2026; Recording Industry Association of

America [RIAA], 2026). For YOT Records, this creates an opportunity to develop artists for consumers who already use digital platforms as a major part of their music consumption.

Social media has also changed how consumers discover new artists and music. Instead of relying only on traditional methods such as radio, artists can use social media, performances, collaborations, public relations, digital advertising, and streaming platforms to reach potential listeners (Luminate, 2024). This creates an opportunity for YOT to connect directly with younger consumers who already use digital platforms as part of their everyday lives.

Another important industry trend is the ability for artists to expand beyond recorded music. Music will remain at the center of YOT Records, but the company plans to develop artists as complete entertainment brands. Opportunities may include merchandise, live entertainment, licensing, endorsements and brand partnerships, gaming, technology, virtual experiences, and other areas that fit an artist and their audience. This approach can create additional revenue opportunities instead of depending entirely on streaming.

Technology will continue to create both opportunities and challenges for the music industry. Gaming, virtual concerts, interactive entertainment, and other digital experiences provide additional ways for artists to connect with fans (Luminate, 2025). Artificial intelligence is another developing area that could influence how music is created, marketed, and distributed. At the same time, AI creates concerns involving copyright, ownership, and unauthorized uses of an artist's music or likeness. YOT will continue monitoring these developments while looking for responsible ways to use emerging technology and protect its artists.

These trends support YOT Records' concept of continuing to evolve with each new generation. The company is not being developed around one particular trend or

method of consuming music. As technology and consumer interests change, YOT plans to adjust how it discovers artists, develops talent, markets music, and creates entertainment experiences.

6. TARGET MARKET

YOT Records' primary target market consists of teens ages 13 to 20. This market was selected because younger consumers play an important role in music discovery, streaming, social media engagement, artist fandom, and emerging entertainment trends (Bridge, 2021; Chicles, 2026). Rather than attempting to market YOT to every music consumer, the company will concentrate its initial efforts on understanding and reaching this specific age group.

The size of this market is substantial. Based on the U.S. Census Bureau's latest single-year-of-age national population estimates, approximately 34 million people in the United States fall within YOT's 13-to-20-year-old target range (U.S. Census Bureau, 2026). This gives YOT a large national consumer base while still allowing the company to maintain a clearly defined age-focused strategy.

The age range is intentional rather than being tied permanently to one named generation. As today's 13-to-20-year-old consumers become adults, another group will enter the same age range. YOT will continue researching the interests, technology use, music preferences, and entertainment habits of the newest group of young consumers. This allows the company's target market to remain consistent while the generation occupying that market changes.

Digital discovery will be particularly important when reaching this audience. Younger consumers interact with music through streaming, social media, video content, gaming, and other forms of digital entertainment (Luminate, 2024, 2025). YOT will use these platforms to introduce its artists, build communities around

their music, and direct listeners toward streaming, merchandise, live entertainment, and other artist-related experiences.

YOT will primarily focus on Pop and R&B while remaining open to opportunities in Gospel and other genres that fit the company and its audience. The label's approach will not assume that every young consumer has identical music preferences. Instead, individual artist campaigns will be developed around the audience most likely to connect with that artist.

YOT's secondary target market will include millennial consumers, particularly adults who continue to actively consume music, attend live entertainment, purchase merchandise, and engage with artists digitally. Research comparing Gen Z and millennial music preferences also supports the relevance of both generations to YOT's broader consumer strategy (Bridge, 2021). This secondary market provides YOT with an opportunity to reach additional consumers without losing the company's primary focus on younger audiences.

7. COMPETITION

Competition within the music industry is extensive. YOT Records will compete for artists, listeners, streaming activity, attention, and entertainment spending with major record companies, independent labels, artist-development companies, and artists operating independently. Current market-share data demonstrates the significant presence of major corporate groups such as Universal Music, Sony Music, and Warner Music within the recorded-music industry (*Music Week market shares*, 2026). These companies have significantly greater financial resources, established artist rosters, distribution networks, industry relationships, and global reach.

YOT does not plan to compete by attempting to match the size or resources of these companies during its early years. Instead, the company will narrow its focus by concentrating on emerging artists and its primary audience of consumers ages 13 to 20. This gives YOT an opportunity to build its identity around understanding younger audiences rather than trying to serve the entire music market.

One of YOT's primary competitive advantages will be continuous, year-round artist development. The company intends to continuously identify and develop potential talent rather than treating artist discovery as a seasonal process or focusing only on an immediate release. YOT will work with artists on their music, image, audience development, marketing, and opportunities outside recorded music.

YOT's smaller organizational structure may also allow the company to adjust more quickly to changes in consumer interests and technology. Streaming, social media, gaming, virtual experiences, merchandise, live entertainment, and partnerships can be incorporated into an artist's strategy when appropriate. Because YOT is designed to evolve with each new generation, the company can continue changing its methods without changing the purpose behind the brand.

8. MARKETING PLAN

YOT Records will use a combination of digital marketing, social media, streaming promotion, live entertainment, public relations, collaborations, partnerships, and artist-centered experiences to promote the company and its artists. Marketing

efforts will focus on building awareness and then directing consumers toward activities that can generate revenue, including streaming music, purchasing merchandise, attending live or virtual events, and supporting artist partnerships.

Digital marketing will be particularly important because YOT's primary audience regularly interacts with music and entertainment online. The company's website and social media platforms will provide central locations for artist information, releases, announcements, merchandise, events, and other content. Search engine optimization, digital advertising, public relations, collaborations, and social content will be used to increase awareness and direct consumers toward YOT artists (Luminate, 2024).

YOT plans to market its artists as more than individual music releases. Each artist will be evaluated as a complete entertainment brand, with opportunities developed according to the artist's image, audience, and interests. These opportunities could include merchandise and clothing, live performances, virtual concerts, gaming, endorsements, licensing, and partnerships with outside brands (Luminate, 2025).

For example, a campaign developed around an emerging artist such as Caleb Hamilton could extend beyond releasing music. Potential concepts could include a clothing collection, a virtual or VR concert experience, gaming opportunities, and a limited-time brand collaboration such as a holiday eggnog shake or menu item with a company such as McDonald's. These concepts demonstrate the type of broader entertainment opportunities YOT could develop around an artist; they do not represent existing partnerships or completed campaigns.

Not every artist will receive the same marketing strategy. YOT will evaluate each artist individually and determine which platforms, partnerships, and experiences are most appropriate for that artist and their audience. This allows marketing

resources to be used more strategically instead of forcing every artist into the same campaign.

Marketing performance will be measured through key performance indicators including streaming activity, social-media engagement, audience and follower growth, website traffic, merchandise sales, live and virtual event performance, and revenue generated through partnerships. Results will be reviewed throughout campaigns so YOT can adjust its strategies when necessary.

YOT has budgeted approximately \$16,208 for marketing in Year 1, \$45,667 in Year 2, and \$95,783 in Year 3. This represents approximately 17.1% of projected sales during Years 1 and 2 and 11.2% during Year 3. Although the percentage decreases in Year 3, the actual amount available for marketing increases as projected revenue grows.

9. OPERATIONS AND MANAGEMENT

YOT Records will begin operations in Muskegon, Michigan, allowing the company to establish itself before expanding into larger entertainment markets. The company's financial projections include approximately \$11,613 in annual rent for a small office location. A potential location is a roughly 759-square-foot office in Terrace Plaza. Recording, production, and other specialized services can initially be outsourced when appropriate rather than requiring YOT to construct and maintain its own recording facility.

Day-to-day operations will include artist development, project management, marketing, financial management, partnership development, release coordination, and general label administration. Management will review projects

and financial performance regularly to determine when additional employees or outside professionals are needed.

Founder & President/Label Operations – Navarrio Smith

Navarrio Smith founded YOT Records and will be responsible for the company's overall direction, label operations, artist development strategy, and long-term growth. Smith is completing a Master of Science in Entertainment Business at Full Sail University and previously earned a bachelor's degree in Entertainment Business. His experience includes a 2026 internship with LoveCat Music Inc., where he gained direct experience within the music industry, as well as supervisory experience in live entertainment. These experiences have allowed him to combine entertainment-business education with practical experience in music and live operations.

Executive Vice President – Richard Dragicevich

Richard Dragicevich will serve as Executive Vice President and work alongside the Founder and President in business strategy, financial decision-making, operations, artist management, and business development. Dragicevich studied accounting at Davenport University in Grand Rapids, Michigan and has management experience through his employment. His accounting and business background will support YOT's budgeting, financial planning, cost control, and operational decision-making.

Smith and Dragicevich bring complementary experience to YOT Records. Smith's background centers on entertainment business, music-industry experience, artist development, and live entertainment leadership, while Dragicevich provides additional accounting, financial, business, and management knowledge.

Staffing will be expanded gradually rather than hiring a large workforce before revenue can support it. During Year 1, the Founder and Executive Vice President will lead the company, with an A&R Coordinator and Marketing/Administrative Coordinator added during the year. A second A&R Coordinator is planned as operations expand in Year 2, followed by additional digital and social support in Year 3. This phased approach allows YOT to control payroll while increasing staffing as revenue and artist activity grow.

Long term, YOT plans to expand its presence into Los Angeles, Nashville, and Atlanta, giving the company access to larger networks of artists, producers, songwriters, entertainment professionals, and potential partners.

10. FINANCIALS

The financial projections for YOT Records were developed to show how the company could grow during its first three years while keeping expenses at a manageable level. Because YOT will be a new record label, the company is not expected to become profitable immediately. The projections show controlled losses during the first two years as the company establishes operations and develops its artists, followed by profitability during Year 3.

START-UP COSTS

YOT Records projects approximately \$84,079.19 in start-up costs before working capital. These expenses include equipment and furniture, leasehold improvements, materials and supplies, deposits, professional services, and other costs necessary to prepare the company for operations.

The company will maintain approximately \$47,000 in working capital. Working capital was calculated from the projected cash-flow requirements of the company and will help YOT meet operating expenses during periods in which outgoing cash exceeds incoming revenue.

YOT will also maintain a \$43,920.81 cash reserve for unexpected expenses and opportunities. This reserve is slightly more than one-half of projected start-up costs and provides additional financial protection during the company's early stages.

THREE-YEAR FINANCIAL PROJECTIONS

Year 1

Net Sales: \$94,952.50

Cost of Goods Sold: \$39,767.63

Gross Profit: \$55,184.88

Operating Expenses: \$89,166.17

Loss Before Taxes: (\$33,981.30)

Year 2

Net Sales: \$267,317.50

Cost of Goods Sold: \$105,200.03

Gross Profit: \$162,117.48

Operating Expenses: \$189,325.47

Loss Before Taxes: (\$27,208.00)

Year 3

Net Sales: \$851,702.25

Cost of Goods Sold: \$309,239.25

Gross Profit: \$542,463.00

Operating Expenses: \$413,335.09

Profit Before Taxes: \$129,127.91

YOT projects approximately \$94,953 in net sales during Year 1, increasing to approximately \$267,318 in Year 2 and \$851,702 in Year 3. Revenue is expected to develop through recorded music and streaming, merchandise, live entertainment, licensing, brand partnerships, and other artist-related opportunities.

The company projects a \$33,981.30 loss before taxes in Year 1 and a \$27,208.00 loss before taxes in Year 2. By Year 3, YOT is projected to generate approximately \$129,127.91 in profit before taxes. Across the entire three-year period, the projections result in approximately \$67,938.61 in cumulative profit before taxes.

Payroll will be managed conservatively during the company's early stages. The Founder will defer a salary during Year 1, while additional employees will be added gradually as the company's revenue increases. This allows YOT to develop the personnel necessary to operate the label without creating an unnecessarily high payroll during its earliest stage.

Marketing remains an important expense because YOT's ability to generate revenue depends on developing awareness of its artists. Marketing represents approximately 17.1% of sales during Years 1 and 2 and 11.2% during Year 3.

SOURCES AND USES OF FUNDS

Sources of Funds

Outside Equity Financing: \$165,000.00

Founder Investment: \$10,000.00

Total Sources: \$175,000.00

Uses of Funds

Start-Up Costs: \$84,079.19

Working Capital: \$47,000.00

Cash Reserve: \$43,920.81

Total Uses: \$175,000.00

FINANCING AND INVESTOR RETURN

YOT Records is seeking \$165,000 in equity financing in exchange for a 20% ownership interest in the company. Founder Navarrio Smith will retain the remaining 80% ownership interest and control of YOT Records. Equity financing was selected instead of debt financing because it would allow YOT to use its available cash during the early stages of operation to develop artists, market releases, and grow the business rather than immediately taking on required loan payments.

The investor's return will be tied to the growth and profitability of YOT Records. YOT's investor objective is to create the potential for a competitive annualized total return in the 30% to 50% range through a combination of future profit distributions and appreciation in the value of the investor's 20% ownership interest as the company grows. This range is a target rather than a guaranteed return. Based on the financial projections, YOT is expected to experience losses during its first two years before reaching approximately \$129,127.91 in profit before taxes in Year 3. As a 20% equity owner, the investor would have the opportunity to benefit from future profit distributions and increases in company value. Final terms involving distributions, valuation, and potential exit opportunities would be established in the investment agreement.

11. APPENDIX

The following financial statements provide additional detail and support for the financial projections presented in Section 10 of the YOT Records Business Plan. These reports show the financial assumptions used to estimate the company's start-up requirements, operating expenses, working capital needs, funding requirements, and projected financial performance during its first three years of operation.

APPENDIX A – DETAILED INCOME STATEMENTS

The detailed Income Statements provide monthly financial projections for YOT Records during Years 1, 2, and 3. These statements include projected revenue, cost of goods sold, gross profit, salaries and wages, payroll taxes, rent, depreciation, marketing expenses, total operating expenses, and projected profit or loss.

Year 1 Income Statement	Amount
Net Sales	\$94,952.50
Cost of Goods Sold	\$39,767.63
Gross Profit	\$55,184.88
Operating Expenses	\$89,166.17
Profit/(Loss) Before Taxes	(\$33,981.30)

Year 2 Income Statement	Amount
Net Sales	\$267,317.50
Cost of Goods Sold	\$105,200.03
Gross Profit	\$162,117.48
Operating Expenses	\$189,325.47
Profit/(Loss) Before Taxes	(\$27,208.00)

Year 3 Income Statement	Amount
Net Sales	\$851,702.25
Cost of Goods Sold	\$309,239.25
Gross Profit	\$542,463.00
Operating Expenses	\$413,335.09
Profit/(Loss) Before Taxes	\$129,127.91

APPENDIX B – START-UP COSTS

The Start-Up Costs Statement identifies the expenses necessary to establish YOT Records and prepare the company for operations. Total start-up costs are projected at \$84,079.19 before working capital. YOT also projects a \$47,000

working-capital requirement to support operations during periods in which expenses exceed incoming cash.

Start-Up Funding Requirement	Amount
Start-Up Costs	\$84,079.19
Working Capital	\$47,000.00
Total Start-Up & Working Capital Requirement	\$131,079.19

APPENDIX C – SOURCES AND USES OF FUNDS

YOT Records is seeking \$165,000 in outside equity financing, while Founder Navarro Smith will contribute \$10,000, providing total initial funding of \$175,000. Of these funds, approximately \$84,079.19 will support start-up costs, \$47,000 will support working capital, and \$43,920.81 will remain as a cash reserve.

Sources of Funds	Amount
Outside Equity Financing	\$165,000.00
Founder Investment	\$10,000.00
Total Sources	\$175,000.00

Uses of Funds	Amount
Start-Up Costs	\$84,079.19
Working Capital	\$47,000.00
Cash Reserve	\$43,920.81
Total Uses	\$175,000.00

APPENDIX D – FINANCIAL ASSUMPTIONS

The Financial Assumptions Table summarizes YOT Records' projected performance during its first three years, including sales, cost of goods sold, gross profit, expenses, profit or loss, and marketing expenses.

The projections show YOT reaching annual profitability during Year 3 and generating approximately \$67,938.61 in cumulative profit before taxes over the three-year period.

Financial Projection	Year 1	Year 2	Year 3
Net Sales	\$94,952.50	\$267,317.50	\$851,702.25
Cost of Goods Sold	\$39,767.63	\$105,200.03	\$309,239.25
Gross Profit	\$55,184.88	\$162,117.48	\$542,463.00
Operating Expenses	\$89,166.17	\$189,325.47	\$413,335.09
Profit/(Loss) Before Taxes	(\$33,981.30)	(\$27,208.00)	\$129,127.91

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