



# BUSINESS AFFAIRS BASICS WEBINAR PART I

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DEVELOPMENT & FINANCING



# OVERVIEW

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- **INTENTIONS**
- **INCORPORATIONS**
  - WHAT ARE THEY / WHY DO WE NEED THEM
- **DEVELOPMENT PROCESS**
  - PHASES OF DEVELOPMENT / CHAIN OF TITLES
- **PRODUCTION FINANCING & PACKAGING**
  - PRODUCTION BUDGETS & FINANCING
- **QUESTIONS**



# INCORPORATIONS

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- **Definitions**
  - Difference from other forms of businesses (sole proprietorships, limited partnerships)
- **Parts of an Incorporation**
  - Officers, Directors, Shareholders, Incorporation #, Articles of Incorporation
- **Why, When and How Do We Incorporate?**
  - Lawyers, Chartered Accountants, Registrations, HST
- **Costs – what to consider when you incorporate.**
  - Legal, CA's Year Ends, Book Keeping Accounting



# DEVELOPMENT

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- **What is Development**
    - Phases: Outline, Treatment, 1<sup>st</sup> Draft, 2nd, 3<sup>rd</sup>, Packaging.
  - **Types of Activities & Costs**
    - Writing, research, marketing, producer fees / overhead, legal, budgeting, Director & Talent
  - **Copyright & Chain of Titles**
- **\*\*CISF – WORKSHOP LEARN BY DOING\*\***



# COPYRIGHT & CHAIN OF TITLES

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- **What is a Chain of Title & why does it matter?**
  - Legal 'chain' of contracts and activities detailing the development of the original IP to the final form of the creatives for production.
- **Types Contracts Associated with Chain of Title**
  - Option Agmt, Writers Agmt, Release Forms / Life Rights, Director Agmt, Talent, Assignments, COT Certificates
  - TEMPLATES WILL BE PROVIDED BY CISF LATER ON
- **Typical Parts of a Contract**
  - Intention, Parties, What is being done, Terms, Fees, Draw Downs, Profits & Compensation





# DEVELOPMENT BUDGETING & FINANCING

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- **APPLYING FOR DEVELOPMENT FUNDING**

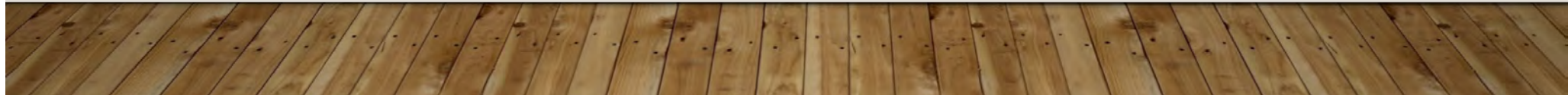
- Development Funding Deadlines
- Budget Templates (CMF, TELEFILM etc)
- List of Required Documents (NB worth attending application seminars)

- **PUBLIC & PRIVATE DEVELOPMENT FINANCING**

- Public Funds: CMF, Telefilm Canada, Arts Council Grants, Provincial Media Groups (BC Creative, Ont. Creates)
- Private Funds: Broadcasters (Bell, Shaw, Telus) Astral HG Fund (former), Personal Investments & Loans

- **RELATED PARTY TRANSACTIONS (RPTs)**

- What are they and why do they matter?





# PRODUCTION FINANCING

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- **My Development is Done Now What?**
  - PACKAGING & FINANCING still DEVELOPMENT
  - PIECING TOGETHER THE BUDGET & FINANCING
  - ASSEMBLING A TEAM, TALENT ATTACHMENT / DOC RESEARCH / PROOF OF CONCEPT
  - FINANCING STRATEGY & CALENDARS
  - PRODUCTION CONTRACTS
  - FINANCE CLOSE & GREENLIGHT!



# PUBLIC & PRIVATE FINANCING BALANCE

## SOURCES OF FINANCING

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- **PUBLIC FINANCING (SOFT FIN)**

- Canadian Media Fund (CMF)
  - License Fee Top Up & Equity
- Telefilm Canada
  - Equity vs Grant
- Provincial Funds (ON Creates Prod Grants)
- Provincial Tax Incentives
- Federal Tax Incentives
- Media Arts Grants\*\*

\*\*NB Commercial exploitation restrictions

- **PRIVATE FINANCING**

- Broadcaster Licenses / Thresholds
- Streamer Licenses (Netflix, Amazon)
- Distributor Advances or Minimum Guarantees
- International Sales Agent Advances against World Sales Estimates
- Private Equity Investments
- GAP or MEZZANINE Loan Financing
- Private Equity





# PRODUCTION FINANCING

## FEATURE FILM FINANCING STRUCTURE

**BUDGET** **\$1,000,000**

Source	Type	Percent	Financing
Telefilm Canada	Equity	30%	\$300,000
OMDC	Grant	15%	\$150,000
CBC Diversity Fund	Equity	15%	\$150,000
CDN Distributor	License	5%	\$50,000
Prod Invest	Purchase Share	5%	\$50,000
	<b>Subtotal</b>	<b>70.00%</b>	<b>\$700,000</b>
ONT. TAX CREDITS	Other	<b>27%</b>	\$268,809
FEDERAL TAX CREDITS	Other	3%	\$31,191
	<b>Subtotal</b>	<b>30.00%</b>	<b>\$300,000</b>

**TOTAL** 100.00% \$1,000,000  
**SHORTFALL** 0% \$0



# PRODUCTION FINANCING

## DOCUMENTARY FINANCING

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DETAILS	CAD	%
<b>Total Budget</b>	<b>258,452.85</b>	100.00%
<b>Knowledge Network</b>	<b>60,000.00</b>	23.22%
<b>Broadcaster 2nd Window</b>	<b>0.00</b>	0.00%
CMF POV top up	51,690.57	20.00%
CMF Equity	74,951.33	29.00%
Provincial Tax Credits	43,420.08	16.80%
Federal Tax Credits	21,012.22	8.13%
<b>Producer Investment</b>	<b>7,378.66</b>	2.85%



# QUESTIONS & RESOURCES

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**CANADIAN INDEPENDENT SCREEN FUND**

<https://independentfund.org/>

# Thank you to our partners!

