



BUSINESS AFFAIRS BASICS WEBINAR PART 2

PRODUCTION & EXPLOITATION



OVERVIEW

- **RECAP FROM UNIT I**
 - Incorporations, Development, Copyright, Production Financing
- **PRODUCTION CONTRACTS & COMMERCIAL LENDING**
 - Cashflow, Drawdowns & Deliverables
- **WORKING with FUNDERS, UNIONS & DISTRIBUTORS**
 - Role of Producer during Preproduction, Production & Post Production
- **EXPLOITATION / DISTRIBUTION & RECOUPMENT**
 - Recoupment Schedules (aka Waterfalls) & Producer Reporting
- **QUESTIONS**



PRODUCTION & FINANCE CLOSING

- **I HAVE ALL THESE FUNDING CONTRACTS ... NOW WHAT????**
- **Understanding Interim Financing & Cashflows**
 - Film & TV Commercial Lending (National Bank, RBC, Rogers Telefund)
 - Production Contract Drawdowns and Payment Schedules
 - Banking Term Sheets, Closing Agendas and Tax Credit Estimates Letters.



PRODUCTION

- **What Does a Producer do during Production ... besides drink coffee.**
 - Oversee Production (Putting out fires, working with Unions)
 - Ensuring Cashflow (Is there money in the account to pay everyone?)
 - Cost Reporting (Working with Line Producer, PM, & Accounting to ensure the above)
 - Reporting to Funders & Distributors (Providing Dailies, Liaison w/ 3rd Parties)



PRODUCTION

WORKING WITH UNIONS:

(WGC, DGC, ACTRA, & TECHNICAL UNIONS)

- Understanding IPA – Independent Production Agreements.
- Signatory Paperwork – What the Producer is responsible for (Royalties, Fringes)
- Cash Bonds, Escrow Fees, and Writer Production Fees, & 1st Day of PP



PRODUCTION

- **WORKING WITH FUNDERS (CMF, TELEFILM, PROV. FUNDERS, BANKS)**
 - Meeting Drawdown Schedules & Cashflow
 - Approvals
 - Delivering Contracts / Credit Obligations / Cost Reporting
 - Tax Credit Applications – (Part A's & Part B's) / Prov. & Federal Applications
 - Brief Explanation of Process
 - Delivering the Project to Distributors, Broadcasters & Sales Agents.
 - Year Ends & Final Audits



PRODUCTION

POST PRODUCTION

- **Technical Deliverables**

- Delivery Schedules for Distributors, Broadcasters, Streamers
- Post Supervisor & Post Houses – Costs
- Publicity – Stills, Poster Art, Trailers, Licenses

- **Legal Deliverables**

- Errors & Omissions Insurance (E&O) & Clearances (Titles, Music Exclusions)
- Music Cue Sheets, Music Licenses & Stock Footage Licenses
- Screen Credit & Paid Ad Obligations (Paid Ads, Billing Blocks, Names & Likeness)
- Copyright Registrations, Chain of Title Reports, & Title Reports



EXPLOITATION & RECOUPMENT

- **DISTRIBUTORS vs SALES AGENTS vs BROADCASTERS & STREAMERS**
 - What's the Difference?
 - Advances or Minimum Guarantees VS Licenses
 - Terms of Contracts
 - Distribution Fees, Commissions, & Recoupment Schedules
 - Profit Participation – 50 / 50 Split between Funders & Producers
 - Collection Agencies & CAMAs (Collection Account Management Agreement)



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
	Subtotal	70.00%	\$700,000
ONT. TAX CREDITS	Other	27%	\$268,809
FEDERAL TAX CREDITS	Other	3%	\$31,191
	Subtotal	30.00%	\$300,000

TOTAL 100.00% \$1,000,000

SHORTFALL 0% \$0



RECOUPMENT SCHEDULE

CANADA

\$ CDN	Production Revenue	Canadian Distributor	OMDC	CBC DIVERSITY FUND	Telefilm Canada	CAD PRODUCER	TAX CREDITS TO PRODUCER
MG	\$50,000 100%	\$50,000 100%					
Tier 1	\$ 950,000 100%		\$150,000.00 16%	\$150,000.00 16%	\$ 300,000 32%	\$ 50,000 5%	\$ 300,000 32%
TOTAL	\$ 1,000,000	\$ 50,000	\$ 150,000	\$ 150,000	\$ 300,000	\$ 50,000	\$ 300,000

CALC BOX	Telefilm	CDN Producer	CBC
\$ 800,000	\$ 300,000	\$ 350,000	\$ 150,000
Profit Participation	19%	72%	9%
100.00%			



QUESTIONS & RESOURCES

CANADIAN INDEPENDENT SCREEN FUND

<https://independentfund.org/>

Thank you to our partners!

