



**EQUITY INVESTMENT
GUIDELINES AND APPLICATION**

Contact:

**Director, Business & Legal Affairs
Film Nova Scotia
Collins Bank Building
Historic Properties, 3rd Floor
Halifax, Nova Scotia B3J 1S9**

**Mailing Address:
P.O. Box 34104
Scotia Square, RPO
Halifax, Nova Scotia B3J 3S1**

**Telephone: (902) 424-7177
Fax: (902) 424-0617**

**e-mail: novascotia.film@ns.sympatico.ca
website: www.filmnovascotia.com**

*PLEASE REFER TO
GENERAL PROGRAM GUIDELINES OF THE
FILM NOVA SCOTIA
FOR BASIC INFORMATION*

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EQUITY INVESTMENT

a. *Objectives*

Film Nova Scotia (the “Corporation”) will provide production assistance in the form of equity investment to eligible producers for the financing of productions.

b. *Financing*

i. **General**

The Corporation may invest in a qualifying film or video production as follows (less amounts advanced as Development Loans):

- (a) for production budgets under \$500,000, up to 40% of that portion of the production budget that is to be expended in Nova Scotia to a maximum dollar amount of \$150,000;
- (b) for production budgets of \$500,000 to \$1,000,000, up to 33% of that portion of the production budget that is to be expended in Nova Scotia to a maximum dollar amount of \$200,000;
- (c) for production budgets over \$1,000,000, up to 20% of that portion of the production budget that is to be expended in Nova Scotia to a maximum dollar amount of \$300,000.

In exceptional circumstances the assistance levels may be increased.

The Corporation has the right to reduce its investment due to material variance in line items, reduction in the Nova Scotia labour or expenditure, or underspend in the originally approved budget as represented in the final cost report.

ii. **Film Tax Credits*** (*see below for further information on the Nova Scotia Film Industry Tax Credit*)

A minimum of 50% of the Nova Scotia Film Industry Tax Credit and 100% of the Federal Tax Credit and any other provincial tax credits must be included in the financing structure. The Nova Scotia producer can elect to allocate up to 50% of the Nova Scotia Film Industry Tax Credit towards the corporate infrastructure of the Nova Scotia producer’s parent company. This option is designed to foster the growth of small and mid-sized production companies. Producers who exercise this option are required to explain how the funds will be allocated toward corporate infrastructure. Producers will also be required to report on the actual expenditures.

In the event that the total aggregate of all tax credits is less than the total tax credits as estimated at the date of signing Film Nova Scotia Equity Investment contract, the Producer will invest the amount required to maintain the tax credit amount included in the Production’s financing structure.

In the event that the total aggregate of all tax credits is greater than the total tax credits as estimated at the date of signing Film Nova Scotia Equity Investment contract, the amount in excess will be considered Production Revenue and disbursed according to the Recoupment Schedule agreed to in the Equity Investment contract. For greater clarity, the excess refers to the total tax credits as estimated at the date of signing the Film Nova Scotia Equity Investment contract, not just the amounts included in the Production’s financing structure. The amount in excess shall not be applied to an overage in the production budget.

iii. Financing Commitments

The Corporation requires confirmation of the participation of an acceptable broadcaster for television productions or a distributor for feature films, current letters of financial commitment or long-form agreements with all distributors/broadcasters, equity funders, and any other financiers prior to finalising contracts.

Producer's equity investment shall be defined as a cash commitment in the production. Deferred salary or fees are not considered an equity investment. In cases where the production financing includes deferred salaries and fees, there must be sufficient cash flow to meet both the company's and the project's obligations.

c. *Funding Process*

The Equity Investment contract between the Corporation and the Producer will detail the terms and conditions of the investment specifying the disbursement schedule for funds, recoupment schedules, profit participation, and reporting requirements.

If the Corporation decides to participate, a Letter of Commitment will be issued, valid for 90 days, outlining the major terms and conditions of the Equity Investment contract. One 30-day extension may be granted at the discretion of the Corporation. Execution of a contract shall be subject to the completion of any other financing arrangements and outstanding conditions.

d. *Recoupment*

The Corporation shall recoup its investment pro rata and para passu with the Producer and other cash investors, at terms no less favourable than other equity investors.

At the Corporation's discretion, distribution advances and private gap financing may be recouped prior to equity investment, where these advances and/or gap financing are not entitled to ongoing profit participation after recoupment.

Producer, cast and crew deferrals may recoup first tier but are not eligible to share in profit participation once they have recouped.

e. *Reporting*

Projects with budgets above \$500,000 require an audited cost report; budgets in excess of \$100,000 but equal to or less than \$500,000 require a review and engagement report; and budgets equal to or less than \$100,000 require the Producer's certification of the final cost report. All reports must break out the Nova Scotia labour, Nova Scotia expenditures, and related party transactions. The Corporation has the right to request an audited cost report on any project and the Producer shall be obligated to provide the report at their cost.

**** ALL APPLICATIONS WILL BE ADJUDICATED BASED ON THE "KEY COMPONENTS" FOUND IN THE GENERAL PROGRAM GUIDELINES DOCUMENT. ***

Nova Scotia Film Industry Tax Credit Information

The Nova Scotia Film Industry Tax Credit is a fully refundable corporate income tax credit administered by Film Nova Scotia on behalf of the Nova Scotia Department of Finance. The program encourages the development, training and hiring of Nova Scotia film personnel in all disciplines.

- The Nova Scotia Film Industry Tax Credit is a provincial corporate tax credit.
- On April 1, 1995, the Nova Scotia Film Industry Tax Credit replaced the Nova Scotia Film Labour Rebate program.
- The Tax Credit provides incentives to the private film and television production industry to create economic growth in the Province.
- The Tax Credit is a refundable corporate tax credit of 50-60% of the eligible Nova Scotia labour to a maximum of 20-30% of the total production budget.
- A frequent filming bonus of 5% of eligible Nova Scotia labour is available on the third film commencing principal photography within a two-year period.
- Once the Production Company's final audited cost report, breaking out the Nova Scotia budget and eligible Nova Scotia labour expenditure, is submitted for review, the Nova Scotia Department of Finance may issue a certificate to be filed with the Production Company's corporate tax return.
- The Tax Credit is considered part of a producer's equity in any production in which the Corporation is an investor.
- At least 25% of Canadian labour must be paid to eligible Nova Scotia residents (resident in Nova Scotia on the last day of the previous or current taxation year).

*FOR MORE INFORMATION PLEASE REFER TO THE
NOVA SCOTIA FILM INDUSTRY TAX CREDIT PACKAGE, INCLUDING GUIDELINES AND APPLICATION,
AVAILABLE FROM FILM NOVA SCOTIA OFFICE
AND WEBSITE (WWW.FILMNOVASCOTIA.COM)*

Film Nova Scotia
Equity Investment Application

Application will be considered incomplete if form is altered in any manner.

A. GENERAL INFORMATION

1. Title of project: _____

2. Company name and contact: _____

Is your company incorporated? Yes No

3. Address: _____

Telephone: _____ Fax: _____

4. Nova Scotia Company Registration Number: _____

5. Date of Incorporation/Registration: _____

6. Your lawyer's name and address:

Telephone: _____ Fax: _____

7. Your accountant's name and address:

Telephone: _____ Fax: _____

8. Name and address of your bank and account representative:

Telephone: _____ Fax: _____

B. ADDITIONAL MATERIAL

Applicant must provide the following documentation:

1. Complete details of production, production schedule, cast and crew lists, etc.;
2. Detailed production budget showing **Nova Scotia labour** and **Nova Scotia expenditure** by line item;
3. Letter of commitment or long-form agreement with distributor for the theatrical release for feature films, where applicable (please refer to the General Program Guidelines) or letter of financial commitment from a broadcaster for television productions;
4. Evidence of all committed production financing including tax credit calculation worksheets (**NOTE: A minimum of 50% of the Nova Scotia Film Industry Tax Credit and 100% of the Federal Tax Credit and any other provincial tax credits must be included in the financing structure as producer's equity.**);
5. A proposed recoupment schedule;
6. Formal Business Plan for Production Company;
7. Formal Marketing Plan for Production;
8. (a) *Most recent financial statement of applicant corporation and any related corporations;
(b) *Incorporation certificate and Memorandum of Association and Articles of Incorporation;
(c) *Name, address, province of residency and number of shares (common and preferred) for all shareholders;
(* Note: This information will be kept confidential – **it must be provided for each application, if not on file with the Corporation. It is the responsibility of the applicant to ensure, prior to applying, that the information is on file with the Corporation. Applications not containing this information will be considered incomplete and will not be reviewed.** If a number of projects are applying for funding at the same time, one set of this information will be accepted.)
9. 1 copy of final script, where applicable;
10. 1 copy of original literary property, where applicable;
11. Literary property agreement(s), where applicable;
12. Agreement(s) pertinent to the writing of the screenplay, where applicable;
13. Résumés and background information of producers, writers, etc.;
14. Letter of permission to discuss the project with other financial participants and broadcasters/distributors;
15. Funding Round Application Checklist for Equity Investment Applications;
16. Any additional information relevant to this application.

C. PROJECT INFORMATION

1. Name of Screenwriter: _____

2. If the script is based on another work:

(Title of work) _____

(Name of Author) _____

(Province of Residency) _____

<u>Confirmed Production staff:</u>	<u>Name</u>	<u>Canadian Citizen/ Landed Immigrant</u>	<u>NS Resident</u>
Producer	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Executive Producer	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Director	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Production Manager	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Director of Photography	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Prod. Design./Art Dir.	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Sound Design/Post Audio	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Editor	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Music Composer	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Writer	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Researcher	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
Principal Performers	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
	_____	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>

4. Project Category:

- | | | | |
|---------------------|--------------------------|-------------|--------------------------|
| Feature Film | <input type="checkbox"/> | TV Special | <input type="checkbox"/> |
| Made for TV Feature | <input type="checkbox"/> | Mini-series | <input type="checkbox"/> |
| Pilot | <input type="checkbox"/> | Series | <input type="checkbox"/> |

(b) Detailed explanation of how the funds will be allocated towards corporate infrastructure (e.g. acquisition of specific capital assets, hiring of corporate staff, business skills development, implementation of a diversity policy):

<u>Allocation</u>	<u>Amount</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____

9. Are you including a diversity plan for the production? Yes No

If yes, please include a copy of the diversity plan.

10. Your Completion Guarantor's name and address:

Telephone: _____ Fax: _____

11. For what other project(s) have you received assistance from the Province of Nova Scotia? (attach list separately if necessary)

12. Has this project received previous financial assistance other than as listed above?

Amount \$ _____ Date received _____

From whom _____

13. Has this project had any other title(s)? If yes, specify:

The undersigned certifies that the information provided herein and attached is accurate and complete and that he/she has read and complied with Film Nova Scotia's guidelines.

Signature

(Print Name)

Date: _____



Related Party Transactions

A related party transaction is a payment from the production budget to non-arm's length parties. Generally speaking this includes:

- All payments to producers (producers' fees; travel expenses; other fees paid back to producer – i.e. if producer is also the director; etc.);
- All costs related to the Applicant, its parent, subsidiary or affiliated company, or a legal entity that is under the direction, ownership or control of a shareholder, director or employee of the foregoing and all persons or entities employed by these entities (i.e. corporate overhead; producer-owned equipment and services);
- All payments to immediate family members and persons or entities employed by any of the above (i.e. in-house staff paid from production budget);
- All Broadcaster-owned equipment and services (i.e. cameras, editing equipment, etc.); Broadcaster in-house technical staff; Broadcaster post house affiliated costs; and any other fees paid back to a Broadcaster (including Broadcaster interim financing).

Applicant Costs

BUDGET ACCOUNT #	DESCRIPTION	BUDGET AMOUNT IN CDN \$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
	SUBTOTAL	\$

Broadcaster Costs

- All Broadcaster-owned equipment and services (i.e. cameras, editing equipment, etc.); Broadcaster in-house technical staff; Broadcaster post house affiliated costs; and any other fees paid back to a Broadcaster (including Broadcaster interim financing).

BUDGET ACCOUNT #	DESCRIPTION	BUDGET AMOUNT IN CDN \$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
	SUBTOTAL	\$

Other investor costs

- All other investors (i.e. services as equity) and interim financiers (i.e. service charges).

BUDGET ACCOUNT #	DESCRIPTION	BUDGET AMOUNT IN CDN \$
		\$
		\$
		\$
		\$
	SUBTOTAL	\$
	TOTAL RELATED COSTS	\$

Film Nova Scotia

Funding Round Application Checklist for Equity Investment Applications

Please ensure that you have included the items listed below with your application submission. Failure to do so will identify your application as incomplete and **incomplete applications will not be processed.**

Did you supply *all* the information requested in the application form including, **but not limited to**, the following?

- Synopsis of the Production
- Proposed locations and dates for shooting
- List of Nova Scotians working in key roles
- Detailed production budget showing Nova Scotia labour and Nova Scotia expenditure by line item
- Completed Related Party Transactions form
- Commitment letter from broadcaster and/or distributor
- Financial structure breaking out projected and committed funding
- Specifics regarding Film Nova Scotia's opportunity for recoupment (markets identified for sales)
- Formal Business Plan for Production Company
- Formal Marketing Plan for Production
- Production Company's complete project funding history with Film Nova Scotia, indicating the amounts received per production
- Most recent financial statements, shareholder information, incorporation certificate, memorandum of association and articles of incorporation
- All other information specifically requested in long-form application (scripts, literary property agreements)
- Letter of permission to discuss project with other financial participants
- Additional relevant information about Production Company

Please enclose this checklist at the front of your application package.

Incomplete packages will be returned to the applicant with the missing information identified on the application checklist. These applications cannot be resubmitted until the next funding round.