



**GENERAL PROGRAM GUIDELINES
OF THE
NOVA SCOTIA FILM DEVELOPMENT CORPORATION**

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NOVA SCOTIA FILM DEVELOPMENT CORPORATION

The Nova Scotia Film Development Corporation (the “Corporation”) is a Crown Corporation, which reports to the Minister of Economic Development. It was created by an Act of the Legislature, proclaimed on August 1, 1990. The following statement outlines and reflects the Corporation’s mission and the beliefs of the staff and Board of Directors as they relate to today’s marketplace:

Our mission is to grow Nova Scotia’s film, television, and new media industry with our partners by stimulating investment and employment and by promoting Nova Scotia’s producers, productions, locations, skills and creativity in global markets.

The Corporation offers a program of loans and investments to support film, television and new media production in Nova Scotia, and it administers the Nova Scotia Film Industry Tax Credit on behalf of the Province of Nova Scotia. The following document outlines the guidelines governing these programs.

In addition, the Corporation offers production services, including a locations resource and reference centre and support to professional development, training, marketing and distribution, for the Nova Scotia film industry.

The Corporation values diversity both in on-screen programming and within the film industry workforce.

Eligibility for Programs

The Corporation's funding programs are designed to assist and promote the development of the private-sector film, television and new media industries in Nova Scotia.

The eligibility criteria for funding programs are designed to ensure maximum employment and growth in the Nova Scotia film, television and new media industries.

The Corporation will not invest in or promote productions that contain explicit sex, excessive violence, sexual violence or sexual exploitation or any matter which is libellous, obscene or in any other way unlawful or which, in the Corporation’s opinion, does not comply with the spirit and intent of the Act to Incorporate the Nova Scotia Film Development Corporation.

Eligible Applicants - Development Loan, Equity Investment, and New Media Equity Investment

Applicants must be Nova Scotia residents. For purposes of these Guidelines, a "Nova Scotia resident" is a person who has maintained a principal residence for tax purposes in Nova Scotia for at least 12 consecutive months immediately prior to the date of application to a funding program or if a legal person (i.e. a company):

- a private company that is at least 51% owned by Nova Scotia residents,

OR

- a company that:
 - operated as a private company with majority Nova Scotia ownership prior to going public; and

- whose voting shares are now publicly traded; and
- that has maintained a full production office facility based in Nova Scotia for at least 12 consecutive months immediately prior to the date of application, or one of its wholly owned production companies.

In addition, the production for which a funding application is made must not include as a co-producer a corporation that holds a broadcasting licence issued by the Canadian Radio-television and Telecommunications Commission, or a corporation that does not deal at arms length with a corporation that holds such a licence.

In the case of co-productions, the Nova Scotia production company applying must:

- own and control at least 20% of the rights to the Production.
- have a corresponding share of the revenues of the Production at terms no less favourable than those of the non-Nova Scotia resident partners.

In addition, for a co-production to be eligible for any funding program, the proportion of the total budget expended in Nova Scotia must at least equal the percentage of Nova Scotian ownership of the rights to the Production. The Corporation will only consider proposals from the eligible Nova Scotia co-producer.

Applications for television series must include all the episodes of a cycle and may not include any episodes from any other cycle.

All funding from the Corporation is provided in stages throughout the Production.

Eligible Productions

The Nova Scotia Film Development Corporation has five distinct categories that a production may fall into, in order to qualify for funding. They are:

Features	dramatic, documentary and animated programs intended for distribution to and exhibition on television (including pay and pay-per-view), cinema, video or other mode of transmission
TV Series	drama, variety, performing arts, animated or information series, including pilot productions
TV Mini-series	short, dramatic series of two to ten episodes with continuing plot and characters
TV Specials	single television programs of drama, documentary or performing arts
Non-theatrical (*New Media projects only)	individual programs or series whose primary exhibition will be in a non-theatrical, non-commercial broadcast setting such as schools, universities, libraries or exhibited on non-traditional modes of transmission and which are related to a television or feature film property.

Non-eligible Productions

- A film that has been prohibited for use or exhibition under the Theatres and Amusements Act;
- News, current events or public affairs programming
- Programs that include weather or market reports;
- Talk shows;
- Productions in respect of games, questionnaires or contests (other than a production directed primarily at minors);
- Sports events or activities;
- Gala presentations or awards shows;
- Productions that solicit funds;
- Reality television;
- Pornography;
- Advertising;
- Productions produced primarily for industrial, corporate or institutional purposes;
- Productions (other than documentaries) all or substantially all of which consist of stock footage; or
- Productions for which public financial support would, in the opinion of the Minister, be contrary to public policy.

In order for a project to be evaluated the following should be considered:

- A project's financing plan must be in an acceptable format (e.g. Telefilm).
- All productions must have a full marketing plan which includes an analysis of potential sales and markets, and an overall strategy for achieving the projected sales.
- Deferrals will be part of the project evaluation and cannot be more than 33% of the project's budget.
- The Corporation may require bank confirmation of the producer investment amount in an account designated for the Production.
- Applicants shall satisfactorily demonstrate their capacity to sustain the project financially and to manage and complete the project.
- For development loans, applicants with no previous feature film experience must secure participation of an experienced Executive Producer who has experience in producing feature films satisfactory to the Corporation prior to application.
- For equity investments, applicants with no prior producer credits must secure participation of an experienced television or feature film Executive Producer satisfactory to the Corporation prior to application.
- Expenses relating to acquisition of capital equipment are not normally allowable.
- Travel expenses should reflect minimum amounts necessary to complete development or production.
- For production budgets equal to or less than \$500,000, the combined producer fees & corporate overhead will be capped at a maximum of 30% of the combined production and post-production budget. For production budgets in excess of \$500,000, the combined producer fees & corporate overhead will be capped at a maximum of 20% of the combined production and post-production budget.

- The Corporation reserves the right to determine on a case-by-case basis the reasonableness of the amount allocated for producer fees and corporate overhead, notwithstanding the stated maximum caps.
- For development budgets, producer and overhead fees will each be capped at 20% of eligible direct development costs. Payment to performers, technicians, and others must be at standard industry rates.
- Fees charged by the applicant for related party transactions and in-house services must not exceed the standard industry rates. A completed Related Party Transactions form (attached) must be provided to the Corporation and approved prior to contracts.
- Tax credits are treated as producer's equity.
- Once the Producer has delivered the production to the broadcaster/distributor, financing in the form of producer related deferrals or investments must not be reduced by any other potential revenue stream, such as broadcast licences.
- Written confirmation of funding commitment from a broadcaster for Television productions and of a commitment from a distributor for the theatrical release of feature films is required for equity contracts. Broadcast licences must be at fair market value.
- Feature films that have received equity funding from the Nova Scotia Film Development Corporation and have secured a theatrical release are required to have a theatrical release of no less than seven consecutive nights in the Greater Halifax Regional Municipality.
- Distribution commissions and expenses must be reasonable in the circumstances and in keeping with industry standards at the time: (1) **Arm's Length Distributor**: distribution advances **may, at the Corporation's discretion**, be paid back in advance of equity investors; (2) **Related Company Distributor**: distribution advances will be dealt with on a case-by-case basis. The preferred policy is that distribution advances from related party companies will be paid back on a pro-rata basis with the equity investors.
- Distribution Reports for the preceding twelve-month period must be on file with the Corporation and submitted by the reporting deadlines in the Corporation's equity investment contracts and all funds owing to the Corporation must be paid in full in order for applications to be considered.
- The Corporation reserves the right to request references and perform background checks on applicants.
- Applications to the Corporation must be made prior to the commencement of principal photography or key animation.
- The application information must clearly indicate the details of the total budget, Nova Scotia budget, and Nova Scotia labour.

TYPES OF FUNDING

General Summary

The Corporation will support film and video development and production through these major types of funding.

- I. **Development Loan:** projects at the development stage can be supported through loans to a **maximum dollar amount of \$15,000** or 33% of the development budget that is to be expended in Nova Scotia. Development funding is advanced in three stages throughout the development.

- II. **Equity Investment:** the Corporation will support production through Equity Investment as follows:
 - (a) for production budgets under \$500,000, to a maximum dollar participation per project of **\$150,000** or 40% of that portion of the production budget that is to be expended in Nova Scotia;
 - (b) for production budgets of \$500,000 to \$1,000,000, to a maximum dollar participation per project of **\$200,000** or 33% of that portion of the production budget that is to be expended in Nova Scotia;
 - (c) for production budgets over \$1,000,000, to a maximum dollar participation per project of **\$250,000** or 20% of that portion of the production budget that is to be expended in Nova Scotia.

Equity funding is generally advanced in four stages throughout the production.

- III. **New Media Equity Investment:** the Corporation will support production through Equity Investment to a **maximum dollar amount of \$30,000** or 33% of that portion of the production budget that is to be expended in Nova Scotia. Equity funding is generally advanced in four stages throughout the production.

In exceptional circumstances the assistance levels may be increased.

A detailed description of each program is available at the Nova Scotia Film Development Corporation office and on the website (www.film.ns.ca). Application forms and contracts in each of the categories specify the Corporation's requirements.

The Funding Process

1. **Application Deadline** - Applications must be received in the Nova Scotia Film Development Corporation office by 5:00 PM on the date of the applicable deadline. If not received by this time, the application will not be reviewed.

Allocation of Corporation funding is based on three programming reviews beginning annually in April on a formula of:

- Spring – approximately 50% of annual program funds
- Summer – approximately 30% of annual program funds
- Fall – approximately 20% of annual program funds

The above formula is subject to change at the discretion of the Board of Directors of the Nova Scotia Film Development Corporation.

2. **Format** – Nova Scotia Film Development Corporation application form, all contracts and agreements must be submitted as hard copy documents. Supporting documentation for applications may be submitted in hard copy or digital format (must be saved as a Microsoft Word document). All financial documentation in digital format must be submitted in Microsoft Excel; budgets must be in Microsoft Excel or Movie Magic.
3. **Adjudication** – The application will be adjudicated together with all project applications received by application deadlines. It is important to note that **COMPLETE** and **ACCURATE DOCUMENTATION** is required for all applications and is to be submitted on or before the Corporation's stated program deadlines. If all documentation is not complete when the application is received, it will not be reviewed.

All applications will be adjudicated based on the following **KEY COMPONENTS**:

- Nova Scotia labour as a percentage of the total budget
- Nova Scotia expenditure as a percentage of the total budget
- Demonstrated opportunity for recoupment
- Business Plan for the Production Company
- Marketing Plan for the Production
- Nova Scotia content (personnel)
- Project funding history with the Corporation (if applicable), including recoupment history
- Production Company information (Incorporation certificate, Memorandum of Association and Articles of Incorporation, current financial statements, a corporate profile, and a corporate chart that states all affiliated parties).

Recognition will be given to productions that have a diversity plan and to production companies that are located outside the Greater Metropolitan Halifax Regional Municipality or productions that are filmed substantially outside the Greater Metropolitan Halifax Regional Municipality.

There are two stages to the adjudication process.

- Stage one: Staff review
- Stage two: Board of Directors review

All final funding decisions are made by the Board of Directors of the Nova Scotia Film Development Corporation.

- 4. Reporting to Applicant** – If the Corporation decides to participate in a production, a Letter of Commitment will be issued, valid for 90 days, conditional upon receipt of all outstanding documentation and confirmation of all committed funding, and setting out the terms and conditions of the Corporation’s funding. One 30-day extension may be granted at the discretion of the Corporation.

Application packages are not returned to the applicant, but are retained by the Corporation. While an application package may be submitted more than once, a new signed and dated application form must accompany the package each time.

- 5. Resubmitted Applications** – Applicants may resubmit **completed** applications for the next submission deadline. Unsuccessful applications can be resubmitted with a new application form, a statement of components which remain unchanged and are already on file, and any updated information.

*Applicants are advised to take into account the length of time involved in the process of obtaining, completing and filing the correct documentation to execute a contract when scheduling their cash-flow projections.

PRODUCTION CREDITS

- The Producer shall give the Corporation the following credit on all copies of the Production and on all publicity and promotional material relating to the Production:

Produced with the participation of the Nova Scotia Film Development Corporation
[Corporation’s Logo to be inserted here]

Produced with the assistance of the Nova Scotia Film Industry Tax Credit

- The size, length and location of the credit shall be approved in advance by the Corporation.
- Any sequels, subsequent cycles or subsidiaries shall provide the following credit at a size, length and location approved by the Corporation:

Original funding provided in part by the Nova Scotia Film Development Corporation
[Corporation’s Logo to be inserted here]

- The Corporation’s Logo can be obtained through the Program Administrator.