



**NEW MEDIA PROGRAM GUIDELINES AND APPLICATION
FOR INTERACTIVE PRODUCTIONS**

Contact:

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

Eligible Productions

Interactive Productions include, but are not limited to, CD-ROM, DVD, or Internet-delivered formats which are educational, informational, or entertainment in nature. The New Media project must be related to a television or feature film project (a) in which the Nova Scotia Film Development Corporation (the “Corporation”) has an Equity Investment, or (b) for which an Equity Investment application has been submitted during the current funding round. In the event that the Corporation does not have an Equity Investment in the television or feature film project, the producer must provide assurances that the financial and recoupment structures of the New Media property are stand alone and not cross collateralised in any way with the television or feature film project.

The following commitments must be in place at the time of application:

- | | |
|---------------------|---|
| Television | a letter of financial commitment from a broadcaster regarding an interactive project that complements a television show |
| Feature Film | a letter of financial commitment from a distributor regarding an interactive project that complements a feature film |

EQUITY INVESTMENT – NEW MEDIA

a. *Objectives*

Production assistance is provided in the form of Equity Investment to eligible producers to assist with production of the launch of a final, market-ready product and marketing plan.

b. *Financing*

i. **General**

Maximum assistance: \$30,000 or 33% of that portion of the production budget that is to be expended in Nova Scotia.

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*)

When included in the financing structure, the Nova Scotia Film Industry Tax Credit, as well as the Federal Tax Credit and any other provincial tax credits, are considered to be producer’s equity. 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. Upon request of the Corporation, 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 the Nova Scotia Film Development Corporation 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 the Nova Scotia Film Development Corporation 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 Nova Scotia Film Development Corporation 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 current letters of financial commitment or long-form agreements with all distributors/broadcasters, equity funders, and any other financiers prior to finalising contracts.

The Producer's equity investment shall be defined to include net equity in the Production Company, cash commitment, or any combination thereof. 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.

Distribution advances and private gap financing shall 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***

New Media projects with budgets above \$300,000 require an audited cost report; budgets in excess of \$100,000 but equal to or less than \$300,000 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 ON PAGE 6 OF 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 the Nova Scotia Film Development Corporation 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 35-40% of the eligible Nova Scotia labour to a maximum of 17.5-20% 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 THE NOVA SCOTIA FILM DEVELOPMENT CORPORATION OFFICE
AND WEBSITE (WWW.FILM.NS.CA)*

Nova Scotia Film Development Corporation
New Media 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, production staff, etc.;
2. A detailed production budget showing **Nova Scotia labour** and **Nova Scotia expenditure** by line item;
3. Design document (includes description of the project, user experience, functional design, flow chart, storyboard, technical requirements and specifications, script)
4. 1 copy of original literary property, where applicable;
5. Literary property agreement(s), where applicable;
6. Résumés and background information of producers, writers, etc.;
7. Agreement with distributor, where applicable;
8. Evidence of all committed production financing (**NOTE: all available tax credits must be calculated and a minimum of 50% of the Nova Scotia Film Industry Tax Credit must be included in the financing structure as producer's equity**);
9. Financial commitment letter from distributor or broadcaster;
10. A proposed recoupment schedule;
11.
 - (a) *Incorporation certificate and Memorandum of Association and Articles of Incorporation;
 - (b) *Most recent financial statement of applicant corporation and any related corporations; and
 - (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.)
12. Formal Business Plan for the Production Company;
13. Formal Marketing Plan for the Production;
14. Letter of permission to discuss the project with other financial participants and distributors;
15. Any additional information relevant to this application.

C. PROJECT INFORMATION

1. If the script is based on another work:

(Title of work) _____

(Name of Author/Producer/Production Company) _____

(Province of Residency) _____

2. Production staff: Names Nova Scotia Resident
- | | | | |
|--------------------|-------|------------------------------|-----------------------------|
| Producer | _____ | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Executive Producer | _____ | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| System Designer | _____ | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Project Manager | _____ | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Creative Lead | _____ | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Technical Lead | _____ | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Animation Lead | _____ | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Writer | _____ | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

3. Project category: (check applicable category)
Information Game Reference Other

4. Format:
CD-ROM DVD Other (please specify) _____

5. Proposed dates for production: _____

6. Project Financing (rounded to nearest dollar) Projected Committed

NS Film Development Corporation	\$ _____	\$ _____
Telefilm	\$ _____	\$ _____
Distributor/Sales Agent (Cdn)	\$ _____	\$ _____
(Foreign)	\$ _____	\$ _____
Broadcaster	\$ _____	\$ _____
Other Investment/Financing (specify)	\$ _____	\$ _____
Producer (deferred)	\$ _____	\$ _____
(cash)	\$ _____	\$ _____
Tax Credit *		
a) NS Film Tax Credit	\$ _____	\$ _____
b) Other tax credits	\$ _____	\$ _____
Totals	\$ _____	\$ _____

TOTAL BUDGET FOR PRODUCTION \$ _____

Nova Scotia Budget \$ _____

Nova Scotia Labour \$ _____

Total Labour (for co-productions only) \$ _____
* considered as equity investment by Producer

7. Are you including all of the NS Film Tax Credit in your financing scenario? Yes No

(a) If no, list the amount of NS Film Tax Credit not included:

NS Film Tax Credit \$ _____

(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>
_____	\$ _____
_____	\$ _____
_____	\$ _____

8. Are you including a diversity plan for the production? Yes No
If yes, please include a copy of the diversity plan.

9. For what other project(s) have you received assistance from the Province of Nova Scotia?

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

Amount \$ _____ Date received _____

From whom _____

9. 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 the Nova Scotia Film Development Corporation'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		\$

Nova Scotia Film Development Corporation

Funding Round Application Checklist for Equity Investment Applications – New Media

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

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.