

# **Newfoundland and Labrador Film Development Corporation**

## **Annual Report 2017-18**



**Tourism, Culture, Industry and Innovation**

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## MESSAGE FROM THE CHAIR

As Chair of the Newfoundland and Labrador Film Development Corporation (NLFDC), I am pleased to submit the Annual Report for fiscal year 2017-2018, year one of our 2017 to 2020 Business Plan. This report has been prepared consistent with the strategic directions of the provincial government and in compliance with the **Transparency and Accountability Act** pursuant to which the Corporation has been categorized as a Category 2 Government Entity, which requires the Corporation to prepare a performance-based annual report. The Board of Directors of the NLFDC is accountable for the preparation of this business plan as well as for the achievement of the specific objectives contained therein.

The NLFDC's mandate is to promote the development of the film and video industry in the province and to promote the province's film and television products and locations nationally and internationally. As well, the NLFDC has taken a lead with the province in the development of the Interactive Digital Media (IDM) industry.

2017-2018 marked the 20th anniversary of the creation of the NLFDC. In 1997, when the corporation was formed, the local film and television industry was small, ad hoc, and production opportunities were inconsistent. Today, we can look back on a period of sustained success. 2017-2018 was our best year ever, with over \$50 million in production activity. The total production activity in Newfoundland and Labrador since the creation of the NLFDC now surpasses \$450 million.

In the last fiscal year, the film and television industry in this province created more than 600 direct, indirect, and induced full-time employment equivalencies with more than 5,600 created since the founding of the Corporation. These jobs are well paid and highly skilled. Innovative, creative industries are attractive to young people, and the programming created by the local film and television industry reflect our unique talent and culture to the world.

Over 70 per cent of the funds used to create motion pictures here have been investments from outside the province, representing new money leveraged into this province for the production of film and television. If not for the development, equity, and tax credit programs that the NLFDC administers on behalf of the Government of Newfoundland and Labrador, these investments in film and television would have gone to another jurisdiction.

Among many achievements in 2017-2018:

- The production and airing to national acclaim of the television series *Caught and Little Dog*.
- The production of the locally created series *Frontier* aired its season two, and season three was produced and will air next year.

- The production, and selection to screen at the Frontières Program at Cannes, of the micro-budget feature Incredible Violence.
- The movie of the week A Christmas Fury aired nationally, and the production of the feature film Audience of Chairs.

Of special note, the feature film Maudie swept the Canadian Screen Awards, winning in all seven categories for which it was nominated, including Best Picture, Best Original Screenplay, and Best Director. The box office success and international acclaim of this film has been a remarkable achievement, and all Newfoundlanders and Labradorians can be very proud. From an industry perspective, the making of Maudie is an interesting example of patience and perseverance – the NLFDC first became involved with Maudie with a development loan in 2006 – and shows that long timelines can still lead to success.

These successes would not have occurred without the programs of the NLFDC and the continued support of the Government of Newfoundland and Labrador. In 2017-2018, Government increased the NLFDC's equity investment fund to \$4.0 million. This recognition of the significance of the screen industries and vote of confidence in the NLFDC's intrinsic role is gratefully acknowledged. We are certain that these investments will return to the province many times over, not just economically, but culturally.

Film and television are not the only screen industries that the Corporation has a significant role in developing. Since 2007, when it did an initial study for Government, the NLFDC has been a champion of local Interactive Digital Media (IDM) and has sought the growth of this industry here. In 2015, Government created an IDM tax credit co-administered by the NLFDC and the Department of Finance. This burgeoning creative sector, like film and television, has a major impact on the Canadian and world economy. In 2017-2018, the NLFDC continued to take a lead in its development through partnerships with the Provincial and Federal governments to bring Newfoundland and Labrador companies to international markets.

This past year also saw the emergence, internationally, of the #MeToo movement and the many headlines that followed the long overdue public discourse about workplace harassment. While the film and television industry is certainly not alone in facing these issues, it has been at the forefront. The industry in Canada very quickly collaborated to put in place a national commitment to harassment free workplaces, with the NLFDC as an active partner in this process. We remain committed to screen industries that are inclusive and safe working environments for all.



Paul Lannon  
Chair, Board of Directors (NLFDC)

## **OVERVIEW**

### **Background**

The NLFDC was founded by the Government of Newfoundland and Labrador in 1997. Currently, the corporation reports to the Provincial Government through the Minister of the Department of Tourism, Culture, Industry and Innovation (TCII), which is the single shareholder holding 300 common shares with no monetary value. The Executive Director/Film Commissioner of the Corporation reports to the Chairperson of the Board of Directors who, in turn, reports directly to the Minister of TCII.

In 2017-18 the NLFDC had an Operating/Marketing budget of \$681,000 and a \$4,000,000 budget for use in the Equity Investment Program. Please see the audited details in the Financial Statements section.

### **Contact Information**

Newfoundland and Labrador Film Development Corporation  
12 King's Bridge Road, St. John's, NL A1H 1C2  
Telephone: (709) 738-3456, Facsimile: (709) 739-1680  
Toll Free: 1-877-738-3456 (within Canada)  
General Email: [info@nlfdc.ca](mailto:info@nlfdc.ca), Website: [www.nlfdc.ca](http://www.nlfdc.ca)

Dorian Rowe, Executive Director/Film Commissioner, [dorian@nlfdc.ca](mailto:dorian@nlfdc.ca)  
Catherine Bailey, Business Analyst, [catherine@nlfdc.ca](mailto:catherine@nlfdc.ca)  
Suzanne Williams, Programs Analyst, [suzanne@nlfdc.ca](mailto:suzanne@nlfdc.ca)  
Laura Churchill, Industry Analyst, [laura@nlfdc.ca](mailto:laura@nlfdc.ca)

### **Legislation**

Legislative authority for the Board resides in its incorporation as a Non-Profit Development Corporation under the **Corporations Act** of Newfoundland and Labrador.

### **Mandate**

The NLFDC's mandate is to promote the development of the Indigenous film and video industry in the province and to promote the province's film and television products and locations nationally and internationally.

The NLFDC is the front line of the film and television industry to the public and, on behalf of Newfoundland and Labrador, to the nation and the world. It fields many requests and enquiries concerning Newfoundland and Labrador as a shooting location and advises local filmmakers, production companies and crew. The NLFDC provides information on all elements of the film industry including its own programs and those of other local organizations, as well as information regarding national funders, broadcasters, and distributors. The NLFDC partners with local, regional, and national organizations and sits on national committees. In the past the NLFDC has chaired the

Association of Provincial Funding Agencies and currently co-chairs the National Tax Credit Committee, which helps to promote the development of the industry in Newfoundland and Labrador.

**Vision**

A viable, healthy and stable film and television industry in Newfoundland and Labrador.

**Board of Directors**

The Corporation has an eight-member Board of Directors that meet on a quarterly basis. Five are voting members, while the remaining one is a non-voting ex-officio member from TCII. At the end of this reporting period, March 31, 2018 the board consisted of the following members:

- |             |   |
|-------------|---|
| Chairperson | Paul Lannon, St. John’s, General Manager, Harbour Grace Ocean Enterprises   |
| Members     | Noreen Golfman, St. John’s, Vice President (Academic) Memorial University of Newfoundland<br>Mark Sexton, St. John’s, Branch Manager/Wealth Advisor Scotia McLeod<br>Cheryl Stagg, Stephenville, Fred R. Stagg Law Office<br>Colleen Kennedy, Rocky Harbour, Gros Morne Co-op Association<br>Craig Goudie, Grand Falls Windsor, Retired Teacher<br>Dan Boone, St. John’s, Stewart McKelvey Lawyers<br>Carmela Murphy, St. John’s, Assistant Deputy Minister, Department of Tourism, Culture, Industry and Innovation (ex-officio) |

**Lines of Business**

The NLFDC is an entity that fosters and supports the local film and television industry. Through its six programs, the NLFDC offers local producers and outside producers/productions the support needed to help the province’s screen industries to flourish. The NLFDC’s Lines of Business are the Equity Investment Program (EIP), the Film and Video Tax Credit, the Interactive Digital Media Tax Credit (NLIDMTC), the Sponsorship Program, Professional Development, and the marketing of Newfoundland and Labrador as the film commission.

The Equity Investment Program (EIP): The EIP provides funding in the form of equity investment to eligible producers for financing productions. The NLFDC will normally provide a maximum contribution of 20 per cent of the total production budget. In order to access these funds, applicants must be incorporated in the province and must be owned 51 per cent or more by residents of Newfoundland and Labrador.

Co-productions with other provinces are eligible to apply for equity funding if there is a qualified Newfoundland and Labrador producer sharing the financial and creative risks

and rewards throughout the development, production and distribution of the project. The Newfoundland and Labrador co-producer must retain no less than a 33 per cent ownership position in the copyright of the production. For international co-productions, they must retain no less than 20 per cent.

**Film and Video Tax Credit Program:** The province of Newfoundland and Labrador offers a Film and Video Industry Tax Credit administered by the NLFDC. It is a fully refundable corporate income tax credit based on the amount of a production budget spent on Newfoundland and Labrador labour.

The tax credit is calculated as 40 per cent of the total eligible labour expenditures to a maximum of 25 per cent of the total eligible production budget. The tax credit has an additional feature called the “Deeming Provision” wherein amounts paid to nonresidents in key positions may be included in the tax credit calculation when a qualified resident is not available and the non-resident serves as a mentor of a resident of the province.

**Interactive Digital Media Tax Credit:** Effective January 1, 2015, eligible companies developing eligible interactive digital media products in the province may avail of the new NL Interactive Digital Media Tax Credit.

This credit will be 40 per cent of qualifying expenditures. Eligible expenditures include eligible salaries and 65 per cent of eligible remuneration. The credit is a refundable tax credit. The Interactive Digital Media Tax Credit is based on eligible salaries and eligible remuneration incurred by an eligible corporation for the development of interactive digital media products during the period of January 1, 2015 to December 31, 2019 inclusive. To be eligible for the Interactive Digital Media credit, a corporation developing an interactive digital media product must:

1. Be primarily carrying on the business of interactive digital media development;
2. Have a permanent establishment in the province of NL;
3. Be a taxable Canadian corporation;
4. Hold a valid registration certificate under the Interactive Digital Media Tax Credit Program.

The credit value is limited to \$40,000 per employee per year and \$2 million per company, or group of associated companies, per year. The value of the credit may also be reduced subject to government assistance received in respect of the project. The NLFDC co-administers this tax credit with the provincial Department of Finance.

**Sponsorship Program:** The NLFDC’s Sponsorship Program fosters and promotes the development and growth of the local film and video industry participants. The program provides qualified individuals and organizations with funding assistance, which enables them to promote the products of the local industry. This will be achieved through three

distinct sub-programs: Promotional Travel, Marketing and Distribution, and Workshop Assistance.

Professional Development: The NLFDC has a full-time Industry Analyst who works on behalf of crew, producers, and filmmakers to organize and support specific workshops, training opportunities, job placements, and other projects designed to increase the local industry's capacity. The industry analyst also administers the Deeming Provision of the Film and Video Tax Credit (described above) which supports these efforts.

The NLFDC partners with other organizations to support professional development for the local screen industries including the Newfoundland Independent Filmmakers Co-op (NIFCO), the St. John's International Women's Film Festival (SJIWFF), the Nickel Independent Film Festival (NIFF), College of the North Atlantic Film and Video Program, Sir Wilfred Grenfell College, the Canadian Media Production Association, Telefilm, the National Screen Institute and the Banff Centre.

Marketing Newfoundland and Labrador: As the film commission, the NLFDC supports the provincial film industry's ability to solicit and attract business by nationally and internationally marketing the industry and the province itself as an on-site location. Shooting on location requires access to high-caliber crew and available services. The NLFDC markets the province as being able to offer professionalism through individuals who know the community, its people, geography, weather, laws, services and culture. The NLFDC is responsible for promoting the province's ability to provide all of these features and to accommodate large-scale production.

The events that the NLFDC supports to actively promote the province as a destination for production include: the European Film Market, The Cannes Film Market, the Produced By Conference, the Toronto International Film Festival, Strategic Partners (at the Atlantic Film Festival); the American Film Market and other strategic trade missions.

## **HIGHLIGHTS AND PARTNERSHIPS**

2017-2018 was a transition year for the NLFDC: In June of 2017, the Board of Directors of the NLFDC hired Dorian Rowe as the new Executive Director/Film Commissioner following the retirement of Chris Bonnell in the fall of 2016. Dorian has over 20 years' experience in screen industries, more than 10 of which have been in various roles with the NLFDC and government. He has also served on a variety of industry boards and committees and currently the co-chair of the National Tax Credit Committee.

2017-2018 was the best year for productions in Newfoundland and Labrador with more than \$50 million of activity. Three television series in particular formed the bulk of the work: Frontier season three, Caught, and Little Dog, as well as television movie of the week, A Christmas Fury. While co-productions with national and international audiences, these shows were created primarily by Newfoundlanders and Labradorians, and had the bulk of their production here, hiring hundreds of locals.

Continuing television series create sustained employment and the ability for local crew to attain leadership positions. The economic impact of these projects is substantial, not just through employment, but through spending in other sectors such as car rentals, accommodations, and building supplies. In the industry internationally and locally, the budgets of television series have increased, and Canadian television productions are on screens world-wide. These positive factors contribute to continued industry development locally.

The feature film Maudie, which premiered in the fall of 2016 to critical acclaim at TIFF and other festivals, was released in Canada in April 2017 and quickly grossed more than \$1 million and was in first place, among all films, in Atlantic Canada box office, outperforming mainstream titles. Maudie went on to reach over \$6 million in box office domestically (including through its later US release) and close to \$10 million worldwide.

Maudie went on to receive seven nominations for the Canadian Screen Awards, and won the awards in every category for which it was nominated including: Best Picture, Best Director, Best Original Screenplay, Best Actress, and Best Supporting Actor. The achievement indicates the connection the film made with audiences and the industry as a whole.

Among the most important accomplishments of the local screen industries has been the continued strength of two main festivals, the Nickel, and the St. John's International Women's Film Festival. In addition to the vital opportunity for the exhibition of local films and notable films from the rest of the world, these festivals provide unique professional and business development opportunities for Newfoundland and Labrador filmmakers. The NLFDC is proud to partner with both organizations.

The work of training done by Memorial University and the College of the North Atlantic is essential to continue to develop the local talent and technical skills the screen industries need. The NLFDC continues to partner with both the university and the college in a number of ways each year, including through bringing producers to meet with students to help identify potential new employment opportunities.

All film and television projects in the province beyond short films are export projects that require financial partnerships outside of Newfoundland and Labrador, seeking audiences beyond its shores. Therefore the film and television industry focuses completely at all times on creating partnerships. Multiple creative, technical and financial partnerships are behind the making of every feature film, movie of the week, documentary, or television series.

In order to make investments into local projects, Newfoundland and Labrador production companies must be able to reach potential partners in the world. For several years, the NLFDC has worked with the Atlantic Canada Opportunities Agency (ACOA) and the Provincial Government to bring companies to international markets. This continued successfully in 2017-2018 and included the NLFDC taking a lead in bringing Interactive Digital Media companies to markets specific to that industry. Beginning in 2018; however, the partnerships with ACOA and the province have been broadened, to include a collaborative effort with the other Atlantic provinces. While the change has not been without its challenges, the NLFDC looks forward to working with its sister provinces to accomplish mutual goals for screen industries.

Because of successes like *Frontier* and *Maudie*, in the last year there has been an increase in interest in shooting in the province. As the film commission for the province, it is the NLFDC's responsibility to assist these location and co-production enquiries. As well, within the context of the strong growth of the Canadian film and television industry overall, it is not surprising that more service productions would be interested in Newfoundland and Labrador as a location for filming. Additionally, the NLFDC has undertaken a focused strategy of meeting with major studios, broadcasters, distributors, and investors to pitch the province's offering.

## **REPORT ON PERFORMANCE**

### **Issue 1: Growth of the screen industries of Newfoundland and Labrador**

In 2017-2018, the Newfoundland and Labrador film and television industry grew to reach slightly more than \$50 million in production activity, the highest level yet attained by the local industry.

In addition to a more or less predictable level of activity in feature films and documentaries, the growth seen in the year was attributable largely to the production of four television projects, Caught, Little Dog, A Christmas Fury, and Frontier season three. As well, a substantial Hollywood production did second unit photography here.

Breaking the \$50 million ceiling was a substantial achievement and one which required a lot of preparation in order to be able to accomplish. Staff of the NLFDC, production companies, crew, and key creators all stand on the shoulders of many industry pioneers and visionaries in accomplishing this goal.

The main focus of the NLFDC must also be in maintaining the current level of activity and if possible, an upward trend, through a diversity of projects. At \$50 million in production activity, the removal or addition of one large project has a very major impact.

As well, this growth is in the context of the very strong performance of the Canadian industry overall. If, for instance, there is a slow year locally in the future, there is a big risk that crews will dissipate, and the demand for skilled film and television workers in other jurisdictions is stronger than it has ever been.

In recognition of the volume of production activity, Government increased the Equity Investment Program fund managed by the NLFDC in 2017-18 to \$4 million annually.

**Goal: By March 31, 2020, the NLFDC will have effectively managed growth of the screen industries in Newfoundland and Labrador.**

**Objective 2017-18: By March 31, 2018, the NLFDC will have determined a renewed plan for promoting NL film, television, and IDM.**

**Indicator 1: Worked with stakeholders and partners to renew plan**

In 2017-2018 the NLFDC had budgeted for a strategic planning process. However, separately, after considerable discussion, the NLFDC's partnership with the Atlantic Canada Opportunities Agency (ACOA) and the Province to bring companies to international markets changed. As a result, the four Atlantic provinces will collaborate on missions and agree to what is undertaken.

**Indicator 2: Ensured future activities are on target to fulfill renewed plan**

The NLFDC continues to consult on a daily basis with industry stakeholders about what will be required for the future success and promotion of the screen industries in NL. In order to promote the development of the screen industries the NLFDC worked with the federal and provincial governments to create a new international marketing plan with the other Atlantic provinces.

**2018-19 Objectives/Indicators**

**Objective: By March 31, 2019, the NLFDC will have assessed best practices for incentives and made recommendations or changes where relevant.**

**Indicator 1: The NLFDC will consult with local stakeholders, national and international investors, federal and provincial governments, as well as review the best practices in other jurisdictions in order make recommendations for the renewal and improvement of incentives.**

**Indicator 2: Options for potential improvements to the programs administered by the NLFDC, reflecting the changing media landscape in which production companies compete, will be presented to Board of Directors of the NLFDC.**

**Issue 2: Assess and update the operations of the corporation**

2017-2018 was a period of transition for the NLFDC. In the fall of 2016, the then Executive Director/Film Commissioner retired and the Manager of Programs became the acting Executive Director/Film Commissioner. The Executive Director/Film Commissioner job was advertised and a hiring process took place. This process was not concluded until June of 2017.

With an increase in all activity, in addition to the other necessary undertakings of the staff in order to fulfill its mandate and lines of business, fiscal year 2017-2018 was a very busy period.

Following the appointment of the new Executive Director, upon the direction of the Board of Directors of the corporation, the NLFDC revised and updated the job descriptions of all staff, with the assistance of an outside consultant. Beyond the appointment of the new Executive Director/Film Commissioner, that process was the main focus this year in terms of updating corporate operations. This process was concluded in the final quarter of the fiscal year, with the board approving the new job descriptions and recommendations at its February 2018 board meeting.

**Goal: By March 31, 2020, the NLFDC will have assessed and updated the operations of the corporation, including programs, job descriptions and other operational procedures.**

**Objective 2017-18: By March 31, 2018, the NLFDC will have reviewed sponsorship, professional development, development, and equity programs and will recommend changes.**

<b>Indicator 1: Recommendations approved by board of directors</b>
Following the appointment of a new Executive Director/Film Commissioner in June of 2017, as well as the note from the Auditor General that the corporation’s positions must be ranked within the Government employment classification system, the Board of Directors of the NLFDC determined that its immediate priority was to review and update the job descriptions of all staff before undertaking a comprehensive review of programs.
<b>Indicator 2: Staff implemented recommendations</b>
In 2017-2018 the staff undertook with an outside consultant to review and update the job descriptions of the four remaining staff positions. This was completed in the fourth quarter of the fiscal year and approved in the

board's February 2018 meeting.

**2018-19 Objectives/Indicators**

**Objective: By March 31, 2019, the NLFDC will have reviewed tax credit programs and made recommendations.**

**Indicator 1: NLFDC will present options to Government for the renewal of the Newfoundland and Labrador Film and Video Production Tax Credit.**

## **OPPORTUNITIES AND CHALLENGES**

The recent period for the film and television industry in Newfoundland and Labrador has been one of steady growth and also of national and international accomplishment, such as the industry hasn't previously experienced.

However, while industry development overall has been positive, there are challenges within particular aspects of the screen industries. Overall growth has been in television production, and that is true for the rest of the country, but independent feature film and one-off documentary production continue to be challenging markets. As well, the province has not capitalized on guest productions to the same extent as in other regions.

While overall growth has been good, the Canadian industry as a whole has been very strong. The province must determine what is needed to remain competitive. Even though the industry reached in 2017-2018 a one-year production activity total of more than \$50 million, if one or two television series do not return the total volume of production may drop dramatically if nothing takes their place. The industry locally is still at a level where one project greenlit or not has a major impact. The problem then becomes crew capacity and our ability to stay at current production levels over time.

Film and television is a very competitive, ever changing international industry based on having the best ideas. The world is full of great locations with great crews and great incentives that a production can choose from. Some of these factors are influenced by the challenges of geography and population size, which affect every industry here. But at the same time, in the film and television industry in particular, Newfoundland and Labrador continues to be increasingly known for our unique culture, stunning landscape, and amazing talent. There is no doubt that the Newfoundland and Labrador brand is strong and that there is an uptick in interest in the province as a possible production location.

Interactive Digital Media is another aspect of the screen industries that the NLFDC has championed locally for many years. Similar to film and television, IDM companies locally need to be able to offer a competitive package, based on skilled local labour, to the world. The NLFDC has been proud to lead three international missions in 2017-2018 bringing local companies to worldwide markets, in partnership with federal and provincial colleagues. The NLFDC looks forward to continuing to assist in the growth locally of these creative, innovative companies.

In both these sectors of the screen industries, the key challenges facing Newfoundland and Labrador is growing a skilled workforce and growing a strong company base.

**NEWFOUNDLAND AND LABRADOR  
FILM DEVELOPMENT CORPORATION**

**Financial Statements**

**Year Ended March 31, 2018**

**NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**

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**Year Ended March 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of Newfoundland and Labrador Film Development Corporation

We have audited the accompanying financial statements of Newfoundland and Labrador Film Development Corporation, which comprise the statement of financial position as at March 31, 2018 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian Public Sector Accounting Standards for not-for-profit organizations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*(continues)*

Independent Auditor's Report to the Directors of Newfoundland and Labrador Film Development Corporation *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Newfoundland and Labrador Film Development Corporation as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PINSENT BARTLETT

CHARTERED PROFESSIONAL ACCOUNTANTS

St. John's, Newfoundland and Labrador  
July 31, 2018

**NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2018**

	2018	2018	2017
<b>REVENUES</b>	\$ 681,000	\$ 681,000	\$ 681,000
<b>EXPENSES</b>			
Salaries and wages	438,098	337,285	420,746
Travel	94,000	168,366	90,865
Office (Note 6)	67,977	71,094	72,478
Sponsorships	20,000	25,646	22,853
Professional fees	14,075	22,360	15,766
Advertising and promotion	19,050	20,021	6,366
Training	26,500	18,903	27,561
Miscellaneous	1,300	13,065	2,932
Amortization	-	956	344
	681,000	677,696	659,911
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	-	3,304	21,089
<b>OTHER INCOME</b>	-	8,895	1,026
<b>EXCESS OF REVENUES OVER EXPENSES</b>	\$ -	\$ 12,199	\$ 22,115

The accompanying notes are an integral part of these financial statements

**NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**

**Statement of Financial Position**

**March 31, 2018**

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**ASSETS**

Cash	\$	885,089	\$	248,481
Accounts receivable		10,899		7,147
Prepaid expenses		6,101		7,257
Atlantic Canada Opportunities Agency (Note 4)		52,122		27,345
Property, plant and equipment (Note 3)		-		955
	\$	954,211	\$	291,185

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**LIABILITIES AND NET ASSETS**

Accounts payable	\$	34,355	\$	44,334
Payables and accruals - Equity Investment Program		885,863		182,533
		920,218		226,867

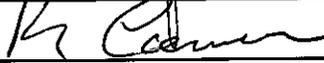
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**NET ASSETS**

Share capital (Note 5)		3		3
Net assets		33,989		64,315
		33,992		64,318
	\$	954,210	\$	291,185

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**ON BEHALF OF THE BOARD**

 Director  
 Director

**NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**

**Statement of Changes in Net Assets**

**Year Ended March 31, 2018**

	2017 Balance	Excess of revenues over expenses	Excess of receipts over commitments	2018 Balance
Operations Fund	\$ (81)	\$ 12,199	\$ -	\$ 12,118
Equity Fund	64,396	-	(42,525)	21,871
	\$ 64,315	\$ 12,199	\$ (42,525)	\$ 33,989

	2016 Balance	Excess of revenues over expenses	Excess of receipts over commitments	Withdrawals	2017 Balance
Operations Fund	\$ (22,196)	\$ 22,115	\$ -	\$ -	\$ (81)
Equity Fund	18,510	-	45,886	-	64,396
	\$ (3,686)	\$ 22,115	\$ 45,886	\$ -	\$ 64,315

**NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION****Statement of Cash Flows****Year Ended March 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess Of Revenues Over Expenses	\$ 12,199	\$ 22,115
Items not affecting cash:		
Amortization of property, plant and equipment	956	344
Excess of receipts over commitments (commitments over receipts)-(Equity Fund)	(42,526)	45,886
	(29,371)	68,345
Changes in non-cash working capital:		
Accounts receivable	(3,752)	(4,732)
Accounts payable	(9,979)	559
Prepaid expenses	1,156	(2,230)
Atlantic Canada Opportunities Agency	(24,777)	87,493
Payables and accruals - Equity Investment Program	703,330	(102,439)
	665,978	(21,349)
<b>INCREASE IN CASH FLOW</b>	<b>636,607</b>	<b>46,996</b>
Cash - beginning of year	248,481	201,485
<b>CASH - END OF YEAR</b>	<b>885,088</b>	<b>248,481</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 885,089	\$ 248,481

The accompanying notes are an integral part of these financial statements

# NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended March 31, 2018

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### 1. PURPOSE OF THE CORPORATION

Newfoundland and Labrador Film Development Corporation (the "corporation") is incorporated provincially under the Corporations Act of Newfoundland and Labrador. Management has determined that they are exempt from payment of income tax under Section 149(1) of the Income Tax Act.

The Corporation's purpose is to promote the development of, and to stimulate employment and investment in, the Provincial film and video industry by providing financial and other assistance.

The Corporation has been designated by the Province's Finance Minister to administer the Newfoundland and Labrador Film Tax Credit Program, including registration of productions, review of tax credit applications and recommendations to the Department of Finance.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian Public Sector Accounting Standards for not-for-profit organizations

#### Fund accounting

Newfoundland and Labrador Film Development Corporation follows the restricted fund method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Equity Fund reports the assets, liabilities, revenues, and expenses related to Newfoundland and Labrador Film Development Corporation's equity investment.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation.

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealised gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

*(continues)*

**NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**

**Notes to Financial Statements**

**Year Ended March 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash equivalents

Highly liquid investments with maturities of one year or less at date of purchase are classified as cash equivalents.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life at the following rates and methods:

Computer equipment	45%	declining balance method
Furniture and fixtures	20%	declining balance method

The corporation regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer equipment	\$ 47,849	\$ 47,849	\$ -	\$ 184
Furniture and fixtures	19,176	19,176	-	771
	<b>\$ 67,025</b>	<b>\$ 67,025</b>	<b>\$ -</b>	<b>\$ 955</b>

4. ATLANTIC CANADA OPPORTUNITIES AGENCY

During the year, marketing events and initiatives were completed to increase the marketability and growth of local film and TV industry professionals. NL producers and filmmakers greatly benefited with the help of a consultant who navigated these markets. The NLFDC partnered with the Atlantic Canada Opportunity Agency (ACOA), and Department of Tourism Culture, Industrial and Innovation (TCII) and local production companies.

Total funding received from ACOA during the year was \$153,344 (2017 - \$86,574). The amount of the funding has been credited against travel and marketing expenses.

The amount receivable from ACOA as at March 31, 2018 is \$52,122 (2017 - \$27,345).

5. SHARE CAPITAL

Authorized:

600 Common voting shares

	2018	2017
Issued:		
600 Common shares	\$ 3	\$ 3

**NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**

**Notes to Financial Statements**

**Year Ended March 31, 2018**

6. OFFICE

Office expense consists of the following:

	2018	2017
<u>Office</u>		
Rent	\$ 33,600	\$ 33,858
Communications	11,586	12,327
Office Equipment purchases/leases	4,473	8,520
Computer maintenance/software	905	3,030
Couriers/Taxis	2,360	2,972
Board meeting expense	7,566	2,922
Office Supplies	1,720	2,551
Meeting Supplies/consumables	1,124	1,759
Mandate change facilitation	5,064	1,721
Banking Fees -1110 Operating	952	1,007
Printing charges	647	799
Website Hosting	699	599
Postage	174	202
Banking Fees - 1111 Funding	134	143
Annual Returns	90	68
	<b>\$ 71,094</b>	<b>\$ 72,478</b>

7. EQUITY INVESTMENTS

Production assistance in the form of equity investment is provided to eligible producers for the financing of productions that will provide employment and economic benefits to Newfoundland and Labrador. Equity investments are made with the condition of repayment through participation in revenue generated by projects. Revenue is recorded as Recoupment when received.

Based on Corporation's low Recoupment rate, an allowance has been set up to write-off the cumulative equity investment, net of Recoupment.

	2018	2017
<u>Equity Investments</u>		
Equity Investment	\$ 49,419,272	\$ 44,558,291
Allowance against Equity Investment	(48,729,256)	(43,942,239)
Recoupment - Equity Investment	(690,016)	(616,052)
	<b>\$ -</b>	<b>\$ -</b>

# NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended March 31, 2018

### 8. RECOUPMENT

	2018	2017
<u>Recoupment</u>		
Movie Star Productions Inc. - GUMS	\$ -	\$ 16,850
Republic of Doyle - Republic of Doyle (Season 1-6)	-	63,503
Rock Island Productions Inc. - Puffin Patrol	-	12,588
Small Shack Productions Inc. - Maudie	47,468	-
Republic of Doyle Inc. - Republic of Doyle (Seasons 1-6)	26,496	-
	<b>\$ 73,964</b>	<b>\$ 92,941</b>

### 9. PROJECT DEVELOPMENT LOANS

The Corporation provides loans to qualified applicants to support the process of film and video development that takes an idea through the stages of research, writing, market analysis and budget development. This work must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production

Project development loans are interest free and are to be repaid on the earlier of the first day of principal photography or on the optioning, sale, or transfer of the property to a third party.

An allowance has been made to write-off the cumulative amount of these development loans.

	2018	2017
<u>Project Development Loans</u>		
Development Loans	\$ 5,562,627	\$ 4,955,307
Allowance against development loans	(5,562,627)	(4,955,307)
	<b>\$ -</b>	<b>\$ -</b>

### 10. COMMITMENTS

Because of the lead times required to obtain all the resources necessary to complete film and video productions, the corporation approves applications for funding which will, on occasion, result in program disbursements in subsequent fiscal periods, pending availability of funds.

As at March 31, 2018, the Corporation was contractually committed to advance funds totaling \$7,563,989 - (2017 - \$3,527,280) from the Equity Investment Program as investments and loan in respect of current and future projects subject to the availability of funds in subsequent years and other terms and conditional as outlined in the funding agreements.

### 11. ECONOMIC DEPENDENCE

The Corporation is economically dependant on the Government of Newfoundland and Labrador for annual funding.

### 12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

# NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended March 31, 2018

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### 13. FINANCIAL INSTRUMENTS

The corporation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the corporation's risk exposure and concentration as of March 31, 2018.

#### *(a) Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The corporation is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant other price risks arising from these financial instruments.

**NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**
**Schedule of Receipts and Commitments - Equity Investment Program**
*(Schedule 1)*
**Year Ended March 31, 2018**

	2018	2017
<b>RECEIPTS</b>		
Province of Newfoundland and Labrador Funding	\$ 4,000,000	\$ 2,000,000
Province of Newfoundland and Labrador Funding - Frontier	-	500,000
Province of Newfoundland and Labrador Funding - Caught	1,400,000	-
Recoupment	73,964	92,941
Interest Earned	7,637	496
	<b>5,481,601</b>	<b>2,593,437</b>
Current year commitments		
74065 NFLD&Lab Inc. - Old Confidence	5,940	-
Away Films Inc. - Sweetland	19,400	-
Away Films Inc. - Golden Bell	9,887	-
Bar Haven Productions Inc. - Bar Haven	5,639	-
Blue Pinion Films Inc. - Snow Storm Roulette	20,085	-
Braven (NL) Inc.	-	500,000
Broadside Productions Inc. - The Junction	4,945	-
Broadside Productions Inc. - The Merry Widow	4,945	-
Butter Pictures Inc. - Asking for it	19,388	-
Carrie at Heart Productions Ltd.	-	20,955
Cats Eye Cinema Inc. - Casey - Picture Start	19,125	-
Cats Eye Cinema Inc. - Ride Like Hell - Big Sugar Documentary	19,800	-
Caught Season 1 Inc. - Caught	1,400,000	-
Christmas Furey 2017 Inc. - A Christmas Furey	233,315	-
Club One New Releases 3 Co. Ltd. - Club One Chef Roary Season 4	193,668	-
Cold Water (4) NL Inc. - Coldwater Season 4	220,165	-
Cranky Goad Entertainment Ltd. - Of this Place	39,994	40,000
Cranky Goad Entertainment Ltd. - Of this Place Season 4	39,994	-
F. James TV Film Co. Ltd. - Club One International Series	149,940	109,021
Fire Crown Productions Inc. - Nunatsiavut Labrador Project	41,500	-
Fire Crown Productions Inc. - Sights Before Christmas	33,000	-
Fort James Season 2 (NL) Inc.	200,000	1,000,000
Fort James Season 3 (NL) Inc. - Frontier Season 3	600,000	-
From Inside the Circle 2017 Co Ltd - From Inside the Circle	96,564	-
Frontier Season 1 (NL) Inc. - Frontier	532,104	-
Hors Circuit Saison 2 Inc. - Hors Circuit Season 2	28,776	184,000
Island Horse Productions Inc. - Gerald Squires on Creation and Death	20,901	-
Island Horse Productions Inc. - Immaculate Memories	29,085	-
LJH Films Inc. - East Coast Surf	6,190	-
LJH Films Inc. - Hopeless Hayley Harper	6,190	-
LJH Films Inc. - Hopeless Romantic	38,000	-
LJH Films Inc. - The Burning Sky	6,190	-
Lazybank Productions Inc. - Funk Island Web Series	15,540	-
Little Dog Season 1 Inc. - Little Dog	250,000	-
Media Connections Film Inc. - Avon Ladies Rural Style	-	25,100
Media Connections Film Inc. - Come home year	4,310	14,850
Media Connections Film Inc. - Limelight	14,850	-
Media Connections Film Inc. - Yes My Dear...Joan Morrissey	17,490	-
Morag Loves Company Limited - Pays	-	425,000
Morag Loves Company Limited - The Storys	6,600	-

*(continues)*

The accompanying notes are an integral part of these financial statements

**NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**
**Schedule of Receipts and Commitments - Equity Investment Program (continued)**
**(Schedule 1)**
**Year Ended March 31, 2018**

	2018	2017
Morag Loves Company Limited - White Wolves	-	100,000
Nine Island Productions Inc. - Gemma	34,980	-
Picutres Inc. - Scattered and Small	50,000	-
Pope Music Season 2 Ltd. - Heavy Weather 6&7	65,000	-
Pope Productions Ltd. - East of West telefilm	-	20,185
Pope Productions Ltd. - MunChinese Club	-	7,260
Pope Productions Ltd. - Outside Voices	-	7,260
Pope Productions Ltd. - Rex	25,038	-
Pope Productions Ltd. - Trainwreck Theatre	-	7,260
Pulp and Paper Entertainment Inc. - Dark Before Dawn	12,451	-
Pulp and Paper Entertainment Inc. - Matchstick - Picture Start	21,307	-
Pulp and Paper Entertainment Inc. - Picture Start	21,775	-
Rink Rat Productions Inc. - A Bay Story	11,945	-
Rink Rat Productions Inc. - Aunite Vigilantes (Phase 3)	3,913	-
Rink Rat Productions Inc. - Brotherly Love	10,559	-
Rink Rat Productions Inc. - Dear Everybody	12,371	-
Rink Rat Productions Inc. - Robert Cordier Happening	20,256	-
Rink Rat Productions Inc. - The Highlander and the Caribou	2,700	-
Riverhead Films Inc.	-	16,200
Rock Island Productions Inc. - Cougar Annie	12,174	-
Rock Island Productions Inc. - Portuguese Boy	8,500	-
Rock Island Productions Inc. - Portuguese Boy Ph 2	13,209	-
Rose Van Driel - Frontier Season III	1,037	-
Sara Fost Pictures Inc. - Hammer	201,190	-
Sara Fost Pictures Inc. - Untitled Social Work Project	9,933	-
Sibelle Productions Inc. - Hors Circuit Season 3	133,500	-
Sibelle Productions Inc. - Sous Le Joug	13,378	-
Small Shack Productions Inc. - Maudie	-	50,000
Springwater Productions Inc. - Arts Delight	18,960	-
The Good Change Picture Inc. - Picture Start	19,016	-
The Hunting Party Inc. - Incredible Violence aka Final Cut	65,864	-
Vango Productions Inc.	-	20,460
Wreckhouse Productions Inc. - Audience of Chairs	303,947	-
Wreckhouse Productions Inc. - Shoot Me (Phase III)	13,072	-
<b>Total committed</b>	<b>5,459,595</b>	<b>2,547,551</b>
	<b>22,006</b>	<b>45,886</b>
Opening Balance	64,396	18,510
Adjustment to opening balance	(64,531)	-
	<b>(135)</b>	<b>18,510</b>
<b>EXCESS OF RECEIPTS OVER COMMITMENTS</b>	<b>\$ 21,871</b>	<b>\$ 64,396</b>

The accompanying notes are an integral part of these financial statements

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