

Newfoundland and Labrador Film Development Corporation

Annual Report 2020-21

Message from the Chair

As Chair of the Newfoundland and Labrador Film Corporation (NLFDC), I am pleased to submit the annual report for fiscal year 2020-21. This report has been prepared in accordance with the **Transparency and Accountability Act**, pursuant to which the Corporation has been categorized as a category 2 government entity. The Board of Directors of the NLFDC is accountable for the preparation of this annual report as well as for the achievement of the specific goals and objectives contained therein.

The COVID-19 pandemic changed everyone's life in 2020-21. The film and television industry was not unique in having to rethink many of its operations, but we were ultimately fortunate that the net result locally has been a strong year for production activity. In 2020-21, there was \$52 million in film and television activity in the province, which represents over 500 Newfoundland and Labrador fulltime employment equivalencies.

2020-21 was the first time that the local industry produced two major television series at the same time (Hudson and Rex and SurrealEstate). That accomplishment was a credit to local logistics and cooperation, particularly during the COVID-19 pandemic.

The pandemic had a major impact on industry events and festivals around the world, but locally the St. John's International Women's Film Festival shifted to a hybrid model and its online presence was an international success. Another highlight of the year was the success of the feature film Little Orphans, which received the Borsos Best Canadian Film award at the Whistler Film Festival.

The television series Hudson and Rex has gone from strength to strength. A Canadian and international hit, the show's ratings increased 39 per cent over last season in Canada and it now gets approximately six million viewers per episode in Europe. This is a major achievement, as well as being a very positive promotion of Newfoundland and Labrador.

While we all look forward to emerging from the trying times of the pandemic, not everything should go back to being the same as it was before. Many things must be done better. There has been an overdue reckoning in the Canadian film and television industry, that Black, Indigenous, and People of Colour (BIPOC) filmmakers, production companies, and crew persons have been underrepresented and misrepresented. The NLFDC has partnered in a number of ways to address these inequities and looks forward to continuing this national effort in the coming year.

Sincerely,

A handwritten signature in blue ink, appearing to be 'MS', with a long horizontal stroke extending to the right.

Mark Sexton

Chairperson, Board of Directors (NLFDC)

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Entity Overview

Organizational Structure

Mandate

As a Crown corporation, the NLFDC's mandate is to promote the development of the film and video industry and to promote the province's film and television products and locations nationally and internationally.

The NLFDC is the front line of the film 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.

Vision

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

Staff and Budget

As of March 31, 2021, the NLFDC had four staff members (three female and one male). The NLFDC administers a provincial Equity Investment Fund, for both development and equity investments in film and television, annualized at \$2 million. Additionally, the NLFDC acts as co-administrator with the provincial Department of Finance to vet tax credit applications for film and television projects. One element of the tax credit is it provides training opportunities for career enhancements for local crew persons.

The NLFDC received \$611,000 from the provincial government for its operations budget in 2020-21 and an additional \$127,500 from the Atlantic Canada Opportunities Agency (ACOA) for projects, for a total budget of \$738,500.

Board of Directors

As of March 31, 2021, the Board consisted of the following members:

Chairperson:

Mark Sexton, St. John's, Branch Manager/Wealth Advisor Scotia McLeod

Members:

Noreen Golfman, St. John's, Professor, Memorial University of Newfoundland

Cheryl Stagg, Stephenville, Fred R. Stagg Law Office

Colleen Kennedy, Rocky Harbour, Gros Morne Co-op Association

Craig Goudie, Grand Falls-Windsor, Retired Teacher

Gerry Osmond, St. John's, Department of Tourism, Culture, Arts and Recreation

Cyndy Stead, Port Rexton, Project Manager, Discovery UNESCO Global Geopark

Physical Location

Newfoundland and Labrador Film Development Corporation

12 King's Bridge Road, St. John's, NL A1C 3K3

Telephone: (709) 738-3456 or toll-free: 1-877-738-3456 (within Canada)

Facsimile: (709) 739-1680

General Email: info@nlfdc.ca

Website: www.nlfdc.ca

Lines of Business

The NLFDC is an entity that fosters and supports local screen industries. Through its six programs, the NLFDC offers local producers and outside producers/productions the support needed to help the province's production sector to flourish. The NLFDC's Lines of Business are outlined below:

The Equity Investment Program (EIP): The EIP provides funding in the form of equity investment to eligible producers for the financing of productions. The NLFDC will normally provide a maximum contribution of 20 per cent of the total production budget. In order to access these funds, applicant companies must be incorporated in the province and must be owned 51 per cent or more by residents of Newfoundland and Labrador. Within the EIP, the NLFDC administers the Development Program, which may provide up to a maximum of 33% of an eligible development project budget.

Film and Video Tax Credit Program: The Government of Newfoundland and Labrador offers a Film and Video Industry Tax Credit, which is co-administered by the NLFDC with the provincial Department of Finance. It is a fully refundable corporate income tax credit based on the amount spent on eligible Newfoundland and Labrador labour.

The tax credit has an additional feature called the "Deeming Provision" through which a portion of amounts paid to non-residents in leadership 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.

Sponsorship Program: The NLFDC's Sponsorship Program is designed to foster and promote the development and growth of the local film and video industry. 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 Program (described above) which supports these efforts.

Marketing Newfoundland and Labrador: As the Film Commission for the province, the NLFDC supports the provincial film industry's ability to attract business through national and international marketing of the industry and the province as a location for production and post-production. The NLFDC partners with the Atlantic Canada Opportunities Agency and the Government of Newfoundland and Labrador to provide access for production companies to international markets.

Highlights and Partnerships

Highlights

Despite COVID-19 and other challenges, the Newfoundland and Labrador film and television industry had a strong year in 2020-21. Planning large operations down to the smallest detail came to the fore with regard to the pandemic and associated safety protocols. Production activity remained steady at \$52 million with the production of two major television series concurrently during the fall of 2020. This demonstrated local companies' crew and infrastructure capacity, and the industry's ability to continue to grow.

The film and television industry is built upon partnerships. Virtually all film and television productions that the NLFDC invests in are export driven. Productions require external investment and seek markets and audiences beyond our own shores. The NLFDC's investments occur after other investments are also contractually committed. Seventy to eighty per cent of local production budgets is external money leveraged into the province. New money attracted by the NLFDC's programs created jobs, left a spending footprint across many sectors of the economy, and provided taxation revenue. Without the investments made by the NLFDC this spending would not occur here and the economic benefits of film and television production would be gained by another jurisdiction.

Partnerships

The NLFDC partners directly and indirectly with a number of federal entities including the Canada Revenue Agency and the Canada Audio-visual Certification Office. The NLFDC continues to serve as the Co-chair of the National Tax Credit Committee and with the media corporations of other provinces and territories as a member of the Association of Provincial and Territorial Funding Agencies. Nationally, in the creation of Newfoundland and Labrador film and television projects, our federal partners are vital and include Telefilm Canada, the Canada Media Fund, the Canada Council and the National Film Board.

In Atlantic Canada, our federal partner ACOA has been instrumental in our ability to shift, because of the pandemic, from event-specific markets to a virtual one-on-one meeting approach for local production companies. This has allowed local producers and creators to still have access to international decision makers despite travel restrictions. Additionally, our ACOA partnership has allowed the NLFDC to undertake a study that will roadmap the future of the Newfoundland and Labrador industry. This report will be delivered in 2021-22.

NLFDC partners with key stakeholders in creating the skilled filmmakers, business people, and specialized labour needed to have film and television projects. Partnerships with other provincial organizations within the Newfoundland and Labrador film and television industry remain essential. In particular the Nickel Independent Film Festival, the St John's International Women's Film Festival, the Newfoundland Independent Filmmakers Co-operative, College of the North Atlantic, Memorial University, ArtsNL, the Department of Tourism, Culture, Arts and Recreation, the Department of Industry, Energy and Technology, and the Department of Finance provide programs vital to the success of the NL screen industries and the NLFDC's mandate. Local, national, and international broadcasters and distributors are also essential partners, as they trigger productions.

In 2020-21, the NLFDC has recognized the increased concerns of BIPOC communities by participating in industry-wide consultations. We are partnering with Women in Film and Television (WIFT) on a networking study; the development of Open Fest, a local Canadian-African film festival; and with the St. John's International Film Festival's Framed First Light project. Additionally, the NLFDC formalized a partnership with national organization Reel Green to provide climate and sustainable production training for film and television workers and managers. The NLFDC is serving as well on Reel Green's national steering committee.

Report on Performance

Issue # 1: Promote Newfoundland and Labrador as a Destination for Film and Television Productions

With the ever-changing world of film and television and the financing, marketing and technology related to each, the NLFDC needs to be proactive in order to nurture growth. As the Film Commission for the province, the NLFDC supports the provincial film industry's ability to attract business through national and international marketing of the industry and the province as a location for production and post-production.

Goal Statement

By March 31, 2023, the NLFDC will have effectively promoted Newfoundland and Labrador as a destination for film and television productions.

2020-21 Objective

By March 31, 2021, the NLFDC will have supported and invested in film and television development and production.

Indicator 1: Worked with partners and industry stakeholders to develop and manage a renewed plan for international market attendance by local production companies.

The NLFDC developed and presented to the Atlantic Canada Opportunities Agency (ACOA) a renewed plan for international market attendance by local production companies. The NLFDC executed a contract with ACOA whereby the NLFDC leads international market participation for Atlantic Canada film and television production companies.

Due to the COVID-19 pandemic, several initiatives were successfully held as virtual consultancies. Under the NLFDC's management, three consulting firms with film and television industry market expertise are providing virtual one-on-one meetings with international decision-makers for 17 Atlantic Canada production companies. Future targeted market events may also be converted to virtual consultancies if necessary, depending on the status of the pandemic.

Indicator 2: Supported the marketing of Newfoundland and Labrador as a location for film and television production and post-production.

As the Film Commission for the province, the NLFDC actively marketed Newfoundland and Labrador as a location to shoot film and television productions and to co-produce with local companies. In 2020-21, because of the pandemic, these efforts shifted to participation in virtual marketing events, particularly for local companies. The NLFDC designed and administrated virtual consultancies, outside of particular market events, which provided business-to-business meetings for local film producers to present their projects to international decision-makers.

In addition to outward promotion, the NLFDC handled incoming international and national requests. The number of requests increased, partly related to the pandemic, covering a wide-range of specific information regarding Newfoundland and Labrador's production and post-production infrastructure, incentives, available labour, and specific locations. Many of these requests are made directly to the NLFDC by phone or email, others come via local producers through their contacts. The NLFDC received approximately 85 such requests. In some instances, where warranted, the NLFDC undertook specific scouts to provide detailed information required as productions considered locations to shoot their film or television projects.

Indicator 3: Supported projects in the film and television sector.

In 2020-21, the NLFDC supported 33 projects by Newfoundland and Labrador production companies through its development and equity programs. Twenty projects were supported through the NLFDC's professional development and sponsorship programs on a budget of \$42,763. Through its co-administration of the film and television tax credit, the NLFDC recommended eight part-one applications (verification of project eligibility) and six part-two applications (verification of labour actuals) for approval by the Department of Finance.

2021-22 Objective and Indicators

By March 31, 2022, the NLFDC will have supported and invested in film and television development and production.

Indicator 1: Worked with partners and industry stakeholders to manage a renewed plan for international market attendance by local production companies, following COVID-19 openings.

Indicator 2: Supported the marketing of Newfoundland and Labrador as a location for film and television production and post-production.

Indicator 3: Supported projects in the film and television sector.

Opportunities and Challenges

The screen industries of Newfoundland and Labrador have strong potential for growth but challenges remain for that to be achieved steadily.

The Canadian motion picture industry as a whole has grown considerably over the last 10 years, doubling to over \$9 billion dollars in total production activity per year, according to the data collected by the Canadian Media Producers Association (CMPA). Newfoundland and Labrador's industry in that same time period has seen the growth of local production companies, which have created many noteworthy projects with significant economic impacts, including new investments leveraged inward, jobs created, and taxation revenue.

In addition to the positive economic impact of film and television production locally, the industry promotes Newfoundland and Labrador as a tourism destination through substantial international viewership of shows.

But we may not have captured our fair share of "guest" or service production activity, which has been the strongest area of growth in the industry for the rest of Canada. In order to do so, the local incentives provided for the industry have to be competitive with other jurisdictions.

And like any other industry, a challenge looking ahead is growing the available skilled labour pool in the province to be able to maximize this potential for success. The NLFDC has been working closely in conjunction with the Government of Newfoundland and Labrador and our other partners to address these challenges and effectively plan for future growth.

Within our goals of growing the industry, better representation of cultural diversity on-screen and behind-the-camera has been a very important matter of concern locally,

nationally, and internationally. The NLFDC has partnered on a number of initiatives in 2020-21 to address this and we will continue to do so.

The effects of the COVID-19 pandemic will present challenges for the industry locally and world-wide for the foreseeable future. However, the experience of 2020-21 has been that the extensive testing and other rigorous protocols of the production industry have demonstrated that the local industry can successfully navigate these new realities and provide highly safe workplaces.

Financial Information

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
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Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Newfoundland and Labrador Film Development Corporation

Opinion

We have audited the financial statements of Newfoundland and Labrador Film Development Corporation (the Company), which comprise the statement of financial position as at March 31, 2021, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

St. John's, Newfoundland and Labrador
May 25, 2021


P. INSEMT BARTLETT
CHARTERED PROFESSIONAL ACCOUNTANTS

ANNUAL REPORT 2020-21

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Statement of Revenues and Expenditures
Year Ended March 31, 2021

	Budget	2021	2020
REVENUES	\$ 611,000	\$ 611,000	\$ 611,000
EXPENSES			
Salaries and wages	366,507	380,334	345,875
Office (Note 6)	73,900	71,782	70,901
Consultancies (Note 3)	25,821	43,232	89,240
Training	46,500	42,738	20,807
Sponsorships	35,000	27,706	36,120
Professional fees	17,726	17,531	14,860
Advertising and promotion	9,020	14,239	9,040
Miscellaneous	2,350	3,387	2,238
	576,824	600,949	589,081
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	34,176	10,051	21,919
OTHER INCOME	-	-	3,905
EXCESS OF REVENUES OVER EXPENSES	\$ 34,176	\$ 10,051	\$ 25,824

See notes to financial statements


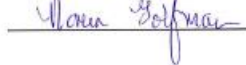
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NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Statement of Financial Position
March 31, 2021

ASSETS		
Cash (Note 5)	\$ 438,346	\$ 614,892
Accounts receivable	11,146	12,962
Prepaid expenses	6,101	6,101
	<u>\$ 455,593</u>	<u>\$ 633,955</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 45,637	\$ 33,235
Payables and accruals - Equity Investment Program	272,611	587,947
Advances received (Note 3)	79,475	-
	<u>397,723</u>	<u>621,182</u>
NET ASSETS		
Share capital (Note 4)	3	3
Net assets	<u>57,867</u>	<u>12,770</u>
	<u>57,870</u>	<u>12,773</u>
	<u>\$ 455,593</u>	<u>\$ 633,955</u>

ON BEHALF OF THE BOARD

 Director
 Director

See notes to financial statements

ANNUAL REPORT 2020-21

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Statement of Changes in Net Assets
Year Ended March 31, 2021

	2020 Balance	Excess of revenues over expenses	Contributions	Withdrawals	2021 Balance
Operations Fund	\$ 24,499	\$ 10,051	\$ -	\$ -	\$ 34,550
Equity Fund	(11,729)	-	35,046	-	23,317
	<u>\$ 12,770</u>	<u>\$ 10,051</u>	<u>\$ 35,046</u>	<u>\$ -</u>	<u>\$ 57,867</u>

	2019 Balance	Excess of revenues over expenses	Contributions	Withdrawals	2020 Balance
Operations Fund	\$ (1,325)	\$ 25,824	\$ -	\$ -	\$ 24,499
Equity Fund	11,655	-	(23,384)	-	(11,729)
	<u>\$ 10,330</u>	<u>\$ 25,824</u>	<u>\$ (23,384)</u>	<u>\$ -</u>	<u>\$ 12,770</u>

See notes to financial statements

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NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Statement of Cash Flows
Year Ended March 31, 2021

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 10,051	\$ 25,824
Item not affecting cash:		
Excess of receipts over commitments (commitments over receipts) - Equity Fund	35,046	(23,384)
	<u>45,097</u>	<u>2,440</u>
Changes in non-cash working capital:		
Accounts receivable	1,816	(599)
Accounts payable	12,402	(11,671)
Payables and accruals - Equity Investment Program	(315,336)	189,032
Advances received	79,475	-
	<u>(221,643)</u>	<u>176,762</u>
INCREASE (DECREASE) IN CASH FLOW	(176,546)	179,202
Cash - beginning of year	614,892	435,690
CASH - END OF YEAR (Note 5)	\$ 438,346	\$ 614,892

See notes to financial statements

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NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2021

1. PURPOSE OF THE COMPANY

Newfoundland and Labrador Film Development Corporation (the "company") 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 co-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.

Revenue recognition

Revenue from the Government of Newfoundland and Labrador is recognized in the year it is received.

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.

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ANNUAL REPORT 2020-21

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

3. 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. Newfoundland and Labrador 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 local production companies. During the pandemic, these consultancies have been administered virtually.

Total funding received from ACOA during the year was \$127,500 (2020 - \$176,128). As of March 31, 2021, \$79,475 in advances have not been utilized. The funding used during the year has been credited against travel expenses.

4. SHARE CAPITAL

Authorized:

800 Common voting shares

	2021	2020
Issued:		
800 Common shares	\$ 3	\$ 3

5. CASH

	2021	2020
Cash	\$ 438,346	\$ 614,892

ANNUAL REPORT 2020-21

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Notes to Financial Statements
Year Ended March 31, 2021

6. OFFICE

Office expense consists of the following:

	<u>2021</u>	<u>2020</u>
<u>Office</u>		
Rent	\$ 33,600	\$ 33,599
Communications	10,988	10,681
Office Equipment purchases/leases	8,620	8,247
Board meeting expense	8,560	7,951
Office Supplies	3,039	2,306
Computer maintenance/software	2,719	1,045
Bank fees	1,774	1,253
Couriers/Taxis	1,105	2,984
Meeting Supplies/consumables	681	1,519
Printing charges	406	403
Postage	189	234
Annual Returns	100	100
Website Hosting	-	599
	\$ 71,781	\$ 70,901

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

	<u>2021</u>	<u>2020</u>
<u>Equity Investments</u>		
Equity Investment	\$ 60,425,775	\$ 56,803,361
Allowance against Equity Investment	(59,689,204)	(56,104,415)
Recoupment	(736,571)	(698,946)
	\$ -	\$ -

8. RECOUPMENT

	<u>2021</u>	<u>2020</u>
<u>Recoupment</u>		
Christmas Furey 2017 Inc. - A Christmas Furey	\$ -	\$ 359
Take the Shot Productions Inc. - Republic Of Doyle	37,624	-
	\$ 37,624	\$ 359

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ANNUAL REPORT 2020-21

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2021

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.

	2021	2020
Project Development Loans		
Development Loans	\$ 6,638,149	\$ 6,257,984
Allowance against development loans	(6,638,149)	(6,257,984)
	\$ -	\$ -

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, 2021, the Corporation was contractually committed to advance funds totaling \$8,355,256 - (2020 - \$8,544,401) from the Equity Investment Program as investments and loans in respect of current and future projects subject to the availability of funds in subsequent years and other terms and conditions 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. FINANCIAL INSTRUMENTS

The company 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 company's risk exposure and concentration as of March 31, 2021.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources and accounts payable.

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

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NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2021

13. ADJUSTMENT TO OPENING OF EQUITY INVESTMENT PROGRAM

Due to the lead times required to obtain the resources necessary to complete film and video productions, amounts disbursed often differ from those originally committed. Therefore, amounts reported as committed in any given fiscal period may differ on a film by film basis. These adjustments to prior period commitments are reflected as one adjustment in the current year.

14. COVID-19

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant market, financial and social impact.

At the time of approval of these financial statements the company has instituted procedures and protocols, in accordance with public health guidelines, to mitigate health risks in relation to the pandemic. The company has contractually insisted that production companies using the equity funds present a plan that follows the Covid-19 guidelines issued by the province of Newfoundland and Labrador and has been approved by the Newfoundland and Labrador Film Development Corporation.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of our report which provide additional evidence relating to conditions at year end. Management has assessed related financial impacts at this time and determined there to be no current year financial effect.

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NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Schedule of Receipts and Commitments - Equity Investment Program (Schedule 1)
Year Ended March 31, 2021

	2021	2020
RECEIPTS		
Province of Newfoundland and Labrador Funding	\$ 4,000,000	\$ 4,000,000
Recoupment	37,624	380
Interest Earned	413	12,900
	4,038,037	4,013,280
Current year commitments		
2020 Productions NL Inc. - Surrealtor	500,000	-
Adventures Unknown Season 1 Inc. - Pimp My Shed	-	34,800
Adventures Unknown Season 3 Inc. - Adventures Unknown Season 3	20,500	-
Away Films Inc. - Sweetland	-	6,864
Black Conflux Productions NL Inc. - Black Conflux	-	76,664
Blue Pinion Films Inc. - SJWFF	8,548	23,702
Butter Pictures Inc. - CBC Absolutely NL: Home	-	7,500
Butter Pictures Inc. - Animal Arrangements	-	10,000
Cranky Goad Entertainment Ltd. - Of this Place Season 5	-	32,000
Cranky Goad Entertainment Ltd. - Silicon Island	15,000	20,000
Cranky Goat Entertainment Ltd. - Under the Weather	-	95,040
Davis Film Inc. - Mummering Legends	19,800	-
F. James Consulting Ltd. - From Inside the Circle Children's Project	-	9,323
Fort James Season 2 (NL) Inc. - Frontier Season 2	500,000	400,000
Fort James Season 3 (NL) Inc. - Frontier Season 3	-	1,200,000
From Inside the Circle 2018 Co. Ltd. - Season 2	-	41,470
Grown in Darkness Films Inc. - Grown into Darkness	19,800	-
HVGB Nine Planets Ltd. - The Nine Planets	10,000	-
Hawco Productions Inc. - Shallow	10,000	-
India Se Films Inc. - The Condom King of Newfoundland	-	23,304
LJH Films Inc. - Black Harbour Deep	4,143	-
Little Dog Season 2 Inc. - Little Dog (Season 2)	-	200,000
Maroni NL Productions Inc. - Maroni 2	100,000	-
Media Connections Film Inc. - Elfreda	2,802	-
Merby's Productions Inc. - Merby's	17,647	17,000
Of This Place 6 Ltd. - Of This Place (Season 6)	30,000	-
Oops Productions Inc. - How to Dail at Accessibility	30,000	-
Oops Productions Inc. - How to Fail at Documentary Filmmaking	30,000	-
Panoramic Pictures Inc. - The Last Rituals	-	11,880
Pope Rex Season 1 Inc. - Hudson and Rex (Season 1)	1,677,000	1,673,000
Rex Season 3 Inc. - Hudson and Rex (Season 3)	1,000,000	-
Rink Rat Productions Inc. - A Bay Story	9,602	-
Rink Rat Productions Inc. - Bark Avenue	11,843	-
Rink Rat Productions Inc. - Brotherly Love	9,240	-
Rink Rat Productions Inc. - Crippled	6,115	-
Rink Rat Productions Inc. - Dear Everybody	10,755	-
Rink Rat Productions Inc. - Game	14,923	-
Rink Rat Productions Inc. - Love Does Not Die	11,912	-
Rink Rat Productions Inc. - Me, Mom, COVID19	26,184	-
Rink Rat Productions Inc. - Postal	12,836	-
Rink Rat Productions Inc. - The Devil To Pay	13,818	-
Rock Island Productions Inc. - Salvage Bay	10,000	-
SMH Season 1 Inc. - Sing Me Home	30,000	-

(continues)

See notes to financial statements

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NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Schedule of Receipts and Commitments - Equity Investment Program (continued)
(Schedule 1)
Year Ended March 31, 2021

	2021	2020
Sara Fost Pictures Inc. - Sweet Angel Baby	7,400	-
Sara Fost Pictures Inc. - Wish you were here	-	10,000
Sara Frost Pictures Inc. - The Street	11,689	-
Sibelle Productions Inc. - Hors Circuit Season 3	10,920	-
Small Fortune Productions Inc. - A Small Fortune	-	80,000
Take The Shot Productions Inc. - Where We Belong	13,093	-
The Hunting Party Inc. - The Great Depression	3,914	-
The Righteous Film NL Inc. - The Righteous	44,963	40,000
The Rightful Heir Productions Inc. - The Rightful Ayre	8,028	-
Visionary Hag Productions Inc. - Spin	18,150	-
Visionary Hag Productions Inc. - Floating After Farley	30,000	-
Visionary Hag Productions Inc. - The Existence of Magic	-	25,000
Wreckhouse Productions Inc. - Limelight	11,687	-
Wreckhouse Productions Inc. - Making It Real	10,000	-
Total committed	4,332,312	4,037,547
	(294,275)	(24,287)
Opening Balance	(11,728)	11,656
Adjustment to opening balance (Note 13)	300,000	-
Expired holdbacks	30,171	2,621
Legal fees	(851)	(1,719)
	317,592	12,558
EXCESS OF RECEIPTS OVER COMMITMENTS	\$ 23,317	\$ (11,729)

See notes to financial statements

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