

Newfoundland and Labrador Film Development Corporation

Annual Report 2018-19



Tourism, Culture, Industry and Innovation

TABLE OF CONTENTS

MESSAGE FROM THE CHAIR	2
OVERVIEW.....	4
HIGHLIGHTS AND PARTNERSHIPS	7
REPORT ON PERFORMANCE	9
AUDITED FINANCIAL STATEMENTS	13

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 2018-19, year two of our 2017 to 2020 Business Plan. This report has been prepared considering 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 and 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 goals and objectives contained therein.

As a Crown corporation, 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.

2018-19 was another strong year for production activity in Newfoundland and Labrador. When the Corporation was formed in 1997, the local film and television industry was small, ad hoc, and production opportunities were inconsistent. A crew base did not exist. The necessary infrastructure was not available. Local production companies often did not have the capacity to take on large projects even if the possibility existed.

Today, we see a period of sustained success. In 2018-19 there was over \$44 million in production activity in this province. More than 500 direct, indirect, and induced fulltime employment equivalencies (FTEs) were created by the film and television industry in the province last year.

The total production activity in Newfoundland and Labrador since the creation of the NLFDC now surpasses \$490 million and more than 6,000 FTEs. Early in fiscal year 2019-20, we will exceed the \$500 million mark in total production activity since the founding of the Corporation. This is a milestone that indicates not only the real successes of the industry here, but also the potential for growth.

The jobs created in the screen industries are well-paid and highly-skilled. Innovative, creative industries are attractive to young people, and will help retain them in our province. The shows created by the local film and television industry not only tell our stories and reflect our unique culture to the world, but help to promote tourism and the positive image Newfoundland and Labrador has abroad.

A recent economic analysis by the provincial Department of Finance of four fiscal years (2014-15 to 2017-18) indicates that 76.5 per cent of what is actually spent on the

ground in NL on film and television production is outside investment. New money brought into the local economy as a result of Government's investments in film and television, is leveraged at a ratio of 4:1 for every dollar invested.

The new money leveraged is film and television industry-specific, and would go to another jurisdiction on other projects, if not brought into our province as a result of the development, equity, and tax credit programs that the NLFDC administers on behalf of the Government of Newfoundland and Labrador.

But beyond the substantial economic impact created, the NLFDC takes great pride in having fostered the talents of local writers, actors, directors, producers, music composers, and a whole hosts of well-paid, highly-skilled crew in production and post-production who can proudly say that they live here and work in the screen industries.

Among many achievements in 2018-19, the television series *Frontier*, *Little Dog*, and *Hudson and Rex* were produced and aired nationally and internationally. Feature films and documentary production also remained solid.

These successes would not have occurred without the programs of the NLFDC and the continued support of the Government of Newfoundland and Labrador. 2018-19 was the second year of Government's increase of the NLFDC's equity investment fund to \$4.0 million. As well, 2018-19 saw the renewal of the Newfoundland and Labrador Film and Video Tax Credit Program, an essential component in keeping the local industry competitive in its incentive offering.

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.

A final note, 2018-19 saw the retirement of Paul Lannon as chair of the board of the NLFDC, as well as Dan Boone as a director. We thank them both for their many years of volunteer service. Their insights and judgement over the years were crucial to the good management of the Corporation. We wish them well in their future endeavors.



Mark Sexton
Chair, Board of Directors (NLFDC)

OVERVIEW

Background

The NLFDC was founded by the Government of Newfoundland and Labrador in 1997. The corporation reports to the Provincial Government through the Minister 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 2018-19 the NLFDC had an Operating/Marketing budget of \$611,000 and a \$4,000,000 Equity Investment Program. For additional details, please see the Audited 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, Website: www.nlfdc.ca

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

Mandate

As a Crown Corporation, 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 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. In these ways it helps to promote the development of the industry in Newfoundland and Labrador.

Vision

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

Board of Directors

The Corporation has an eight-member Board of Directors that meets on a quarterly basis. Seven 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, 2019, 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, Vice President (Academic) 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
Carmela Murphy, St. John's, Assistant Deputy Minister, Department of TCII
Cyndy Stead, Happy Valley-Goose Bay, Director of Economic Development, Town of Happy-Valley Goose Bay
Heidi Wagner, St. John's, TV/Film Production Assistant

Lines of Business

The NLFDC is an entity that fosters and supports the local screen industries. 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 NL Interactive Digital Media Tax Credit, the Sponsorship Program, Professional Development and the marketing of Newfoundland and Labrador as a production-ready province (film commission).

The Equity Investment Program: 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.

Film and Video Tax Credit Program: The province 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.

Interactive Digital Media Tax Credit: Eligible companies developing eligible interactive digital media products in the province may avail of the 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.

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 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 Tax Credit (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.

HIGHLIGHTS AND PARTNERSHIPS:

2018-19 was a strong year for the film and television industry in Newfoundland and Labrador. As with the rest of Canada, and internationally, the greatest strength of the local industry was television drama production. For Newfoundland and Labrador, the most notable success this year was the production of a new big budget television series, "Hudson and Rex".

Continuing television series create sustained employment and the ability for the 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. Visiting cast and crew, while staying here during the project, also make an important contribution to the local economy's food and retail sectors.

In the industry internationally and locally, the budgets of television productions have increased substantially. Canadian productions are on screens world-wide. While there is still room to grow, Newfoundland and Labrador projects have participated in this industry surge.

All film and television projects in the province beyond short films are export projects. All require financial partnerships and all seek audiences outside Newfoundland and Labrador. 2018-19 saw the continued recognition of our talented filmmakers throughout the country, not only through projects being made, but through industry recognition such as local projects receiving 12 nominations at the Canadian Screen Awards.

The Newfoundland and Labrador film and television industry, in particular, focuses on partnerships in many ways in order to achieve success beyond our shores. The majority of our productions are co-productions, meaning production companies and financing from other jurisdictions are necessary in the projects' creation.

In order to achieve these financial and creative collaborations, local production companies, and the NLFDC as the film commission for the province, must be able to market projects and potential projects to the world, as well as promoting Newfoundland and Labrador as a production location.

In 2018-19, the NLFDC partnered with the Atlantic Canada Opportunities Agency, the Department of Tourism, Culture, Industry and Innovation, as well as the Atlantic Provinces, their respective film entities, and provincial governments. The NLFDC is the lead agency to bring Atlantic Canadian production companies to established film markets, through this collaboration. This project will comprise six trade missions over two fiscal years. After negotiating the terms of this large venture with its partners, to date the NLFDC has managed two of these missions, to the European Film Market and

to Los Angeles. Fifteen NL production companies have been able to bring their products to key international buyers.

In these international markets, the NLFDC also partners with Telefilm Canada, which represents the industry nationally in international treaty co-productions, and is a major partner with the NLFDC in the financing of most feature films.

Interest in shooting in Newfoundland and Labrador is robust, and, the NLFDC has seen a sustained increase over the last several years in inquiries about shooting here. There is also a substantial curiosity in understanding how to avail of local incentives. The visibility of productions such as “Frontier” and “Little Dog” through traditional and online broadcasting has contributed to this level of interest.

The NLFDC through its equity and tax credit programs, partners with Telefilm Canada, the Canada Media Fund, broadcasters, federal and provincial tax credit programs and private funds, to contribute to the complicated financing structures involved in large-scale film and television production.

The ratio of provincial investment to outside investment in Newfoundland and Labrador is 1:4. In other words, for every dollar invested by the NLFDC through its equity and tax credit incentives, four dollars in local spend is created in this province by leveraging outside investment to be spent here on local productions. Besides creating hundreds of jobs, the 76.5 per cent of local spending that is new money brought into our province leaves a substantial economic impact in many ways including taxation received by the province.

The financial and creative success of local film and television production over the long term would not be possible without our continued collaborations on a number of industry initiatives with the St John’s International Women’s Film Festival, the Nickel Independent Film Festival, the Fin Atlantic Film Festival and Fin Partners (formerly Strategic Partners). They provide not only essential opportunities for filmmakers to screen their work to local audiences but also provide project development and training opportunities in a variety of ways, including production company access to national decision makers who attend these events.

The Newfoundland Independent Filmmaker’s Co-operative (NIFCO) and the NLFDC continue to partner on a variety of initiatives from workshops to industry information events to the Picture Start program. NIFCO has continued to be a leading developer of local talent, who go on to create larger projects which in turn benefit the economy. This is also true of our collaborations with Memorial University and the College of the North Atlantic.

The NLFDC also partners with the Women’s Film Festival, NIFCO and Telefilm Canada on the Talent to Watch program, in the creation of microbudget feature films.

As much as any industry, film and television relies on a knowledge of industry trends and policy, including what is occurring federally and in other jurisdictions nationally and internationally. The NLFDC serves on the Association of Provincial Funding Agencies (APFA), the International Business Development Group (IBDG), and continues as the co-chair of the National Tax Credit Committee in order to ensure that Newfoundland and Labrador are full participants in the national industry and have access to information and national industry leaders more readily accessible in central Canada.

REPORT ON PERFORMANCE

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

In 2018-19, the Newfoundland and Labrador film and television industry had an annual production activity of \$44.6 million. The shooting and launch of the new television series “Hudson and Rex” was a very positive outcome this year. While \$44.6 million is a good number, the overall number is less than the previous year.

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

Objective: 2018-2019: 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 to make recommendations for the renewal and improvement of incentives.

The NLFDC has consulted widely with industry stakeholders and potential investors locally, regionally, nationally, and internationally to understand the best practices in other jurisdictions in order to form recommendations to Government.

Indicator 2: Review overall support programs and determine 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.

The NLFDC and its board conducted ongoing programme review and renewal. The board was apprised of the process regarding the recommendations and renewal of the film and video tax credit (please see issue # 2 below). Regarding the development stream of the equity fund, two new programs were developed with national partners and were recommended and approved by the Board of Directors to begin next fiscal year to reflect the changing media realities. It was recommended to the Board of Directors that the equity fund needed to be extended in order to meet demand related to the growth of the industry. The Board is committed to continuing to work with Government to that end. Potential options for other forms of industry incentives have been presented to the Board and discussed and a review of funding programs will be undertaken. Regarding the marketing program/film commission role of the NLFDC, the board was presented with a revised program in partnership with the Province and ACOA that now included the participation of the three other Atlantic provinces, to be administered by the NLFDC. The board agreed to this new plan.

2019-20 Objective/Indicator

Objective: By March 31, 2020, the NLFDC will have worked with stakeholders and partners to provide a long-term plan for the Interactive Digital Media (IDM) industry and digital media generally.

Indicator 1: Consulted with governments, local IDM companies, Game Developers NL, and other stakeholders to determine NLFDC's role going forward.

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

2018-19 has again been an extremely busy period for the NLFDC. A staff reduction has presented challenges to complete tasks quickly, nevertheless, the management and administration of programs has been maintained as a priority in order to meet the needs of industry stakeholders.

The NLFDC is the front door for our industry to clients, potential clients, the public and all levels of government. We believe we have been very successful in being able to maintain quick response times and excellent service to a wide-range of parties including international investors, filmmakers, crew, industry partners, while providing the substantial oversight required for production investments and the operations of the corporation itself, on behalf of the board of directors and government. In 2018-19 the NLFDC received the appointment of two new board members and a new Chair.

The sustained level of a high volume of production activity for multiple years has particularly meant a substantial increase in work on applications, contracts and tax

credits. As well, the increase in film commission work has meant location requests from outside producers have grown over the last several years. In 2018-19, the NLFDC entered into a significant partnership with ACOA, which facilitates trade missions for production companies in international markets, involving all four Atlantic provinces. The NLFDC is the lead agency, managing the project, having to meet the expectations of the industry across the region, and being contractually obligated to ensure its success.

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: 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.

In 2018-19, in consultation with TCII and Finance, the NLFDC recommended the renewal of the Newfoundland and Labrador Film and Video Tax Credit program. This program, under the previous five year renewal through the Income Tax Act of the province, would otherwise sunset on December 31, 2018. The tax credit is an essential component for the local industry. The NLFDC assisted TCII to recommend the approval of the tax credit program. Additionally, the NLFDC provided substantial data to Finance for their economic analysis of the program. The tax credit was renewed by Government for three years.

2019-20 Objective/Indicator

Objective: By March 31, 2020, the NLFDC will have aligned staff with renewed job descriptions.

Indicator 1: NLFDC worked with Government to approve revised job descriptions previously approved by the board of directors.

Opportunities and Challenges:

This has been a period of sustained annual production activity for the Newfoundland and Labrador film and television industry. However, the industry remains at a level of production activity whereby one large project, such as the television series “Frontier” or “Hudson and Rex”, not occurring impacts annual performance and production activity.

Building on our successes, in order to grow significantly, a number of current challenges exist. Issues impacting future growth include:

- increasing the number of crew workers
- enhancing the skills of existing crew workers
- growing the producer and production company base
- fostering the development of key creatives, especially writers and directors
- encouraging the development of locally conceived projects for the national and world markets
- increasing service production in the province
- addressing potential solutions for production facilities
- increasing the effectiveness and dependability of incentive offerings
- enhancing promotion

The NLFDC continues to address these issues but a renewed level of effort on these priorities is required in the coming years.

**NEWFOUNDLAND AND LABRADOR
FILM DEVELOPMENT CORPORATION**

Financial Statements

Year Ended March 31, 2019

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Index to Financial Statements

Year Ended March 31, 2019

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Revenues and Expenditures	3
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11
Schedule of Receipts and Commitments - Equity Investment Program (<i>Schedule 1</i>)	12 - 14

INDEPENDENT AUDITOR'S REPORT

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, 2019 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 public sector accounting standards, 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, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

PINSENT BARTLETT

CHARTERED PROFESSIONAL ACCOUNTANTS

St. John's, Newfoundland and Labrador
May 23, 2019

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Statement of Revenues and Expenditures

Year Ended March 31, 2019

	Budget	2019	2018
REVENUES	\$ 611,000	\$ 611,000	\$ 681,000
EXPENSES			
Salaries and wages	357,186	344,887	337,285
Travel	102,967	130,080	179,177
Office (Note 6)	68,668	69,282	71,094
Sponsorships	30,000	29,359	25,646
Training	26,500	21,283	18,903
Professional fees	16,229	13,289	22,360
Advertising and promotion	8,150	9,084	20,021
Miscellaneous	1,300	3,008	2,254
Amortization	-	-	956
	611,000	620,272	677,696
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	-	(9,272)	3,304
OTHER INCOME	-	3,465	8,895
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ -	\$ (5,807)	\$ 12,199

The accompanying notes are an integral part of these financial statements

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Statement of Financial Position

March 31, 2019

ASSETS

Cash	\$	435,690	\$	885,089
Accounts receivable		12,363		10,899
Prepaid expenses		6,101		6,101
Atlantic Canada Opportunities Agency (Note 4)		-		52,122
	\$	454,154	\$	954,211


LIABILITIES AND NET ASSETS

Accounts payable	\$	44,906	\$	34,355
Payables and accruals - Equity Investment Program		398,915		885,863
		443,821		920,218


NET ASSETS

Share capital (Note 5)		3		3
Net assets		10,330		33,989
		10,333		33,992
	\$	454,154	\$	954,210

ON BEHALF OF THE BOARD



Director



Director

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Statement of Changes in Net Assets

Year Ended March 31, 2019

	2018 Balance	Deficiency of revenues over expenses	Excess of receipts over commitments	Contributions (Withdrawals) (Note 14)	2019 Balance
Operations Fund	\$ 12,118	\$ (5,807)	\$ -	\$ (7,637)	\$ (1,326)
Equity Fund	21,871	-	(17,852)	7,637	11,656
	\$ 33,989	\$ (5,807)	\$ (17,852)	\$ -	\$ 10,330

	2017 Balance	Deficiency of revenues over expenses	Excess of receipts over commitments	Withdrawals	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

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Statement of Cash Flows

Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenues	\$ (5,807)	\$ 12,199
Items not affecting cash:		
Amortization of property, plant and equipment	-	956
Excess of receipts over commitments (commitments over receipts)-(Equity Fund)	(17,852)	(42,526)
	(23,659)	(29,371)
Changes in non-cash working capital:		
Accounts receivable	(1,464)	(3,752)
Accounts payable	10,550	(9,979)
Prepaid expenses	-	1,156
Atlantic Canada Opportunities Agency	52,122	(24,777)
Payables and accruals - Equity Investment Program	(486,948)	703,330
	(425,740)	665,978
INCREASE (DECREASE) IN CASH FLOW	(449,399)	636,607
Cash - beginning of year	885,089	248,481
CASH - END OF YEAR	435,690	885,088
CASH CONSISTS OF:		
Cash	\$ 435,690	\$ 885,089

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, 2019

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 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, 2019

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

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 company 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	2019 Net book value	2018 Net book value
Computer equipment	\$ 47,849	\$ 47,849	\$ -	\$ -
Furniture and fixtures	19,176	19,176	-	-
	\$ 67,025	\$ 67,025	\$ -	\$ -

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. 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 Department of Tourism Culture, Industrial and Innovation (TCII) and local production companies.

Total funding received from ACOA during the year was \$131,301 (2018 - \$153,344). The amount of the funding has been credited against travel and marketing expenses.

The amount receivable from ACOA as at March 31, 2019 is nil (2018 - \$52,122).

5. SHARE CAPITAL

Authorized:

600 Common voting shares

	2019	2018
Issued:		
600 Common shares	\$ 3	\$ 3

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2019

6. OFFICE

Office expense consists of the following:

	2019	2018
<u>Office</u>		
Rent	\$ 33,600	\$ 33,600
Communications	10,684	11,586
Board meeting expense	7,929	7,566
Office Equipment purchases/leases	4,810	4,473
Couriers/Taxis	3,508	2,360
Office Supplies	2,367	1,720
Bank fees	1,571	1,086
Printing charges	1,349	647
Computer maintenance/software	1,281	905
Meeting Supplies/consumables	1,165	1,124
Website Hosting	599	699
Postage	320	174
Annual Returns	100	90
Mandate change facilitation	-	5,064
	\$ 69,283	\$ 71,094

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.

	2019	2018
<u>Equity Investments</u>		
Equity Investment	\$ 52,965,188	\$ 49,419,272
Allowance against Equity Investment	(52,266,601)	(48,729,256)
Recoupment	(698,587)	(690,016)
	\$ -	\$ -

8. RECOUPMENT

	2019	2018
<u>Recoupment</u>		
Christmas Furey 2017 Inc. - A Christmas Furey	\$ 348	\$ -
Republic of Doyle Inc. - Republic of Doyle (Seasons 1-6)	-	26,496
Small Shack Productions Inc. - Maudie	8,223	47,468
	\$ 8,571	\$ 73,964

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2019

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.

	2019	2018
<u>Project Development Loans</u>		
Development Loans	\$ 6,059,514	\$ 5,562,627
Allowance against development loans	(6,059,514)	(5,562,627)
	\$ -	\$ -

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, 2019, the Corporation was contractually committed to advance funds totaling \$7,848,384 - (2018 - \$7,563,989) 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 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. 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, 2019.

(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, 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 company is not exposed to significant other price risks arising from these financial instruments.

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2019

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. CONTRIBUTIONS (WITHDRAWALS)

Interest earned in 2018 on equity program money was reallocated to the equity fund from the operations fund.

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Schedule of Receipts and Commitments - Equity Investment Program
(Schedule 1)
Year Ended March 31, 2019

	2019	2018
RECEIPTS		
Province of Newfoundland and Labrador Funding	\$ 4,000,000	\$ 4,000,000
Province of Newfoundland and Labrador Funding - Frontier	-	-
Province of Newfoundland and Labrador Funding - Caught	-	1,400,000
Recoupment	8,570	73,964
Interest Earned	16,381	7,637
	4,024,951	5,481,601
Current year commitments		
	-	-
74065 NFLD&Lab inc. - Old Confidence	-	5,940
Adventures Unknown Season 1 Inc. - Adventures Unknown	35,000	-
Adventures Unknown Season 2 Inc. - Adventures Unknown Season 2	39,925	-
Away Films Inc. - Golden Bell	-	9,887
Away Films Inc. - Sweetland	-	19,400
Bar Haven Productions Inc. - Bar Haven	-	5,639
Blue Pinion Films Inc. - Snow Storm Roulette	-	20,085
Braven (NL) Inc.	-	-
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.	-	-
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	250,000	233,315
Club One New Releases 3 Co. Ltd. - Club One Chef Roary Season 4	-	193,668
Cold Season Films Inc. - A Fire in the Cold Season	90,000	-
Cold Water (4) NL Inc. - Coldwater Season 4	-	220,165
Cranky Goad Entertainment Ltd. - Of this Place	-	39,994
Cranky Goad Entertainment Ltd. - Of this Place Season 4	-	39,994
Cranky Goat Entertainment - Under the Weather	85,000	-
Eight Figure Film Inc. - Always Going Never Gone	20,375	-
F. James TV Film Co. Ltd. - Club One International Series	-	149,940
Fire Crown Productions Inc. - Nunatsiavut Labrador Project	14,000	41,500
Fire Crown Productions Inc. - Sights Before Christmas	-	33,000
Fort James Season 2 (NL) Inc.	400,000	200,000
Fort James Season 3 (NL) Inc.	1,200,000	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
Imagine That Productions Inc. - Little Orphans	82,000	-
Island Horse Productions Inc. - Gerald Squires on Creation and Death	-	20,901
Island Horse Productions Inc. - Immaculate Memories	-	29,085
Island Horse Productions Inc. - The Everyday Magin of Mary Pratt	29,085	-
Justin Foley Entertainment Inc. - Melody	19,800	-
LJH Documentaries Inc. - Labrador Documentary Project	31,845	-
LJH Films Inc. - East Coast Surf	-	6,190

(continues)

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Schedule of Receipts and Commitments - Equity Investment Program (continued)
(Schedule 1)
Year Ended March 31, 2019

	2019	2018
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	250,000
Little Dog Season 2 Inc. - Little Dog (Season 2)	829,632	-
Little Heat Films Inc. - Ride Like Hell	105,274	-
Matchcut Productions Inc. - The Uncanny	21,287	-
Media Connections Film Inc. - Avon Ladies Rural Style	-	-
Media Connections Film Inc. - Come home year	-	4,310
Media Connections Film Inc. - Limelight	-	14,850
Media Connections Film Inc. - Yes My Dear...Joan Morrissey	35,000	17,490
Morag Loves Company Limited - The Lottery Winners	8,250	-
Morag Loves Company Limited - The Storys	-	6,600
Morag Loves Company Limited - White Wolves	-	-
Morag Loves Copmany Limited - Goners	10,098	-
Nine Island Productions Inc. - Gemma	-	34,980
Panoramic Pictures Inc. - Black Conflux	322,336	-
Polar Paw Films Inc. - Popak	4,447	-
Pope Music Season 2 Ltd. - Heavy Weather 6&7	-	65,000
Pope Productions Ltd. - BEAR	35,000	-
Pope Productions Ltd. - East of West telefilm	-	-
Pope Productions Ltd. - MunChinese Club	-	-
Pope Productions Ltd. - Outside Voices	-	-
Pope Productions Ltd. - Rex	-	25,038
Pope Rex Season 1 Inc.	224,962	-
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. - A Bay Story (Phase 2)	13,453	-
Rink Rat Productions Inc. - Aunite Vigilantes (Phase 3)	-	3,913
Rink Rat Productions Inc. - Brotherly Love	11,232	10,559
Rink Rat Productions Inc. - Cain's Quest 2020	6,116	-
Rink Rat Productions Inc. - Dear Everybody	-	12,371
Rink Rat Productions Inc. - Robert Cordier Happening	-	20,256
Rink Rat Productions Inc. - Shimmer	18,976	-
Rink Rat Productions Inc. - The Highlander and the Caribou	-	2,700
Riverhead Films Inc.	-	-
Rock Island Productions Inc. - Cougar Annie	-	12,174
Rock Island Productions Inc. - Game On	12,912	-
Rock Island Productions Inc. - Portuguese Boy	-	8,500
Rock Island Productions Inc. - Portuguese Boy Ph 2	-	13,209
Rock Island Productions Inc. - The Science of Ice	12,200	-
Rose Van Driel - Frontier Season III	-	1,037
Sara Fost Pictures Inc. - Firefighter	10,303	-
Sara Fost Pictures Inc. - Hammer	-	201,190
Sara Fost Pictures Inc. - Sweet Angel Baby	10,118	-
Sara Fost Pictures Inc. - Untitled Social Work Project	-	9,933
Scattered and Small Pictures Inc. - Scattered and Small	25,000	50,000
Sibelle Productions Inc. - Hors Circuit Season 3	-	133,500

(continues)

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Schedule of Receipts and Commitments - Equity Investment Program (continued)
(Schedule 1)
Year Ended March 31, 2019

	2019	2018
Sibelle Productions Inc. - Plantify	28,173	-
Sibelle Productions Inc. - Sous Le Joug	-	13,378
Small Shack Productions Inc. - Maudie	-	-
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.	-	-
Wreckhouse Productions Inc. - Atlantic First Flight	18,928	-
Wreckhouse Productions Inc. - Audience of Chairs	-	303,947
Wreckhouse Productions Inc. - Shoot Me (Phase III)	-	13,072
Total committed	4,310,727	5,459,595
	(285,776)	22,006
Opening Balance	21,871	64,396
Adjustment to opening balance	217,536	(64,531)
Expired holdbacks	66,719	-
Legal fees	(8,694)	-
	297,432	(135)
EXCESS OF RECEIPTS OVER COMMITMENTS	\$ 11,656	\$ 21,871

The accompanying notes are an integral part of these financial statements

To Obtain a Copy of This Document:

Electronic

Website: <http://www.tcii.gov.nl.ca/publications/index.html>

Paper

Department of Tourism, Culture, Industry and Innovation
2nd Floor, West Block
Confederation Building
P.O. Box 8700
St. John's, NL A1B 4J6

Telephone: (709) 729-7000

Toll Free: 1-800-563-2299

Facsimile: (709) 729-0654

E-mail: tcii@gov.nl.ca

Available in alternate format upon request.



Tourism, Culture, Industry and Innovation