

# **Newfoundland and Labrador Film Development Corporation**

Annual Report 2019-20



## Message from the Chair

Fiscal 2019-20 was another successful year for the Newfoundland and Labrador film and television industry. A variety of project types, from feature films to television series were in development and in production. The Newfoundland and Labrador Film Development Corporation (NLFDC) is encouraged by the continued interest it receives in the province as a shooting location. Of particular note, the production of the second season of the television series “Hudson and Rex” has shown that a strong international market exists for a show set in the province.

However, our industry is not without its challenges. Like any maturing industry, growth beyond a possible plateau into consistent, higher levels of production activity requires informed planning and the right combination of infrastructure, incentives, and human resources.

With that effort, though, the potential for success, as we see in many other jurisdictions, is very strong. The result will continue to be a vibrant, creative industry that leverages significant new investment into the province, creates employment, and showcases our talents and landscape worldwide.

As Chair of the NLFDC, I am pleased to submit the Annual Report for fiscal year 2019-20. 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.

Sincerely,



Mark Sexton

Chairperson, Board of Directors (NLFDC)

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## **Entity Overview**

### **Organizational Structure**

The Newfoundland and Labrador Film Development Corporation (NLFDC) was created to grow the local screen industries of the province, both through the creation of local film and television productions for national and international markets, and as a destination for guest productions to shoot in Newfoundland and Labrador locations.

On a daily basis, the NLFDC is the front line for local screen industries as well as potential outside partners interested in investing in the province through screen industry projects.

### **Staff and Budget**

The NLFDC has four staff members, of which three are female and one is male. On behalf of the province, the NLFDC administers an Equity Investment Fund for both development and equity investments in film and television, annualized at \$4 million. Additionally, the NLFDC vets part one and part two tax credit applications for film and television projects, for which it makes recommendations, as co-administrator, to the provincial Department of Finance. One element of the tax credit that the NLFDC offers is the deeming provision that provides training opportunities for career enhancements for local crew persons.

As film commission, the NLFDC represents the province and its producers in potential partnerships nationally and internationally, coordinates marketing initiatives, as well as fielding enquiries about shooting in NL and partnering with local companies. The NLFDC also has programs for professional development and industry partnerships, which work with individuals and other sector organizations to target opportunities for industry growth.

The NLFDC received \$611,000 from the provincial government for its operations' budget in 2019-20 and an additional \$176,000 from the Atlantic Canada Opportunities Agency (ACOA) for projects, for a total budget of \$787,000. As indicated in our audited financial

## ANNUAL REPORT 2019-20

statements, expenditures in 2019-20 were approximately \$22,000 less than revenues. While it is not unusual for the corporation to have very small carry-overs (less than 1 per cent of total budget) annually, the amount unspent in 2019-20 is the result of the COVID-19 pandemic.

### **Board of Directors**

As of March 31, 2020, the board consisted of the following members:

Chairperson:

Mark Sexton, St. John's, 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, Department of Tourism, Culture, Arts and Recreation (formerly known as the Department of Tourism, Culture, Industry and Innovation)

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

### **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](mailto:info@nlfdc.ca)

Website: [www.nlfdc.ca](http://www.nlfdc.ca)

## Highlights and Partnerships

### Highlights

The production of Season 2 of the television series 'Hudson and Rex', as well as the very successful broadcast (nationally and internationally) of the show, was a highlight of 2019-20. In Canada, the show's success was seen very favourably by the broadcaster, Citytv, and the likelihood of additional seasons of production is strong. This project continued to be an excellent base for the entire industry, not just through employment and other local economic activity, but also because the show's international sales, particularly in Europe, have been excellent. The show is a hit and beyond the direct economic results, this means millions of views of the province's locations, which certainly will have a positive promotional impact.

Another highlight of 2019-20 was the NLFDC's project, in partnership with ACOA, the provincial government, and the three other Atlantic provinces, in helping Atlantic Canadian film and television production companies gain access to specific international markets. NLFDC will continue to work on this project and meetings have been set up with potential international partners.

An encouraging number of Newfoundland and Labrador feature films premiered or were shot this year. "Black Conflux" premiered at the Toronto International Film Festival to strong reviews. "Hammer" was shown at the Whistler Film Festival to enthusiastic response and was expected to get strong distribution. Several features were shot locally including "Small Fortune", "Under the Weather" and "The Righteous". Among other benefits, these features are a very productive way to grow our local "above-the-line" talent – actors, writers, producers, and directors, as well as for our experienced crew to take on increased leadership roles.

## Partnerships

All film and television projects that the NLFDC invests in, through development, equity and tax credits are essentially export projects that require national and international investments. The economic benefit is that the most of the money spent here on productions is leveraged from outside. This money is spent in the province on employment and local goods and services. Partnerships are essential to leverage outside funding into Newfoundland and Labrador. NLFDC investments are made after the commitment of funding from other stakeholders is confirmed to ensure the security of investment by NLFDC. This makes the investments not only low risk financially but also ensures that the economic impacts are achieved.

Some of the partnerships that make Newfoundland and Labrador film and television productions possible, and that trigger NLFDC investments, include: Telefilm Canada for feature films, television networks and the Canada Media Fund for series and documentaries, and organizations similar to the NLFDC in other jurisdictions (many of our projects are interprovincial and/or international co-productions). Private investments internationally are also crucial through studios and distributors. National and international banks also closely oversee productions through their management of interim financing.

Ultimately, it is film and television production companies that conceive, create and market the projects. NLFDC's partnerships with those companies, whether local, Canadian or international are vitally important to the industry.



## Report on Performance

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

Since the creation of the NLFDC, the province has been successful in developing our film and television industry. Many of the initial requirements were established in order to have an industry in the province. As the industry matured, sustainability was vital and as a result, growing the industry at an achievable rate has been a strong focus for the NLFDC.

#### Goal Statement

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

**Indicator 1: Refocused effort on marketing/film commission role for guest productions, co-productions.**

The NLFDC has seen an increase in international production activity and interest in NL due to its refocused effort on marketing/film commission role. During fiscal 2017-20, the most significant and ongoing accomplishment of the NLFDC as film commission has been in the management of the marketing projects with ACOA and the Export division of the province. In this period, the initiative was transformed into a pan-Atlantic undertaking, with the NLFDC as the lead. This of course not only increased significantly the project's size financially but was a much bigger undertaking, logistically, compared to earlier efforts involving only the province. The NLFDC successfully managed the partnerships among the three other Atlantic provinces' trade support groups, as well as the agencies in each province responsible for the film and television industry. An increased number of production companies from across the region were involved. Also the expert consultants engaged to provide bespoke meetings for each company had considerably larger tasks, in the volume of targets required, than previous projects. This project was successfully

## ANNUAL REPORT 2019-20

concluded on budget in the last quarter of 2019-20 and an application for the next version of the project is currently being devised.

### **Indicator 2: Made recommendations for best practices for incentives.**

During the period 2017-20, the NLFDC made recommendations to the provincial government regarding the main industry incentives, the Equity Investment Program fund and the Newfoundland and Labrador Film and Video industry tax credit. Both of these efforts were successful. The equity and development fund was increased to \$4 million annually since 2017-18 and the tax credit was renewed in 2018 for three years, effective December 2021.

### **Indicator 3: Focused effort on marketing interactive digital media sector.**

NLFDC did not focus its effort on marketing the interactive digital media sector in the Province, as since 2017, the provincial Department of Finance was administering the Interactive Digital Media (IDM) tax credit program. Therefore, NLFDC supported the interactive digital media sector through its ongoing activities with the stakeholders in this sector.

## **2019-20 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.**

The NLFDC supported the interactive digital media tax sector through its ongoing activities with the stakeholders in this sector. In 2017, the Provincial Department of Finance assumed administration of the IDM Tax Credit Program. The NLFDC, in

assessing its role, consulted with the Department of Finance, the Department of Tourism, Culture, Arts and Recreation, the Atlantic Canada Opportunities Agency, The Newfoundland and Labrador Association of Technology and Innovation, GameDevNL, Zibbis Group (consultancy), numerous local companies involved in Interactive Digital Media, and the NLFDC board of directors.

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

The NLFDC was created in 1997. While the operations of the corporation evolved in many ways since the initial start-up, the Board of Directors considered that the 20<sup>th</sup> anniversary of the corporation (2017) as well as the retirement of the previous Executive Director (2016), were good vantage points from which to consider whether the organization's internal operations might be re-evaluated. In the 2017-20 period, the NLFDC reviewed its operating and administrative procedures to ensure that it was functioning efficiently and appropriately for the current conditions of the industry and the province.

### **Goal Statement**

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

**Indicator 1: Completed review of current development, equity, and tax credit program policies, procedures, and functionalities; recommendations made; approved changes undertaken.**

During 2017-20, a review of the principles and procedures of the NLFDC development, equity and tax credit programs determined them to be functioning as intended. However, many adjustments have occurred in order to make the programs more efficient and to reflect current circumstances, both for the corporation and the industry. For instance, a number of new initiatives were developed within the development program including the creation of the CBC digital program and the Harold Greenberg Fund program. In the

## ANNUAL REPORT 2019-20

equity stream, as a result of the #MeToo movement, a schedule regarding harassment was added to the NLFDC's standard memorandum of agreement. For the tax credit program, a new internal checklist was devised to ensure the NLFDC's own standards of compliance were achieved and signed off on before recommendation. For all three of these programs, the elimination of the Manager of Programs position meant that the standard protocols regarding oversight were altered, with more direct responsibility being undertaken on a daily basis by both the Program Analyst and the Executive Director.

**Indicator 2: Completed review of current sponsorship, professional development and marketing programs, changes recommended, approved changes put in place.**

The sponsorship, professional development, and marketing programs were reviewed between 2017 and 2020. As discussed above, as a result of the revised ACOA marketing project, which became an initiative involving all four Atlantic provinces (did not include the IDM sector) the marketing program changed. The sponsorship and professional development programs have remained generally the same. A new internal process for the detailed scoring of applications for selection was devised for the marketing program.

**Indicator 3: Renewed job descriptions, human resources policies; provided new organizational structure.**

At the direction of the board, new job descriptions were undertaken and completed and the human resource policies were reviewed during 2017-20. In terms of the organizational structure, one management position was eliminated (Manager of Programs) with its duties reassigned generally to the Executive Director/Film Commissioner role, although some were eliminated. As well, during this period, the Chair of the Board retired and two new board members were appointed.

## **2019-20 Objective**

By March 31, 2020, the NLFDC will have aligned staff with renewed job descriptions and organizational structure.

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

At the direction of the Board, in the 2017-20 period, the NLFDC engaged an outside consultant to provide an independent evaluation of the staff job descriptions. The consultant reviewed the duties of the staff and job descriptions were revised. In particular, the Executive Director and Industry Analyst positions were substantially changed to reflect the results of the elimination of the Manager of Programs position. These job descriptions were approved by the board of directors of the NLFDC and have been submitted to Government.

## Opportunities and Challenges

The COVID-19 public health emergency impacted the film and screen industry. COVID-19 resulted in a disruption of many activities and altered the normal activities in this sector, impacting people employed in this industry. NLFDC will work with the Department of Tourism, Culture, Arts and Recreation to undertake initiatives and work with other stakeholders on the challenges due to pandemic.

The film and television sector in Canada has grown significantly. While Newfoundland and Labrador's performance has been strong, especially in terms of the talents of our key industry creatives in envisioning projects, an opportunity for growth does remain with service-oriented productions. The NLFDC sees this sector of the industry as a growth-opportunity within our overall mix of projects, but also as an incubator for up and coming producers and crew. This type of production hasn't increased as quickly here as in other jurisdictions. While, on the one hand, this means that our local industry is more inclined to do shows that are led by local producers, on the other hand, we may not be achieving our full potential in terms of overall production activity.

Among many factors, three things stand out as necessary in order to increase our overall level of production activity: increasing the overall crew base and enhancing the skills of the existing crew; growing the producer base and enhancing their connections to decision-makers outside the province; and providing adequate and consistent incentives through the Equity Investment Program and Newfoundland and Labrador Film and Video Tax Credit program.

Fiscal year 2019-20 was a year that highlighted for the NLFDC the opportunities described above, as well as the challenges involved in achieving increasing growth. Newfoundland and Labrador is perceived as an excellent shooting location. However, for continued growth, we must continue to increase our efforts to ensure that the infrastructure, skilled people, and efficient incentives are accessible.

## Financial Information

**NEWFOUNDLAND AND LABRADOR  
FILM DEVELOPMENT CORPORATION**

**Financial Statements**

**Year Ended March 31, 2020**

# ANNUAL REPORT 2019-20

## NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION Index to Financial Statements Year Ended March 31, 2020

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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, 2020 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)

## ANNUAL REPORT 2019-20

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, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

St. John's, Newfoundland and Labrador  
July 17, 2020

PINSENT BARTLETT

CHARTERED PROFESSIONAL ACCOUNTANTS

## ANNUAL REPORT 2019-20

**NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**  
**Statement of Revenues and Expenditures**  
**Year Ended March 31, 2020**

	Budget	2020	2019
<b>REVENUES</b>	\$ 611,000	\$ 611,000	\$ 611,000
<b>EXPENSES</b>			
Salaries and wages <i>(Note 3)</i>	359,028	<b>345,875</b>	344,887
Travel <i>(Note 4)</i>	63,805	<b>89,240</b>	130,080
Office <i>(Note 7)</i>	73,000	<b>70,901</b>	69,282
Sponsorships	40,000	<b>36,120</b>	29,359
Training	26,500	<b>20,807</b>	21,283
Professional fees	15,726	<b>14,860</b>	13,289
Advertising and promotion	10,150	<b>9,040</b>	9,084
Miscellaneous	1,350	<b>2,238</b>	3,008
	589,559	<b>589,081</b>	620,272
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	21,441	<b>21,919</b>	(9,272)
OTHER INCOME	-	<b>3,905</b>	3,465
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	\$ 21,441	\$ <b>25,824</b>	\$ (5,807)

The accompanying notes are an integral part of these financial statements

**ANNUAL REPORT 2019-20**

**NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**  
**Statement of Financial Position**  
**March 31, 2020**

**ASSETS**

Cash (Note 6)	\$ 614,892	\$ 435,690
Accounts receivable	12,962	12,363
Prepaid expenses	6,101	6,101
	<b>\$ 633,955</b>	<b>\$ 454,154</b>

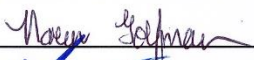

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 33,235	\$ 44,906
Payables and accruals - Equity Investment Program	587,947	398,915
	<b>621,182</b>	<b>443,821</b>

**NET ASSETS**

Share capital (Note 5)	3	3
Net assets	12,770	10,330
	<b>12,773</b>	<b>10,333</b>
	<b>\$ 633,955</b>	<b>\$ 454,154</b>

**ON BEHALF OF THE BOARD**

 \_\_\_\_\_ Director  
 \_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements

**ANNUAL REPORT 2019-20**

**NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**  
**Statement of Changes in Net Assets**  
**Year Ended March 31, 2020**

	2019 Balance	Excess of revenues over expenses	Contributions	Withdrawals	2020 Balance
Operations Fund	\$ (1,326)	\$ 25,824	\$ -	\$ -	\$ 24,498
Equity Fund	11,656	-	(23,384)	-	(11,728)
	\$ 10,330	\$ 25,824	\$ (23,384)	\$ -	\$ 12,770

	2018 Balance	Excess of revenues over expenses	Contributions	Withdrawals	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

The accompanying notes are an integral part of these financial statements

## ANNUAL REPORT 2019-20

**NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**  
**Statement of Cash Flows**  
**Year Ended March 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues	\$ 25,824	\$ (5,807)
Item not affecting cash:		
Excess of receipts over commitments (commitments over receipts)-(Equity Fund)	(23,384)	(17,852)
	<b>2,440</b>	<b>(23,659)</b>
Changes in non-cash working capital:		
Accounts receivable	(599)	(1,464)
Accounts payable	(11,671)	10,550
Atlantic Canada Opportunities Agency	-	52,122
Payables and accruals - Equity Investment Program	189,032	(486,948)
	<b>176,762</b>	<b>(425,740)</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>179,202</b>	<b>(449,399)</b>
Cash - beginning of year	435,690	885,089
<b>CASH - END OF YEAR (Note 6)</b>	<b>\$ 614,892</b>	<b>\$ 435,690</b>

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, 2020**

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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.

## ANNUAL REPORT 2019-20

### NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

#### Notes to Financial Statements

Year Ended March 31, 2020

3. SEVERANCE

During the year, a severance agreement was reached and paid out to government employees. The Corporation received funds from the Department of Industry, Trade and Rural Development in the amount of \$67,100, which was paid out to specific employees. The revenue associated with the funds received has been net with salaries and wages expense.

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 \$176,128 (2019 - \$131,301). The amount of the funding has been credited against travel expenses.

The amount receivable from ACOA as at March 31, 2020 is nil (2019 - nil).

5. SHARE CAPITAL

Authorized:

600 Common voting shares

	2020	2019
Issued:		
600 Common shares	\$ 3	\$ 3

6. CASH

	2020	2019
Cash	\$ 614,892	\$ 435,690



## ANNUAL REPORT 2019-20

**NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**  
**Notes to Financial Statements**  
**Year Ended March 31, 2020**

7. OFFICE

Office expense consists of the following:

	2020	2019
<u>Office</u>		
Rent	\$ 33,599	\$ 33,599
Communications	10,681	10,684
Office Equipment purchases/leases	8,247	4,810
Board meeting expense	7,951	7,929
Couriers/Taxis	2,964	3,508
Office Supplies	2,306	2,367
Meeting Supplies/consumables	1,519	1,165
Bank fees	1,253	1,571
Computer maintenance/software	1,045	1,281
Website Hosting	599	599
Printing charges	403	1,349
Postage	234	320
Annual Returns	100	100
	<b>\$ 70,901</b>	<b>\$ 69,282</b>

8. 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.

	2020	2019
<u>Equity Investments</u>		
Equity Investment	\$ 56,803,361	\$ 52,965,188
Allowance against Equity Investment	(56,104,415)	(52,266,601)
Recoupment	(698,946)	(698,587)
	<b>\$ -</b>	<b>\$ -</b>

9. RECOUPMENT

	2020	2019
<u>Recoupment</u>		
Christmas Furey 2017 Inc. - A Christmas Furey	\$ 359	\$ 348
Small Shack Productions Inc. - Maudie	-	8,223
	<b>\$ 359</b>	<b>\$ 8,571</b>

## ANNUAL REPORT 2019-20

### NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

#### Notes to Financial Statements

Year Ended March 31, 2020

#### 10. 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.

	2020	2019
<u>Project Development Loans</u>		
Development Loans	\$ 6,257,984	\$ 6,059,514
Allowance against development loans	(6,257,984)	(6,059,514)
	\$ -	\$ -

#### 11. 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, 2020, the Corporation was contractually committed to advance funds totaling \$8,544,401 - (2019 - \$7,848,384) 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.

#### 12. ECONOMIC DEPENDENCE

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

#### 13. 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, 2020.

##### **(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.

## ANNUAL REPORT 2019-20

### NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

#### Notes to Financial Statements

Year Ended March 31, 2020

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14. 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.

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## ANNUAL REPORT 2019-20

**NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**  
**Schedule of Receipts and Commitments - Equity Investment Program** *(Schedule 1)*  
**Year Ended March 31, 2020**

	2020	2019
<b>RECEIPTS</b>		
Province of Newfoundland and Labrador Funding	\$ 4,000,000	\$ 4,000,000
Recoupment	360	8,570
Interest Earned	12,900	16,381
	<b>4,013,260</b>	<b>4,024,951</b>
 Current year commitments		
	-	-
Small Fortune Productions Inc.	80,000	-
Adventures Unknown Season 1 Inc. - Adventures Unknown	-	35,000
Adventures Unknown Season 2 Inc. - Adventures Unknown Season 2	-	39,925
Away Films Inc. - Sweetland	6,864	-
Blue Pinion Films Inc. - SIJWFF	23,702	-
Adventures Unknown Season 1 Inc. - Pimp My Shed	34,800	-
Butter Pictures Inc. - CBC Absolutely NL: Home	7,500	-
Christmas Furey 2017 Inc. - A Christmas Furey	-	250,000
Cold Season Films Inc. - A Fire in the Cold Season	-	90,000
Cranky Goad Entertainment Ltd. - Silicon Island	20,000	-
Cranky Goad Entertainment Ltd. - Of this Place Season 5	32,000	-
Cranky Goat Entertainment - Under the Weather	95,040	85,000
Eight Figure Film Inc. - Always Going Never Gone	-	20,375
Fire Crown Productions Inc. - Nunatsiavut Labrador Project	-	14,000
Fort James Season 2 (NL) Inc.	400,000	400,000
Fort James Season 3 (NL) Inc.	1,200,000	1,200,000
From Inside the Circle 2018 Co. Ltd. - Season 2	41,470	-
Harold Greenberg Projects	20,000	-
Imagine That Productions Inc. - Little Orphans	-	82,000
India Se Films Inc. - The Condom King of Newfoundland	23,304	-
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
F. James Consulting Ltd. - From Inside the Circle Children's Project	9,323	-
Little Dog Season 1 Inc. - Little Dog	-	250,000
Little Dog Season 2 Inc. - Little Dog (Season 2)	200,000	829,632
Little Heat Films Inc. - Ride Like Hell	-	105,274
Matchcut Productions Inc. - The Uncanny	-	21,287
Merb'ys Productions Inc. - Merb'ys	17,000	-
Media Connections Film Inc. - Yes My Dear...Joan Morrissey	-	35,000
Morag Loves Company Limited - The Lottery Winners	-	8,250
Morag Loves Copmany Limited - Goners	-	10,098
Black Conflux Productions NL Inc. - Black Conflux	76,664	-
Panoramic Pictures Inc. - Black Conflux	-	322,336
Polar Paw Films Inc. - Popak	-	4,447
Panoramic Pictures Inc. - The Last Rituals	11,880	-
Pope Productions Ltd. - BEAR	-	35,000
Pope Rex Season 1 Inc.	1,673,000	224,962
Rink Rat Productions Inc. - A Bay Story (Phase 2)	-	13,453
Rink Rat Productions Inc. - Brotherly Love	-	11,232
Rink Rat Productions Inc. - Cain's Quest 2020	-	6,116
Rink Rat Productions Inc. - Shimmer	-	18,976

*(continues)*

The accompanying notes are an integral part of these financial statements

ANNUAL REPORT 2019-20

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Schedule of Receipts and Commitments - Equity Investment Program *(continued)*

(Schedule 1)

Year Ended March 31, 2020

	2020	2019
Rock Island Productions Inc. - Game On	-	12,912
Rock Island Productions Inc. - The Science of Ice	-	12,200
Sara Fost Pictures Inc. - Firefighter	-	10,303
Sara Fost Pictures Inc. - Sweet Angel Baby	-	10,118
Scattered and Small Pictures Inc. - Scattered and Small	-	25,000
Sibelle Productions Inc. - Plantify	-	28,173
The Righteous Film NL Inc. - The Righteous	40,000	-
Visionary Hag Productions - The Existence of Magic	25,000	-
Wreckhouse Productions Inc. - Atlantic First Flight	-	18,928
<b>Total committed</b>	<b>4,037,547</b>	4,310,727
	<b>(24,287)</b>	(285,776)
Opening Balance	11,656	21,871
Adjustment to opening balance	-	217,536
Expired holdbacks	2,621	66,719
Legal fees	(1,718)	(8,694)
	<b>12,559</b>	297,432
<b>EXCESS OF RECEIPTS OVER COMMITMENTS</b>	<b>\$ (11,728)</b>	\$ 11,656

The accompanying notes are an integral part of these financial statements

