

Newfoundland and Labrador Film Development Corporation

Annual Report 2021-22

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 2021-22. This report has been prepared in accordance with the **Transparency and Accountability Act**, pursuant to which the Corporation has been categorized as a category two 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. As Chairperson of the NLFDC, my signature indicates the Corporation's accountability for the goals and objectives detailed in this document.

In 2021, Canada's film and television production industry generated over \$9 billion in production volume, contributed \$12.2 billion to the GDP, and created approximately 244,500 jobs. This is a high-growth industry and Newfoundland and Labrador is certainly part of it. Over the last several years we have proven that Newfoundland and Labrador has what it takes to be a prime location for film and television productions. We have a skilled labour pool, stunning landscapes, and competitive incentives.

Looking forward to 2022-23, the early numbers indicate another increase in total production activity for the province.

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 established in February 1997, under the **Corporations Act**, and the offices of the Corporation opened in the fall of that same year.

The 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. The NLFDC is the first point of contact for local screen industries on a daily basis, as well as potential outside partners interested in investing in the province through various screen industry projects.

Mandate

The NLFDC is a Crown Corporation of the Government of Newfoundland and Labrador with a mandate to promote the development of the film and video industry, and the province's film and television products and locations both nationally and internationally.

The NLFDC is a representative of the province's film industry to local, national and international viewers, and industry members. It fields inquiries concerning shooting locations within the province and acts as a liaison between local filmmakers, production companies, and crews. The NLFDC provides information on all elements of the film industry, including its own programs, those of other local organizations, as well as information regarding national funders, broadcasters, and distributors.

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.

Vision

A viable, healthy, and stable screen industries in Newfoundland and Labrador.

Staff and Budget

As of March 31, 2022, the NLFDC had four staff members, three female and one male. The NLFDC administers a provincial Equity Investment Fund, for development and equity investments in film and television, currently valued at \$10 million. The NLFDC, in addition, acts as co-administrator with the provincial Department of Finance to vet tax credit applications for film and television projects.

In 2021-22, the NLFDC had a total budget of \$701,940.89. For its operations budget, the NLFDC received \$623,100 from the Provincial Government and an additional \$78,840.89 was received from the Atlantic Canada Opportunities Agency (ACOA) for projects.

Board of Directors

As of March 31, 2022, the Board consisted of the following members:

Chairperson:

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

Members:

Noreen Golfman (Vice-Chair), 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

Ben Gardner, St. John's, Department of Tourism, Culture, Arts and Recreation, Assistant Deputy Minister

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

Highlights and Partnerships

Highlights

The COVID-19 pandemic continued to affect everyone's life in 2021-22, and the film and television industry is no exception. The NLFDC; however, had the strongest year for production activity since its inception. In 2021-22, the film and television industry generated \$85 million in economic activity, which resulted in over 1,450 full-time employment opportunities.

In 2021-22, the Equity Investment Program helped fund 42 production projects and 20 script development projects. In 2021-22, it was the first time that the local industry produced three major television series at the same time (Hudson and Rex, Son of a Critch, and Astrid and Lilly Save The World), as well as a large scale Disney feature film guest production. This accomplishment is a testament to local logistics and cooperation, particularly during these challenging times.

Hudson and Rex completed its fourth season and will be entering its fifth season of production in May 2022. The show's ratings increased by over 40 per cent last season in Canada, demonstrating the show's success. In Europe, episodes of Hudson and Rex are being seen by over six million viewers. This is a major achievement and a very positive promotion of Newfoundland and Labrador.

There is a continued focus in the Canadian film and television industry on improving representation of Black, Indigenous, and People of Colour (BIPOC) filmmakers, production companies, and crew persons. These groups have historically, been underrepresented and misrepresented. The NLFDC continues to partner in a number of ways to address these inequities and looks forward to continuing this national effort in the coming year.

The pandemic has continued to have a major impact on industry events and festivals around the world. In October 2021, the St. John's International Women's Film Festival took place virtually. Screenings and forum offerings occurred entirely online, to great international success. The annual Nickel Independent Film Festival followed the success of their 2020 festival and remained virtual for 2021. The festival continued their commitment to celebrating and inspiring the filmmaking talents of the province through screenings, and introductory and intermediate collaborative workshops.

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 be a member of the National Tax Credit Committee and, alongside the media corporations of other provinces and territories, is a member of the Association of Provincial and Territorial Funding Agencies. In the creation of Newfoundland and Labrador film and television projects, federal partners are vital. These partners 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 from large industry events to a virtual one-on-one meeting approach, for local production companies. This has allowed local producers and creators to maintain access to international decision makers despite travel restrictions. For 2022-23, this will shift to in-person attendance. This partnership has also enabled the NLFDC to undertake a study providing a roadmap for the future of the province's film and television industry. The final report from this study was delivered this year.

NLFDC partners with key stakeholders in finding the skilled filmmakers, business people, and specialized labourers, needed to create film and television projects. Partnerships with other provincial organizations within the Newfoundland and Labrador film and television industry remain essential. These partnerships include: 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. These partners' programs are vital to the success of the Newfoundland and Labrador film industries and the NLFDC's mandate. Local, national, and international broadcasters and distributors are also essential partners, as they initiate productions.

Significant growth and career opportunities in the film and television industry are available right here in Newfoundland and Labrador. To help expand local talent, the NLFDC is partnering with College of the North Atlantic to develop a new Film and Media Production campus in St. John's. This initiative is intended to meet labour market demands and address current skills gaps within the film industry. The campus will offer the latest in creative and innovative technologies to integrate design, media, communications, entertainment and other facets of arts and culture.

In 2021-22, the NLFDC continued to recognize the increased concerns of BIPOC communities by participating in industry-wide consultations. Due to an evolution in the priorities of production companies, to foster more diverse talent, the NLFDC held a Black Creatives Documentary Film camp in September 2021. Given the success of the camp, the goal is to make it an annual event to help discover and encourage Black filmmakers in Newfoundland and Labrador.

The Open Film Festival, an event with roots in Ghana, provides a platform to recognize filmmakers who have a focus on African filmmaking. This festival was adapted for Newfoundland and Labrador with support from the NLFDC, the Nickel Independent Film Festival, and The Space. The Open Film Festival NL, which took place in July 2021, showcased films from Ghana, Uganda, South Africa, and local films from Newfoundland and Labrador, to a sold out audience in St. John's and audiences online. With the success of this initial event, Open Film Festival NL hopes to grow in the coming years to become an annual festival.

The NLFDC partnered with a national organization, Reel Green, to provide climate and sustainable production training for film and television workers and managers. The NLFDC is represented on Reel Green's national steering committee. Reel Green and the NLFDC delivered the first iteration of the Climate and Sustainable Production course, adapted for Newfoundland and Labrador. This was a very worthwhile exercise. Valuable insights were gained from the local production community. Feedback was received from the attendees and suggestions are being implemented for the next round of training.

Report on Performance

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

There are many positive and encouraging signs that Newfoundland and Labrador has the potential and ability to sustain and expand its Film and Television industry productions.

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 of 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.

2021-22 Objective

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 develop and manage a renewed plan for international market attendance by local production companies.

During the previous fiscal year, the NLFDC entered into a three-year plan with ACOA on international market attendance. The NLFDC leads international market participation for the Atlantic Canadian film and television industry. A part of that plan is the Export Market Access Program (EMAP) which began during 2021-22. The EMAP supported four Newfoundland and Labrador production companies. By hiring a consultant to develop and refine up to three project presentations per company, export opportunities were further enhanced. The program has improved each company's market readiness and overall presentation of their projects.

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

The film and television industry in NL has had a steady stream of new domestic projects and has attracted significant inward film productions. The province offers unique and under-utilized locations, strong international producer network relationships, and an increasingly supportive and film-friendly environment. The province's offering has also been strengthened by the provincial government's effective handling of the COVID-19 pandemic.

Typically, the NLFDC would attend various national and international marketing events to increase the visibility of Newfoundland and Labrador as a location for screen production. Unfortunately, due to COVID-19, we were unable to attend these events in person.

2021-22 was the first time that the local industry produced three major television series simultaneously (Hudson and Rex, Son of a Critch, and Astrid and Lilly) in addition to a

large scale Disney Feature Film guest production. This led to production activity of approximately \$85 million - the largest since the inception of the NLFDC.

To continue promoting the province during these challenging times, the NLFDC maintained established relationships with national and international production contacts. This was conducted through virtual meetings. The NLFDC also fielded several guest location production requests, through virtual meetings, and provided customized location packages.

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

In 2021-22, the NLFDC supported 62 projects by Newfoundland and Labrador production companies - 42 productions and 20 development projects. 23 projects were supported through the NLFDC's professional development and sponsorship programs, on a budget of \$56,500. Through its co-administration of the film and television tax credit, the NLFDC recommended ten part-one applications (verification of project eligibility) and six part-two applications (verification of labour actuals) for approval by the Department of Finance.

The film and television industry is built upon partnerships. All film and television productions that the NLFDC invests in are export driven. Productions require external investment and seek markets and audiences beyond Newfoundland and Labrador. The NLFDC's investments occur after other investments are contractually committed. Seventy to eighty per cent of local production budgets consist of external money leveraged into the province's industry. External investments attracted by the NLFDC's programs created jobs, boosted spending across many sectors of the economy, and increased tax revenues. Without the investments made by the NLFDC, this spending would not occur in Newfoundland and Labrador and the economic benefits of film and television production would be lost to another jurisdiction.

2022-23 Objective and Indicators

By March 31, 2023, 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.

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

As the primary agency with responsibility for the film industry in Newfoundland and Labrador, the NLFDC is a critical component of industry development. It is important to consider the current operations of the corporation and its evolution alongside key industry drivers, such as automatic incentives and workforce capacity. In the context of the overarching goal to increase production activity, the NLFDC must be equipped to handle the impact of increasing local and international productions and meet the demands of expanding activity. It must also fulfil its critical film commission role in a structured manner, in line with international industry standards.

Opportunities

Newfoundland and Labrador has a broad and unique culture with strong traditions in storytelling, music, and performance. Geographically, it sits in a strategic area between North America and Europe, and has built links with similarly outward-looking jurisdictions such as Ireland.

A key driving factor in reaching consistently high levels of production activity has been the capabilities of the province's producers and talent. Their work over multiple years in developing and producing content has created a strong foundation upon which the industry can grow. Domestic series and films have provided employment opportunities for crews and talent, and have created valuable intellectual property based on local stories.

Many areas in Newfoundland and Labrador's film industry are succeeding and showing future potential. The rich cultural history of the province means that there is a deep base of artists and stories. Provincial producers have demonstrated the ability to develop and leverage their own intellectual property. This is a key factor in a healthy sector, alongside inward film production. The province is also increasing its profile as a shooting destination.

Newfoundland and Labrador has established a solid foundation that can be leveraged to significantly develop its film industry to the point of doubling production activity. This foundation includes its unique cultural and creative offers, as well as the industry progress that has occurred to date.

In order to do this, the NLFDC has recognized that a strategic approach must be pursued. Five key areas have been identified as critical to sector expansion in the province:

1. Incentives
2. Workforce capacity
3. Developing provincial talent and content
4. Physical infrastructure
5. Film-friendly environment

NLFDC will be delivering the next round of sustainable production courses in partnership with the St. John's International Women's Film Festival, Independent Filmmakers Cooperative and the current participants in the Picture Start professional development program.

The NLFDC is working with the National Reel Green committee to pull together a best practices document that can be attached to contracts, similar to that of the NLFDC's anti-harassment policy. The NLFDC would also like to include a section on its website that will host sustainable production tools and the Albert Carbon Calculator. These tools are quickly becoming an industry standard in larger regions (BC, ON, MB). The NLFDC is pushing for NL to be the first Atlantic Province to implement them, helping improve the industry's overall environmental footprint.

Challenges

Developing the workforce in Newfoundland and Labrador is an urgent area to be addressed if the province is going to achieve its aim of doubling production activity. Alongside skilled crew, there is a global shortage of purpose-built studios. There is widespread capital investment in building such studios in other Canadian provinces, and major markets like the UK, the US, and Australia.

Newfoundland and Labrador does not currently have purpose-built studios. The primary attraction has been the province's unique external locations, and producers are used to converting adapted buildings for production when covered sets are needed. These include large warehouses, or building pop-up studios in former industrial units or factories. However, a production's schedule may sometimes be impacted by difficult weather conditions, or by unavailability of preferred spaces, thereby potentially limiting control.

The NLFDC manages a range of incentives for both inward and domestic projects. To date, incentives have served to adequately drive development of the industry. Updating the terms of the incentives, to keep pace with producer requirements, has been slower than in competing provinces. As the NLFDC looks to the next five to ten years of industry expansion, addressing challenges with existing incentives is a critical step toward meeting the goal of increasing production expenditures.

Financial Information

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Financial Statements
Year Ended March 31, 2022

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NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION Index to Financial Statements Year Ended March 31, 2022

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Newfoundland and Labrador Film Development Corporation have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Newfoundland and Labrador Film Development Corporation's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the directors' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the directors, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the directors by Pinsent Bartlett, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards.

Chris Bonnell

President and CEO

Vice President

St. John's, NL
August 08, 2022



Chartered Professional Accountants
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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, 2022, 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, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

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 PSAS, 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.

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:

(continues)

ANNUAL REPORT 2021-22

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

- 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
August 8, 2022


CHARTERED PROFESSIONAL ACCOUNTANTS

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NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Statement of Revenues and Expenditures
Year Ended March 31, 2022

	Budget	2022	2021
REVENUES	\$ 611,000	\$ 623,100	\$ 611,000
EXPENSES			
Salaries and wages	374,586	384,600	380,335
Consultancies	80,248	90,744	27,520
Office	74,200	74,964	71,782
Training	56,500	53,045	58,449
Sponsorships	35,000	38,953	27,706
Professional fees	15,806	16,712	17,531
Advertising and promotion	6,860	5,382	14,239
Miscellaneous	2,350	2,662	3,387
	645,550	667,062	600,949
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (34,550)	\$ (43,962)	\$ 10,051

See notes to financial statements

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NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Statement of Financial Position
March 31, 2022

ASSETS

Cash (Note 5)	\$ 1,176,034	\$ 438,346
Accounts receivable	12,100	-
Harmonized sales tax recoverable	8,193	11,146
Prepaid expenses	6,101	6,101
	\$ 1,202,428	\$ 455,593

LIABILITIES AND NET ASSETS

Accounts payable	\$ 36,153	\$ 45,637
Payables and accruals - Equity Investment Program	1,052,054	272,611
Advances received	-	79,475
	1,088,207	397,723

NET ASSETS

Share capital (Note 4)	3	3
Net assets	114,218	57,867
	114,221	57,870
	\$ 1,202,428	\$ 455,593

ON BEHALF OF THE BOARD

<i>Noreen Golfman</i>	Director
<i>Mark Sexton</i>	Director

See notes to financial statements

ANNUAL REPORT 2021-22

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Statement of Changes in Net Assets
Year Ended March 31, 2022

	2021 Balance	Deficiency of revenues over expenses	Contributions	Withdrawals	2022 Balance
Operations Fund	\$ 34,550	\$ (43,962)	\$ -	\$ -	\$ (9,412)
Equity Fund	23,317	-	100,313	-	123,630
	\$ 57,867	\$ (43,962)	\$ 100,313	\$ -	\$ 114,218

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

See notes to financial statements

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ANNUAL REPORT 2021-22

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Statement of Cash Flows
Year Ended March 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (43,962)	\$ 10,051
Item not affecting cash:		
Excess of receipts over commitments (commitments over receipts) - Equity Fund	100,313	35,046
	56,351	45,097
Changes in non-cash working capital:		
Accounts receivable	(12,100)	-
Accounts payable	(9,484)	12,402
Harmonized sales tax payable	2,953	1,816
Payables and accruals - Equity Investment Program	779,443	(315,336)
Advances received	(79,475)	79,475
	681,337	(221,643)
INCREASE (DECREASE) IN CASH FLOW	737,688	(176,546)
Cash - beginning of year	438,346	614,892
CASH - END OF YEAR <i>(Note 5)</i>	\$ 1,176,034	\$ 438,346

See notes to financial statements

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ANNUAL REPORT 2021-22

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2022

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.

(continues)

ANNUAL REPORT 2021-22

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2022

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

Cash includes cash in bank.

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 \$78,840 (2021 - \$127,500). The amount of funding has been credited against travel expenses.

4. SHARE CAPITAL

Authorized:

600 Common voting shares

	2022	2021
Issued:		
600 Common shares	\$ 3	\$ 3

5. CASH

	2022	2021
Cash	\$ 1,176,034	\$ 438,346

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NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2022

6. OFFICE

Office expense consists of the following:

	2022	2021
<u>Office</u>		
Rent	\$ 33,600	\$ 33,600
Board meeting expense	12,745	8,560
Communications	9,961	10,988
Office Equipment purchases/leases	5,511	8,620
Office Supplies	3,429	3,039
Computer maintenance/software	3,037	2,719
Couriers/Taxis	2,021	1,105
Bank fees	1,911	1,774
Meeting Supplies/consumables	1,649	681
Printing charges	625	406
Postage	375	189
Annual Returns	100	100
	\$ 74,964	\$ 71,781

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.

	2022	2021
<u>Equity Investments</u>		
Equity Investment	\$ 69,704,712	\$ 60,425,775
Allowance against Equity Investment	(68,461,518)	(59,689,204)
Recoupment	(1,243,194)	(736,571)
	\$ -	\$ -

8. RECOUPMENT

	2022	2021
<u>Recoupment</u>		
Pope Rex Season 1 Inc. and Pope Rex Season 2 Inc.	\$ 390,060	-
Take the Shot Productions Inc. - Republic Of Doyle	-	37,624
Braven NL Inc.	116,580	-
	\$ 506,640	\$ 37,624

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NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2022

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.

	2022	2021
<u>Project Development Loans</u>		
Development Loans	\$ 7,765,521	\$ 6,638,149
Allowance against development loans	(7,765,521)	(6,638,149)
	\$ -	\$ -

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, 2022, the Corporation was contractually committed to advance funds totaling \$15,660,559 - (2021 - \$8,355,256) 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. PENSION CONTRIBUTIONS

The employees of the company are subject to the Public Service Pensions Act, 2019 (the Act). The Pension plan is administered by Provident¹⁰, including payment of pension benefits to employees to whom the Act applies.

The plan provides a pension upon retirement based on the age of its members at retirement, length of service and rates of pay. The maximum contribution rate for eligible employees was 11.85% (2021 - 11.85%). The company contributes an amount equal to the employee contributions of the plan. The total pension expense for the company for the year ending March 31, 2022 was \$30,785 (2021 - \$31,288).

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, 2022.

(continues)

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2022

13. FINANCIAL INSTRUMENTS *(continued)*

(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.

14. ADJUSTMENT TO OPENING BALANCE 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.

15. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from estimates approved by the Board of Directors of the Commission.

16. SUBSEQUENT EVENTS

Subsequent to the year end, the corporation settled an employment related claim for \$40,000.

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NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Schedule of Receipts and Commitments - Equity Investment Program

(Schedule 1)

Year Ended March 31, 2022

	2022	2021
RECEIPTS		
Province of Newfoundland and Labrador Funding	\$ 10,000,000	\$ 4,000,000
Recoupment	506,623	37,624
Interest Earned	-	413
	10,506,623	4,038,037
Current year commitments		
2020 Productions NL Inc. - Surrealtor	-	500,000
A&L NL Season 1 Inc. - Astrid and Lilly Save the World	1,100,000	-
Adventures Unknown Season 2 Inc. - Adventures Unknown Season 4	30,000	-
Adventures Unknown Season 3 Inc. - Adventures Unknown Season 3	-	20,500
Andie Makes Media Inc. - Isthianology	15,000	-
Andie Makes Media Inc. - Tales From the Floorrobe	15,000	-
Baking It Up a Notch 2022 Co. Ltd. - Baking It Up A Notch	18,852	-
Black River Pictures Inc. - The Good Work of My Father	44,550	-
Black River Pictures Inc. - This Hour of Mlght and Sorrow	6,126	-
Black Shore Productions Inc. - Fishbowl	18,150	-
Black Shore Productions Inc. - The Golden League	21,830	-
Blue Pinion Films Inc. - SJWFF	-	8,548
Blue Pinion Films Inc. - The Adventures of Gary and Lou	33,000	-
Blue Pinion Films Inc. - We Are Here	14,850	-
Blue Pinion Films Inc. - What Odds	5,718	-
Brain Fog Films Inc. - Bounce	18,150	-
Circa16 Films Ltd. - Edges of the World	11,567	-
Commute Doc NL Inc. - The Mortion of Labour	14,000	-
Cranky Goat Entertainment Ltd. - Silicon Island	-	15,000
Davis Film Inc. - Mummering Legends	-	19,800
Davis Film Inc. - That Halloween	20,000	-
Deadly Productions Inc. - Wonderful Grand	11,055	-
Door to Door Downsizing Co. Ltd. - Door to Door Downsizing	20,720	-
East Coast Forager 2021 Co Ltd. - East Coast Forager	19,760	-
F. James TV Film Co Ltd. - Chef Swap	30,000	-
F. James TV Film Co Ltd. - My Home Kitchen	30,000	-
Films 4 Square Inc. - None to Fear	20,000	-
Fort James Season 2 (NL) Inc. - Frontier Season 2	500,000	500,000
From Inside the Circle 2019 Co. Ltd. - From Inside the Circle (Documentary)	22,000	-
God's Country 2021 Co. Ltd. - God's Country	30,000	-
Grown in Darkness Films Inc. - Grown into Darkness	-	19,800
HVGB Nine Planets Ltd. - The Nine Planets	-	10,000
Halfhandsome Inc. - Jack TV	24,000	-
Hawco Productions Inc. - Shallow	-	10,000
Hawco Productions Inc. - The Other Side	8,055	-
Innovative Media Productions Inc. - Dead Wife Club	19,500	-
Island Horse Procutions Inc. - Clifford George: Traditional Madman	31,905	-
Island Horse Productions Inc. - Devotion in a World of Distraction	32,219	-
Island Knights 2022 Co. Ltd. - Island Knights	20,560	-
Little Scout Films - Vegas	20,594	-
LJH Films Inc. - Black Harbour Deep	-	4,143

(continues)

See notes to financial statements

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ANNUAL REPORT 2021-22

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Schedule of Receipts and Commitments - Equity Investment Program *(continued)* (Schedule 1)

Year Ended March 31, 2022

	2022	2021
Maroni NL Productions Inc. - Maroni 2	-	100,000
Media Connections Film Inc. - Betwixt and Between	35,000	-
Media Connections Film Inc. - Elfreda	-	2,802
Media Connections Film Inc. - Elfreda (Phase II)	13,860	-
Merb'ys Productions Inc. - Merb'ys	-	17,647
My Home Kitchen 2021 Co Ltd. - My Home Kitchen (Season 2)	18,960	-
Nick Master's Content Inc.	22,500	-
Odd Sock Films Inc. - The Jones	35,000	-
Of This Place 6 Ltd. - Of This Place (Season 6)	-	30,000
Of This Place Season 7 Ltd. - Of This Place (Season 7)	39,994	-
Oops Productions Inc. - How to Dail at Accessibility	-	30,000
Oops Productions Inc. - How to Fail at Documentary Filmmaking	-	30,000
Panoramic Pictures Inc. - Choke Cherry Heights	10,000	-
Panoramic Pictures Inc. - Take Care	35,000	-
Panoramic Pictures Inc. - The Boy Who Belonged to the Sea	25,657	-
Panoramic Pictures Inc. - The Kraken	14,850	-
Pope Departures Season 3 Inc. - Departures 3	500,000	-
Pope Productions Ltd. - Grand Harbour Deep	23,486	-
Pope Productions Ltd. - Walker Manor	35,000	-
Pope Rex Season 1 Inc. - Hudson and Rex (Season 1)	800,000	1,677,000
Pope Rex Season 2 Inc. - Hudson and Rex (Season 2)	620,000	-
Pope Rex Season 4 Inc. - Hudson and Rex (Season 4)	2,165,000	-
Relatable Films Inc. - Party Pirate	210,000	-
Relatable Films Inc. - Party Pirate additional	50,000	-
Relatable Films Inc. - Red is not an Easy Colour	13,750	-
Rex Season 3 Inc. - Hudson and Rex (Season 3)	-	1,000,000
Rick Rat Productions Inc. - Game (Phase III)	22,750	-
Ride the Rock 2021 Co. Ltd. - Ride the Rock	30,000	-
Rink Rat Productions Inc. - A Bay Story	-	9,602
Rink Rat Productions Inc. - A Halloween Fury	15,000	-
Rink Rat Productions Inc. - A Halloween Fury (Phase II)	14,295	-
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. - George Street	32,622	-
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. - Sweet Release	16,000	-
Rink Rat Productions Inc. - The Devil To Pay	-	13,818
Road de Luxe Productions Inc. - It Must Be Nice	15,000	-
Rock Island Productions Inc. - Salvage Bay	-	10,000
SMH Season 1 Inc. - Sing Me Home	-	30,000
SOC NL Season 1 Inc. - Son of a Critch	2,500,000	-
Sara Fost Pictures Inc. - Rubber Whales	7,400	-
Sara Fost Pictures Inc. - Tunnel Vision	7,400	-
Sara Fost Pictures Inc. - Sweet Angel Baby	-	7,400
Sara Fost Pictures Inc. - The Street	-	11,689
Sexton and Son Productions Inc. - Skeet	191,000	-

(continues)

See notes to financial statements

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ANNUAL REPORT 2021-22

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Schedule of Receipts and Commitments - Equity Investment Program *(continued)* (Schedule 1)

Year Ended March 31, 2022

	2022	2021
Sibelle Productions Inc. - Hors Circuit Season 3	-	10,920
Sibelle Productions Inc. - Justine a St. John's	32,130	-
Sweetland Films Inc. - Sweetland	280,000	-
TBD - The Age of Reality	19,000	-
TODOS Media Productions Inc. - We Have ... Newfoundland	9,998	-
Take The Shot Productions Inc. - Where We Belong	-	13,093
The Hunting Party Inc. - Showdown at Ashuanipi Lake	14,190	-
The Hunting Party Inc. - The Canoe Project	35,000	-
The Hunting Party Inc. - The Dogs of Petty Harbour	27,000	-
The Hunting Party Inc. - The Great Depression	-	3,914
The Righteous Film NL Inc. - The Righteous	-	44,963
The Rightful Heir Productions Inc. - The Rightful Ayre	-	8,028
Torbay Ponies Inc. - Missus Downstairs	32,000	-
Torbay Ponies Inc. - Missus Downstairs (Season 2)	50,436	-
Tyndrum Media Co. Ltd. - Abandoned NL	18,610	-
Up Sky Down Films Inc. - Setting His Own Limits	19,800	-
Visionary Hag Productions Inc. - Anarchy Camp	6,235	-
Visionary Hag Productions Inc. - Floating After Farley	-	30,000
Visionary Hag Productions Inc. - Spin	-	18,150
Wahl Media Inc. - The Wahl Show	38,916	-
What Machine Inc. - Berries for Sale	24,750	-
Wreckhouse Procutions - Another Beautiful Day (P3) aka Limelight	8,250	-
Wreckhouse Productions Inc. - Party Pirate	8,250	-
Wreckhouse Productions Inc. - Limelight	-	11,687
Wreckhouse Productions Inc. - Making It Real	-	10,000
Wreckhouse Productions Inc. - Our Joan (Phase 2)	15,510	-
Zamura Films Inc. - The Beothuk Story	19,550	-
Total committed	10,406,310	4,332,312
	100,313	(294,275)
Opening Balance	23,317	(11,728)
Adjustment to opening balance <i>(Note 14)</i>	-	300,000
Expired holdbacks	-	30,171
Legal fees	-	(851)
	23,317	317,592
EXCESS OF RECEIPTS OVER COMMITMENTS	\$ 123,630	\$ 23,317

See notes to financial statements

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