



ANNUAL REPORT FOR:

2013-14

Prepared by:

**Newfoundland and Labrador Film
Development Corporation
12 King's Bridge Road
St. John's, NL, A1C 3K3**

**Newfoundland and Labrador Film Development Corporation
Annual Report 2013-14**

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Message from the Chair

I am honoured to serve as Chair of the Board of the Newfoundland and Labrador Film Development Corporation (NLFDC) and to present the 2013-14 Annual Report to the Government of Newfoundland and Labrador. This annual report also represents the final year of the three year reporting period covered by the NLFDC's 2011-2014 Business Plan. 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 board of directors of the NLFDC is accountable for the preparation of the 2013-14 Annual Report and the results reported therein.

This has been a period of many notable achievements and continued strength. The NLFDC reports a total of over \$31.4 million in film and television production activity in the province in the fiscal year 2013-14.

On average, over 70 per cent of the funds used to make large-scale film and television productions are leveraged from outside Newfoundland and Labrador. These national and international film and television specific investments are new money in the province's economy that would go to production activity in other jurisdictions if not invested here. In fiscal year 2013-14, \$31.4 million in total production activity leveraged over \$23 million of investment into the province's film and television sector. Since 1997, the total production activity in Newfoundland and Labrador is \$291 million and has leveraged over \$235 million to this province.

Some of the most notable projects shot/posted in Newfoundland and Labrador in the last year include, three feature films, *How To Be Deadly* – Rink Rat Productions; *Relative Happiness* – Ivy Cottage Productions and *Cast No Shadow* – Crawlspace Productions. It's the seventh year of the NLFDC/Newfoundland Independent Film Makers Cooperative (NIFCO)/Telefilm Canada short film production program "Picture Start" and a number of local documentaries were also completed. In addition, season five of the hit Canadian Broadcasting Corporation (CBC) series *Republic of Doyle* shot 16 episodes.

The film and television production community continues to grow in this province, with established filmmakers combining with an energetic new generation of producers, talent, and crew. This could not happen without the vision and leadership of successful sector organizations such as the Newfoundland Independent Filmmakers Co-operative (NIFCO), the St John's International Woman's Film Festival, the Nickel Independent Festival, and the Producers Association of Newfoundland and Labrador (PAN).

The many positive results of a variety of project partnerships forged by the film and television industry with the Government of Newfoundland and Labrador, and as well with the College of the North Atlantic Film and Video Production program and Memorial University Grenfell Campus, cannot be over-emphasized. Each of these initiatives have played a significant role in developing the overall industry.

2013-14 was not without its challenges. Increased production activity continues to require an increased focus on capacity-building especially in the areas of crew strength and infrastructure. As well, meeting the current demand on the Equity Investment Program and the Film and Video Tax Credit requires very

close planning within existing fiscal and human resources. 2014-15 looks promising and we look forward to the challenges ahead.



Paul Lannon
Chair, Board of Directors (NLFDC)

An Overview

The Government of Newfoundland and Labrador announced the establishment of the Newfoundland and Labrador Film Development Corporation (NLFDC) in February 1997 and the appointment of the board of directors of the Corporation in March 1997. The first Executive Director of the Corporation was appointed in October 1997, and the following month the offices of the Corporation opened.

The NLFDC's mandate is to foster and promote the development and growth of the film and video industry in Newfoundland and Labrador, and to increase the national and international visibility of Newfoundland and Labrador as a location for film and television production. This mandate is achieved by pursuing several key objectives, which are:

- To support, assist and develop the growth of the private sector film and video industry using sound business principles in the areas of funding, marketing, promotion and infrastructure development.
- To promote the province within the worldwide film and video industry as a location for film, video, television and commercial productions.
- To serve as a focal point of liaison between industry and all levels and sectors of government in support of industry development.
- To ensure that appropriate pools of investment and equity capital are available to assist in the growth of the indigenous industry.

The Corporation has a six-member board of directors that meets on a quarterly basis. Five are voting members, while the remaining one is a non-voting ex-officio member from the Department of Tourism Culture and Recreation (TCR). The Board members are: Paul Lannon (Chairperson), Noreen Golfman, Mark Sexton, Cheryl Stagg, Colleen Kennedy and Mark Jones (TCR).

In the 2013-14 fiscal year, the NLFDC had an Operating/Marketing budget of \$707,100 and a \$2,000,000 budget for use in the Equity Investment Program. Please refer to Appendix A – Audited Financial Statements.

Lines of Business

The NLFDC pursues five lines of business. The two most financially significant are the Equity Investment Program (EIP) and the Newfoundland and Labrador Film and Video Tax Credit.

The EIP is set up to provide a financial contribution to eligible Newfoundland and Labrador film or television projects, to a maximum of 20 per cent of the total production budget that shall be repaid from earned revenue. The Newfoundland and Labrador Film and Video Tax Credit Program is a fully refundable corporate income tax credit administered on behalf of the Department of Finance by the NLFDC. The tax credit encourages the development, training and hiring of Newfoundland film personnel. The credit is based on a calculation of eligible labour and is limited to the lesser of 25 per cent of the total eligible budget or 40 per cent of the total eligible labour expenditures.

The NLFDC's EIP and tax credit are crucial to a local film project's overall financial structure. This funding triggers outside investment which gets leveraged into this province for film productions. These

leveraged sources of funding are film industry specific investments that otherwise would not occur here; it is not funding that would go to another industry or cultural sector or to any other government program, but would, instead, be spent on film/television production in another jurisdiction.

The Sponsorship Program providing qualified individuals and organizations with funding assistance to enable them to promote the products of the local industry is the NLFDC's third line of business. The fourth line of business involves increasing local industry's capacity through the work of a fulltime Industry Analyst who works on behalf of crew, producers, and filmmakers to organize and support specific workshops, training opportunities, job placements, and other projects. Finally, the NLFDC's fifth line of business is marketing the local industry and the province as an on-site location nationally and internationally to improve the industry's ability to attract productions and solicit business.

The NLFDC has five employees in the following positions: Executive Director/Film Commissioner, Manager of Programs, Program Analyst, Business Analyst and Industry Analyst.

Its office is located at:

Newfoundland and Labrador Film Development Corporation
12 King's Bridge Road
St. John's, NL, A1C 3K3

Vision

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

Shared Commitments

The NLFDC continued to work with TCR to set priority actions and to ensure connectivity to larger government programs. Through this collaboration, which includes a representative from TCR sitting on the NLFDC board, departmental and NLFDC funding programs are aligned to identify opportunities to educate stakeholders and champions of the film industry.

The NLFDC also continued to work with the Department of Finance concerning tax credits to ensure these credits are efficient and competitive. The NLFDC sits on the National Tax Credit Committee to keep abreast of national developments and policies. The NLFDC also works with the Producers Association of Newfoundland and Labrador (PAN), the Newfoundland Independent Filmmakers Co-operative (NIFCO), the Atlantic Canada Opportunities Agency (ACOA) and the Department of Innovation, Business and Rural Development (IBRD) on key aspects of industry development, marketing and support.

The NLFDC continued to participate in the International Business Development Group (IBDG) chaired by Telefilm Canada which includes representatives from all financial partners including Telefilm Canada, the Association of Provincial Funding Agencies (APFA) and industry partners Canadian Media Producers Association (CMPA), the Canadian Media Fund (CMF) and the Department of Foreign Affairs, Trade and Development. This committee is responsible for overseeing the Canadian marketing presence at international events.

The NLFDC is also a member of the Association of Film Commissioners International (AFCI) which assists Film commissioners worldwide to promote their incentives and locations, and allows the NLFDC to keep abreast of developments on incentives internationally. With the Atlantic Canada Film Partners (ACFP), the NLFDC undertakes joint industry initiatives and events which are attended by producers, broadcasters, distributors and funders. Through the Atlantic Film Festival/Strategic Partners, the NLFDC participates in many meetings with potential co-production partners and attends various panels on emerging trends and strategies on international co-production financing.

The NLFDC also facilitated workshops and other professional development and training initiatives in partnership with industry organizations such as the International Alliance of Theatrical Stage Employees (IATSE), the St. John's International Women's Film Festival, the Nickel Independent Film Festival, PAN, the Grenfell Campus of Memorial University of Newfoundland and the College of the North Atlantic (CNA) Film and Video Production program in Stephenville.

Highlights and Accomplishments

This has been a period of many notable achievements and continued strength. The NLFDC reports a total of over \$31.4 million in film and television production activity in the province in the fiscal year 2013-14. On average, over 70% of the funds used to make large-scale film and television productions are leveraged from outside Newfoundland and Labrador. By the end of 2013-14, \$291 million in total production activity has leveraged over \$235 million into the province's film and television sector since 1997.

Newfoundland Independent Filmmaker's Cooperative's (NIFCO) Short Film Production Program – Picture Start

Picture Start is a partnership between NIFCO, Telefilm Canada and the NLFDC is designed to give emerging filmmakers the tools and training needed to advance their producing, directing and writing skills by making a short film. Through the program, participants will be guided by a staff mentor, receive classroom training and on-set mentoring by industry professionals, and have access to state of the art editing facilities at NIFCO. A minimum of three films will be completed as part of this program.

The seventh year of this initiative was approved and fourteen applications were received. The Jury met in late September (NLFDC sits on the Jury). The three projects chosen were brought to the NLFDC Board for funding consideration at the November 2013 Board Meeting. The projects that were approved for funding are:

<i>Company</i>	<i>Filmmakers</i>	<i>Project</i>
LGH Films	Latonia Hartery (Director), Deanne Foley (Producer), Emily Bridger (Writer)	Sadie
Upskydown Films	Roger Maunder (Director), Mark Hoffe (Producer)	Between Two Walls
Away Films	Allison White (Director), Christian Sparkes (Producer)	Cancer Girl

Berlinale Co-Production Market Business Development Mission

On February 6th – 12th, 2014, the NLFDC brought a delegation of five experienced Newfoundland and Labrador based film, television and new media production companies on a business development trip to Berlin, Germany for the Berlinale Co-Production Market which is held during the Berlinale Film Festival. This mission further enhanced the promotion of co-production, joint-financing, and distribution development opportunities between film and television producers in Newfoundland and Labrador and those internationally. The mission also enhanced our knowledge of working with producers on an international scale.

MediaXchange with offices in London and Los Angeles were hired as consultants. There were several valuable information sessions organized as well as several high level one-on-one meetings for each producer.

NLFDC and Film and Creative Industries Nova Scotia Los Angeles Business Development Mission

The NLFDC partnered again with Film and Creative Industries Nova Scotia and brought a delegation of 20 Newfoundland & Labrador and Nova Scotia based film, television and digital media talent on a business development trip to Los Angeles from June 7-12, 2013. The filmmaker participants ranged from emerging to mid-level expertise.

Consultants were hired to conduct pre-market preparedness training for delegates and provided match-making services on the ground to arrange appropriate meetings for delegates with Los Angeles-based companies.

A networking reception was arranged allowing participants to meet a broad industry base of companies and individuals based in Los Angeles with whom they may not have otherwise been able to secure a meeting.

Toronto International Film Festival (TIFF) Screening

The NLFDC was a major investor in the film *The Grand Seduction*, which screened at the Sunday Gala at TIFF at the Roy Thompson Hall to an audience of over 2000 people. This is the first feature film shot in this province to be entered in the international competition at TIFF.

It was very encouraging to see a crowd of over 2,000 people laughing and clapping to a very funny comedy shot and set in Newfoundland and Labrador. In addition to international stars Brendon Gleason and Taylor Kitsch, were the amazing performances of local actors lead by national icon Gordon Pinsent. The other amazing character in this film was the location of *Trinity Bight* and its striking beauty on the screen.

Eye on Canada

Telefilm Canada has developed and executed a successful Ottawa screening strategy – connecting federal decision makers – elected and unelected - business people, influencers and media with Canadian feature film and members of the industry in a non-partisan environment.

As part of the Canadian Content Expansion project, 'Eye on Canada', the Canada Media Fund (CMF) and Telefilm Canada wished to leverage the success of the Ottawa movie nights, by holding a similar event in 2013 for the second time in St. John's, Newfoundland. To accomplish this Telefilm and CMF partnered with the NLFDC and the St. John's Women's International Film Festival (WFF)

The 24th Annual WFF was held October 22nd - 26th, 2013. The festival opened with the Newfoundland and Labrador premier screening of *The Grand Seduction* as part of Telefilm Canada's 'Eye on Canada' Project. The opening night event began with a reception hosted by then Minister of Tourism, Culture and Recreation, Terry French, and sponsored by Telefilm Canada, the CMF, the NLFDC, the CBC, eOne, and the St. John's International Women's Film Festival.

The Republic of Doyle

Republic of Doyle Season V is a \$26 million television series (16 episodes) developed by the CBC, the NLFDC and Take the Shot Productions Inc. of St. John's. It is an hour long drama/comedy which gives the viewer an original and entertaining glimpse into the dynamics of the fictional Doyle family and their tumultuous history.

- The production of Season V of *Republic of Doyle* continued the biggest production in Newfoundland and Labrador history, but also realizes the longest sustained period of high production volume, since the inception of the NLFDC.
- As well, the future potential for the film/television industry is very much enhanced by the skills and capacity developed through a production of this magnitude.
- On Season V of production of *Republic of Doyle*, the direct, indirect and induced full time employment equivalencies (FTEs) created in Newfoundland and Labrador as a result of this project is approximately 309. This figure is based on a formula derived from a recent economic analysis of Season I to IV by the provincial Department of Finance. The total salaries paid to Newfoundlanders and Labradorians as a result of this one season of production activity is more than \$11.5 million.

The investment of public funding into the film industry – managed on behalf of the province by the NLFDC – is critical and a result leverages a significant amount of national funding. Based on a \$26 million budget, the province's equity contribution is \$3.75 million. Approximately 75% of the total project cost is leveraged from outside the province, based on information derived from the economic analysis of Seasons I to IV. Funds spent directly in the province in Season V are approximately \$19 million.

Report on Performance 2013-2014:

Mission:

By March 31, 2017, the NLFDC will have fostered the growth and ensured the stability of the Newfoundland and Labrador Film industry through work with its partners.

Measure

- Fostered the growth and ensured the stability of the Newfoundland and Labrador Film Industry

Indicators

- Increased production activity as a result of effective, efficient management of the Equity Investment Program (EIP).
- Worked towards improving the Film and Video Industry Tax Credit.
- Increased national and international co-production opportunities explored.
- Provided Professional Development opportunities for mid level to senior film production staff.

This mission is the focus for the NLFDC and it addresses Government's strategic direction of *strengthening cultural sector partnership and support*.

Increased production activity as a result of effective, efficient management of the Equity Investment Program (EIP).

There has been a trend of increasing production activity in the period between 2011-12 and 2013-14. A peak year of \$42.1 million was achieved in 2012-13, with the large scale feature film *The Grand Seduction* occurring in conjunction with the 13 episode television series *Republic of Doyle* and several other large projects. In the context of the Newfoundland and Labrador film and television industry, a feature film co-production of the size of *The Grand Seduction* (\$13 million) will not occur every year. 2013-14 remained very strong, with *Republic of Doyle* producing 16 episodes. Through effectively profiling the equity investments in projects over this three year time frame the NLFDC maximized local production. The equity investment fund was fully availed of each year.

Worked towards improving the Film and Video Industry Tax Credit.

With increased production volumes, the period between 2011-12 and 2013-14 was somewhat challenging with respect to the administration of the tax credit. The processing time for the issuance of individual certificates became longer which had potential to cause harm to the local industry. However, in 2013-14 an industry group, in collaboration with the NLFDC and the Department of Finance, established agreed upon timelines for the completion of tax credit reviews. As a result, 2013-14 saw the highest volume of tax credit files completed in a single year in the history of the credit.

Increased national and international co-production opportunities explored.

The NLFDC is the film commission for the province. Between 2011-12 and 2013-14 the NLFDC in collaboration with partners (production companies, IBRD, ACOA and Producers Association of Newfoundland) focused on increasing international co-production opportunities for the local industry.

This was specifically done through participation in international markets such as Strategic Partners, the TIFF, the American Film Market, the European Film Market, the Cannes Film Festival, the Banff International Media Conference, and the Producers Guild of America Conference.

Provided Professional Development opportunities for mid level to senior film production staff.

From the period of April 1, 2011 to March 31, 2014 the NLFDC supported a number of workshops focused on mid-level to senior level film production crew. Workshops included Management Training, Business Affairs, and an IATSE Electrics workshop.

The NLFDC works closely with and supports workshops and events surrounding the St. John's International Women's Film Festival and the Nickel Film Festival. Workshops during these events were aimed at mid-level to senior producers and included the following topics: Micro Budgeting, Financial Models from the US Perspective, International Marketing, International Distribution, Directing Masterclass, Producing Masterclass, and Marketing & Distribution for Feature Films.

The NLFDC also manages a travel sponsorship fund for individuals to help access meetings and professional development opportunities outside of the province. The use of these funds is maximized each year by mid-level and senior producers. The NLFDC has also coordinated a number of international business development missions to Los Angeles and Berlin. Anywhere from 5-10 production companies are chosen to attend one-on-one meetings brokered by a consultant.

Report on Issues:

To ensure the continued growth of the film and video industry in this province, the NLFDC had identified four major issues/goals in the 2011-14 Business Plan. These goals have been identified in order to achieve our mission and pursue the Government's strategic direction of strengthening cultural sector partnerships and support. These goals are measured and reviewed annually with our board of directors to be certain that our mandate is being fulfilled. Per the business plan, the goals are outlined below, followed by a report on NLFDC performance on each one for 2013-14:

Issue 1: Equity Investment Program

Effectively managing the Equity Investment Program is an important part of ensuring the continued growth of the film industry. This goal and the achievement of its 2013-2014 objective addresses Government's strategic direction to "strengthen cultural sector partnership and support", specifically the focus area of addressing professional and enterprise development needs.

Goal:

Goal: *By March 31, 2014 the NLFDC will have worked towards increased local investment and local employment through the effective management of the Equity Investment Fund.*

Measure: *Worked toward increased local investment and local employment through the effective management of the Equity Investment Fund.*

Indicators:

- *Promoted increased production activity within the province*
- *Managed Equity Investment Fund to allow concurrent activity*
- *Maximized economic impact through the Equity Investment fund, including an increase in leveraged funding*

Objective & Measure:

Objective: **By March 31, 2014, the NLFDC will have worked toward increased overall fulltime equivalent (FTE) jobs in the Newfoundland and Labrador film industry.**

Measure: **Worked towards increased overall fulltime equivalent (FTE) jobs in the province**

Indicator Reporting: Objective 2013-14

Indicators: **Provide training opportunities for local crew to increase the FTE's on productions shot in the province.**

Additional local labour hired on production in the province

Discussion of Results:

The NLFDC provided training opportunities for local crew to increase FTE's on productions shot in the province. The most effective tool for the training of local crew that the NLFDC can utilize is the promotion of the deeming provision of the tax credit, which allows the residency requirement to be waived when a qualified person is not available and the non-resident person serves as a mentor of a resident of the province. In 2013-14 the microbudget feature film *Cast No Shadow* was shot, and four local positions on the crew received training through deeming. Most of the large scale productions which occur in Newfoundland and Labrador are inter-provincial co-productions. As the vast majority of personnel are therefore tax-creditable in one jurisdiction or the other, the deeming provision cannot always be used.

As a result of the training provided this fiscal year by the NLFDC through the deeming component as well as workshops additional local crew were hired on *Republic of Doyle*.

In 2013-14 the provincial Department of Finance undertook a large economic analysis of the industry, looking at a four year period. The results were encouraging in many ways, in particular the FTEs showed a marked increase over figures that the NLFDC had been calculating based on older samples.

Even though many efforts were made to have an increase in overall FTE jobs in the Newfoundland and Labrador Film Industry for the fiscal year 2013-2014, this did not happen. Additional local labour was hired on *The Republic of Doyle*, however, an overall increase fell short. In 2012-13 the FTE's (direct, indirect and induced) was approximately 700. In 2013-14, the FTE's were approximately 524. This reduction was a result of production activity decreasing during the same period of time. The good news being that *The Republic of Doyle* shot 16 episodes in 2013-14, up from 13 the previous year and the percentage of local hire increased for the show.

Issue 1 - Update 2011-2014

During 2011-14 the NLFDC has successfully worked toward increased local investment and local employment through the effective management of the Equity Investment Fund.

Promoted increased production activity within the province.

As the film commission for the province, the NLFDC promotes Newfoundland and Labrador as a destination for production and co-production opportunities with local production companies. The NLFDC also promotes its Equity Investment and tax credit programs to potential national and international partners. All film and television productions of a substantial size made in this province are exports. They cannot be made without partners and markets outside of Newfoundland and Labrador. Like its counterparts in other Canadian jurisdictions, the NLFDC therefore attends the more important international markets. These markets include Strategic Partners in Halifax, the TIFF, The American Film

Market, Prime Time in Ottawa, The Cannes Film Festival, the Produced By Conference, the European Film Market, and The Banff International Media Conference.

As well, in the 2011-12 to 2013-14 period, the NLFDC led - in collaboration with partners ACOA,IBRD, PAN, and local production companies – several international missions for the most established production companies to Los Angeles and Berlin. Consultant/match-makers were engaged to provide one-on-one meetings and information sessions on-site for local companies.

Managed Equity Investment Fund to allow Concurrent activity.

While this has been a period of growth and stability in terms of production volume, the short summer season in the province coupled with labour pool challenges similar to most other industries here, means that - despite our successful efforts to develop crew - there is still a challenge for multiple productions to take place concurrently. *Republic of Doyle* has been a tremendous success by every measure, and is the achievement of a long-recognized need for the local industry: an ongoing, substantial budget, multi-year dramatic television series. This success has meant a challenge for other productions that would seek to shoot at the same time, as most crew are dedicated to one production. At the inception of the series, it was realized that if the equity investment in *Republic of Doyle* were made from the annualized EIP fund, along with the crew issue, virtually all other production activity would cease as the incentive used to trigger local production would also be gone. Therefore, the investment for *Republic of Doyle* has not been made through the annualized EIP fund, but it is still administered by the NLFDC.

The NLFDC put forward that the fund would be fully utilized by other productions and this has proven to be the case. Between 2011-12 and 2013-14, the EIP fund has been fully utilized and therefore, the volume of production activity has remained consistently high, well beyond the impact of *Republic of Doyle*. So, for instance, in 2012-13 *Republic of Doyle* amounted to about half of the entire production volume for the province. In large measure, this successful management of the EIP fund to allow concurrent activity has also spread out the shooting season to be a more year round and fulltime endeavour. Examples of this are the feature films *The Grand Seduction* and *How to Be Deadly*, as well as the television series *Mickey's Farm* and *Save My Pet*.

Maximized economic impact through the Equity Investment Fund, including an increase in leveraged funding.

Between 2011-12 and 2013-14, the EIP fund has been fully utilized and production activity has been on an upward trend, and has not had a “development year” drop as seen in previous cycles following peak production years. The cumulative production activity total for these three years is \$105.4 million and leveraged approximately \$78.2 million from outside the province. This amount is an increase from a cumulative production activity of \$82.7 million over the last Business Plan reporting period of 2008-11 with the leveraged amount coming in at an approximate total of \$60.3 million for that time frame. As demonstrated by a recent Department of Finance analysis of four years of production, provincial investment in film and television production has substantial benefits. More than 75% of every production’s funding comes from outside sources; this is new money leveraged into the local economy by the province’s investment. This is film and television industry specific funding that would go to

another jurisdiction for other film and television projects, if the provincial investment had not leveraged it here. As a result, 1,237 direct, indirect and induced local FTEs were created in the three year period.

Issue 2: Film and Video Tax Credit

It is imperative that the Newfoundland and Labrador tax credit remain competitive, efficient and consistent. In order for this to be achieved, the tax credit will require some enhancements to keep up with other jurisdictions nationally. This goal and the achievement of its 2013-2014 objective addresses Government's strategic direction to "strengthen cultural sector partnership and support", specifically the focus area of addressing professional and enterprise development needs.

Goal:

Goal: *By March 31, 2014 the NLFDC will have worked to enhance the Film and Video Industry Tax Credit.*

Measure: *Worked to enhance the Film and Video Industry Tax Credit*

Indicators:

- *Completed and submitted a position paper making recommendations to enhancing the corporate cap.*
- *Completed a jurisdictional comparison.*
- *Worked to increase competitiveness of tax credit.*
- *Increased efficiency in the management of the deeming component of the tax credit.*

Objective & Measure:

Objective: *By March 31, 2014, the NLFDC will have prepared a position paper for Government concerning the renewal of the tax credit.*

Measure: *Completion of position paper for Government concerning the renewal of the tax credit.*

Indicator Reporting: Objective 2013-14

Indicators: *Preparation of a position paper for Government concerning the renewal of the tax credit.*

Discussion of Results:

In its position paper, the NLFDC has recommended changes to the tax credit regulations in order to ensure that the tax credit remains competitive with other jurisdictions in Canada. The tax credit is an incentive to encourage production activity in this jurisdiction. Provincial tax credits are an essential element in the financial structures of all major Canadian film and television projects. Tax credits

encourage the hiring of local labour and in so doing develop the local skilled human resource capacity in the industry.

The Film and Video Tax Credit was up for renewal on December 31st, 2013. NLFDC submitted a position paper to TCR recommending the renewal of the tax credit to December 2018. In addition, the following was recommended:

1. Two year review which would include the assessment of :
 - the \$4 million corporate cap;
 - competitiveness of the tax credit rate to other jurisdictions in Canada;
 - effectiveness of the deeming component, and;
 - efficiency of program administration.
2. Adding a new five year term limit, starting at a project's principal day of photography, in which the company will be allowed to obtain a tax credit.

Issue 2 - Update 2011-2014

During 2011-14 the NLFDC has successfully worked to enhance the Film and Video Industry Tax Credit.

Completed and submitted a position paper making recommendations to enhance the corporate cap.

The tax credit was due for renewal as of December 31, 2013. NLFDC provided a position paper recommending the renewal of the tax credit. This took place, having renewed the tax credit for five years. The corporate cap had previously been limited to \$3 million per annum. The need for a recommendation to increase or remove the corporate cap was overtaken by the time of the position paper drafting and renewal of the tax credit. During the budgetary process leading up to Budget 2013, the provincial government included as part of the budget bill an increase to the corporate cap from \$3 million to \$4 million annually. This took place as part of the approval process of *Republic of Doyle* Season V. Therefore, there was no need for a recommendation of a corporate cap increase by the time of the tax credit renewal process.

Completed a jurisdictional comparison.

The NLFDC maintains a constant overview of what other provinces are doing in terms of tax credits. The 2011-12 to 2013-14 period was one of relative stability in the Canadian system. No increases took place and in order to remain competitive, there was no need for a recommendation of an increase to the Newfoundland and Labrador tax credit. The NLFDC serves on the National Tax Credit Committee, and this along with other industry intelligence keeps it well informed of the administration of the tax credit in other jurisdictions. The jurisdictional comparison completed by the NLFDC showed that the Newfoundland and Labrador Film and Video tax credit was competitive with British Columbia, Ontario and Quebec. However, it was not competitive with Manitoba and Nova Scotia's tax credit rate. Further analysis revealed that when tax credit program was combined with our equity investment program

(total government investment), Newfoundland and Labrador was competitive with Manitoba and Nova Scotia.

Worked to increase the competitiveness of the tax credit.

The NLFDC worked closely with the Department of Finance and the PAN to deal with a major bottleneck of files due to increased production activity which caused a slowdown of the administration of the files. Effective timelines were established to ensure that the tax credit remain competitive both nationally and internationally. If the administration is not efficient and the turnaround time is lengthy, two main problems occur. Firstly, the producer will have to pay additional interest to the bank for interim financing which was not budgeted. Secondly, there are three main banks that do interim financing for productions in Canada, RBC, National Bank and Aver (backed by BMO) and if long delays occur the Newfoundland and Labrador Tax Credit will not be bankable and as a result the NL tax credit would not be competitive with the other tax credits in other Canadian jurisdictions. This is why it is so important to establish effective timelines and efficient administration.

Increased efficiency in the management of the deeming component of the tax credit.

Following a period of difficulty in the management of the deeming component of the tax credit, a committee was struck with representatives of the Department of Finance and the NLFDC to more effectively manage the process. Tax credit applications which included deeming requests were now introduced in detail to Finance representatives by the NLFDC at the beginning of the process in order to flag any issues and explain recommendations. This has improved administration. By working with the producers earlier in the process the NLFDC has been able to identify and document training opportunities on a project. This in turn increases local hiring and increases the amount of the NL Tax Credit.

Issue 3: National/International Marketing

Participation in national and international markets is essential to promoting Newfoundland and Labrador as a potential location and to pursue co-production opportunities. These initiatives provide an avenue for networking, building market awareness, facilitation of co-productions, promotion of incentives offered by the province, potential locations and information in general about NL. This goal and the accomplishments reported here for the year 2013-14, contribute to Government's strategic direction to "strengthen cultural sector partnership and support" by addressing cultural professional and enterprise development needs.

Goal:

Goal: By March 31, 2014 the NLFDC will have further explored co-production opportunities both nationally and internationally through increased presence and targeted marketing.

Measure: *Explored co-production opportunities further*

Indicators:

- *Increased number of relationships formed through attending national and international markets.*
- *Assessed co-production treaties between Canada and other countries that have greater potential for Newfoundland and Labrador.*
- *Targeted increased marketing efforts in jurisdictions with co-production opportunities.*
- *Increased number of international and national markets attended.*

Objective & Measure:

Objective: By March 31, 2014, the NLFDC will have focused marketing activities on potential countries with greater co-production opportunities for Newfoundland and Labrador.

Measure: Focused marketing activities to the countries with greater co-production opportunities for Newfoundland and Labrador.

Indicator Reporting: Objective 2013-14

Indicators: Co-ordinate and complete three missions focusing on international co-production opportunities with the countries identified as beneficial.

Discussion of Results:

The NLFDC co-ordinated and completed three missions focusing on international co-production opportunities with the countries identified as beneficial. The NLFDC, in partnership with ACOA and IBRD lead a mission to Los Angeles in April of 2013. This mission continued and further enhanced the promotion of cooperative productions, joint-financing, and distribution development opportunities between film and television producers in Newfoundland and Labrador and those in the USA.

The film mission to Los Angeles followed up on the Los Angeles business development mission that occurred in March 2011. The NLFDC has also coordinated several meetings and events with the target market participants over the past several years including meetings with various Los Angeles-based producers at various global film events. A mission to Los Angeles enhanced Newfoundland and Labrador's presence in the US market and continued to build on established relationships. Based on the success of this initiative, there is potential to increase the number cooperative production opportunities with United States filmmakers and television producers.

On February 6th – 12th, 2014, the NLFDC brought a delegation of five experienced Newfoundland and Labrador based film, television and new media production companies on a business development trip to Berlin, Germany for the Berlinale Co-Production Market which is held during the Berlinale Film Festival.

This mission further enhanced the promotion of co-production, joint-financing, and distribution development opportunities between film and television producers in Newfoundland and Labrador and those internationally. The mission also enhanced knowledge of working with producers on an international scale.

The NLFDC partnered with Film and Creative Industries Nova Scotia and brought a delegation of 20 Newfoundland & Labrador and Nova Scotia based film, television and new media (Film) talent on a business development trip to Los Angeles from June 7-12, 2013. The filmmaker participants were from emerging to mid-level expertise groups. Consultants were hired to conduct pre-market preparedness training for delegates and provided match-making services on the ground to arrange appropriate meetings for delegates with Los Angeles-based companies.

Issue 3 - Update 2011-2014

During 2011-14 the NLFDC has successfully further explored co-production opportunities both nationally and internationally through increased presence at targeted marketing.

Increased number of relationships formed through attending national and international markets.

From April 1, 2011 to March 31, 2014, the NLFDC participated in international markets to promote Newfoundland and Labrador productions and producers. These markets provide an opportunity for the sale of productions, facilitation of financing of production and co-production projects, purchase of broadcasting rights, networking, and collection of market information like forecasted trends for programming. During this time the NLFDC has seen 14 serious business relationships formed with both national and international producers with our local producers, up from 10 in the previous reporting period. This has led to 8 projects currently in development.

The importance of market events and festivals is recognized as fundamental and critical to participation in the film and television industry. Strategically, the NLFDC participated in the markets in which Telefilm Canada participates for promotion of Canadian works and provides an umbrella booth. In addition, as mentioned above the NLFDC lead targeted international missions.

These events provided us with the opportunity to build on existing relationships with international producers, funders, distributors and broadcasters as well as developing new relationships. This was accomplished through targeted presentations, group sessions and one-on-one meetings.

Assessed co-production treaties between Canada and other countries that have greater potential for Newfoundland and Labrador

From April 1, 2011 to March 31, 2014, the NLFDC continued to participate in the International Business Development Group (IBDG) chaired by Telefilm Canada which includes representatives from all financial partners including Telefilm, the Association of Provincial Film Funding Agencies (APFA) and industry partners Canadian Media Producers Association (CMPA), the Canadian Media Fund (CMF) and the Department of Foreign Affairs, Trade and Development. This committee is responsible for overseeing the Canadian marketing presence at international events that they attend.

Canada currently has co-production treaties with 54 countries (with the exception of the US) and the Department of Foreign Affairs, Trade and Development and International Trade Canada is in the process of updating these treaties. The NLFDC has worked closely with this committee and through our analysis have identified five countries that have greater potential for Newfoundland and Labrador, and they are Australia, France, Ireland, United Kingdom and Spain. In addition the NLFDC continues to pursue opportunities with the United States.

Targeted increased marketing efforts in jurisdictions with co-production opportunities

As mentioned above, six countries have been identified with whom there is greater potential for Newfoundland and Labrador to establish co-production relationships. A further realization is that while film and television is worldwide, there are targeted national/international marketing events that the major players attend. These events include the Berlin International Film Festival; The Cannes Film Festival; Banff World Television Festival; Produced By Conference (Los Angeles); Toronto International Film Festival; Strategic Partners (at the Atlantic Film Festival); American Film Market (Los Angeles); and of course strategic trade missions.

Strategic marketing initiatives have been developed for these events in order to focus on these identified countries and to promote the province as an onsite location for guest productions and co-production opportunities. At these targeted marketing events, the NLFDC has worked closely with Telefilm Canada and consultants when appropriate to identify potential co-producers in these countries to set up one-on-one meetings as well as group presentations.

Increased number of international and national markets attended.

From April 1, 2011 to March 31, 2014, the NLFDC increased the number of international and national markets attended. Prior to this reporting period the NLFDC attended six core events each year: Cannes, Banff, Toronto Film Festival, Atlantic Film Festival/Strategic Partners, American Film Market and Primetime. During the reporting period the NLFDC continued to attend the core events and increased their range to include several others. Internationally this included five targeted missions to Los Angeles as well as a mission to Berlin. Nationally it included attending additional events in Toronto and Halifax.

The NLFDC will continue to reach the markets offered by these events and also plans to attend other innovative industry events that will help promote the province.

Issue 4: Industry Development

The NLFDC is committed to continuing to address the professional development needs for the film industry in the whole province. This objective will continue to be reached through professional development initiatives. This goal and the achievement of its 2013-2014 objective addresses Government's strategic direction of, *Addressing professional and enterprise development needs*.

Goal:

Goal: *By March 31, 2014 the NLFDC will have implemented initiatives to develop the creative and technical capabilities of mid level to senior film crew members in the province.*

Measure: *Implemented initiatives to develop creative and technical capabilities*

Indicators:

- *Held industry prioritized workshops for crew.*
- *Undertook work placements.*
- *Undertook training initiatives for mid level to senior film production staff.*
- *Assessed required support and training for local producers.*

Objective & Measure:

Objective: *By March 31, 2014, the NLFDC will have assessed the support and training required in developing local producers.*

Measure: *Assess the support and training required in developing local producers*

Indicator Reporting: Objective 2013-14

Indicators: *Successful assessment of support and training required in developing local producers.*

Discussion of Results:

The NLFDC has completed successful assessments of support and training required in developing local producers. A Professional Development working group was formed comprised of local senior producers, the PAN, NIFCO and the NLFDC (who chaired this committee). The working group met on several occasions to identify gaps in the industry with regards to film crew.

The NLFDC meets regularly throughout the year with department heads and key individuals in the industry to assess the needs of the industry on an ongoing basis. This includes, but is not limited to NIFCO, the St. John's International Women's Film Festival, The Nickel Independent Film Festival, and the College of the North Atlantic Film and Video Production Program.

Issue 4 - Update 2011-2014

During 2011-14 the NLFDC has successfully implemented initiatives to develop the creative and technical capabilities of mid-level to senior film production staff. The NLFDC completed several detailed interviews with the local industry over this 3 year period. This included interviewing producers, as well

as above and below the line crew. From these interviews the NLFDC identified skill gaps and implemented a work plan to address these gaps.

Held industry prioritized workshops for crew

Workshops that the NLFDC identified as a priority through the interviews were successfully implemented and delivered to mid-level and senior production staff. Workshops included Management Training, Business Affairs and an IATSE Electrics workshop, as well as Micro Budgeting, Financial Models from the US Perspective, International Marketing, International Distribution, Directing Masterclass, Producing Masterclass, and Marketing & Distribution for Feature Films.

Undertook work placements

Through the Tax Credit's Deeming provision, with the assistance of the NLFDC, a number of work placements occurred between 2011-2014. Between four different productions 17 individuals were given work placements. Over half of these individuals are at the mid-level stage in their film industry careers.

Undertook training initiatives for mid level to senior film production staff

Along with the workshops that were geared towards mid-level and senior production staff the NLFDC manages a travel sponsorship fund for producers to access meetings and professional development opportunities outside of the province. The NLFDC has also coordinated a number of international business development missions to Los Angeles and Berlin where local producers learn about foreign markets and increase their skill set so that their projects are marketable outside of Canada.

Assessed required support and training for local producers

The NLFDC met regularly with local producers of all levels working in the industry along with a number of industry associations. This includes, but is not limited to NIFCO, the St. John's International Women's Film Festival, The Nickel Independent Film Festival, and the College of the North Atlantic Film and Video Production Program. Discussions centered on the assessment of professional development initiatives that would benefit local producers and how to increase their skills. The NLFDC was also a part of a professional development working group comprised of local senior producers, the PAN and NIFCO. The working group met on several occasions to identify gaps in the industry with regards to film professional development.

Opportunities and Challenges Ahead

The film and television industry is constantly evolving and rapidly changing. The NLFDC, as a Crown Corporation making equity investments in Newfoundland and Labrador film and television industry projects and co-administering the tax credit, leverages monies from outside the province that otherwise would be spent in another jurisdiction. However, the NLFDC cannot on its own, directly control or directly seek opportunities for the film and television industry. Production companies own and develop ideas and pursue a market for these ideas with national and international television broadcasters or feature film distributors. The NLFDC has influence, and continues to work closely with the local producer to determine market trends and help identify projects to financially support in development. But the market opportunity to develop and sell a given project rests mainly with the production company and their ability to sell their idea.

Opportunities

When the sixth season of *Republic of Doyle* does go into production in the summer and fall of 2014, this is without question the biggest opportunity that the NLFDC and the province in general has for the continued development of a strong film and television industry in Newfoundland and Labrador. On any given day of peak production more than 100 people, the significant majority of them Newfoundland and Labrador residents, are required to create the show. The direct economic activity and spin off created is significant. As well, the employment stability and opportunities for skills enhancement created by an ongoing television series of this size are very important for a local industry that has been traditionally oriented towards freelance employment of short duration and subject to the peaks and valleys of production activity.

Republic of Doyle also provides the broader benefit and opportunity of laying the groundwork for future film and television production opportunities: the question of whether a production of this scale can be done here is no longer relevant; the answer is yes.

Several other local companies also have potential productions on the horizon for 2014-15. Of note, Morag Loves Company is pursuing another feature production and Rink Rat Productions also have a large feature film in development. Best Boy Entertainment, in addition to their new media projects, are hoping to shoot their first feature in July 2014 and have a television series in development. If all the production described above can occur, it is predicted that 2014-15 will be another successful year for production activity.

In order to continue to grow the industry beyond a peak capacity, which it now may be approaching, new producers, new talent, new crew and new projects continually have to be developed. The NLFDC sees the opportunity to continue to advance these skills through existing programs such as Picture Start (in partnership with NIFCO and Telefilm), and as well through the potential represented by a micro-budget feature program which was launched by Telefilm this year. Also, the planning for a June 2014 third mission (first mission took place in June 2012) to Los Angeles with mid-level and emerging producers will continue to be of great benefit. This program would be in partnership with ACOA and IBRD. Other upcoming opportunities, such as the Framed West program which will take place in spring of 2014 (third year) in partnership with the fine arts program at Grenfell Campus of Memorial

University, the film and video program at the College of the North Atlantic Bay St. George Campus and the St. John's International Women's Film Festival (WFF), will also continue to encourage the recruitment of new filmmakers, onscreen talent and crew. Other professional development initiatives, in particular with the WFF, IBRD and ACOA, are in the planning stages now and, it is hoped, will occur in 2014-15.

Challenges

Many of the challenges that the NLFDC faces in the upcoming year can continue to be considered problems of success. Having consistently high levels of production activity year over year has increased the workload of the NLFDC staff. This has not yet developed into a fiscal liability, but it does reduce the speed of some services and tends to limit the ability to develop long term planning. As well, effectively managing the EIF has proven to be challenging as the fund is being fully utilized every year, and the corporation has regularly had to bridge some commitments into the future.

The success of *Republic of Doyle* is the base on which the steady high levels of total production activity have been built. This in itself is a challenge. Season 6 will be the last season of *Doyle* and up to one half of one year's production activity will be gone. The steady seven months of large scale production work as well as the additional several months labour of writing, preparation and post-production will stop. The film and television industry is cyclical in nature, and it is unwise to expect that there will be another large production of this scale in the wings and green-lit just as this series ends. The main challenge then, is to create an environment that will maximize the potential of keeping production activity levels as high as possible.

In terms of attracting future production, in addition to having a highly skilled human resource base, there are other challenges which remain. The incentives available in this jurisdiction versus similar jurisdictions through equity investments and tax credits must remain competitive. The infrastructure challenge of the absence a full-fledged sound stage in the St. John's area remains. Production companies will continue to need some support to bring their wares to national and international markets, and the next generation of producers must continue to be encouraged in an industry which has the demographic challenge of an aging population. Specific areas for professional development, including writing, directing, and acting must be targeted wisely with limited resources, and by encouraging partnerships.

In a provincial context where we have seen drastic economic improvement, economic diversification and in particular, fostering of the media industry, continues to be worth the investment. Film and television activity has been demonstrated in the past to have a 1:3 ratio of return to provincial GDP for every dollar invested, and each large project leverages 70 to 80 per cent of its budget into the province as new money. These are film specific investments, which grow a knowledge based industry.

The NLFDC will continue to monitor the industry nationally and internationally in order to pro-actively react to challenges and pursue opportunities as they arise.

Financial Statements

Please see attached.

**NEWFOUNDLAND AND LABRADOR
FILM DEVELOPMENT CORPORATION**

Financial Statements

Year Ended March 31, 2014

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Index to Financial Statements

Year Ended March 31, 2014

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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, 2014 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 for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. 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, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Public Sector Accounting standards for Not - for - Profit Organizations.

St. John's, Newfoundland and Labrador
June 3, 2014


CERTIFIED GENERAL ACCOUNTANTS

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**Statement of Revenues and Expenditures****Year Ended March 31, 2014**

	Budget 2014	2014	2013
REVENUE	\$ 699,000	\$ 699,000	\$ 699,000
EXPENDITURES			
Salaries and wages	409,750	414,600	405,582
Travel	84,550	94,056	99,550
Sponsorships	86,300	78,848	82,271
Office	74,900	70,773	72,320
Advertising and promotion	13,000	16,213	13,318
Professional development	13,000	12,839	14,743
Professional fees	10,000	7,730	10,150
Miscellaneous	3,500	3,707	3,372
Promotional materials and publications	4,000	1,778	6,960
Amortization	-	1,284	2,120
	699,000	701,828	710,386
DEFICIENCY OF REVENUE OVER EXPENDITURES FROM OPERATIONS	-	(2,828)	(11,386)
OTHER INCOME	-	2,790	5,250
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ -	\$ (38)	\$ (6,136)


NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

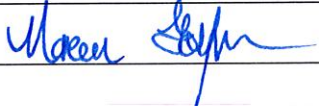
Statement of Financial Position

March 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash	\$ 139,613	\$ 263,760
Receivables	67,979	30,656
Prepaid expenses	9,791	9,921
	217,383	304,337
PROPERTY, PLANT AND EQUIPMENT <i>(Note 3)</i>	2,614	3,898
	\$ 219,997	\$ 308,235
LIABILITIES AND NET ASSETS		
CURRENT		
Payables and accruals	\$ 32,381	\$ 65,492
Payables and accruals - Equity Investment Program	193,266	230,210
	225,647	295,702
NET ASSETS		
Share capital <i>(Note 4)</i>	3	3
Operations fund	(6,164)	(6,126)
Equity fund	511	18,656
	(5,650)	12,533
	\$ 219,997	\$ 308,235

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

See notes to financial statements

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**Statement of Changes in Net Assets****Year Ended March 31, 2014**

	Operations Fund	Equity Fund	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ (6,126)	\$ 18,656	\$ 12,530	\$ 93
Deficiency of revenue over expenditures	(38)	-	(38)	(6,136)
Excess of receipts over commitments (commitments over receipts) - Equity Investment Program (EIP) (Schedule 1)	-	(18,145)	(18,145)	18,573
NET ASSETS - END OF YEAR	\$ (6,164)	\$ 511	\$ (5,653)	\$ 12,530

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**Statement of Cash Flows****Year Ended March 31, 2014**

	2014	2013
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	\$ (38)	\$ (6,136)
Items not affecting cash:		
Amortization of property, plant and equipment	1,284	2,120
Excess of receipts over commitments (commitments over receipts) - (Equity Fund)	(18,143)	18,573
	(16,897)	14,557
Changes in non-cash working capital:		
Receivables	(37,323)	(27,770)
Payables and accruals	(33,113)	33,275
Prepaid expenses	130	(70)
Payables and accruals - Equity Investment Program	(36,944)	(416,776)
	(107,250)	(411,341)
DECREASE IN CASH FLOW	(124,147)	(396,784)
Cash - beginning of year	263,760	660,544
CASH - END OF YEAR	\$ 139,613	\$ 263,760

See notes to financial statements

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2014

1. DESCRIPTION OF BUSINESS

The Corporation is incorporated under the Newfoundland and Labrador Corporations Act. Its primary 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.

The Corporation is exempt from paying income taxes under Section 149 of the Canadian Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian Public Sector Accounting Standards (PSA) for not for profit organizations as issued by the Public Sector Accounting Board (PSAB).

Fund accounting

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

The Operations Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Equity Investment Fund reports only restricted resources that are to be used for equity investment purposes.

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.

When financial instruments that include both a debt and an equity component are issued, the proceeds are allocated firstly to the component for which the fair value is more readily determinable, and the residual is allocated to the other component.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian Public Sector accounting standards for not for profit enterprises 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.

(continues)

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2014

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

Property, plant and equipment

Property, plant and equipment are stated at cost or deemed cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

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

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	2014 Net book value	2013 Net book value
Computer equipment	\$ 47,849	\$ 46,741	\$ 1,108	\$ 2,015
Furniture and fixtures	19,176	17,670	1,506	1,883
	\$ 67,025	\$ 64,411	\$ 2,614	\$ 3,898

4. SHARE CAPITAL

Authorized:

600 Common voting shares of no par value

	2014	2013
Issued:		
600 Common shares	\$ 3	\$ 3

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2014

5. Office

Office expense consists of the following:

	2014	2013
Rent and maintenance	\$ 35,345	\$ 33,069
Communications	12,503	14,170
Office Equipment	7,190	7,746
Board meeting expense	4,892	4,318
Travel	3,535	3,448
Office Supplies	2,260	2,323
Meeting Supplies	2,088	2,141
Printing	1,005	1,811
Business tax	863	1,307
Banking fees Operating	762	890
Computer maintenance	149	593
Postage	100	420
Banking fees	82	84
	\$ 70,774	\$ 72,320

6. 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.

	2014	2013
Equity Investment	\$ 33,420,116	\$ 28,847,572
Allowance against Equity Investment	(33,091,800)	(28,539,023)
Recoupment - Equity Investment	(328,316)	(308,549)
	\$ -	\$ -

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION**Notes to Financial Statements****Year Ended March 31, 2014****7. 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.

	2014	2013
Development Loans	\$ 3,650,178	\$ 3,305,413
Allowance against development loans	(3,650,178)	(3,305,413)
	\$ -	\$ -

8. 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, 2014, the Corporation was contractually committed to advance funds totaling \$564,903 (2013 - 2,003,283) 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.

	2014
Away Films Inc.- Picture Start - Cancergirl	\$ 16,830
Beagle Media Corp. - George Street TV 5	15,906
Beagle Media Corp. - Spoiled Rotten	15,411
Best Boy Productions Limited - Ill of the Dead	12,808
Best Boy Productions Limited - Nexus	14,728
Best Boy Productons Limited - The Deadleys	9,404
Burlington Season 2 Inc. - Majumder Manor Season II	200,000
Genius Productions Inc. - Experience Genie	19,800
Kickham East Productions Inc. - Last Resort Phase 2	11,319
LGH Holdings Ltd. - Picture Start - Sadie	18,227
Morag Loves Company Ltd. - Armageddon	25,000
Morag Loves Company Ltd. - Ben and Jerry	12,337
Pope Productions Ltd. - NL Entertains Season 2	16,000
Rock Island Productions Ltd. - Puffin Patrol	114,304
Take the Shot Productions Inc. - Lanier Phillips Story Phase II	19,000
Take the Shot Productions Inc. - The Ship	21,650
Upskydown Films Inc. - Picture Start - Between Two Walls	22,179
	\$ 564,903

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Notes to Financial Statements

Year Ended March 31, 2014

9. ECONOMIC DEPENDENCE

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

10. COMPARATIVE FIGURES

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

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION
Schedule of Receipts and Commitments - Equity Investment Program
(Schedule 1)
Year Ended March 31, 2014

	2014	2013
Receipts		
Province of Newfoundland and Labrador Funding - Republic of Doyle	\$ 2,750,000	\$ 3,000,000
Province of Newfoundland and Labrador Funding	2,000,000	2,000,000
Recoupment	19,767	37,026
Interest Earned	1,500	4,150
	\$ 4,771,267	\$ 5,041,176
Current year commitments		
Away Films Inc. - Cancergirl	\$ 7,425	\$ -
Away Films Inc. - United Northern Film	-	4,860
Away Films Inc. - Crawlspace	65,000	-
Lucky Productions Inc. - Talus and Scree	-	21,685
Burlington Season I Inc. - Majumder Manor Digital Media	30,000	-
Burlington Season II Inc. - Majumder Manor Season 2	143,500	-
Blue Pinion Films Inc. - Buy the Boards	6,270	-
Breathless Films Inc. - Of the Essence	-	2,500
Breathless Films Inc. - Can Con	3,965	-
Clew up Productions Ltd. - Sled Kings	-	10,362
Clew up Productions Ltd. - Redneck Riders phase 2	11,450	-
Elemental Pictures Inc. - Northern Pikes	21,994	-
The Energy Show Season Two Inc. - Energy Show Season Two	-	26,712
Fire Crown Productions Inc. - Bolt Out of the Plue Pilot	11,000	-
Gailin Productions Inc. - Outside In	30,000	-
Henge Productions and Consulting Limited - Regrets	7,915	-
Hold Fast productions Inc. - Hold Fast	-	268,594
Kickham East Productions Inc. - St. John's West Phase 4	8,600	-
Island Horse Productions Ltd. - Slattery Street Crockers	21,644	-
Mad Mummer Media Inc. - Life in the Days of Mary	-	19,150
Mad Mummer Media Inc. - Sister Morphine	-	16,283
Media Connections Inc. - Vocation phase 2	-	19,470
Media Connections Inc. - Vocation phase 3	6,400	-
MF Productions Ltd. - Mickey Series V	300,000	-
Mickey's Farm (Season 4) Ltd. - Mickey's Farm Series 4	52,000	328,000
Morag Loves Company Limited - Away From Everywhere	-	18,731
Morag Loves Company Limited - What Lies Beneath	-	3,969
Morag Loves Company Limited - The Boomers are Coming	-	11,543
Morag Loves Company Limited - The Grand Seduction	175,000	400,000
Nine Island Production and Consulting Inc. - Return of the White Fleet	-	27,730
Odd Sock Films Inc. - Shoot Me	6,811	-
Odd Sock Films Inc. - Relative Happiness	85,300	-
Odd Sock Films Inc. - So it was	5,660	-
Pet ER (Season 2) Inc. - Pet ER season 2	98,000	522,000
Save My Pet Inc. - Pet ER Season III	453,829	-
Petty Harbour Productions Inc. - Boy on Bridge	-	55,830
Pope Productions Ltd. - Comedy Festival	-	32,800
Pope Productions Ltd. - NL Entertains	87,000	29,000
Pope Productions Ltd. - Oddly Flowers Part II	-	14,784
Pope Productions Ltd. - NL Entertains Season 2	100,000	-
Pope Productions Ltd. - I Hate Rich Kids	-	13,480
Pope Productions Ltd. - Pignut	-	6,500
Pope Productions Ltd. - Kings of the Earth	-	20,575

See notes to financial statements

NEWFOUNDLAND AND LABRADOR FILM DEVELOPMENT CORPORATION

Pope Productions Ltd. - Len Rollie and the Devil Rose	-	20,575
Rain Productions Inc. - Sabrina Whyatt - That's Me	-	25,000
Republic Season 3 Inc - Republic of Doyle III	-	1,500,000
Republic Season 4 Inc. - Republic of Doyle IV	1,500,000	1,500,000
Republic Season 5 Inc. - Republic of Doyle V	1,250,000	-
Rink Rat Productions Inc. - How to be deadly	225,000	11,900
Rink Rat Productions Inc. - When the boys came home	-	9,240
Rink Rat Productions Inc. - Half Hour Ahead	10,164	-
Shadowy Souls Inc. - Tentacles Claw 12 Min	-	16,715
Streely Maid Films Ltd. - Longshoreman	-	4,950
Streely Maid Films Ltd. - Picture start	-	17,480
Take the Shot - Overwatch	20,000	-
The Hunting Party Inc. - Winners - Picture Start	-	23,025
Take the Shot Productions Inc. - Badlands	24,750	-
Take the Shot Productions Inc. - Crosbie Show	14,850	-
Take the Shot Productions Inc. - Treading Water	12,375	-
Take the Shot Productions Inc. - Battle Harbour	13,000	-
The Figaro Brothers Family Circus Film Company Corp. - A Handyman's Guide to MS	25,742	-
Upskydown Films Inc. - One More Time	-	6,200
Wreckhouse Productions Inc. - Colony of Unrequited Dreams Phase 2	-	12,960
	\$ 4,834,644	\$ 5,022,603
Excess of receipts over commitments (commitments over receipts)	\$ (63,377)	\$ 18,573
Opening Balance	18,656	83
Expired from previous year - Pet ER	45,232	-
	\$ 511	\$ 18,656