



# Show Me the \$Money\$

## PRODUCTION FUNDING

# Five Corner Stones

1. The Creative: *What story are you telling?*
2. The Team: *Who is going to make it?*
3. Budget: *How much will it cost?*
4. Financing: *How will we pay for this?*
5. Marketing/Distribution: *What's the sell and where's the profit?*

# Why Support the Canadian Screen Industry?

- Do we want Canadian stories told?
- Do we believe people have a right to choose what they can watch?
- What is that choice? Is it between this US show and that US show?
- Or, should it be between this Canadian show and that US show?
- What does a top US drama series cost?
- What does a top Canadian drama series cost?
- What does a Canadian TV network pay to play a US show?
- To create Canadian shows that can compete for viewers public policy is we offer investments and incentives.
- The result? Hopefully we can choose what we want to watch and part of that choice are shows made in and about Canada.

# Financing Television and Film

<b><u>REVENUE</u></b>	<b><u>ASSISTANCE</u></b>	<b><u>INVESTMENTS</u></b>
<b>Broadcast License Fees</b>	<b>Grants</b>	<b>Private Equity Investors</b>
<b>Distribution Advances</b>	<b>Tax Credits</b>	<b>Canadian Media Fund/Telefilm</b>
<b>Product Placement / Sponsorship</b>	<b>Canada Media Fund/Telefilm</b>	<b>Deferrals</b>

# Financing Terms

**LICENSE FEES:** *The amount of money a broadcaster, OTT/online, or distributor will pay to air/show your production over a specified term in a specified territory.*

**DISTRIBUTION ADVANCES:** *The amount of money a distributor will advance against anticipated revenues from sale of the program. The advance, distribution fees, and expenses are deducted from revenues prior to the production company receiving revenue.*

**GRANTS:** *An amount of money committed to a production that does not have to be paid back. An industry-standard accounting of how the grant was spent is required in order to receive the grant.*

**ALBERTA MEDIA FUND (AMF):** *An Alberta Government grant based on all dollars spent in the province (versus some tax credits where only labour costs are calculated). It is paid out 100% upon the completion of the project and delivery of a final financial and creative report.*

**ARTS COUNCILS:** *Canada Council for the Arts, Alberta Foundation for the Arts... are grants and do not have to be repaid.*

**DEFERRAL AGREEMENTS:** *Crew/cast members or service/equipment suppliers agree to defer payment for their services until the program is generating revenue*

**EQUITY:** *Money invested that gives the an ownership interest. This money is paid back from sales revenue. Once paid, investor gets a share of the profits.*

**TAX CREDITS:** *An amount of money that is paid by either the Federal and/or some provincial governments based on the eligible labour costs (Manitoba) or total production costs (Ontario, Quebec).*

*The Federal Tax Credit (CAVCO) is reduced ('the grind') by the amount of grants or other tax credits or deferrals in the financing structure.*

*The CAVCO tax credit does not have to be paid back. It is paid out after an application is made, the production is certified eligible for a tax credit, and the production company has filed its tax return.*

# PROPOSED TOTAL BUDGET: \$ 500,000

<b>BROADCAST LICENSE</b>	\$ 150,000	30%
• Second Window/Distribution Advance	\$ 50,000	10%
<b>GRANTS &amp; EQUITY</b>		
• CMF LFP License Fee Top-Up	\$ 100,000	20%
• CMF EIP Equity Investment	\$ 50,000	10%
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<b>PRODUCER INVESTMENT</b>		
• Alberta Meda Fund	\$ 125,000	25%
• Federal Tax Credit - CAVCO	\$ 25,000	5%
<b>TOTAL FINANCING</b>	<b>\$ 500,000</b>	<b>100%</b>