



FEATURE FILM PRODUCTION FUND

Program Guidelines

Note: The following documents are an integral part of the guidelines for the Feature Film Production Fund:

- 1) Program Guidelines (this document);
- 2) Manitoba Content Requirements (Schedule A to this document);
- 3) Manitoba Training Requirements (Schedule B to this document);
- 4) Calculation Criteria for Manitoba Expenditures (Schedule C to this document);
- 5) Feature Film Production Fund application form, **which includes the list of documents required for a complete submission**;
- 6) Manitoba Film & Music Audit Guidelines;

All documents are available on the Manitoba Film & Music website at www.mbfilmmusic.ca.

In recognition of the need to stimulate the creation of innovative, marketable projects, employment and investment in Manitoba, the **MANITOBA FILM & MUSIC** Feature Film Production Fund is designed to support the production of feature film projects that have an acceptable market trigger for distribution and sufficient third party financing to complete the project.

The **MFM** Production Fund provides financial support in the form of an equity investment for producers to bring their projects to the screen.

A. ELIGIBILITY REQUIREMENTS

To be eligible for financial support, the applicant must:

- Be a resident Manitoba producer, defined as a producer who operates a production company in Manitoba that is majority owned and controlled by Manitoba residents. Note: Applications must be submitted by an eligible Manitoba resident producer;
- Demonstrate the ability of the production team to successfully manage and complete the project (eg. track record based on previous productions of similar scope in terms of being on schedule and on budget);
- Have proof of ownership in the property and the necessary, corresponding current rights to produce and exploit the production (may be shared in the case of co-productions and co-ventures).

To be eligible for financial support, the project must:

- Be a feature-length fictional film or a feature-length documentary, as per industry standards;
- Be live-action or animation;
- Be primarily intended for theatrical release; in exceptional circumstances **MFM** will consider projects whose primary distribution strategy is web-focused; however, the onus is on the applicant to demonstrate that the market trigger is an industry-recognized web distributor and that the strategy for monetization is viable. Projects intended for an initial or primary television broadcast are not eligible; however, in the case of feature documentaries, if the financing structure includes a broadcast license together with a confirmed theatrical release, **MFM** may consider the project eligible at its own discretion;
- Have confirmed, verifiable financing of at least 75% of the total production budget at the time of application;
- Have verifiable pre-sales or distribution advances; **MFM** reserves the right to determine minimum levels of third party financing necessary for funding eligibility;
- Have a minimum guarantee or an advance from an acceptable, verifiable distributor OR, provided there is independent third party financing which is also at risk, a realistic and detailed marketing plan, the sufficiency of which is at the sole discretion of **MFM**.

Distribution advances must be in the form of cash, not services, to be eligible.

Co-productions or co-ventures will be considered eligible, but **MFM** will require evidence that the resident Manitoba producer shares ownership in the project. Stronger applications will be those with higher levels of Manitoba Expenditures and Manitoban elements.

For co-productions or co-ventures, the Manitoba producer must have voting share ownership in the applicant company that is at least proportionate to the level of Manitoba investment including equity, tax credits, producer investments, deferrals, etc. At least 50% of the directors and officers of the single-purpose production entity must be Manitoba residents.

Projects do not have to be intended primarily for the Canadian market, but must meet all other guidelines herein to be eligible.

All pre-sales must be verified and bankable.

MFM reserves the right to assess and verify all interim financing arrangements.

MFM will assess distribution agreements, with either foreign or domestic distributors, according to the scope of the minimum guarantee in terms of territory and markets. Secured market pre-sales will also be assessed according to industry standards for genre, territory and relevant market.

Applicants must demonstrate to the satisfaction of **MF**M that all necessary insurance is in place, as well as a satisfactory completion arrangement (bond, producer fee holdback, contingency percentage). **MF**M reserves the right to approve all completion arrangements to protect its equity investment. **MF**M reserves the right to require a Collection Account Management Agreement for the project.

The project must be in compliance with the laws, regulations, standards and policies applicable to distribution, broadcasting and to intellectual property, and the project must not infringe upon any public or private rights and must not otherwise contravene the Canadian civil and criminal laws in effect.

MANITOBA FILM & MUSIC retains the sole discretion to determine whether a project meets genre and format eligibility.

B. FINANCIAL CONTRIBUTION

Funding will be offered in the form of an equity investment with the following caps:

For a scripted, fictional feature film (drama, comedy, or children's production – live action or animation), the LESSER of the following three thresholds:

- Up to \$400,000; OR
- Up to 10% of the total production budget; OR
- Up to 15% of the portion of the budget to be paid to Manitoba residents and businesses (known as the "Manitoba expenditures").

For a feature-length documentary, the LESSER of the following three thresholds:

- Up to \$200,000; OR
- Up to 10% of the total production budget; OR
- Up to 15% of the portion of the budget to be paid to Manitoba residents and businesses (known as the "Manitoba expenditures").

The level of financial participation will be calculated on the cash portion of the budget only. Deferrals and services in kind will not be included in the calculation.

MFM reserves the right to increase or decrease the percentage of its investment in any given project based on budget, Manitoba expenditures, genre, length, level of related party transactions and overall demand on the funds available.

Successful production funding applicants who have previously received development funding from **MF**M's Feature Film Development Fund for the project in question will have any outstanding development loans transferred into the form of an equity investment in the project. This transferred development amount will be included in the **MF**M Production Fund cap and will be included in **MF**M's production funding calculations.

Recoupment Requirements:

Recoupment schedules will be negotiated on a case by case basis. At its own discretion, **MFM** will recoup no less favorably than any other equity investor in the project, and no less favorably than pro rata pari passu with all other true equity investors in the project.

The recoupment schedules in the funding agreements of all funders to the project must be identical and must adhere to **MFM** recoupment requirements.

C. NOTES REGARDING ELIGIBLE COSTS

With respect to eligible costs, **MFM** will relate to industry-standard budget templates and will assess eligible costs on a case-by-case basis.

Budgets provided must be consistent with those provided to other invested parties. **MFM** requires these documents in order to ensure that the financial structure of the project and the funding request to **MFM** is reasonable and legitimate.

MFM will review in detail the related party transactions for the project. The level of related party transactions must be acceptable to **MFM**.

D. IMPORTANT INFORMATION

Eligibility under these guidelines does not guarantee financial support. The funding decisions of **MFM** are final.

Sale or Transfer of Project:

The percentage of project ownership held by the Manitoba Producer must be maintained.

Any sale or transfer of ownership (either copyright or share) by the Manitoba producer must be at fair market value, and “first-dollar-in” proceeds must be used to repay **MFM**. **MFM** must be informed of the sale or transfer within 5 business days and all **MFM** funding for the project must be repaid in full within 10 business days.

Application Requirement:

MFM reserves the right not to review any application considered to be incomplete or inconsistent with the present guidelines, or to require additional information before proceeding with the application.

Applications which are incomplete and/or do not provide the minimum complete documentation will not be reviewed or assessed.

All documents submitted must be signed and dated by the Manitoba producer.

All documents must be named, dated and versioned to correspond with the current financing structure. Agreements cannot be stale-dated.

Any changes or revisions to creative, financial or other supporting documents must be submitted in a timely manner, and no later than the submission to any other investor.

Applicant companies (or their affiliates) must be in good standing with **MFM** at the time of application. Applications from those companies in default on any contractual obligation to **MFM** will not be considered. It is the responsibility of the applicant to verify its status with **MFM** prior to applying for funding.

It is the applicant's sole responsibility to have their own independent legal counsel review the **MFM** Funding Agreement to ensure that the contents and the responsibilities within the Funding Agreement are fully understood and agreed upon. In the event the applicant requests to have changes to the **MFM** standard agreement, all legal fees incurred by **MFM** to review the request will be at the expense of the applicant.

Successful applicants will be required to submit revenue reports to **MFM** twice yearly, complete with payment of any revenues due to **MFM**.

Investment Acknowledgment:

Any documents or media presented to distributors, broadcasters, and the public must clearly acknowledge receipt of production funding by **MFM**. **MFM**'s funding agreement will include specific screen credit requirements.

MFM reserves the right to review and update these and any guidelines at any time, without notice. Please refer to the **MFM** website for any changes or revisions to our guidelines or documentation. In all questions of interpretation of these guidelines, or regarding the spirit and intent of **MFM**'s funding programs, the interpretation of **MFM** shall prevail.

SCHEDULE A

Manitoba Content Requirement

ELIGIBILITY

Projects must attain the requisite number of points in the relevant production category.

NOTE: Where a crew person is filling more than one position, the point is appointed only once. The total Manitoba Content Requirement list is then reduced accordingly, providing a new point total from which the project must attain half of the points to meet the Manitoba Content eligibility criteria.

OTHER FORMATS – IMAX, HDTV, ETC. AND WEB-BASED PRODUCTIONS

Projects produced utilizing formats other than standard 35mm, HD, or 16mm will be assessed for Manitoba Content Requirement eligibility based on the product genre category and the availability of Manitoba crew and services in the particular format. Manitoba Content Requirements also apply to web-based production applications but consideration will be given to the unique nature of those projects.

SCRIPTED, FICTIONAL PRODUCTION

(Drama, Comedy, or Children's Production)

Subject to crew availability, the project must attain 17 of the following 34 points:

- 2 Manitoba director
- 3 Manitoba scriptwriter
- 2 Manitoba resident in a lead role
- 2 Manitoba production manager
- 2 Manitoba line producer
- 2 Manitoba director of photography
- 2 Manitoba camera operator
- 1 Manitoba DMT
- 1 Manitoba sound mixer
- 2 Manitoba production designer (art director)
- 2 Manitoba composer
- 2 Manitoba picture editor
- 1 Manitoba sound editor
- 1 Manitoba continuity
- 2 Manitoba sr. production accountant
- 1 Manitoba 1st assistant director
- 1 Manitoba costume designer
- 1 Manitoba set decorator
- 1 Manitoba key makeup artist
- 1 Manitoba key hairstylist
- 2 50% of post production costs spent in Manitoba
- 1 Bonus: Screenplay based on a Manitoba literary work

TOTAL POINTS: _____

FEATURE LENGTH-DOCUMENTARY

Subject to crew availability, the project must attain 8 of the following 13 points:

- 2 Manitoba director
- 1 Manitoba script writer or narration writer
- 1 Manitoba cinematographer
- 1 Manitoba sound recordist
- 1 Manitoba sound editor
- 1 Manitoba editor
- 1 Manitoba composer
- 1 Manitoba production manager/coordinator
- 2 Remaining production crew is 50% Manitoba residents
- 2 50% of post production costs spent in Manitoba

TOTAL POINTS: _____

ANIMATION

Subject to crew availability, the project must attain 10 of the following 12 points with a Performer or 9 of the following 12 points without a Performer.

- 2 Manitoba director
- 2 Manitoba scriptwriter
- 2 Manitoba key animator
- 1 Manitoba assistant animator
- 1 In-betweening performed by Manitoba residents or
Manitoba company
- 1 Manitoba composer
- 1 Highest paid performer is a Manitoba resident
- 2 50% of budget spent in Manitoba

TOTAL POINTS: _____

SCHEDULE B

Manitoba Training Requirements

ELIGIBILITY

Projects must provide meaningful training to a minimum number of Manitoba residents according to the following crew sizes:

10 - 20 crew	1 training opportunity
21 – 40	2 training opportunities
41 – 60	3 training opportunities
61 – 80	4 training opportunities
81 +	5 training opportunities

The above training requires a minimum number of training opportunities that are not matched to the tax credit's deeming provision.

DEFINITION OF TRAINING

Required training may vary in experience level, from beginner (entry-level) to intermediate (position upgrades) to advanced (key positions). Where applicable, training opportunities must be verified by Film Training Manitoba, by the relevant labour union/guild, or by the individual receiving the training.

SCHEDULE C

Calculation Criteria for Manitoba Expenditures

General: A Manitoba expenditure refers to any production expense that is paid to a Manitoba resident or company.*

Specific considerations:

Airfare:

- Include 50% regardless of how it is booked.

Per Diem:

- Include 50% for Manitobans working outside Manitoba;
- Include 100% for Manitobans working inside Manitoba;
- Include 50% for non-Manitobans working inside Manitoba.

Hotel/Accommodations:

- Include 0% outside Manitoba;
- Include 100% inside Manitoba.

Vehicle Rentals:

- Include 0% outside Manitoba;
- Include 100% inside Manitoba.

Interim Financing/Bank Fees:

- Include 100% if through a Manitoba bank account, regardless of where the account manager is located.

Insurance:

- Include 100% if through a Manitoba insurance broker.

Legal:

- Include 100% if through a Manitoba lawyer.

NOTE: **MF**M requires all Manitoba expenditure forms to be audited by a third party auditor upon completion of the production of the project for productions with budgets of \$500,000 or more (a review engagement report is satisfactory for productions with budgets ranging from \$200,000 to \$499,999). This verified form will be a deliverable for the final drawdown as per **MF**M's Production Investment Agreement to ensure that the final version does not vary significantly from the original estimate.

* This Schedule applies only to **MF**M's Feature Film Production Fund and does not apply to the Manitoba Film & Video Production Tax Credit Program.