

# Nova Scotia Independent Production Fund

2017 - 2018 ANNUAL REPORT





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# Introduction

This 2017-18 Annual Report on the activities of Nova Scotia Independent Production Fund (NSIPF) is submitted to the Canadian Radio-Television and Telecommunication Commission (CRTC) as per CRTC regulations and reporting requirements.

On June 9, 2016, Nova Scotia Independent Production Fund obtained certification from the CRTC as an independent production fund (IPF). Nova Scotia Independent Production Fund was incorporated by Nova Scotia Business Incorporated on April 1, 2016 as a not-for-profit entity for the sole purpose of becoming an independent production fund. An IPF is required, as per the Broadcasting Regulatory Policy CRTC, to administer certain program funds from a broadcasting distribution undertaking (BDU). With this certification, Nova Scotia Independent Production Fund can administer the Eastlink TV Independent Production Fund Program (Eastlink Program) – a program funded solely by Eastlink as a BDU.

The Board of NSIPF would like to thank Eastlink for providing opportunities for local producers to contribute to the film and television industry in Nova Scotia.

This report outlines projects and expenditures for the second year of NSIPF's operation and contains key statistics relating to the overall success of NSIPF.



# Project Information



## ADDISON (Season 2)



## Synopsis

Addison Season 2 is an animated television series for children aged four to six years, chronicling the comical, yet brain-teasing adventures of Addison, a girl inventor who loves to solve mysteries! The value of behaviours such as co-operation and stick-to-itiveness is always evident as Addison and her friends persevere through setbacks until they find the solutions they seek.

**Project Type:**

Production

**Type of Programming:**

30 x 11 minutes animated television series

**Closed Captioning/Described Video:**

Yes

**Production Company (location):**

Edison 2 Productions Inc. (Nova Scotia)

**Producers:**

Charles Bishop, Katrina Walsh

**Location of Production:**

Nova Scotia

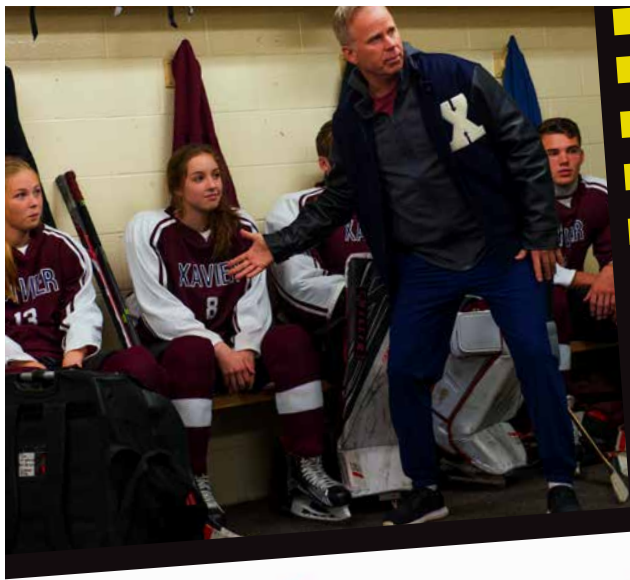
**Broadcaster:**

Canadian Broadcasting Corporation (CBC)



## MR. D (Season 7)





## Synopsis

Mr. D Season 7 is a comedic television series that explores life in a private school. Based on the stand-up comedy act of Gerry Dee, a former private school teacher for nine years, Mr. D is the story of an under-qualified teacher trying to fake his way in a teaching job, just as he fakes his way through life.

**Project Type:**

Production

**Type of Programming:**

11 x 30 minutes scripted comedic television series

**Closed Captioning/Described Video:**

Yes

**Production Company (location):**

Mr. D S7 Productions Limited (Nova Scotia) and Mr. D S7 Productions Limited (Ontario)

**Producers**

Michael Volpe, Gerard Donoghue, Jessie Gabe, Georgina Neville

**Location of Production:**

Nova Scotia

**Broadcaster:**

Canadian Broadcasting Corporation (CBC)



# **FORGIVE ME (Season 3)**





## Synopsis

Forgive Me Season 3 is a scripted television series that breaks the seal of the Catholic confessional. A young priest grappling with his own demons, strains under the ever-growing weight of a small town's whispered secrets. His congregants confess a myriad of struggles ranging from the age-old sins of lust and greed to more distinctly contemporary issues like reproductive technology and same-sex marriage. All the while, his own past and the stories that are entrusted to him can't remain untangled for long, and more will be asked of him than he ever imagined.

**Project Type:**

Production

**Type of Programming:**

8 X 30 minutes scripted dramatic television series

**Closed Captioning/Described Video:**

Yes

**Production Company (location):**

Three Times Penitent Pictures Inc.  
(Nova Scotia)

**Producers**

Thom Fitzgerald, Doug Pettigrew

**Location of Production:**

Nova Scotia

**Broadcaster:**

Super Channel

# [ Statistics ]

**For the period April 1, 2017 to March 31, 2018:**

Number of applications received .....	4
Number of projects funded.....	3
Regional project commitments (100% Nova Scotia) .....	\$455,400
Aboriginal-language project commitments .....	\$0
Third-language project commitments .....	\$0
English-language project commitments.....	\$455,400
French-language project commitments .....	\$0
Non-programming digital content commitments .....	\$0
Total project commitments .....	\$455,400

## Measurements of Success

Nova Scotia Independent Production Fund has established in the guidelines for the Eastlink TV Independent Production Fund Program criteria for consideration in assessing the applications.

The guidelines can be accessed here:

[https://www.novascotiabusiness.com/sites/default/files/EastlinkTV\\_Guidelines\\_and\\_Application.pdf](https://www.novascotiabusiness.com/sites/default/files/EastlinkTV_Guidelines_and_Application.pdf)

The Board of Directors will take into account the following elements in its decision-making process:

- Nova Scotia expenditure
- Nova Scotians in key roles
- Nova Scotia labour
- Track record of the production company
- Market potential of the project
- Opportunity for NSIPF to recoup its investment

## Official Language Minority Communities (OLMC's)

NSIPF considers accessible programming to all language groups when reviewing applications from eligible Nova Scotia based production companies. NSIPF will continue to make available information on the Eastlink Program to all communities in Nova Scotia.





## Project Selection Committee Members

The Project Selection Committee members consist of film and programming professionals with a combined 30 years of experience in the industry. These members work together to evaluate applications and assess the viability of potential projects. The member who is responsible for ensuring that OLMCs' reflection and issues are taken into consideration is Linda Wood.

# [ Board of Directors ]

## **Laurel Broten, Chair**

As President and CEO of Nova Scotia Business Incorporated, Laurel Broten is responsible for providing overall strategic direction for the crown corporation. Working with a private-sector led Board of Directors, Laurel is focused on transformative strategies that implement evidence-based decision-making to lead the business development agency for the province.

## **Peter MacAskill, Vice-Chair**

Peter MacAskill is the Chief Operating Officer at Nova Scotia Business Incorporated. He joined NSBI in 2002, and is currently responsible for Business Financing, Regional Business Development and Export Development.

## **Glenda Lindsay, Director**

Glenda Lindsay, CPA, CGA is the Director, Corporate Services & Compliance at Nova Scotia Business Incorporated. She joined NSBI in 2003, and is currently responsible for the organization's compliance and risk management, accounting services, information technology services, information management, and human resources.

**Financial statements of  
Nova Scotia Independent  
Production Fund  
March 31, 2018**



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## **Deloitte LLP**

Purdy's Wharf Tower II  
1969 Upper Water Street  
Suite 1500  
Halifax NS B3J 3R7  
Canada

Tel: 902-422-8541  
Fax: 902-423-5820  
[www.deloitte.ca](http://www.deloitte.ca)

## **Independent Auditor's Report**

To the Board of Directors of  
Nova Scotia Independent Production Fund

We have audited the accompanying financial statements of the Nova Scotia Independent Production Fund, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and changes in accumulated surplus, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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.

## **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Nova Scotia Independent Production Fund as at March 31, 2018 and its financial performance and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

A handwritten signature in blue ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants  
June 21, 2018



**Nova Scotia Independent Production Fund**  
**Statement of financial position**  
**As at March 31, 2018**

	Notes	<u>2018</u>	<u>2017</u>
		\$	\$
<b>Financial assets</b>			
Cash and cash equivalents		<b>821,733</b>	736,400
Accounts receivable		<b>1,645</b>	<u>31,943</u>
		<b><u>823,378</u></b>	<u>768,343</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities		<b>8,000</b>	5,000
Commitments payable	4	<b>542,827</b>	546,138
Deferred revenue		<b><u>272,551</u></b>	<u>217,205</u>
		<b><u>823,378</u></b>	<u>768,343</u>
Net financial assets		=	=
Accumulated surplus		=	=

The accompanying notes are an integral part of the financial statement.

Approved by the Board

 Director

 Director

## Nova Scotia Independent Production Fund

### Statement of operations and changes in accumulated surplus

Year ended March 31, 2018

	Notes	<u>2018</u>	<u>2017</u>
		\$	\$
<b>Revenue</b>			
Independent production fund contributions		<b>456,263</b>	502,513
Recovery of film production equity investments		<b>766</b>	55,584
Interest income	4	<b><u>5,386</u></b>	<u>4,190</u>
		<b><u>462,415</u></b>	<u>562,287</u>
<b>Expenses</b>			
Film production equity investments	4	<b>455,400</b>	559,280
Administrative expenses (Schedule 1)		<b><u>7,015</u></b>	<u>3,007</u>
		<b><u>462,415</u></b>	<u>562,287</u>
<b>Annual operating surplus, being accumulated surplus, end of year</b>		<b>=</b>	<b>=</b>

The accompanying notes are an integral part of the financial statement.

## Nova Scotia Independent Production Fund

### Statement of cash flows

Year ended March 31, 2018

	Notes	<u>2018</u>	<u>2017</u>
		\$	\$
<b>Operating transactions</b>			
Annual surplus		–	–
Change in non-cash working capital items	5	<u>85,333</u>	<u>478,821</u>
		<u>85,333</u>	<u>478,821</u>
Increase in cash and cash equivalents		<u>85,333</u>	<u>478,821</u>
Cash and cash equivalents, beginning of year		<u>736,400</u>	<u>257,579</u>
<b>Cash and cash equivalents, end of year</b>		<u>821,733</u>	<u>736,400</u>

The accompanying notes are an integral part of the financial statement.

# **Nova Scotia Independent Production Fund**

## **Notes to the financial statements**

**March 31, 2018**

### **1. Business overview**

On August 24, 2011 the Corporation's predecessor, Film and Creative Industries ("FCINS"), in partnership with Eastlink Television launched an Independent Production Fund ("IPF") in accordance with The Canadian Radio-Television and Telecommunications Commission Broadcasting Distribution Regulations.

On April 9, 2015, Bill No. 108 passed by the Province of Nova Scotia assigned the assets and liabilities of the FCINS including those of the restricted independent production fund ("IPF") to Nova Scotia Business Incorporated ("NSBI").

Subsequently on April 1, 2016 with the consent of the Province of Nova Scotia pursuant to Section 68(1) of the Finance Act, NSBI incorporated a wholly owned subsidiary, Nova Scotia Independent Production Fund ("NSIPF" or the "Corporation") to continue with the operations of the IPF activities of its predecessor, FCINS. The assets and liabilities of the FCINS's IPF were also assigned to this new Corporation. On June 9, 2016, NSIPF was certified by the Canadian Radio-Television and Telecommunications Commission ("CRTC") and was added to the list of independent production funds to continue to administer The Eastlink TV Independent Fund program previously carried out by its predecessor, FCINS. As a result, net assets having a value of Nil, being \$257,579 in cash, \$51,803 in accounts receivable, \$5,000 in accounts payable and accrued liabilities, \$274,800 in commitments payable and \$29,582 in deferred revenue were transferred into the Corporation.

The Corporation's purpose continues to be as was FCINS's as an IPF that is to support Nova Scotia and Canadian television programming by receiving contributions as a restricted independent production fund under the Broadcasting Distribution Regulations and to distribute such contributions to the productions determined to be eligible for funding in accordance with the requirements of the CRTC.

# **Nova Scotia Independent Production Fund**

## **Notes to the financial statements**

**March 31, 2018**

### **2. Economic dependence**

Eastlink Television in its capacity as a registered broadcasting distribution undertaking (“BDU”) for the reception of broadcasting and the retransmission thereof by radio waves or other means of telecommunication under the CRTC Regulations, is a related party of the Corporation. The Corporation is dependent on annual funding from Eastlink Television to invest in qualifying projects. The impact on future funding and accessibility are not known at this time.

### **3. Significant accounting policies**

#### **Basis of accounting**

These financial statements of the Corporation have been prepared by management in accordance with Canadian public sector accounting standards (“PSAS”) as established by the Public Sector Accounting Board (“PSAB”).

The Corporation follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of legal obligation to pay.

#### **Cash and cash equivalents**

Cash and cash equivalents include balances with banks and cash invested in short-term highly liquid investments. There were \$1,000 (\$705 in 2017) cash equivalents as at year-end.



# **Nova Scotia Independent Production Fund**

## **Notes to the financial statements**

**March 31, 2018**

### **Film production equity investments**

Film production equity investments are recorded as commitments payable and charged to the current expenditures when the funding is formally committed. Recoveries derived from these investments are recorded as revenue when reported by the producers. It is not feasible to accrue recoveries from the film production equity investments since these recoveries remain uncertain until reported, as they are based upon the financial results of the recipients' activities.

### **Deferred revenue**

Funds received from Eastlink Television are first recognized as a liability and recognized in income when the related expenses, investments in qualifying projects, are incurred.

### **Use of estimates**

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. There are no significant estimates included in the financial statements.

### **Revenue recognition**

Unrestricted contributions are recognized as revenue when received or receivable.

Recovery of film production equity investments are recorded as reported by producers.

## **Nova Scotia Independent Production Fund**

### **Notes to the financial statements**

**March 31, 2018**

Contributions received under the independent production fund are deferred and recognized into revenue when the funds have been committed to qualifying projects.

Investment and other income is recorded in the period in which the related income is earned.

#### **Contributed services**

The Corporation receives certain contributed services from its parent company, NSBI, in carrying out its activities. It is the policy of NSIPF to not recognize these services in the financial statements.

#### **Budget**

The Corporation has not presented a budget in its statement of operations as the Corporation does not prepare an assessment of future operations.

### **4. Film production equity investments**

Film production equity investments are made with condition of repayment through participation in revenues of projects. Equity investments made by the Corporation during the year were \$455,400 (\$559,280 in 2017), with a cumulative total of equity investments made by the IPF, assigned and originated, as at March 31, 2018 of \$4,933,680 (\$4,478,280 in 2017).

The Corporation received \$766 (\$55,584 in 2017) in the recovery of equity investments, with a cumulative total of recoupment by the IPF as at March 31, 2018 of \$119,506 (\$118,740 in 2017).

## Nova Scotia Independent Production Fund

### Notes to the financial statements

March 31, 2018

#### 5. Changes in non-cash working capital items

	<u>2018</u>	<u>2017</u>
	\$	\$
Accounts receivable	<b>30,298</b>	19,680
Accounts payable	<b>3,000</b>	–
Commitments payable	<b>(3,311)</b>	271,338
Deferred revenue	<b><u>55,346</u></b>	<u>187,623</u>
	<b><u>85,333</u></b>	<u>478,641</u>

#### 6. Related party transactions

During the year ended March 31, 2018, NSBI, the parent company, elected to pay certain expenses including salaries and benefits and rent on behalf of the Corporation with no charge to the Corporation in the amount of about \$40,625 (\$31,271 in 2017). However, Section 34(i) of the By-Laws of the Fund allows NSBI to recoup costs associated with the administration of this Corporation to a maximum of 2% of contributions from the BDU.

Eastlink Television, partner of the IPF, provides the Corporation with the funds which are used for equity investments. The Corporation received \$511,609 (\$690,135 in 2017) during the year from Eastlink Television.

**Nova Scotia Independent Production Fund**  
**Schedule 1 - Schedule of administrative expenses**  
**Year ended March 31, 2018**

	<u><b>2018</b></u>	<u>2017</u>
	\$	\$
Professional fees	<b>6,955</b>	2,500
Office expenses	<b>20</b>	296
Bank charges	<b>40</b>	<u>210</u>
	<b><u>7,015</u></b>	<u>3,007</u>

# [ Contact Address ]

Nova Scotia Independent Production Fund

1800 Argyle Street,

P.O. Box 2374

Halifax, Nova Scotia

B3J 3E4

902-424-7181

[filmapplication@nsbi.ca](mailto:filmapplication@nsbi.ca)

[NSBI.ca/Eastlink](http://NSBI.ca/Eastlink)