

Prince Edward Island Film Media Fund Guidelines

The Prince Edward Island Film Media Fund supports the development, growth and sustainability of homegrown, independent film in the private-sector film, television and video industry in Prince Edward Island.

The objectives of the Prince Edward Island Film Media Fund (“Fund”) are to:

- Build the sustainability and capacity of the domestic PEI film and television production industry;
- Support the development of PEI creative industries and workers;
- Provide eligible PEI producers with an opportunity to be more competitive in attracting financing and co-production opportunities; and
- Provide cultural benefits to Islanders by supporting the creation of Prince Edward Island content and stories.

The Fund provides a rebate of up to 25% of eligible Prince Edward Island expenditures to eligible producers of a qualifying production. Applications must be submitted prior to the beginning of production.

Applicant Eligibility

The Fund is accessible to Prince Edward Island producers who may be acting alone or in a co-production with out-of-province producers. In all cases, Innovation PEI’s main interest is in ensuring development of the capacity of resident Prince Edward Island producers. The eligibility criteria are designed to ensure that the maximum benefit accrues to the local film community in terms of employment, artistic and technical growth, and economic impact.

Eligible Production Companies

Prince Edward Island companies engaged primarily in the film and television production business that demonstrate that their main activity is the creation of film/video productions available for public viewing, and meet the following criteria:

- Must be incorporated federally or in Prince Edward Island;
- Head office and principal place of business must be in Prince Edward Island; and
- A majority of the voting shares must be beneficially owned by Prince Edward Island residents.

Distributors, broadcasters or other issuers of commercial licence agreements, or those not operating at arm’s-length from the same, are not eligible to apply.

The level of financial participation is based upon a number of factors, including:

- Quality of the project;
- Capacity of the production team to complete the project, on budget and within the time frame proposed by the applicant;
- The economic impact of the project in Prince Edward Island;
- The creation of employment opportunity in the province;
- Leverage of funds from the private sector and from outside Prince Edward Island

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- Project size and scope;
- Prince Edward Island creative and business involvement;
- Broadcast licenses, distribution, revenue guarantees;
- Potential for additional export sales upon completion;
- Available funds.

Co-production Eligibility

Innovation PEI (“IPEI”) encourages and supports co-productions when the Prince Edward Island independent film production industry will benefit, and when an eligible P.E.I. company is sharing the creative and financial control of the project. This is approved at the sole discretion of IPEI and should be included in the co-production agreement between the parties. IPEI favours domestic and co-productions that demonstrate:

- significant use of Prince Edward Island-based crews, talent and writers;
- use of Prince Edward Island locations;
- direct, indirect and spin-off economic benefits for the province.

Innovation PEI strongly encourages potential co-production applicants to contact IPEI to discuss. The following are general guidelines; each co-production will be assessed on a case-by-case basis.

The applicant for program support is the Prince Edward Island production company. To be considered eligible, an interprovincial co-production must meet minimum criteria - including that the proportion of the total production budget expended in P.E.I. must at least equal the percentage of P.E.I. ownership. In addition, the P.E.I. production company must receive:

- shared credit as a producer in the project;
- a share of the revenues of the production at terms no less favorable than the proportion of financing it brings to the project, but in no case will the P.E.I. production company have copyright ownership of less than 25%;
- co-executive producer credit if they bring substantial Prince Edward Island financing to the project.

In the case of international co-productions, additional requirements are that the P.E.I. production company must:

- retain no less than 20% share of revenues and ownership position in the copyright of the production.
- demonstrate that it has satisfied all relevant international co-production treaties determined by Telefilm Canada.

In the event that there is an issue not covered by the published criteria, Innovation PEI shall solely determine whether an applicant has satisfactorily established the degree of “Prince Edward Island Ownership of Production.”

Prince Edward Island Resident

For the purposes of eligibility to the Fund, a “Prince Edward Island resident” means a lawful resident of Canada for the purposes of the Income Tax Act (Canada) who:

- has maintained a principal residence (physical address) in Prince Edward Island for at least 6 consecutive months immediately prior to the date of application to a funding program; or
- files a Prince Edward Island Income Tax Return as a resident of Prince Edward Island and did so for the previous income tax year immediately preceding the one in which principal photography of the production commences

Applicants may request that individuals be considered Prince Edward Island if they have filed a Prince Edward Island Tax Return in any of the four prior taxation years or otherwise are considered to be qualified Prince Edward Island residents, if an advanced ruling has been received. Only those individuals approved in an advanced ruling will be considered. Innovation PEI retains the right to determine Prince Edward Island residency. This practice will be reviewed on an annual basis.

Production Eligibility

Productions must be new productions; repackaging or re-versioning of previously completed productions will not be accepted.

The amount of money spent in Prince Edward Island for the production must be at least \$25,000 before HST.

Innovation PEI expects all projects to be finished and made available for audiences. To be eligible for the Fund, the producer must provide written evidence of a Commercial Licence Agreement for the production.

A Commercial Licence Agreement is defined as an agreement issued by a third-party entity whose primary business is broadcasting, distributing, or disseminating film or television to the public, and who is able to demonstrate a track record of such enterprise. A commercial licence agreement does not require a licence fee; however, agreements in which the application has purchased airtime will not be eligible.

Ineligible Productions includes the following genres and platforms that are not eligible for funding:

- News, current events or public affairs programming, or a program that includes weather or market reports;
- Talk shows / magazine formats
- Production in respect of a game or contest
- Sporting events or activities
- Gala presentations or award shows
- Production that solicits funds
- Reality television
- Pornography

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- Advertising
- Music videos
- Production produced primarily for industrial, corporate, or institutional purposes
- Production, other than documentary, that consists of all or substantially all stock footage
- Console or online video games
- Software/programming applications
- Any film or production that contravenes any civil or criminal law
- Productions that, in the opinion of IPEI, may be contrary to the public interest to approval for funding
- Such other genres or productions that may be added to this list by publishing updated guidelines

Projects that are eligible and approved for other forms of financial assistance from any other department or agency of the Prince Edward Island Provincial Government may not be eligible for the Fund. The total value of PEI Provincial Government financial support will be considered, and IPEI retains sole discretion to deem a project ineligible.

Applicants who are in default on any financial or reporting obligation to IPEI or any Prince Edward Island Government department or agency, may not submit new projects pending a resolution of the problem.

Financing and Related Requirements

The production company must demonstrate that all remaining production financing is in place, contracted, and sufficient to see the project through to its completion.

The applicant production company must demonstrate to the satisfaction of IPEI that all necessary insurance and performance bonds (where required) are in place to protect any investment in the project.

Administration and Process

The Fund is administered by Innovation PEI on behalf of the Province of Prince Edward Island. There is no administration fee charged to applicant production companies.

If IPEI decides to participate, it will issue a Fund Letter of Offer detailing the terms, conditions, obligations, and requirements for payment to be issued.

Inquiries

Inquiries concerning the Fund should be directed to the Cultural Development Division of IPEI. This Division will provide published documentation and assist producers in determining the eligibility of the production and the production company, and the amount to be claimed for the rebate.

Application

A production company registering for the Fund will submit the required application and documentation simultaneously. Innovation PEI will analyze the submission and work with the applicant to ensure all requirements are met.

Claiming Payment from the Fund

When an approved project has completed production and delivery, and final cost and labour reports have been prepared as required, the applicant will submit the required Fund rebate application and documentation to IPEI, including the actual listing of eligible items that total to the Prince Edward Island Spend.

Once IPEI has determined that all required documentation has been received, and validated the final value of the rebate available from the Fund, it will issue payment to the production company via cheque or EFT.

Eligible Prince Edward Island Costs

Eligible costs include all expenditures where the good or service is purchased from a Prince Edward Island-based supplier with a permanent physical establishment within Prince Edward Island, and is leased, used, provided, or consumed in Prince Edward Island. Wages paid to Prince Edward Island residents are eligible.

A list of eligible expense items will be available on the Eligible Prince Edward Island Costs Worksheet. If an applicant has expenses not explicitly identified as eligible on the worksheet, they should apply to the IPEI for an advanced ruling. Only those expenses identified in the list of eligible expense items, or that have been approved in an advanced ruling, will be considered in funding calculations. Insurance costs will be prorated to the number of Prince Edward Island production days.

Except when approved by the Administrator in advance, producers may claim no more than one Head of Department/Performer positions in addition to being a producer. In these approved instances, total fees eligible for inclusion as an eligible Prince Edward Island cost for Head of Department/Performer services payable to producers also employed in Head of Department positions will be no greater than applicable industry standard or 20 per cent of the budget, whichever is lower, and, in any event, will be within the threshold set by paragraph 15.

The value of in-kind contribution is not considered an eligible Prince Edward Island expense.

Capital items are not considered an eligible Prince Edward Island expense.

Fees for goods or services subcontracted by Prince Edward Island companies to out-of-province individuals and organizations are not considered eligible Prince Edward Island expenses. The good or service must be supplied, receipted or performed in Prince Edward Island.

Additional Eligibility Requirements, Conditions, and Limitations

- Fund applications, including all supporting documentation, must be received prior to commencement of principal photography.
- Applications that are deemed complete will be handled on a first-in, first-out basis for production funding.
- In addition to other deliverables detailed in the Fund Letter of Offer, recipients will be required to submit:
 - financial statements for projects with budgets of \$200,000 to \$500,000,
 - with a Review Engagement Report and third-party audited financial statements for budgets over \$500,000; or
 - an uncertified Final Production Cost Report supported by a Statutory Declaration (available electronically on request) for projects with budgets under \$200,000.

Further details on required reporting are provided in the “Deliverables” section of Incentive Recipient Obligation below.

Incentive Recipient Obligations

Recipients of funding are required to fulfill the specific requirements detailed in the Letter of Offer, which supersede obligation information provided in these guidelines. Recipients are advised to review their Letter of Offer carefully prior to signing.

1. Credit and Promotion

The applicant will use best efforts to include the following in its credits:

- Onscreen and advertising, promotional material credit:
“Produced with the assistance of the Government of Prince Edward Island, P.E.I. Film Media Fund” or other suitable logo in a position, size, and prominence that is proportionate to the Fund’s financial contribution to the production and in relation to other financing participants,

and

“Shot on location in Prince Edward Island, Canada” in the tail credits of the production (where applicable).

Where the production is a TV series, the above credits are required for each episode.

2. Insurance

The applicant will provide evidence of a certificate of industry standard insurance prior to the first day of principal photography.

3. Deliverables

Upon completion of the production, the applicant shall provide the following deliverables:

- A copy of the completed production in a format requested by IPEI.

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- The final list of head and tail credits as they actually appear on the completed production.
- Subject to current statutory and existing contractual obligations to, and approval rights of, third parties, if available and requested by the Administrator, a full electronic press kit including, but not limited to, a minimum of two cast shots and two behind-the-scenes production shots, submitted in a format required by the Administrator, as well as any additional publicity/promotional materials available (e.g., posters).
- Such other documentation listed in the incentive agreement or that the Fund Administrator advises the applicant may be required.
- Where the final cost of the production exceeds \$500,000, an audited Production Cost Statement prepared by a certified accountant with a CGA, CA, CMA or CPA designation.

The audit requires schedules detailing the total production cost, total Prince Edward Island cost, balance sheet, detailed listing of accounts payable remaining unpaid, audit report stating the audit opinion, and a list of Prince Edward Island resident positions including the amount they were paid. All schedules must be audited in accordance with the terms noted in the signed contract and production guidelines.

- Where the final cost of the production is greater than \$200,000 up to \$500,000, a Production Costs Statement with a Review Engagement Report shall be submitted.
- Where the final cost of the production is equal to or less than \$200,000 an uncertified Final Cost Report supported by a Statutory Declaration (available electronically on request).
- Prince Edward Island residency must be verified by a Statutory Declaration, sworn to and signed by the Producer (attached to Letter of Offer and available electronically on request).
- The Administrator of the Fund has the right to audit the books and records of any company that receives a payment from the Fund. These records may include, but are not limited to, the following: invoices, bank statements, cancelled cheques, audited financials, agreements, contracts with individuals and companies, and proof of Prince Edward Island residency for any personnel.
- Retention of records is required for a period of seven years.
- Innovation reserves the right to require that an audit be performed regardless of the final cost.

Production Funding Process

- A complete application, consisting of a completed Application Form (please contact IPEI) and all required accompanying documentation, must be received by IPEI before a project will be considered for funding.
- Upon receipt of a complete application, it will be reviewed for eligibility.
- Applicant notification of funding decision.

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- Execution of Letter of Offer, including detailed obligations of the recipient regarding project deliverables and reporting requirements.
- Receipt of all project deliverables including production costs financial reports.
- Release of Fund rebate as per Letter of Offer.
- All cost overruns are at the sole risk of the applicant and IPEI assumes no obligation with respect to any costs that exceed the project budget.

Note: Assignment and direction of rebate funds may only be granted to a recognized financial or lending institution, and with the advance approval of IPEI.

Freedom of Information and Protection of Privacy

Information contained in, and collected in relation to, successful applications to the Fund is subject to, and will be treated in accordance with, the Prince Edward Island Freedom of Information and Protection of Privacy Act R.S.P.E.I. 1988, Cap. F-15.01. The amount of the rebate provided through the Fund, a description of the project and the name of the company may be disclosed at the discretion of IPEI in accordance with the Act.

For additional information visit:

<https://www.princeedwardisland.ca/en/information/justice-and-public-safety/foipp-frequently-asked-questions>