GROWING THE PIE

Alternative Financing and Canadian Documentary

MAY 2014

DOCUMENTARY ORGANIZATION OF CANADA
DOCUMENTARISTES DU CANADA

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The Documentary Organization of Canada/ l'Association des documentaristes du Canada (DOC) is the collective voice of independent documentary filmmakers across Canada. DOC is a national non-profit arts service association representing over 800 directors, producers and craftspeople in the documentary community, from all provinces and regions of our nation. DOC advocates on behalf of its members to foster an environment conducive to documentary production and strives to strengthen the sector within the broader film production industry.

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INTRODUCTION

The lament heard from DOC members across the country for the last five years has been: "The funding model for documentary one-offs and features in Canada is broken!" The crucial question is *why* this is so. This report advances that the root cause is because the traditional funding model in Canada is tethered to broadcaster participation, and broadcasters have sharply reduced the number of one-offs and features they license.

Documentary producers cannot properly assemble a project's financing without the one player whose involvement triggers the remaining funding. Other factors have contributed to the decline of documentary production volume, including consolidation in the broadcast market, which has reduced the number of buyers, and the proliferation of reality and lifestyle programming, which has usurped the place of documentary content. The impact of these changes is most evident in the one-off and feature formats.

Searching for other means to assemble a project's financial structure, producers are becoming more entrepreneurial. New tactics include seeking investments on world markets, attracting investors by approaching the business of film production through a slate of projects (i.e., as opposed to a single production), and even turning their director/producer status into a brand that can attract investors. Meanwhile, the growing popularity of crowdfunding has created an underlying and misguided expectation that *all* projects will successfully be able to turn to Kickstarter or Indiegogo to secure the necessary financing.

Yet what, exactly, is meant by "alternative" financing? Where does a producer find other sources of financing? What happens if they successfully obtain it? Are the amounts significant? What is the impact of bringing a non-traditional funder on board? What incentives can producers offer when seeking out non-traditional sources of funding? And can documentary attract investments in a manner that other genres can't? This report surveys the terrain to explore these pressing questions while not always answering them. Furthermore, it paves the way for an industry-wide dialogue to explore the questions it raises in greater depth.

In this report, "alternative financing" as a term designates crowdfunding, foundation and NGO investment, private equity and corporate branding.

While "alternative financing" might be a misnomer—except for crowdfunding—all the other means above do fall under the category of non-traditional financing for our purposes of defining the terms here.

Whether one speaks of "alternative" or "non-traditional" financing now, the documentary that is fully supported by alternative financing is *extremely rare*—unless the project's budget is quite modest. The case studies in this report demonstrate that producers are turning to alternative methods of financing primarily to address gaps in project financing, and therefore must blend alternative and traditional funding sources. Within that mix lies many a headache.

The primary focus of this report is on up-front financing, but the findings point to how interconnected production, financing and distribution are in practice. In the case of documentary, self-distribution is increasingly being used to monetize productions. Producers, especially via crowdfunding and social media, are building their audiences, and if done judiciously, self-distribution, though time-consuming, can put money in a producer's pocket.

For readers seeking a hidden funding treasure in this report, we must disclose that there are none to be found. Producers have left no stone unturned when it comes to finding funding for their projects, and they devote considerable time and effort to securing these investments. If a producer successfully obtains non-traditional investments, he or she then must navigate a complex administrative and regulatory environment, all of which can add considerable time and expense to a project. Still, as the reader will find, while all of the producers point to hurdles they overcame, they also outline the benefits of seeking new ways of doing business. Whether the benefits are on the creative or business side, they represent a silver lining to the challenges.

With this report's findings in hand, industry stakeholders have the opportunity to come together and answer the important questions it raises:

- If documentary producers are to be competitive here and on the world stage, how can funding sources be diversified and aligned with current regulatory and administrative processes?
- In a market where audience demand manifests itself on multiple platforms, what might act as an alternative to the "broadcaster trigger?"
- What incentives could be introduced to spur economic activity in the film-making sector?

Canada has a rich documentary heritage, pre-dating the founding of the National Film Board of Canada 75 years ago. DOC members feel so strongly about the genre's contribution to this country's cultural fabric that they have pushed to declare it Canada's national art form! Thus, with the next 75 years of documentary production in mind, let's transform this "broken funding model."

Lisa Fitzgibbons
EXECUTIVE DIRECTOR

EXECUTIVE SUMMARY

Today the documentary industry in Canada faces serious challenges. While government subsidy systems are still in place, the advent of digital means of production and distribution has severely disrupted the traditional marketplace. Concurrently, vertical integration and consolidation in the broadcasting environment, combined with changes in the regulatory framework, have led to an overall erosion of the documentary financing system.

Drawing from both *Getting Real 5*,[1] which covers fiscal 2010/2011, and *Profile 2012*,[2] which covers fiscal 2011/2012, we see there has been a decline in the volume of documentary production in Canada. At the end of fiscal 2010/2011, the volume of the sector was at $390M, which is $100M less than fiscal 2008/09.[3] Meanwhile, theatrical documentary production volume, the smallest segment, fluctuated between $9M and $21M per year during the same time period, but it failed to reach the high watermark of $24M set 10 years ago in 2003/04.[4]

Canadian funding sources once included non-broadcast options, but the traditional financing system currently in place for feature documentaries is now triggered exclusively by either broadcasters or distributors. When producers secure a licence from a broadcaster, they become eligible to seek support from other funders and agencies, and to apply for both federal and provincial tax credits. However, with an enhanced emphasis on other television formats and genres, documentary licence fees from English-language private broadcasters fell 37% between 2008/09 and 2010/11.[5]

1 Documentary Organization of Canada, *Getting Real 5*.
2 Canadian Media Production Association, *Profile 2012*.
3 Documentary Organization of Canada, *Getting Real 5*, p.27.
4 Canadian Media Production Association, *Profile 2012*, p. 23.
5 Documentary Organization of Canada, *Getting Real 5*, p. 53.

This decline in television commissions has some documentary producers scrambling to keep their businesses afloat. The content is still important, and audiences are more receptive than ever, as evidenced by the popularity of documentary festivals.[6] Yet filmmakers argue that the conventional funding model is broken. While some are lobbying for changes to the system and some are exiting the industry entirely, others are exploring alternative means of financing.

Looking to other jurisdictions, sectors and technological advances for inspiration, entrepreneurial producers are finding creative solutions to their financing challenges. These stories offer both hope and frustration. With each new method attempted, regulatory issues threaten to suppress innovation and economic activity.

MODES OF ALTERNATIVE FINANCING

The Documentary Organization of Canada (DOC) survey, case study analysis, literature review and numerous consultations have revealed four main categories of alternative financing, plus a handful of other means. These methods of documentary funding all operate either outside of, or in tandem with, the Canadian broadcaster-driven model. In particular, this report examines:

- Crowdfunding
- Foundations
- Private Equity
- Corporate Branding

From a fringe activity spurred by social networking only a few years ago, crowdfunding has evolved into a robust industry, one that has generated great traction in the documentary sector. In 2012, $1.6B was raised in North America across all industries through crowdfunding.[7] This act of collecting small amounts of money from large groups of people fills gaps in production budgets—crucially, it also builds audiences. Yet this report found that the amounts raised are modest, and crowdfunding, while popular, is no substitute for conventional financing.

Of specific interest to documentary filmmakers are foundations, given that a film's subject and a foundation's mandate may dovetail. In the United States, foundations are a major source of mission-related documentary financing. Between 2009-2011, American foundations awarded $1.86B in media-related grants.[8] Although there are forward-looking foundations in Canada, overall, their support of media-based projects remains sparse.

American producers have a further opportunity of leveraging support by turning to fiscal sponsors. In exchange for managerial oversight of a project, a fiscal

6 "Hot Docs Breaks Attendance Record," *Globe & Mail*, May 7, 2013. The festival reached an estimated 180,000.

7 http://crowdfunding.cmf-fmc.ca/facts_and_stats

8 Foundation Centre, *Growth in Foundation Support for Media in the US*, Nov 2013, p. 4.

sponsor can issue tax receipts for donations earmarked to a specific production. This option is attractive to both the producer and investor. The Fiscal Sponsor Directory lists 176 organizations that manage up to $1B in charitable funding.[9] In Canada, however, we find no such evidence of direct granting, which is due to the different regulatory framework governing charitable activities.[10]

Private equity financing is a route being explored by some Canadian documentary producers. Research undertaken for this report revealed financing scenarios that included private investors, both domestic and international. Friends and family contribute, as do angel and impact investors who may be seeking both a financial and social return. However, for a producer, successfully attracting private equity financing can mean a reduction in the allowable amount eligible for tax credits, in addition to costly legal and accounting fees. As for the investor, the return on the investment is by no means assured. So while Canada's film and television regulatory and funding bodies may promote the notion of seeking private equity, the research finds that producers have no incentives to pursue this type of investment.

While corporate brands have long been connected to Hollywood, they are increasingly finding symbiotic partnerships with documentary producers. Brands are now less overt around product placement; they are now more attuned to connecting their story to that of a film's subject. Both direct sponsorships and corporate social responsibility mandates have contributed money. Here though, filmmakers risk the accusation of presumed editorial interference. Furthermore, broadcasters or other potential financiers may opt out because they do not want to be affiliated with the corporation underwriting the documentary.

Entities like government departments, First Nations bands, research councils and academic programs also offer additional funding opportunities beyond the traditional broadcast-driven model. These relationships have always existed, and therefore do not exactly qualify as alternative per se, but they do contribute to a producer's efforts at diversifying their financing sources. Here, a producer must be prepared to invest time in relationship building and further ensuring that the documentary meets all of the stakeholders' needs.

Many documentary filmmakers are driven by goals of social change, and so they often prepare strategy campaigns aimed at public engagement for impact. Though these campaigns may share mandates with certain financiers, the activities directly related to achieving impact are rarely well funded. Outreach and audience development require resources beyond the small marketing and distribution budgets of most documentary productions. If impact design and measurement tools were more robust and accessible, then additional funders might be more willing to commit to social issues projects.

Turning to other jurisdictions, we find an array of examples of alternative financing. For example, in the US, a number of slate-driven private equity

9 http://www.fiscalsponsordirectory.org/facts_stats.php

10 http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgd/drftprpss-eng.html

enterprises invest in media. In the UK, a major brand supports impact outcomes. In Australia, individual philanthropists receive tax receipts for donating to documentaries.

We had hoped to unearth inspiring approaches to funding by turning to other cultural sectors like the music, interactive digital media and publishing industries. Yet these industries struggle equally with up-front financing, back-end distribution and artist development. They share common issues with the documentary sector, such as the effects of the digital revolution, access to affordable capital and inconsistent government funding.

Thus, this report shows that the traditional financing model in our current environment cannot meet the business needs of many Canadian documentary producers. Entrepreneurial filmmakers are expanding their range of approaches to bring alternative sources of financing into their companies and projects. These innovative practices help bridge budget gaps, and the resulting new partnerships can add value beyond a monetary one. Yet producers report encountering barriers at every step—legal, administrative and regulatory. This situation presents an opportunity for the documentary sector to engage Canadian funding organizations and other stakeholders in a conversation about how to address these obstacles and incentives for the future vitality of the industry.

METHODOLOGY

This section contains the terms of reference regarding the commissioned research, three definitions central to the report and a list of research activities undertaken. Also included are methodological notes on both a survey conducted by DOC and the selection of case studies.

SCOPE

The scope of the research, as defined by DOC, was to accomplish the following:

- Identify and define various means of alternative financing available to documentary producers
- Highlight the advantages and disadvantages of the approaches
- Investigate other jurisdictions and sectors to seek out additional funding alternatives
- Map options aimed at supporting the sustainability and success of the documentary industry in Canada[11]

First, it was necessary to summarize the current system before presenting alternatives. The overview sections below drew mainly from *Getting Real 5*[12] and *Profile 2012*,[13] resulting in an examination timeframe of 2010-2012. *Getting Real 5* covers fiscal 2010/2011 and *Profile 2012* covers fiscal 2011/2012 (note: fiscal years end on March 31st). Documentary volume production figures are the best available but imperfect, due to the evolving definition of documentary itself and inconsistencies in what is and is not included in certain statistical categories.

11 DOC, Alternative Funding Research Proposal, p. 2.
12 Documentary Organization of Canada, *Getting Real 5*.
13 Canadian Media Production Association, *Profile 2012*. Note that after the writing of this report, CMPA published *Profile 2013*.

This report looks specifically at up-front financing rather than back-end monetization, but just as business models in film financing are transforming, so too are approaches to distribution. With the proliferation of digital technology, both revenues streams and exhibition opportunities are multiplying to reach audiences beyond those delivered by broadcast. Video-on-demand (VOD), download-to-own (DTO) and over-the-top (OTT) services like Netflix all contribute to an ever-changing distribution landscape.

KEY DEFINITIONS

Documentary: "Original works of non-fiction, primarily designed to inform but may also educate and entertain, providing an in-depth critical analysis of a specific subject or point of view over the course of at least 22 minutes. These programs shall not be used as commercial vehicles."[14] The focus of this report is on one-off documentaries, either feature-length or broadcast-hour. While the financing models for shorts, series and interactive content face their own unique challenges, the subset of single-episode documentaries was determined to be in greatest flux.

Traditional Financing: Financing that utilizes the core and established Canadian funding bodies (both public and independent) and tax credit schemes, and which is typically triggered by a broadcast licence or distributor. Based on their established history with documentaries, the arts councils and the National Film Board of Canada may be exceptions to this rule, but they are included in this definition.

Alternative Financing: Financing that extends beyond the conventional players above to include such modes as crowdfunding, foundation support, private equity investment and corporate branding or sponsorship. Many Canadian projects incorporate a blend of traditional and alternative financing.

APPROACH

Research was based on:

- Survey—40 respondents (see summary on page 23)
- Literature Review—20 published reports and articles (see Appendix F)
- Website review—over 30 industry websites
- Consultations—20 stakeholder discussions (see page 109)
- Sidebar Interviews—3 producers
- Case Studies—5 producers (see page 71)

14 http://www.crtc.gc.ca/canrec/eng/tvcat.htm

SURVEY

DOC undertook a survey of its members and the larger documentary production community to gather information about filmmakers' present practices around alternative finance (see Appendix A for the survey template).

The bilingual survey was conducted in November 2013 and had two goals: to illuminate current trends in alternative financing and to uncover candidates for potential case studies. It proved successful on both fronts, but the survey was unable to generate a statistically significant return from the French-language market; therefore, the summary results are based on English-language market respondents only.

CASE STUDY SELECTION

Case studies were identified through both the survey and proactive outreach. The selection process sought to strike a balance among many criteria: budget size; percentage of alternative financing used; diversity of funding sources; and projects both with and without broadcaster participation. Though there are important developments in interactive, shorts and web series, only one-off linear documentaries of mid-to-feature length were considered for the purposes of this report.

The final case studies that were selected are:

- *Hadwin's Judgement: The Making of an Environmental Terrorist*—Elizabeth Yake, producer (British Columbia)
- *Embracing Voices: The Woman Behind the Music of Jane Bunnett*—Elisa Paloschi, producer/director (Ontario)
- *Occupy Love*—Velcrow Ripper, Nova Ami, Ian MacKenzie, producers (Ontario)
- *Living Downstream*—Chanda Chevannes, producer/director (Ontario)
- *The World Before Her*—Cornelia Principe, Ed Barrevel, Nisha Pahuja, producers (Ontario)

DOCUMENTARY SECTOR OVERVIEW

This section gives a brief overview of Canada's documentary sector through March 2012. Data on documentary production volume in the aggregate is provided, as are on-average sources of individual project financing.

VOLUME & BUDGETS

The volume of documentary projects fluctuates relative to the general economy and other market forces, but recently the trend has been downward. Both DOC's *Getting Real 5* and the Canadian Media Production Association's (CMPA) *Profile 2012* offer detailed economic statistics on the Canadian media landscape. Their data comes from public sources, which only captures certified projects produced within the traditional system.

In fiscal 2007/08, there were 637 documentary projects produced (both one-off and series) with a combined running time of 2,244 hours. This figure represents 23.4% of total Canadian content production in all linguistic markets. By 2010/2011, however, there were almost 200 fewer projects and a decrease to 1,445 hours, equivalent to a 4.5% drop in the Canadian market share.[15]

In terms of overall production levels, in fiscal 2008/09, $416M was spent on television documentaries, whereas in 2011/12 that had dropped to $349M.[16] Over that same period of time, Canadian television fiction production went from $945M to $1,260M, an increase of $315M, or almost five times the amount that documentary production fell behind.[17] Serialized dramatic content earns higher ratings and is better positioned to attract advertisers. Both are priorities for broadcasters.

15 Documentary Organization of Canada, *Getting Real 5*, p. 29.
16 Canadian Media Producers Association, *Profile 2012*, p. 23.
17 Canadian Media Producers Association, *Profile 2012*, p. 41.

On a per-project basis, the average per hour one-off documentary budget was $421K (in fiscal 2010/11).[18] Private television broadcast licences accounted for on average 15% of English-language documentary budgets.[19] Public broadcast fees were on average 11%, with foreign investments at 6%, and the CMF added a further 18%. Combined federal and provincial tax credits provided 27%, with the provincial amount twice that of the federal. Canadian distributors through advances, production companies through investment and other public sources each accounted for 2%. Other private sources like independent production funds contributed 21% to the average documentary budget, and in most cases, a broadcast licence was required to trigger the support.

18 Documentary Organization of Canada, *Getting Real 5*, p. 45.
19 Documentary Organization of Canada, *Getting Real 5*, p. 55.

CANADIAN TRADITIONAL FINANCING SYSTEM

This section lists the key components of the traditional financing system in Canada. Funding for a typical one-off TV or feature documentary is pieced together from a multitude of sources. At the production phase, a broadcast licence is the crucial trigger, generally coming with an allocation from the broadcaster's Canada Media Fund Performance Envelope (see below). With that licence in hand, a producer can then apply to additional public and private funds, as well as qualify for federal and provincial tax credits.

BROADCASTERS

The documentary industry has been hit hard by broadcaster consolidation. In recent years, the number of players has decreased, now represented by: Bell/CTV/Astral; Shaw/Corus/CanWest; Quebecor; and Rogers. These groups include within them conventional, pay networks and specialty channels. The public system contains CBC/Radio Canada and the provincial educational broadcasters of Knowledge, TVO, TFO and Télé-Québec.

Though obligated as a condition of licence to support and air Canadian content, the broadcasters are not required to commission one-off documentaries specifically. In addition to the growing investment being made in Canadian drama, other priorities have shifted to factual lifestyle and reality programming, rather than independent documentary. Indeed, combined English-language private

broadcaster licence fees for documentaries dropped from $117M in 2008/09 to $74M in 2010/11.[20]

Even when producers are successful in getting a licence, they have fewer separate broadcasters to approach for subsequent broadcast slots, otherwise known as "windows," with such consolidation. The broadcast groups try to secure as many rights as they can across all of their offerings. While this strategy serves to amortize their own costs, it also limits revenue potential for producers. This decrease in the number of individual commissioning editors to whom producers can pitch only exacerbates an already challenging situation.

INTERNATIONAL BROADCASTERS

Canadian documentary producers have consistently pre-sold content in foreign markets and/or engaged in treaty co-productions. The relative numbers, however, remain modest. In the five-year period between 2006/07 and 2010/11, the foreign contribution averaged only $6M. This figure represents just over 9% of the full production spend.[21] Though there are many aligned broadcasters globally, the deals are complex, and again, a Canadian licence is still required to trigger the balance of funding from the Canadian funding system.

CANADA MEDIA FUND

The mandate of the Canada Media Fund (CMF) is to support "the sustainable production of successful, convergent television and digital media content that is accessible to Canadians through multiple platforms."[22] As detailed on their website at the time of writing, its contribution of $372M to Canadian television and digital media in 2012/13 makes it the single largest source of media funding in Canada. The CMF is funded by the Canadian government, cable companies and satellite distributors. The majority of CMF's support is channeled via its $250M+ Broadcaster Performance Envelopes while the rest of its funds is allocated to projects through selective programs. Within guidelines,[23] the broadcasters are empowered to choose how to direct this money. In fiscal 2012/2013, for example, the envelopes ranged from $30K for the AfroGlobal Network, to $2.5M for TV Ontario, to $11M for Groupe TVA, to $32M for Bell and $58M for CBC.[24]

In fiscal 2012/13, $24M went to English-language documentary. Notably, only 35% of this Performance Envelope allocation was dedicated to one-offs, with just 6% of that amount (or $1.4M) going to what are identified as point of view

20 Documentary Organization of Canada, *Getting Real 5*, p. 53.
21 Documentary Organization of Canada, *Getting Real 5*, p. 55.
22 http://www.cmf-fmc.ca/about-cmf/overview/cmf-history/
23 http://www.cmf-fmc.ca/envelope-administration/manuals/
24 http://www.cmf-fmc.ca/envelope-administration/allocations/

(POV) films. In addition, the stand-alone English-language POV Program added another $3.36M to the genre (including Digital Media), though the demand was more than twice that.[25] A broadcast licence meeting a minimum threshold is required to access financing.

THEATRICAL DOCUMENTARY FUND

A partnership between Telefilm and Rogers forms this Fund. Films are judged on creative merits, as well as box office potential, because the program's main goal is to build larger theatrical audiences for Canadian films. On successful projects, Telefilm will make a recoupable contribution of up to $187,500, for which they need a signed distribution agreement as part of the application. In fiscal 2012/13, the Fund contributed $602K across seven projects.[26] Rogers may independently make an equity investment of up to $125K, and they require that a broadcast licence be in place. Rogers financed five projects in 2011 and three in 2012.[27]

ROGERS DOCUMENTARY FUND

This Fund offers non-recoupable advances of up to $75K, injecting almost $2M a year into Canadian documentary production. To qualify for consideration, documentaries need to have a prime-time broadcast licence.[28] In 2013, roughly a third of the producers who applied were successful: 27 English and nine French projects were funded from a combined pool of 96 applicants, or a 38% success rate.[29]

SHAW MEDIA–HOT DOCS FUND

This partnership has two components: the Completion Fund, which is a grant of up to $100K and requires a broadcast licence, and the Development Fund, which is a no-interest loan in the $10-15K range.[30] This is one of the only funds in Canada that invests in early-stage development, without pre-existing market support. Shaw has committed $4M over seven years, and the funds are administered by the Hot Docs Film Festival. Going back five years, the average success rate for the Development Fund is 13% and for the Completion Fund is 19%.[31] This means that every year, literally dozens of producers cannot avail themselves of this financial support.

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25 CMF Working Group Briefing, October 3, 2013.
26 http://www.telefilm.ca/en/telefilm/investment-reports
27 http://www.rogersgroupoffunds.com/documentary_fund.php
28 Ibid.
29 Source: Rogers.
30 http://www.hotdocs.ca/funds/shaw_media_hot_docs_funds/
31 Source: Hot Docs.

Both the Shaw Media initiative and the Rogers Group of Funds above came into being as a direct result of corporate mergers or acquisitions. One of the conditions set by the Canadian Radio-television and Telecommunications Commission (CRTC) is that a percentage of the purchase price from such transactions be directed to public benefits through supporting Canadian content creation. The Bell Broadcast and New Media Fund functions similarly, but with a focus on multi-platform projects. Most of these initiatives are slated to last only for a certain number of years, however, and they will run out with no guarantee that funders continue to support them.

NATIONAL FILM BOARD OF CANADA

As a publically funded creative producer and distributor, the NFB continues to be an important player in Canada's documentary sector. Even in the face of government cutbacks, in 2011/12 the NFB produced or co-produced 33 mid-to-feature-length documentaries.[32] Looking more closely at the financial split over a recent three-year span, we can see that the programming priorities are shifting. With $32.3M in production spending in 2007/08, $11.6M was on features, $17.5M on mid-length and $3.3M on shorts across all genres. Three fiscal years later, the overall spend was down to $26.6M, with 20% allocated to interactive content. Just $2.3M was invested in mid-length films (e.g., 30-77 min). At the same time, the number of feature-length projects went up.[33] These ratios are consistent with the NFB's strategic plan to be a leader in the digital realm specifically, and to produce innovative content that might not otherwise find traditional market support.

CANADA COUNCIL FOR THE ARTS

Another source of documentary funding is the Canada Council for the Arts, which contributed $1.75M in 2011, for an average of $36K per project.[34] CCA is not part of the traditional broadcast financing model, but historically it has been a significant supporter of media artists. They require, however, that the filmmaker have full creative control and ownership in the project, which puts their programs at odds with some potential financing partners.

PROVINCIAL SOURCES

Provinces offer financial support for content creation mainly through two streams: the artistic stream via art councils and the industrial stream via funds and agencies, such as the Alberta Media Fund, Creative BC, the Ontario Media

32 http://onf-nfb.gc.ca/medias/download/documents/pdf/NFB-annual-report-2012.pdf
33 Documentary Organization of Canada, *Getting Real 5*, p. 81.
34 Ibid., pp. 86-87.

Development Corporation (OMDC) and the Société de développement des entreprises culturelles in Québec (SODEC). Mandates across agencies vary, but they all aim to support the economic activity of cultural industries. For example, through its Film Fund, the OMDC alone has injected $29M into Ontario-based film projects since 2005.[35]

TAX CREDITS

Producers access tax credits at both a provincial and federal level, and they are generally based on a percentage of the film's labour spend. To qualify for these credits, a television program must have been broadcast on Canadian television, whereas a film must have had a Canadian distributor attached. Though the tax credits programs' original intent was to provide capitalization support to grow Canadian production companies, they now form a major part of the funding strategy due to market conditions and broadcaster pressure.

INTERIM FINANCING

Though not a source of funding per se, interim financing can be crucial. A producer applies for tax credits late in the production cycle, and so typically there is a considerable waiting period. Alternately, a broadcaster may commit a licence fee, but have a drawdown schedule that impedes the producer's cash flow requirements. In these cases, producers need to bridge the gap, but they have few places to turn.

Though some major lending institutions will provide interim financing to documentaries, in most cases the amounts are too low for the banks to bother, and the borrowing costs are too high for the producer.

Rogers Telefund is a revolving fund that advances low-interest loans against secure commitments. While there is no administration fee, the legal costs are borne by the producer, and therefore can be significant.

New in this arena is Vancity Credit Union's "By Design" loan. This program provides loans of up to $75K to those in the creative community. Their focus is on local artists with social and environmental stories. If approved, the interest rate for the micro-loan is prime plus 4% with no additional fees. At the time of publication, however, only one documentary had so far been processed, but others were under review.

35 Ontario Media Development Corporation, *The Year in Review*, p. 16.

DISTRIBUTION ADVANCE

There are few private distributors in Canada, fewer who specialize in documentaries and fewer still who give advances or minimum guarantees against future sales. Although crucial for the distribution phase and for the triggering of Telefilm's part of the Theatrical Documentary Fund, distributors do not play a major role in production financing.

INTRODUCTION TO ALTERNATIVE FINANCING

In this section we summarize the findings of the DOC survey, detailing respondents' uses of both traditional and alternative financing. The trends captured show:

- Which sources of alternative financing are being turned to most frequently
- What the related barriers and challenges are that producers are facing

SURVEY RESULTS

Of the 40 respondents who filled out the survey, 85% had used alternative financing in documentary projects. Furthermore, 17% had done so more than once. In nearly all cases, producers were providing details on one particular film.

In terms of budgets, there was a near-even split: roughly one third of respondents had budgets under $100K, another third in the $100-250K range and a final third over $250K. Of that last group, more than half had production budgets exceeding $500K.

A significant 20% of respondents used alternative sources for 90-100% of their financing. Only a quarter of the respondents used it for 15% or less of the budget. With some exceptions, there was a correlation between budget size and percentage of alternative financing used in that, for example, the majority of those projects nearing 100% alternative financing had budgets of under $100K.

Respondents accessed the traditional financing system in the following ways:

- Two thirds had a Canadian broadcast licence, and 21% had an international pre-sale
- Half received federal tax credits, and slightly more than half, provincial tax credits

- One quarter benefitted from provincial or territorial funding agencies
- Rogers Documentary Fund was involved in 21% of the scenarios
- 17% got CMF Performance Envelope allocations and 17% received CMF POV support
- 13% had NFB, Rogers Media-Hot Docs Fund or the support of the Canada Council for the Arts
- Telefilm was part of 8% of the projects

Notably, a sizable 38% of survey respondents checked "other" regarding traditional financing. Though the sources were not named within that question, the comments section suggests that producers were referring to programs such as the now defunct CIFVF and CIDA programs, producer investment and forms of in-kind support.

The percentage of projects that used the following sources of alternative financing*:

- Private Investment 55%
- Crowdfunding 35%
- Foundations 30%
- NGOs 15%
- Tax-receipted Donations 15%
- Sponsorship 15%
- Academic Institutions 5%

*Note: many films used multiple sources.

> "Documentary is also going through a golden era. Look at the list of 151 docs eligible for the Oscars this year and you will not find a more overwhelmingly powerful group of docs in the history of the art form. However, great docs and television rarely inhabit the same space so, therein lies our problem in this country where television is proposed as the trigger for our non-fiction production. [...] Maybe the fading of docs from main street TV is an opportunity to make them more vital, more probing, more moving, more real."
>
> Chuck Lapp
> **QUOTED FROM DOC LISTSERV**

No respondents included "online platform." This absence demonstrates that although financing from entities like Netflix and YouTube is beginning to take place, it has not yet significantly benefitted Canadian one-off documentary filmmakers.

It is worth noting that 35% of the respondents checked "other" forms of alternative financing, and the associated comments with this question provided further information. Different sources emerged: a Research Council grant; a Women in Film scholarship; the sale of company shares; an advertising time buy; pure private donations; and, of course, deferrals.

Looking more closely into some of these methods, we uncover these findings:

- **Private investment** largely included friends, families and the filmmakers themselves. One producer accepted funds from the film's subject, and

another received an equity investment from US-based Impact Partners (see page 48).

- Of those who used **crowdfunding**, Indiegogo was the most prevalent, followed by Kickstarter and then Haricot.[36] One respondent even created a custom crowdfunding site well before the practice was commonplace.
- In terms of **foundation** support, we see mostly US foundations of various sizes, such as: Fledgling Fund; Annie E. Casey Foundation; Schumacher Foundation; Cinereach; and Tribeca Film Institute. Not all respondents provided the names of the supporting foundations, but we can surmise from the responses that only a small number of Canadian organizations provided support.
- For tax-receipted donations, most producers indicated that a **fiscal sponsor**, typically American, was on board (see page 43).

Further statistics of note:

- 32% are planning to have, or have had, a theatrical release
- 95% did not need to give up any creative control when accessing alternative financing
- 70% indicated that they did not need to relinquish any copyright/ownership equity
- More than half of the respondents have also used alternative financing for development, and roughly a third for marketing/outreach

The general comments section at the end of the survey revealed some recurring themes. The effort of seeking alternative finance came through strongly. Many producers commented on how labour and resource-intensive crowdfunding can be, as well as how much time is needed for researching grants and then building relationships with foundations.

Multiple respondents expressed an urgent need to set up a non-broadcast fund in Canada, especially with the reduction in broadcast commissions of one-offs. One respondent said: "The problem, obviously, is that Canadian broadcasters are no longer interested in documentary."

On a pure financing front, there also was frustration that crowdfunding can reduce tax credits, because of the Canada Revenue Agency's (CRA) interpretation of it as "assistance." Foreign equity in Canadian financing was described as "legally complicated." Perhaps the most commonly voiced issue was the inability within Canada to issue tax receipts for would-be donors to documentary films. More information related to these technicalities will be provided in subsequent sections.

36 Please note this was prior to Kickstarter's arrival in Canada in September 2013.

MODES OF ALTERNATIVE FINANCING

The survey and research results have led to the following four main categories of alternative financing, plus an "other" category. Again, these are all methods of Canadian documentary funding that operate either separately from or along with the traditional broadcaster-driven model. In each category there are multiple options and variables, which will be explored in detail in the sections below.

- Crowdfunding
- Foundations
- Private Equity
- Corporate Branding
- Other

> "I often wonder to what degree these new alternative models are currently sustaining our industry? And by 'sustaining' I mean real dollars, upfront, in filmmakers' pockets to finance our films, films that have realistic budgets to pay professionals and support the wider industry and create and sustain jobs."
>
> Justine Pimlott
> **QUOTED FROM DOC LISTSERV**

CROWDFUNDING

This section defines various forms of crowdfunding. It details certain issues specific to the Canadian context, such as evolving securities regulations. The major international sites are described (Kickstarter and Indiegogo), as well as two curated Canadian crowdfunding initiatives (Doc Ignite & Cuban Hat). Finally, there are descriptions of some unique approaches in other areas.

OVERVIEW

In the world of alternative finance today, crowdfunding is perhaps the most ubiquitous. Just as digital video cameras democratized media production, crowdfunding has democratized the process of raising money. Through online platforms, filmmakers can go directly to supporters, who typically become the future audience and the project's evangelists. Donors can play an active role in getting a film off the ground, and just as importantly, create much-needed buzz around a project. Their individual contributions may be small and the perks or returns modest, but they represent a community breathing life into cultural work.

There are three main modes of crowdfunding—donations, lending and equity investment. Lending and equity crowdfunding are rarely seen in Canada; the donations model is most prevalent. In the donations model, supporters choose an amount of money to give to a project in exchange for a reward or incentive. It is a simple transaction, with no ownership or creative control offered, and no tax receipt either.

Some platforms like Kickstarter have what could be called an all-or-nothing approach; the money is not collected and distributed unless the project reaches its financial target in a stated timeframe. Other platforms like Indiegogo allow for contributions to flow to the artist whether or not they meet their goal. While this approach benefits the recipient, it also makes some donors wary. Most of these platforms monetize by retaining a percentage of the amount raised as a

commission; Indiegogo, for example, charges a higher amount on projects that do not hit their target.

The numbers for this mode of funding are significant. According to the CMF's "Crowdfunding in a Canadian Context,"[37] in 2012 there were almost 600 active crowdfunding platforms in the world, with 45 operating in Canada. Almost $3B was raised globally in over one million successfully completed campaigns. Social Causes and Business & Entrepreneurship were the largest categories, followed by Film & Performing Arts at 12% of all activity (or roughly $325M). Figures for 2013 were predicted to top the $5B mark.

CHALLENGES

Crowdfunding is not the cure-all for documentary filmmakers. Rather, it is best seen as a complementary source of financing. There is no doubt that the campaigns generate profiles, build audiences and can help leverage valuable metrics. No less significantly, they do raise money. Yet to put these figures in perspective, annual global crowdfunding support for the category "Film and Performing Arts," for example, is less than the one-year budget of the Canada Media Fund. As highlighted in the case study summaries, crowdfunding is labour-intensive, raises relatively modest sums and often fails. There is also the growing risk of donor fatigue, where donors are less willing to respond to appeals because they are becoming too frequent.

Figures from Kickstarter in summer 2013 show that roughly 40% of all campaigns achieved their goals. Indiegogo's site revealed that 72% of projects reached less than 25% of their targets.[38] Not being able to meet targets can damage an artist's reputation and set a project back. Furthermore, most of the success of these campaigns contributed only modest financial levels. For short films on Kickstarter, for example, 34% of the completed 2011 campaigns brought in less than $3K each. The majority of successful feature-length projects were in the $10-20K range.[39] Such amounts can help bridge a budget gap, but they simply are not adequate to fully finance films.

There are also tax implications to this form of alternative financing that must be considered. Donation-based crowdfunding is currently seen by the Canada Revenue Agency as "assistance," and therefore any amount raised reduces the maximum tax credit for which a production is eligible. Also for individuals, however much it may feel like a series of gifts, crowdfunding is fully taxable.

37 http://crowdfunding.cmf-fmc.ca/facts_and_stats

38 "Kickstarter, Indiegogo, Seed & Spark: Comparing Crowdfunding Platform Success Rates When It Comes to Film Projects," Bruce Reninger, *IndieWire*, August 16, 2013.

39 "Is Crowdfunding Right For You? One Filmmaker Crunched the Numbers so You Don't Have To," James Cooper, *IndieWire*, August 21, 2012.

SECURITIES ISSUES

Donation-based crowdfunding represents the default model in Canada due in large part to the regulatory environment. Recent and ongoing reform is beginning to create the conditions for equity-based crowdfunding in more jurisdictions. Australia, the UK, France and Germany[40] are some of the countries where equity crowdfunding models are legal and individuals can buy a small stake in a start-up enterprise. The US and Canada are also inching in that direction.

This practice has historically been disallowed to protect would-be investors from fraud or unrecoverable personal loss. As defined by the Ontario Securities Commission, an "accredited investor" (outside of those who are professionally engaged in the industry) is an individual with a net worth of $5M or annual income of $200K.[41] Only accredited investors have been permitted to make direct equity investments. Analogously, companies seeking investments are obligated to adhere to strict and expensive financial reporting practices, as well as to limitations on solicitation.

The Canadian Securities Administrators (CSA) coordinates provincial securities commissions, each of which in turn has control over the regulations in their own province. In December 2013 Saskatchewan became the first province in Canada to allow companies to raise capital online from unaccredited investors.[42] They placed protective conditions on the exchanges, including limiting the amount of money one business could raise in a given year, at two rounds of $150K. One individual is permitted to invest up to $1500 per offering. Other provinces, notably Ontario, are forging ahead with similar explorations.

The National Crowdfunding Association of Canada published the results of a 2013 survey of 144 respondents; roughly three-quarters identified as unaccredited.[43] Here, 96% felt that Canadian securities law should adopt a crowdfunding exemption. Though clear risks were listed, such as investors losing all of their money or being unable to resell their equity, the respondents also articulated various motivations. The majority were interested in innovation and financial reward, but many also listed non-financial incentives, such as access to entrepreneurs and networking.

Interested parties are keeping a keen eye on developments in the US. The Jumpstart Our Business Startups Act (JOBS Act) was passed in early 2012 with the intention of simplifying security regulations to encourage small business funding. Though unaccredited investor contributions are still not yet legal, in September 2013 Title II of the Act went into effect, which allows advertising (including social media) for private financing.[44]

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40 "Equity Crowdfunding Could Boost Canadian Startups": Wesley Anam, *Public Policy & Governance Review*, November 1, 2013.

41 http://www.osc.gov.on.ca/en/21943.htm

42 http://www.fcaa.gov.sk.ca/SKEC

43 http://ncfacanada.org/national-crowdfunding-survey-data-results-summary-of-raw-results/

44 "After SEC JOBS Act Ruling, How Can You Approach Film Investors?" Colin Brown, *IndieWire*, July 22, 2013.

It should be noted that where legal, the practice is more ubiquitous in the technology sector; here, investors can buy a stake in a promising company. In documentary film projects, however, it is less certain that the practice would find such traction, considering that the budgets are relatively small and profitability rare. Producers may also be reluctant to give up equity, which can create legal complications with both broadcasters and other funding bodies, especially if seeking international support. For instance, for the purposes of the federal tax credit, an entity taking an equity position must be Canadian, or a "prescribed person" under Income Tax Act regulations.[45]

THE MAJORS

KICKSTARTER

As learned through direct communications with Kickstarter,[46] as of December 2013 the platform had seen 31,640 mostly American Film & Video projects launch, of which 12,270 were successfully funded. Roughly a quarter of those launched were noted as documentary. Games continue to be the most popular of the creative categories. In 2013, $480M was pledged globally to Kickstarter projects—or $913 per minute![47]

In the three months following Kickstarter's official Canadian launch in September 2013, 135 Canadian film & video projects went up. Over $9M CAD was pledged to 791 projects across all categories, averaging roughly $12,000 per project. In the years prior, Canadians had cumulatively pledged over $32M to over 33,000 projects across all categories. Platform-wide, the most common pledge is $25 USD, and the average pledge amount comes to $70 USD. The average overall Film & Video target is approximately $10K USD; less than half reach this goal.

In the past four years, over 200 Kickstarter-funded films were released theatrically in the US. Over 60 of them were invited to Sundance, six received Oscar nominations and there was one Oscar win, for the documentary short *Inocente*. Some of these higher profile Kickstarter-funded documentary films include: *Ai Weiwei: Never Sorry*; *Inequality for All*; *Detropia*; *Our Nixon*; and the Canadian project, *Indie Game: The Movie.*

45 http://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._945/section-1106.html
46 Source: Kickstarter consultation.
47 "The Year in Kickstarter 2013," Kickstarter.

INDIEGOGO

This crowdfunding platform has been in Canada since its establishment in 2008. As described through consultations directly with Indiegogo,[48] when the site first launched at Sundance, it was intended to support film only, and with the philosophy of democratizing financing. It soon opened to include other sectors, and accordingly, the campaign goals vary greatly. High tech campaigns can accumulate donations in the hundreds of thousands, while some small art projects aim for less than $1K. The average goal across all disciplines is $25K and the average contribution is $75.

Of the projects that reach their target, 87% go on to exceed it. Again, the majority of Indiegogo campaigns are set up in the "keep-what-you-earn" model, so all of the money raised, minus commissions, goes to the project. Indiegogo focuses less on the succeed versus fail ethos, recognizing that success can also be measured through other benefits, such as building audiences and raising community awareness.

Documentaries have not been pulled out as a singular genre, but rather, fall under the wider category of Film/Video & Web. As a result, specific averages are difficult to generate. However, last year saw a 70% increase in the amount of money raised by film campaigns, in particular in Canada. Canada, it should also be noted, represents Indiegogo's second largest market after the US.

Like Kickstarter, there is a mix on Indiegogo of emerging and established filmmakers. As financing becomes increasingly competitive and major crowdfunding success stories tantalize filmmakers, more seasoned players are entering the arena. *Life Itself*, a feature-length documentary based on Roger Ebert's memoir that is being made by veteran producers at Kartemquin Films (of *Hoop Dreams* fame), is a current campaign that has so far raised over $108K.[49] It may help that some of these artists are themselves recognizable "brands."

Two Indiegogo Canadian success stories are *Be Brave: The True Story of Daniel Northcott*, which exceeded its $184K goal, and *Milton's Secret*, which brought in an impressive $305K, although the target was $1M.

MADE-IN-CANADA CROWDFUNDING

Two homegrown crowdfunding initiatives are Doc Ignite and Cuban Hat. The former is run by a venerable documentary festival, while the latter is entirely grassroots. Unlike Kickstarter and Indiegogo, both are curated. This pre-selection process allows for at least one level of quality control before supporters are asked to consider donations. It further allows the selected project to benefit from a given platform's brand.

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48 Source: Indiegogo consultation.

49 http://www.indiegogo.com/projects/life-itself-a-feature-documentary-based-on-roger-ebert-s-memoir retrieved January 8, 2014.

DOC IGNITE

Toronto-based Hot Docs began Doc Ignite[50] as an online showcase and crowd-funding space for emerging filmmakers with in-progress documentaries. It is a competitive process, featuring one project at a time. Since its inception in early 2012, over 100 submissions have been received and five films have mounted successful campaigns. Most had already secured financing before turning to the platform. In a "keep-what-you-earn" model, filmmakers receive all money pledged. Hot Docs retains a 4% commission for successful campaigns, and 8% for those that do not meet their goals. All Doc Ignite campaigns so far have met their stated targets. Also, Hot Docs uses the platform to crowdfund for its People's Choice Award. Over the two-year period, this has amounted to almost $15K received from 117 contributors.

The total dollars raised by Doc Ignite to date is $108,202, with an average per-campaign amount of nearly $19K. Over 1000 people contributed to the projects, with a roughly 70/30 split between "friends & family" and the "Hot Docs network." Campaign contributions ranged from $68-122, with an overall average of $93, notably higher than either Kickstarter or Indiegogo. Filmmakers spend roughly 10% of their earnings on incentive fulfillment. Doc Ignite also offers donors Hot Docs incentives in addition to the project perks.

Though there are clear benefits to a stand-alone, high quality site, Hot Docs is not seeking to host a full-time crowdfunding platform. In light of this, they chose to enhance a pre-existing partnership with Kickstarter. Doc Ignite has now pivoted to become a service. Documentary crowdfunding projects can access Doc Ignite's fee-for-service consultation from the Hot Docs industry team. Consultation areas include campaign strategy planning, incentive creation and budget, and outreach and engagement.

CUBAN HAT

"Our mission with the Cuban Hat[51] is to connect strong and beautiful projects with potential partners, by allowing audiences to encourage their favorite ideas […] The documentary community and industry have proven to be constant supporters of the Cuban Hat Award in our belief that if we pool together our resources, let it be in cash or knowledge, talent and services, we can help a project get off the ground."[52]

Cuban Hat was born in 2009 when Diego Briceño-Orduz and Giulia Frati, two independent Montreal filmmakers, attended the Hot Docs Forum as observers. Struck by the lack of support for projects that were pitched, they decided in that moment to approach other forum observers and participants during the lunch break to see if they could solicit additional financial support for the best

50 Source: Doc Ignite consultation.
51 Source: Cuban Hat consultation.
52 http://cubanhat.tv/CubanHat/web/fr/info/mandate

pitch of the event. Passing around a Cuban hat, they asked people for cash or anything else they wanted to give. Over the course of 12 hours, they collected $1,400 plus other "goodies"; then, an official presentation, no strings attached, was staged later that evening. Staff from the International Documentary Festival Amsterdam were in attendance and invited Diego and Giulia to do the same in exchange for an IDFA pass and a small living allowance during their festival.

For Briceño-Orduz and Frati, it provided a *laissez-passer*—a passport to talk to people. As emerging directors, they did not yet have the reputation to approach some of the bigger players, and thus suddenly found themselves on an international stage, doing something they really believed in. At Rencontres internationales du documentaire de Montréal (RIDM), they tried to support all five filmmakers who pitched, and at Sunny Side of the Doc they did so with Transmedia projects.

Cuban Hat is now a non-profit initiative that supports the work of media creators around the world. In 2011, they launched online and now generate their own competitions. A number of project proposals are shortlisted on which users can vote, leading to five finalists who pitch publicly. They estimate that recently in Montreal, they gave two winning films approximately $3,000 in cash and then another $10,000-12,000 in services.

Over the years, Cuban Hat has included editing time, camera rental, dinner for a night, graphic design, a website and three days of translation, all spurred by the first hat collection where a subway token was given. They have also helped filmmakers shape and design their pitches.

Some Canadian projects which have received Cuban Hat support are: *Herman's House, Plenty's Paradox, Fractured Land* and *Dans son monde.* See Appendix C for list of select Canadian crowdfunded projects.

OTHER UNIQUE MODELS

SOKAP (CANADA)

This model represents a licensing for revenue share, or as they state: "We connect companies and project owners with fans and community groups, allowing everyone to benefit financially."[53] Though it contains some straightforward support mechanisms, SoKap's unique offering is the opportunity to "buy a town"—the supporter, be it an individual or organization, licenses a geographic area, thus gaining exclusive rights to sell the project or product in that area for a share of revenue. In the case of a film, for example, this model provides a solid incentive for the licencee to promote screenings and unit sales. Though only

53 http://www.sokap.com/

in start-up mode with few projects listed (just three films at present), it will be intriguing to track the model to see if it develops.

CROWDCUBE (UK)

CrowdCube's model is equity crowdfunding: "By tapping into a 'crowd' of like-minded individuals who are willing to invest directly in exchange for equity, entrepreneurs can access funds that have, until now, been hidden away or controlled by VCs or Business Angels."[54] In three years, the platform has successfully funded over £16M, in an all-or-nothing mode, with an average amount invested per person of £2,500. Film, TV & Theatre only make up 2% of the projects, with the majority being based in Retail, Food & Drink and the Internet. CrowdCube is upfront about the risks of equity crowdfunding, but it also highlights the generous tax benefits offered by the UK government. The Seed Enterprise Investment Scheme (SEIS) allows individual investors a tax break of 50% on select investments up to £100,000 and Capital Gains Tax (CGT) exemption for any gains on the SEIS shares.

SEED & SPARK (US)

By crowdfunding goods & services, Seed & Spark functions as a "selective crowdfunding platform that supports all things moving picture-related. Films (shorts, features, docs, experimental), web series, film festivals and even (and almost especially) independent cinemas and screening venues who need to build audiences."[55] What differentiates Seed & Spark is that creators post wish-lists of actual needs (e.g., gear, crew, travel) and supporters can pledge money against that particular item or even loan it in exchange for their incentive reward. The site also contains what they term a "cinema," with films streaming for a rental fee. Donors to projects also accumulate "sparks" that can be redeemed in the screening room.

HATCH FUND (US)

As a charitable status-based initiative, "Hatchfund is where accomplished artists can post projects, art supporters can help fund projects, and partner organizations can join in with matching funds—a place where art communities connect and turn artistic visions into reality."[56] The all-or-nothing platform has a 75% success rate and donations are fully tax-deductible. As an American 501(c)3 organization, Hatchfund is analogous to a registered charity in Canada. Artists also receive personal support, peer collaboration and education services. In addition to media-makers, Hatchfund supports dancers, writers, architects

54 http://www.crowdcube.com/pg/how-it-works-4
55 http://www.seedandspark.com/content/how-seedspark-0
56 http://www.hatchfund.org/about_hatchfund

and musicians. Dozens of partner organizations provide match-funding and other forms of support.

HUMBLE BUNDLE (US)

Humble Bumble operates on the honour system: "Pay what you want. Support charity. Get six incredible cross-platform games."[57] Through game distribution rather than documentary financing, this model is being included for its clever—and replicable—simplicity. When users log on, they are presented with a slate of games that are seeking funding during a certain time period. Some games are more hyped than others. The user chooses how much they wish to pay for the bundle and are directed to three sliders. Of the total amount, they can allocate whatever percentage they wish to each of the games' developers, or to a charity, or to a "tip" for Humble Bundle itself. There are incentives to pay more than the going average, while the offer is open. At present, the average is $5.16, but several top contributors are in the hundreds of dollars. At the time of this report, with three days left for the specific slate of projects, they had raised nearly $1M.[58]

57 https://www.humblebundle.com/

58 https://www.humblebundle.com/weekly retrieved February 3, 2014.

FOUNDATIONS– CANADA & US

This section provides an overview of the charitable sector in Canada, including the challenges faced by foundations and media makers who wish to collaborate. Before we turn to the American system, we review some progressive Canadian organizations and explain the US model of fiscal sponsorship.

The DOC Survey, case study interviews and primary consultations done for this report reveal an opportunity for documentarians to forge relationships with foundations and non-governmental organizations (NGOs). These entities are typically driven by specific missions, as are many POV documentary filmmakers. Aligned goals often have to do with social justice and striving to make the world a better place.

To do their work, artists need the financial resources to cover the hard costs of not only their productions, but also their own living wage. Foundations and NGOs, on the other hand, need to get their story out there; they need to craft a compelling narrative to advance their mandate. Both filmmakers and funders are preoccupied with impact, and thus could be valuable allies. Working together for mutual benefit, foundations and filmmakers could collaborate on projects that enact positive social change. In Canada, however, the legislative and regulatory environment limits such partnerships.

CANADIAN OVERVIEW

In Canada there are three main types of organizations that are registered as charitable with the Canada Revenue Agency (CRA): charitable organizations; public foundations; and private foundations. This designation comes with tax advantages, as well as strict obligations. Organizations can issue tax receipts to donors, receive grants from other charities and are afforded tax relief because they exist to be of service to society. To pass what is known as the

public benefit test, these groups cannot be seen to provide undue private advantage to connected stakeholders or niche groups.

SUMMARY OF GENERAL CHARACTERISTICS:[59]

1) **Charitable Organizations:** funding comes from government, grants from other charities, donations, and earned revenue; board of directors is arm's length; activities are mandate-related (over which they have full legal and fiscal control). Example: Médecins Sans Frontières Canada.
2) **Public Foundations (or Community Foundations):** funding comes from an endowment built through multiple community sources; board of directors is arm's length; activities are primarily grant making, but can include program delivery. Example: Vancouver Foundation.
3) **Private Foundations (or Family Foundations):** funding comes from personal, family or business endowment; board of directors is not arm's length; activities are primarily granting. Example: J.W. McConnell Family Foundation.

Note that the word "foundation" above is used inconsistently in the naming of organizations, which can lead to some surface confusion over their governance structure.

All registered charities have a 3.5% disbursement quota (DQ),[60] requiring them to spend that percentage of their assets each year, either as gifts to "qualified donees" or on their own charitable activities. A qualified donee is an entity that can itself issue tax receipts. Typically this is another registered charity, but it could also include a national arts services organization, a Canadian municipality, a university, an amateur athletic association or others.[61]

To qualify for their registered status, all foundations and charities must articulate clear charitable purposes. In Canada, there are four allowable categories[62]:

1) Relief of poverty
2) Advancement of education
3) Advancement of religion
4) Other purposes beneficial to the community

Though still rigorously scrutinized by CRA for true charitable intent, the "other purposes beneficial to the community" category provides some flexibility. For example, it may contain activities related to: children and youth; people with disabilities; seniors; refugees and immigrants; health and medical care; the environment; agriculture; and the arts.

59 http://pfc.ca/canadian-foundation-facts/
60 http://www.cra-arc.gc.ca/chrts-gvng/chrts/prtng/spndng/clclb-eng.html
61 http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgd/qlfddns-eng.html
62 http://www.cra-arc.gc.ca/chrts-gvng/chrts/pplyng/mdl/mdl-bjcts-eng.html

The "advancement of education" category, which is of interest to documentary filmmakers, is still governed by strict definitions. An activity will not be seen as charitable if it can be construed as propaganda, advocating a particular point of view or cause. Nor should a program be created simply to raise general awareness, but rather, it needs to have the clear intent to "train the mind."[63]

The Income Tax Act demands that organizations maintain "direction and control" of all activities undertaken in pursuit of their charitable objects, setting parameters around all significant decisions—including the spending of resources.[64] In Canada, this limits their capacity to out-source third-party project work conducted at a distance. A charity can contract with non-charities to work on behalf of the charity, but it cannot make grants to non-qualified donees.

Charities are allowed to operate related businesses that earn revenue so long as, among other parameters, they are "linked and subordinate" to their charitable purposes.[65] As with all of the above restrictions, these actions must be carefully monitored because organizations run the risk of losing their tax-exempt charitable status and the important capacity to issue receipts to donors.

CANADIAN CHALLENGES

The missions of foundations, NGOs, philanthropists and filmmakers may often be well matched. Presumably because of the real systemic barriers that exist to such collaborations in Canada, there has not been an historical practice of these groups working together.

An individual artist is not able to gain charitable status personally so that she or he could become a "qualified donee" and therefore receive tax-deductible grants. A production company will likewise not qualify because of their for-profit status. Even though so few documentaries are profitable, those in the private sector are produced, at least technically, for commercial exploitation. An exception is a fully "sponsored" film, which would be owned outright by the commissioning charity or foundation whereby a filmmaker is a gun-for-hire and the budget is managed by the organization.

In Canada, policy on charitable giving comes from three sources, which makes any reform complex and renders outcomes unpredictable.

1) Canada's definition of charity comes from **common law** and dates as far back as the 1600's. Changes in the law's interpretation only come from the setting of new legal precedents as they evolve through our common-law judicial process.
2) The **Income Tax Act** is as a complex document that sets out the rules around tax exemptions, and is only modified through legislation.

63 http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-022-eng.html#N1034B
64 http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgd/ntrmdry-eng.html
65 http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-019-eng.html

3) Finally, the **Canada Revenue Agency (CRA)** is responsible for the application of the two sources above. The CRA administers the charitable system and is empowered to grant and revoke the registered status of organizations.

As they will, people do find internal champions within charitable organizations and creative short-term solutions. Yet this is not a sustainable approach to collaborating with the charitable sector in the long run. From the research to date, it is not clear whether boundaries are firm or if they simply have not yet been tested enough to determine with any certainty whether this approach can be scaled. As both the filmmaking and foundation communities in Canada awaken to the opportunities presented by working together, though, some progressive leadership is surfacing. The foundations and arts organizations cited below are not granting money directly to film projects at the present time, but they are exploring synergies with the media sector.

CANADIAN INNOVATORS

TIDES CANADA INITIATIVES

"At TCI many projects access a common base of expertise without the administrative burden of setting up individual organizations, and as a result, the sector gains more time and money for mission and impact."[66]

Initiatives come in under a "shared platform," which not only manages administration, but also receives project-specific donations and then issues tax receipts. TCI retains a commission based on a percentage of the revenue that the project brings in, both through donations and earned income. A relevant example is Reel Youth, a program that supports and educates young people through the production and dissemination of short video content.

DAVID SUZUKI FOUNDATION

"We collaborate with Canadians from all walks of life, including government and business, to conserve our environment and find solutions that will create a sustainable Canada through science-based research, education and policy work."[67]

Though not currently active in media production beyond their internal needs, DSF has invested considerable resources in connecting relevant films to audiences. *Force of Nature: The David Suzuki Movie* represents an example whereby the Foundation devoted money and Dr. Suzuki's time to rolling out the film to Canadian schools, in partnership with the NFB.

66 http://tidescanada.org/projects/
67 http://www.davidsuzuki.org/about/

INSPIRIT FOUNDATION

"We support, convene and champion powerful ideas—media products & platforms, activities, programs & events, research projects & publications—that foster learning, inclusion and collaboration."[68]

Media is in the DNA of the Inspirit Foundation, considering that it was created out of the sale of Vision Television. They are a public granting foundation oriented to young Canadians. An example of a supported project is Atwater Library's "Pluralism: Tell it, See it, Hear it," which invites young people to explore the topic of pluralism and engage communities through video creation.

METCALF FOUNDATION

"The goal of the George Cedric Metcalf Charitable Foundation is to enhance the effectiveness of people and organizations working together to help Canadians imagine and build a just, healthy, and creative society."[69]

The George Cedric Metcalf Charitable Foundation provides grants in specific areas, and also funds internships, incubators, fellowships and research. A relevant example is the 2013 report authored by Jane Marsland, *Shared Platforms & Charitable Venture Organizations: A Powerful Possibility for a More Resilient Arts Sector.* It articulates a vision for a legal mechanism that might allow arts entities to participate in shared services and offer tax receipts.

FILM FESTIVALS

Most Canadian film festivals are structured as registered charitable organizations. They include, for example, Hot Docs, TIFF, VIFF, DOXA, Whistler, Yorkton and St. John's Women's Film Festival. They fall under the CRA category "Education: Cultural Activities and Promotion of the Arts." Some entities like Hot Docs have more proactively used this designation to the benefit of the film-making community through supportive programs and awards.

ADVOCACY ORGANIZATIONS

Similarly, some Canadian media advocacy groups are registered charities. Women in Film and Television Toronto has a foundation designation, though not all of its operations flow through it.[70] The Vancouver chapter is conducting viability research into the pros and cons of applying to convert its status from a non-profit society into that of a registered charity.[71] As a registered national

68 http://www.inspiritfoundation.org/en/about-inspirit/overview
69 http:// http://metcalffoundation.com/
70 https://chimp.net/charities/foundation-for-women-in-film-and-television-toronto
71 Source: WIFTV consultation.

arts service organization, the Documentary Organization of Canada (DOC) has a charitable number. It too is exploring ways to more actively leverage this status to better benefit the documentary sector, while staying true to its mission of supporting the production and distribution of Canadian independent documentary.[72]

PETROPOLIS

Single Funder: Non-Governmental Organization[73]

Petropolis: Aerial Perspectives on the Alberta Tar Sands is a 43-minute documentary by Peter Mettler and produced by Greenpeace. The budget for the film was $84K.

The story of how the film was made testifies to creativity and the ability to recognize an opportunity. Director Peter Mettler was developing *The End of Time* when he received a call from Greenpeace asking for suggestions of filmmakers for a tar sands project. Mettler was interested in researching the tar sands, so he agreed to forego remuneration in exchange for access to the footage. The project began as a fairly traditional documentary comprised of interviews that were shot in Fort McMurray and Fort Chipewyan.

The challenge came in getting access to the tar sands themselves, because security is tight. Yet as long as an altitude of 1,000 feet could be maintained, flying over the area would be absolutely legal. The original thinking was that they would interweave aerial footage with interviews. With one preliminary scouting flight of about 90 minutes, they began to plan for a single four-hour helicopter shoot, which was all they could afford.

When Mettler saw the rushes, he realized the aerials spoke for themselves. Because of the number of documentaries already done on the issue, the filmmaker proposed making a film using only aerial footage. He saw this as a real opportunity to take a more artistic approach to the subject matter, which might make the documentary stand out. The interviews could be made available as additional material online. Greenpeace agreed and did not ask for any kind of editorial control, but they did look at everything in the editing room.

For the filmmaker, this wasn't about financing a project, but rather, about looking for chances in the system to tell a story. His relationship with Greenpeace presented a unique opportunity. Given that it was not possible to thoroughly deal with the subject matter—because there was not enough money—the alternative was to find another way to tell the story.

72 Source: DOC consultation.
73 http://www.petropolis-film.com/

AMERICAN FISCAL SPONSORSHIP

American producers may look north with envy to the Canadian public subsidy system for culture, but Canadians, especially documentary filmmakers, also covet the practice of US fiscal sponsorship. The International Documentary Association (IDA) defines this model of sponsorship as "a formal legal and financial arrangement in which a 501(c)3 public charity, such as the IDA, agrees to sponsor a project that furthers its mission, for the purpose of raising funds through grants and donations."[74] The sponsor generally takes a percentage as commission for their administrative service.

Tax-exempt organizations in the US are commonly referred to by the Internal Revenue Code that defines them: 501(c)3 ("five-oh-one-cee-three").[75] While most documentary production companies are not themselves charitable organizations, they can turn to many 501(c)3s who can act as their fiscal sponsor. The organizations relevant to filmmakers tend to be those focused on media or social advocacy. Some examples include the Independent Film Project, the Centre for Independent Documentary, Women Make Movies and International Documentary Association. Niche or smaller charities may also be willing to play this role, if the film's message uniquely serves their own purpose-driven mission.

The fiscal sponsorship arrangement allows the creator to solicit donations from friends, family and philanthropists, as well as from granting organizations who themselves are required to grant to other 501(c)3s. The filmmaker raises the money, the cheques are written to the fiscal sponsor who retains a percentage, the filmmaker receives the balance and the donor is sent a tax receipt. These contributions are treated as taxable income for the producer. In most film-related arrangements, the sponsor has the responsibility of overseeing the project to the extent that it can ensure the following: that the project is proceeding as proposed; that the money is being spent accordingly; and that tax-reporting requirements are being met. Ownership and creative control remain with the filmmaker.

AMERICAN FOUNDATIONS

The Foundation Center, in collaboration with Media Impact Funders, released a report in November 2013 entitled *Growth in Foundation Support for Media in the United States*. Though they look well beyond the film sector to include journalism, media infrastructure, tools, platforms and policy, the numbers are staggering. Between 2009 and 2011, $1.86B USD was awarded in media-related grants from over 1000 organizations. Media grant making in that time increased at a much higher rate (21%) than grant making overall (5.8%). Of note for linear

74 International Documentary Association, IDA Fiscal Sponsorship Handbook 2012.

75 http://www.irs.gov/Charities-%26-Non-Profits/Charitable-Organizations/Exemption-Requirements-Section-501(c)(3)-Organizations

documentarians, foundation support for new media (web & mobile) grew at a rate four times that of traditional media.[76]

Some top funders were the Bill & Melinda Gates Foundation, the Knight Foundation, the MacArthur Foundation and the Ford Foundation. Top recipients included the University of Southern California, THIRTEEN (a PBS station) and National Public Radio.[77] Drilling deeper into the specific numbers and categories, the category of "Film/Video" received almost 10% of the support for a total of $179M, with a median grant amount of $25K.[78]

The proliferation of this practice in the US can be understood by considering certain historical and cultural distinctions between the US and Canada. These factors in the US—and relative to Canada—include: a mature and much wealthier philanthropic community, accustomed to donating to sectors not well supported by government; more liberal tax laws, which offer incentives to individual donors, not to mention the establishment of family foundations in the first place; and finally, a deeper connection between charities and the arts that goes back decades.

Canada aligns more with the UK in terms of how it governs charitable activities, but in practice, Canadian media makers conduct more business in the US—hence, the disparities are more noticeable. Given that there are so few domestic opportunities for partnering with foundations and philanthropists within Canada, Canadian producers turn to American organizations that open their granting programs to foreign applicants.

The not-for-profit broadcasting ecosystem in the US has also evolved in a unique manner, resulting in the PBS Foundation and the Corporation for Public Broadcasting. Like Canada's provincial educational broadcasters, PBS can solicit donations from the public; in turn, it supports the creation of social issues content. See Appendix D for a select list of American Foundations.

76 Foundation Centre, Growth in Foundation Support for Media in the US, p. 4.
77 Foundation Centre, Growth in Foundation Support for Media in the US, p. 9.
78 Foundation Centre, Growth in Foundation Support for Media in the US, p. 12.

PRIVATE EQUITY

This section defines modes of private investment, and then places the practice in a Canadian regulatory context.

Private equity played a role in a number of documentaries analyzed for this report. Its most common form was producer investment, followed by the "family and friends" category, typically in an informal contractual arrangement between individuals. Once the deals move beyond the inner circle, tax and legal complications often ensued. There were no reports of blockbuster recoupment.

DEFINITIONS

Note that the descriptions below are not film industry-specific, and may be used inconsistently in the field.

Angel Investment: A high-net-worth individual provides seed capital, either as an interest-bearing loan or equity position.

Venture Capital: Early stage equity investment, usually done through a managed fund and designed with a clear exit strategy. Typically follows an angel round, and is suited more to companies than projects.

Impact Investment: "Investments that pursue financial returns while also intentionally addressing social and environmental challenges."[79] These investments produce a blended value, also known as the "double bottom line": benefits to society plus shareholder return, if sometimes at less-than-full market rates or a slower rate of return.

Program-Related Investment (PRI):[80] A new opportunity for registered Canadian charities to invest in or loan money to qualified donees at potentially less-than-market rates of return. Unlike grants, PRI allows for some recoupment; also, losses may be treated by Canada Revenue Agency as a charitable gift. In

79 Bugg-Levine, Antony & Emerson, Jed. *Impact Investing: Transforming How We Make Money While Making a Difference.* California: Jossey-Bass, 2011, p. 5.

80 http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgd/cmtycnmcdvpmt-eng.html

the US, foundations are also permitted to make PRIs to commercial ventures if it furthers their own mission. For example, a charity set up to reduce homelessness could accept investment in social housing real estate.

Gap Financing: An investment or loan to close the final gap in a budget, and one seen by all to be a high-risk activity (i.e., and thus not usually entertained by banks). Recoupment is expected from first revenues. This financing is distinct from "Interim or Bridge Financing," which is a loan to cover a cash flow crunch and made against bankable future income, like tax credits.

TAX CREDITS & RECOUPMENT

The film financing system in Canada, particularly with respect to tax credits, presents a challenge to filmmakers who plan on soliciting and including private equity in their projects. As described in the case studies, the regulatory environment and the private investment model put producers on separate tracks. Currently, producers lack tools to incent and reward investors, and navigating the funding system can require expensive legal advice.

The Canadian Audio-Visual Certification Office (CAVCO)[81] is an agency under the federal Department of Canadian Heritage that is responsible for certifying Canadian-content productions and co-administers the federal tax credit programs for film and television with CRA.

Canadian funding agencies such as Telefilm Canada and the Canada Media Fund require, as a condition for funding, that projects be certified by CAVCO as Canadian productions (based on a point system). Provincial funding agencies and private funds generally require CAVCO certification as well.

Telefilm Canada is the administrative body that acts on behalf of the Department of Canadian Heritage in assessing whether official Canadian treaty co-productions conform to the requirements of the applicable treaty, and whether the production meets Telefilm's own co-production guidelines. Based on this recommendation, and after ensuring that the production meets all additional CPTC program requirements under the Income Tax Act Regulations (ITR), CAVCO certifies a production as a treaty co-production and then proceeds to calculate the eligible tax credit based on the Canadian component of the budget.

For the purposes of the CPTC program, producers are allowed to include private equity investment in the financing for their productions, as long as the investor meets the prescribed person definition in subsection 1106(10) of the Income Tax Regulations. This definition includes, for instance, Canadian broadcasters, Canadian government film agencies, private funders with programs

81 http://www.pch.gc.ca/eng/1289829210951/1289829210953

providing financial support to film and video productions, etc. A prescribed person can hold a copyright interest in a production.

Also, when examining any financing (Canadian or foreign) for a production, CAVCO ensures that the terms of the financing agreement do not confer rights that would contravene any of the following:

- The copyright ownership requirements of the Regulations (s. 3.04 of the CPTC program guidelines)
- The requirement for the Canadian producer to have and maintain full responsibility and control over all creative and financial aspects of the production (s. 4.10.2, 4.10.3)
- The requirement for the production company to retain an acceptable share of revenues from the exploitation of the production in non-Canadian markets (s. 6.04)

Under the *Income Tax Act*, anything defined as "assistance" reduces the amount that is eligible for federal tax credits, what is commonly referred to in the industry as "grind." Whether from public or private sources, Canadian or foreign, any form of "assistance" like grants, forgivable loans or services will "grind" tax credits.

Private funding (in the form of a grant or a forgivable loan) is considered assistance and therefore reduces tax credits, leading some producers to offer investors shares in their company rather than a stake in their film. When private equity is in project financing, then recoupment tiers can become a negotiating hurdle. Because of the high-risk profile, most personal investors demand to recoup their money first. This puts them at odds with agencies like Telefilm and the National Film Board, who seek to recoup *pari passu* with other equity investors, including the independent producer.

PRIVATE EQUITY MODELS

Canada has only a few examples of private investment entities in the media sector, especially those specific to social issues content. **Cinecoup** is an online film accelerator, which "gamifies" the development of a feature-length project, promising $1M of production financing and a guaranteed Cineplex release.[82] The only project funded in this manner so far is *Wolfcop*, a horror/detective film still in production.

The Canadian Film Centre, along with other partners, got behind the **Astound Initiative** to connect Ontario cultural content producers with potential investors, through a framework of business modeling, professional sessions and

82 http://www.cinecoup.com/cc/canada-2013

networking. Documentary producers have been among the "content entrepreneurs" participating in the workshops, salons and events.[83]

The US offers more examples of companies that employ private equity modes of alternative financing. **New Media Ventures**, for example, brings a selection of media and technology start-ups, both in the profit and non-profit realm, to a membership of approximately 60 accredited investors. New Media Ventures' investors have a particular focus on driving progressive political change. The company also tends to invest in companies with a robust revenue model like Upworthy, rather than specific projects, although *The Story of Stuff* is in their portfolio.[84]

Two other American entities are described in more detail below. Like New Media Ventures, both adhere to a portfolio philosophy. This is less relevant to a Canadian documentary production company, who generally does not generate significant enough volume to benefit from a slate approach. Still, spreading the support over multiple projects is prudent from an investor's point of view, as the successes help mitigate the losses.

IMPACT PARTNERS

"Impact Partners is committed to financing independent documentary cinema that addresses pressing social issues. We bring together financiers and filmmakers, so that, together, they can create great films that entertain audiences, enrich lives and ignite social change."[85]

Impact Partners have an impressive slate of over 40 documentaries, including such notable titles as *The Cove*, *How to Survive a Plague*, *No Impact Man*, *The Queen of Versailles* and *The Crash Reel*. It has a unique business model: a for-profit entity financed by a table of select investors, currently limited to roughly 30 people. Most are high net-worth individual philanthropists or individuals who represent family foundations. Each individual is billed an annual membership fee. This fee not only covers the company's overhead, but also effectively provides the investor access to executive expertise and entrance into the documentary world.

The Impact Partners team vets hundreds of proposals. Only the strongest documentaries poised for social impact that also have a good chance at recoupment are brought forward to the group. Most projects have already secured significant market support, so Impact Partners' investment level is typically that which is needed to close the financing. Investment ranges from $10-100K or more.

Investor partners review the shortlisted projects and choose where to allocate their annual investment. Decisions may be driven by revenue forecasts, personal interests and/or aligned missions. These deals represent an opportunity for the

83 http://astoundinitiative.ca/
84 http://www.newmediaventures.org/
85 http://www.impactpartnersfilm.com/

individuals to use their financial resources to be an active participant in social change-focused media, without having to develop industry expertise or engage in onerous due diligence. Once projects are approved, Impact Partners comes in as the equity investor and negotiates for first-tier recoupment.

Passion would seem to motivate participation here, because financial return on documentary features is unreliable. Some projects just barely recover the investment, some do extremely well and others are greenlit despite a low expectation for recoupment. In the aggregate, however, the average return to these impact investors exceeds that of a charitable tax receipt.[86]

Impact Partners' only Canadian investment to date has been Nisha Pahuja's *The World Before Her*. Due to Canadian regulations it was a complicated deal, with Impact Partners finally having to buy shares in the production company as a way to participate (see page 93).

SLATED

"Slated is an online marketplace for film financing and deal making—connecting a global network of investors, filmmakers and industry professionals."[87]

Slated is a new enterprise that seems to be positioned between Impact Partners and a crowdfunding platform. They are focused primarily on American independent dramatic features, but do claim to host larger scale documentaries, those in the $250K-2M budget range.

To be an active participant on the site, both filmmakers and investors need to be verified by two other members. Investors must be "accredited," as defined by the US Securities and Exchange Commission, which again relates to net worth or a minimum annual income. Likewise, films are carefully curated: "Of the 50,000 films made each year, 95% of them will never make a return for their equity investors. So until we are an open marketplace, Slated reserves the right to publish films based on their commercial viability, i.e., filmmakers must demonstrate their project has the potential to make a return on investment."[88] There is no surface evidence of any Canadian members.

Investors seek out projects and producers through Slated, but the site itself is not transactional. If interested, all subsequent negotiations and deal making happen offline between parties directly. The Slated team strongly advocates mitigating risk with a portfolio approach, not unlike angel investment in technology start-ups. By pooling with other investors and committing smaller amounts across a diversified slate, there is greater potential for higher overall returns. Again, while this philosophy is perhaps more rational in the US independent feature world, some documentaries do surpass expectations. *Super Size*

86 Source: Impact Partners consultation.
87 http://www.slated.com/about/
88 http://info.slated.com/faq/

Me is a classic example: made on a shoestring budget of $65K, its worldwide gross exceeded $29M, for a return of over 22,000%.[89]

89 http://info.slated.com/filmonomics/benefits-of-film-investing/

CORPORATE BRANDING

This section looks at corporations and their increasing levels of involvement with content creators. Approaches to mutually beneficial partnerships are evolving, and more documentary producers are availing themselves of this form of alternative financing.

In November 2013, the Canadian Media Production Association (CMPA) published *Branded Entertainment: A New Production Financing Paradigm*. While it does not say much about the documentary genre because it focuses on entertainment properties, it does provide a helpful overview of this growing trend. Their definition of branded content is: "Simply put, any time a sponsor takes an active role in underwriting or producing original material, it can be considered branded content."[90]

There exists a spectrum of possibilities where companies and content might intersect. Straight sponsorship and product placement are the most familiar, having been a part of the media landscape for decades. Advertorials are next, followed by what is called "brand-centric original content."[91] In this approach, corporations actually commission the production of high quality entertainment content that overtly features their product—an expanded version of their slick advertising practices. The most successful examples are dramatic and episodic.

The final variety identified in the report is "affinity content," which may be the most relevant for documentary filmmakers.[92] In affinity content, the brand's relationship to the project is subtle, at least in the eyes of the viewer. They are attaching themselves to causes, artists and films that demonstrate their values and perceived image. Though there may be some soft product placement and certainly logos and credits, the corporation's main objective is to get the project's narrative connected to their own. Increasingly, and similar to the practices

90 CMPA, *Branded Entertainment: A New Production Financing Paradigm*, p. 5.
91 CMPA, *Branded Entertainment: A New Production Financing Paradigm* p. 7.
92 CMPA, *Branded Entertainment: A New Production Financing Paradigm*, p. 8.

of foundations and NGOs, brands are valuing the power of a compelling story beyond the 30-second spot. The emotional hit endures—all the more so if it comes off as authentic.

Though documentary filmmakers have traditionally been wary of corporate sponsorship, there is a growing opportunity here. Some brands will contribute to a portion of the budget for straightforward publicity recognition, either through advertising dollars or their corporate social responsibility (CSR) practices. Others may underwrite an entire project.

The potential overall dollars are significant. In Canada, the advertising market in 2013 was $13B, with over 10% directed at television.[93] Even with only a small portion of that directed to branded entertainment and affinity content, we can see possibilities for producers to grow the film financing pie.

Still, producers must tread carefully. If public funding is to be accessed alongside corporate contributions, there are regulatory issues at play. As the CMPA report details, in "Canada, where independent producers have access to a variety of financing incentives, the branded entertainment arena is not quite as cut and dried. In order for programming to qualify as 'Canadian content' for the purposes of broadcast content quotas and/or tax credits, the programming cannot be deemed 'advertising.' Furthermore, in order for producers to be eligible for tax credits (as per CAVCO regulations), they must demonstrate that they control and own the production."[94]

In the UK, the relationship between brands and filmmakers has a longer history. In 2009, the magazine *Marketing Week* published an article specifically about this issue in relation to documentary. "Brands Set Sight on Big Screen Ambitions" reviewed case studies like Waitrose's backing of *The End of the Line* and the Co-operative's (a retail co-op) support of *Burma VJ*. It ended with a checklist geared to corporations who might be considering such partnerships, some of which are excerpted here[95]:

- Great brands have heritage and values. Does your brand have a story that could move you into the world of content?
- If you're thinking about investing in content that is looking for a UK broadcaster commission, be aware that there are still very strict regulations regarding the interplay of brands and programming. Work with specialists and seek advice early.
- Be honest about your involvement and respect editorial integrity.
- If your first thought is "how can I get my logo in shot?" go and make an ad instead.

93 CMPA, Branded Entertainment: A New Production Financing Paradigm 2, The Canadian Experience, p. 5.

94 CMPA, Branded Entertainment: A New Production Financing Paradigm, p. 13.

95 "Brands Set Sights on Big Screen Ambitions," Louise Jack, *Marketing Week*, August 27, 2009, p. 18.

TRAILBLAZERS

Below are some documentary films and organizations that have successfully navigated the tricky waters of including brands in their financing. Notable are films from the mountain culture community. While gear-intensive ski films as a subgenre may lend themselves more readily to corporate partnerships, numerous titles try to carefully balance the sports orientation with social and environmental messages. Examples of these and other brand-supported documentaries include:

- *Into the Mind*, produced by Sherpas Cinema (Canada): the budget for this visual feat was over $1M, entirely funded by corporate sponsors. Their website lists 32 partners, with North Face getting top billing[96] (see Sidebar page 54).
- *The Art of Flight*, produced by Red Bull Media House (US): made internally for a reported $2M. An impressive looking ski-film, light on story, but with some attempt to integrate an environmental message.[97]
- *Worn Wear: A Film About the Stories We Wear*, produced by Patagonia (US): another in-house project, including a short doc (28 min) and interactive website. The irony of this creative treatment: it is a brand-produced film that promotes *not* buying new products.[98]
- *POM Wonderful Presents: The Greatest Movie Ever Sold*, directed by Morgan Spurlock (US): worth watching as a (chilling) lesson in what may be involved when seeking brand sponsorship and product placement (i.e., "I must have called five or six hundred companies to be in this film and we got 15."[99]).
- *Girl Rising*, directed by Richard E. Robbins (US): an extremely successful multi-million dollar production and campaign about girls' education globally. Intel is a major corporate sponsor, recognized as a Founding Partner of the entire enterprise.[100]
- *Takedown: The DNA of GSP,*[101]directed by Peter Svatek and Kris Manchester (Canada): a $1.2M collaboration between Montreal advertising agency Sid Lee's offshoot Jimmy Lee and traditional film entities, including broadcasters.[102]
- *Remote Area Medical*, directed by Jeff Reichert & Farihah Zaman (US): General Electric supported this US health documentary, plus initiated

96 http://intothemindmovie.com/
97 "Brand Funded Films: A Future Where Major Brands Become Major Studios," Doug Shineman, *Daily Rind*, March 9, 2012.
98 http://wornwear.patagonia.com/
99 "Product Placement Turned Inside Out," Brooks Barnes, *New York Times*, January 22, 2011.
100 http://www.girlrising.com/
101 http://thednaofgsp.com/en
102 CMPA, Branded Entertainment: A New Production Financing Paradigm 2, The Canadian Experience, p. 11.

30 short docs by notable directors, both through its "Focus Forward" program.[103]

- *White Water Black Gold*, produced and directed by David Lavallee (Canada): this modestly financed but solid Canadian environmental documentary was able to get Lush on board, plus other supporters like Mountain Equipment Coop and Kicking Horse Coffee.[104]
- Additional notable partnerships from an organizational perspective include BRITDOC's relationship with PUMA[105] (see page 63) and Tribeca Film Institute's with Gucci.[106] Both pairings offer documentary filmmaking awards and other supportive initiatives.

INTO THE MIND

Single Funder: Brands[107]

Whistler BC's Sherpas Cinema has never gone the crowdfunding route and they've never approached a granting agency, yet they have funded three feature-length documentaries completely through alternative methods. *Into the Mind* was financed entirely by corporate sponsors to a $1.1M budget level.

These corporations have no editorial control and they receive no back-end profit participation. A straight-up sponsorship deal, the corporate branding includes giving cash in exchange for some product placement, and other rewards, depending on the amount of the deal. The presenting sponsor gets head credit billing. It also reverses the traditional approach of paying a location fee in that here, locations used in their films must pay a fee to be showcased.

For higher levels of sponsorship, Sherpas Cinema will shoot and edit clips for the corporation to use for their own marketing purposes. The brand gets a sense of giving back to the outdoors community by supporting entertainment that drives the culture of sport and an appreciation of the environment.

Sherpas Cinema achieves sponsorships through a combination of cold calls and contacts in the industry, particularly in the US. Although it takes a lot of work, this approach allows them to continue to make the kind of films they value most.

103 https://www.focusforwardfilms.com/
104 http://www.whitewaterblackgold.com/
105 http://britdoc.org/britdoc/puma-and-us
106 https://tribecafilminstitute.org/programs/detail/gucci_tribeca_documentary_fund
107 http://intothemindmovie.com/

OTHER FINANCING SOURCES

This section captures other potential partners, both past and present, outside of the traditional broadcast-driven model that have not yet been outlined in this report. The full documentary ecosystem is arguably healthier with diverse sources of collaboration and support. Institutions and the educational market are touched on below, as is the now defunct Canadian Independent Film and Video Fund (CIFVF).

Like the Canadian International Development Agency's "Mass Media Initiative"—which also closed its doors—the CIFVF was a valuable source of financing for producers. Nothing has filled the void left by these two critical supporters of domestic documentary films. Not only did their financing launch hundreds of projects and numerous notable careers, but also the content of the work contributed to the audiovisual fabric of this country.

INSTITUTIONS

Filmmakers and institutions have long enjoyed a healthy relationship, so this method of financing should not perhaps be labeled "alternative" per se. Yet we raise it in this section of the report as a reminder of the opportunity for direct media commissions with academic institutions, First Nations bands and governmental organizations.

High quality audiovisual educational content continues to be in demand. Several DOC survey respondents shared information about financing derived from institutional relationships. In two cases, the projects came about because of an internal academic champion, a professor with similar interests who was able to secure institutional support. Indeed, major educational facilities can have

pockets of financing in unexpected places, such as research councils and fellowships. Another film mentioned by a survey respondent included the financial participation of a local aboriginal community.

As one example, Mindset Social Innovation Foundation in Vancouver initiated a unique partnership with the University of British Columbia to address the issue of access to medicines.[108] In 2009, an endowment was gifted to UBC and initially directed to the Sauder School of Business, where academic papers on the topic outlined this area of research. In the following year, the project was passed to UBC's Graduate School of Journalism. Almost 40 high quality video interviews with experts in the field were conducted during this extensive phase.

Last year, Mindset's Open Health Initiative did two terms at the Centre for Digital Media, itself a unique enterprise that brings together four post-secondary institutions. While situated there, a team of students completed their Masters on this initiative. They delivered a social media campaign, branding guide and preliminary web strategy and prototype. Currently, the project is embarking on a new stage of public engagement. Throughout its evolution, it has not only engaged students, interns and academic leaders, but also employed independent media professionals.

Another example of hands-on institutional participation in the creation and dissemination of documentary content is *Bevel Up: Drugs, Users and Outreach Nursing*.[109] The BC Centre for Disease Control (BCCDC) was a full financial participant in co-production with the NFB on this Nettie Wild-directed film, one that was complemented by an extensive resource package. BCCDC's role was central to the launch of the project, including its marketing and outreach. George Soros' Open Society Foundations later came on board to translate the 45-minute film and three and a half hours of additional material into Russian for critical frontline use in that region.

As a side note on this subject, we also point to the passage of Bill C-11, the Copyright Modernization Act, in 2012. The passage of Bill C-11 has created greater uncertainty in the market over future revenue streams for documentary producers and educational distributors, especially given the loss of the Public Performance Licence fee.[110]

108 Source: Mindset.
109 http://www.bccdc.ca/SexualHealth/Programs/StreetOutreachNurseProgram/BevelUp.htm
110 http://copyright.ubc.ca/copyright-legislation/bill-c-11-the-copyright-modernization-act/

HOW A PEOPLE LIVE

Single Funder: Gwa'sala-'Nakwaxda'xw First Nation[111]

How a People Live is a 59-minute documentary directed by Lisa Jackson, and produced by Catrina Longmuir and Sharon Bliss. The financing for the $130,000 film came entirely from First Nations communities. The story of the film focuses on two distinct groups of Aboriginal people who lived along the northwest coast of BC. In 1964, the Canadian Government forcibly relocated them from their traditional territories.

The idea for *How a People Live* came from a First Nations treaty negotiator who wanted to make a film for her people. With money that was earmarked specifically for this purpose, the Gwa'sala-'Nakwaxda'xw First Nation approached the filmmakers to create a documentary, with the plan to increase the modest $130,000 allocation through a broadcast sale. They were turned down by public broadcasters, and so the team relied solely on the original offer of financing. The film is now being distributed by Moving Images, and has since been bought by Knowledge.

At the onset of development, the filmmakers went into the community and held a series of visual storytelling workshops, which helped to establish trust; transparency was key for everyone involved. Members of the community were invited into the editing suite, but editorial control remained with the creative team.

The film is now in distribution. All screening fees and any potential revenues will be invested back into the community to fund another series of workshops, or possibly another film.

CANADIAN INDEPENDENT FILM & VIDEO FUND (CIFVF)

The CIFVF was set up in 1988 to give financial assistance to independent productions, with a particular focus on the non-theatrical market. In 2008 the federal government announced that it would not renew its $1.5M of annual funding, and the program shut down in March 2009.

CIFVF support came to filmmakers in the form of non-recoupable grants up to 49% of the budget to a maximum of $50,000.[112] It was a jury-based, peer-review system. Importantly, CIFVF did not require a broadcast licence to trigger their

111 http://lisajackson.ca/How-a-People-Live
112 http://www.cifvf.ca/

involvement. It was often one of the early investors, affording producers demonstration of market support to leverage further financing. As such, the Fund was seen as particularly beneficial to emerging filmmakers; an average of over 30% of the successful projects involved emerging talent, as reported after the year 2000. Furthermore, at the time of its closure, approximately 72% of CIFVF recipients continued to work in the industry.[113] Many of the films and filmmakers went on to win awards in Canada and internationally.

Over the course of its 18-year existence between 1991 and 2009, the CIFVF received over 3,600 applications and granted roughly 850 films a total of over $17M, or an average of $19K per project. Those contributions leveraged an additional $104M, from a variety of financing sources.[114]

It is notable, though, that in one given year (2007), three quarters of the films with CIFVF funding did not receive financing from either Telefilm or the Canadian Television Fund (now CMF). This detail highlights the significance of a diversified base of funding sources.[115] Numerous CIFVF-financed films would have been bought by broadcasters upon completion at the lower acquisition rate, rather than for the pre-sale licence fee. Not only did the fund benefit filmmakers, but it also supported the industry.

113 http://www.cifvf.ca/ Press release: *"Canadian Voice Silenced as Federal Government Cuts Funding to CIFVF,"* p. 3.

114 CNFVC, *Future Directions for Non-Theatrical Documentary Support*, p. 6.

115 http://www.cifvf.ca/ Press release: *"Canadian Voice Silenced as Federal Government Cuts Funding to CIFVF,"* p. 1.

DOCUMENTARY INITIATIVES IN OTHER JURISDICTIONS

This section gives three organizational case studies that highlight innovative financing practices in other jurisdictions:

- The Documentary Australia Foundation
- Los Angeles-headquartered International Documentary Association
- London-based BRITDOC

Canadian creators are in good company in their quest for alternative documentary finance. Filmmakers and their allies in other parts of the world are equally intent on diversifying sources of funding. Within the limitations of the Canadian regulatory environment, producers can learn from these models, as well as find opportunities for their own films abroad. Though these international opportunities are beneficial to producers, it is a potential loss to Canada's cultural sector when artists are driven beyond our borders to secure support.

DOCUMENTARY AUSTRALIA FOUNDATION (PADDINGTON, NSW)

In 2011, the value of the Australian documentary production sector was $145M AUD, less than half of Canada's industry. By far the majority of the financing comes from broadcasters and other funders like Screen Australia and state agencies.[116] Documentaries returned over $850K to equity investor Screen Australia in 2012/13, which was 11% of the agency's total recoupment from all projects that earned that year.[117]

116 http://www.screenaustralia.gov.au/research/statistics/documentaries.aspx
117 Source: Screen Australia.

One alternative to this country's otherwise public funding-dependent model is the Documentary Australia Foundation (DAF). DAF functions like a matchmaker who nurtures relationships between filmmakers, grant-makers (foundations/ philanthropists) and not-for-profits. Documentary projects are pre-vetted and placed on a portal, which looks like a crowdfunding platform. The key difference, however, is that there are fewer donors who give larger amounts, and are afforded a tax receipt. Donors are advised: "You can identify a preferred area of interest or an approved documentary project, however while all preferences will be taken into account, you cannot directly designate funds to a specific project due to Australian Tax Office requirements."[118]

Susan MacKinnon, DAF's COO, explains they had to be careful to stay onside their tax authority while still meeting the objectives of the new foundation. It has been operating for five years, but took almost two years to develop a viable governance structure. In the first year, they had 69 donors, then 157 and they now count more than 300. Thus far, DAF has administered over $5M, with a typical donation of between $10-50K, though one donation reached $200K.[119]

When DAF was founded, they had a high profile and well connected board of directors but no private endowment. So they, too, must raise money. This year they began charging an application fee and retaining a percentage of the donations for operational purposes. For partnerships that DAF proactively facilitates, they retain 15%; otherwise it is 7%.

Filmmakers must do their own fundraising and then direct donors to the site. Some support also comes in anonymously. To participate, donors need to pre-register and filmmakers must sign an agreement. According to the Australian system, the donation is then considered "producer equity" in the film's financing structure.

Currently there are almost 600 films listed on their site and searchable in 16 categories. There are valuable tips on best practices for directors, as well as for funders and NGOs, players that they see as crucial to a film's distribution phase. DAF also offers workshops and guidance to help each member of this triad use media to its own best advantage.

Their website perhaps sums up best the value of these partnerships: "Philanthropic Grantmakers, Charities and Documentary Filmmakers care about the same community-minded themes and issues. These shared interests can inspire partnerships that can be immensely powerful. Working together, these groups can achieve their mutual goals and effect long lasting change."[120]

118 http://www.documentaryaustralia.com.au/about
119 Source: DAF.
120 http://www.documentaryaustralia.com.au/charities/

INTERNATIONAL DOCUMENTARY ASSOCIATION (LOS ANGELES, CA)

"Founded in 1982, the International Documentary Association (IDA) is a non-profit 501(c)3 that promotes nonfiction filmmakers, and is dedicated to increasing public awareness for the documentary genre. Our major program areas are: Advocacy, Filmmaker Services, Education, and Public Programs and Events."[121]

The IDA operates on several fronts. The Association publishes the well-regarded *Documentary* magazine, has a members' portal, offers Doc U workshops in person and online and hosts the IDA Documentary Awards.

Funding for the IDA consists of roughly $500K in donations and over $800K in earned revenue (including that earned from programs, events, advertising and memberships). Through their fiscal sponsorship program, they administer an additional $5.3M, for which they charge a 7% commission fee.[122]

In conversation with Michael Lumpkin, Executive Director, and Amy Halpin, Program Manager of Fiscal Sponsorship, we learned that there has been a burgeoning interest from Canadians for their services. With nothing like fiscal sponsorship available in Canada, at least in such a structured manner like IDA offers, Canadian filmmakers are looking for alternatives. It is worth noting, then, that IDA takes on five or six Canadian projects per year.

The website suggests an American director needs to be at the helm, but there is some flexibility. Flexibility, however, does not necessarily translate into ease of access. The process of accessing these funds can become quite complex, and hinges on several factors—where the production company is incorporated, where donation money originates, what the expectations are about tax receipts and in which country or countries the intended expenditure will take place. On these fronts, IDA has made some progress, especially by exploring with Tides Foundation US how they might work together with Tides Canada to help facilitate transactions.

Unlike the US-based Tides Foundation and its more direct mode of fiscal sponsorship, IDA's form is based on a pre-approved grant relationship or "Model C," whereby the project remains an independent entity and the producer is ultimately responsible for his or her own tax and liability issues. IDA agrees to sponsor the project because it furthers their own charitable mission, but they do not take any ownership, nor do they interfere with creative control of the project. As long as the producers apply as independents with editorial control, they are permitted to raise money from other sources, including broadcasters and distributors. IDA, meanwhile, maintains full control over the funds granted to them on behalf of the projects to ensure that they are spent in accordance with what was proposed. It is considered a "re-granting model" within the

121 http://www.documentary.org/about-us
122 http://www.documentary.org/images/IDA_Annual_Report_2012.pdf

regulatory framework, rather than a "conduit" or "pass-through" arrangement, which is against the policy of the Internal Revenue Service.[123]

The IDA Fiscal Sponsorship Handbook 2012 coalesces their organization's central aims: "To be clear: a fiscal sponsor is not a bank. Each restricted fund belongs to the sponsor, not the project. However, each project fund is impressed with a trust commitment 'for the charitable purposes of' the project and we as the sponsor of the project have both the legal and ethical duty to honor that trust."[124]

BRITDOC (LONDON, ENGLAND)

BRITDOC functions as a major player in the arena of global documentary organizations. Their mission is to "befriend great filmmakers, support great films, broker new partnerships, build new business models, share new knowledge and develop new audiences globally […] Great documentaries enrich the lives of individuals. They have a unique ability to engage and connect people, transform communities and improve societies."[125]

Founded in 2005, BRITDOC became operational in 2006. It spun out of Channel 4, led by former commissioning editors and two seasoned filmmakers. Channel 4 has been contributing funds annually, and over time, BRITDOC added two more major partners, PUMA and Bertha Philanthropies. Last year they achieved status as a charitable trust in the UK—the first such cultural organization to do so. Now they are beginning to manifest the vast benefits that this designation will bring to the documentary community.

BRITDOC's Nicole van Schaik explains how their latest initiative, BRITDOC Circle, directly results from the new designation. Described as a European documentary funders "club," it is at present comprised of only a few members. Their goal is to reach twenty members, with each one contributing a minimum donation per year to build up a reserve of money. This reserve will then be distributed bi-annually as grants to documentary filmmakers. Not only will donors receive charitable tax receipts, but they also will get a privileged look behind the scenes of the film industry. They read proposals, learn about the business, meet the filmmakers and attend the premieres—all part of a passionate team bringing impactful films to audiences.

BRITDOC takes 20% of these contributions for their administration and operating expenses, as they generally do with most other financial partnerships. The combined value of the numerous international awards they offer is over £1M/year.[126] These are no strings-attached grants given to the director. In the event of full project recoupment, BRITDOC could recoup their support from profits.

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123 Source: IDA.
124 International Documentary Association, IDA Fiscal Sponsorship Handbook 2012, p. 4.
125 http://britdoc.org/britdoc/our-mission
126 Source: BRITDOC.

BRITDOC carefully evaluated the documentary ecosystem to see where support was most needed. For instance, when PUMA came on board, they identified early development and reach analysis as two underserved areas, and thus created the PUMA Impact Award and the PUMA Creative Catalyst Award (which is now closed).[127]

Proud of its relationship with PUMA, BRITDOC recognizes that as an entity it too needs to be as creative in their collaborations as filmmakers. With Channel 4, PUMA and Bertha Philanthropies, they have a broadcaster, brand and progressive philanthropic organization all in their corner, proving by example that seemingly tricky partnerships can work if missions are complementary.

While there is no fiscal sponsorship program at BRITDOC, there are charitable groups in the UK and throughout Europe that can facilitate receiving donations on behalf of documentary filmmakers. Authentic intentions are key. When documentaries are framed as having the power to effect positive change in the world, they can generate more flexibility around the issue of tax relief. Film educates the community, and the community in turn supports the work of the public sector in areas of social justice.

127 http://britdoc.org/britdoc/puma-and-us

OTHER SECTORS

This section highlights commonalities between other cultural sectors and the documentary community regarding alternative financing efforts. Although additional research was undertaken for this report to uncover and share unique best practices, no specific breakthroughs surfaced.

MUSIC & INTERACTIVE DIGITAL MEDIA

All cultural industries have needed to adapt to a changing marketplace. The music business, however, was the first to fully face the impact of the digital revolution. The interactive digital media (IDM) field may have had a head start on confronting these difficulties, but like publishing, journalism, performing and fine arts, all these creative communities have been grappling with evolving models and issues of financing.

While government funding continues to play an important role in subsidizing all forms of culture, the overall amount of funds has diminished. This reduction was brought about, in part, by the federal deficit reduction action plan.[128] It was implemented with the 2012 budget and aimed for a 10% budget reduction over the course of three years to agencies like CBC, Telefilm and the NFB, thereby hitting the audiovisual sector particularly hard. While there is less up-front public money, opportunities for innovative revenue streams at the back end have increased. From an artist's point of view, there is now a more direct relationship with the consumer for whom they are creating. From an investor or donor's perspective, there are now more micro-transaction options that allow for participation in a diverse range of projects and companies. Between these players exist entrepreneurs, who are figuring out how to thrive whatever the external forces may be.

In our interview with Stuart Johnston, President of the Canadian Independent Music Association (CIMA), he spoke about consolidation in the sector. Earlier,

128 http://ccarts.ca/wp-content/uploads/2013/02/Budget-2012-Analysis-EN.pdf (password: cca7592hpt).

about 10 major multinational record labels operated in Canada. Now, only three remain. In the last decade, revenues for the music industry were cut in half globally. Contemporary changes in music consumption and the need for changing revenue streams mean that international record labels and other music companies sometimes function more like service-delivery organizations focused on distribution, marketing and promotion.

> "The music industry has a lot to teach us about how to negotiate this digital transition. They've adopted a coordinated approach that utilizes the best of both the online and live worlds, using online virality and networks to incentivize live event revenues. The live experience cannot be replicated, duplicated, downloaded or pirated and offers unique value-added for the audience, making it something worth paying for in the digital universe. I believe there's something to that approach that can offer insight into documentary's digital future."
>
> —Mandy Leith, quoted from DOC listserv

Still, despite these factors, the resilient independent music industry companies in Canada have endured; as a result, creative new modes of financing and monetization are taking hold. CIMA's report "Sound Analysis" lists 16 unique sources of income. Notably, only 8% of company revenue is derived from public sources. The balance includes sales (25%), live performances (15%), professional fees (9%), plus merchandizing, sponsorship, session gigs and royalties from previous work.[129]

Donald Henderson, President of Interactive Ontario, recognizes that business models are transitioning in all industries, but considering that the Interactive Digital Media (IDM) space is relatively young, the changes don't seem as profound. The IDM industry in Canada does not have the lengthy relationship with public funders that other cultural industries do. As has been the case with film, both cash flow and capitalization in the music and IDM industries function as major challenges. In a 2012 Canadian Interactive Industry Profile, survey respondents listed "Affordable Capital" as their greatest barrier to growth.[130] Indeed, most independents cannot go to the bank for a loan. Private equity players considering cultural investments face similar challenges. As Henderson claims, "they just don't understand the industry. It seems to them too high risk, too ephemeral."

To complement financing efforts, there are genre-specific crowdfunding sites, such as IOU Music (Canada) and Pledge Music (US/UK), as well as the major global platforms. Both Johnson and Henderson agree that although crowd-funding is ostensibly used to finance a specific production or start-up, its real value-add is as a discovery tool—a way to bring in future consumers or investors.

129 Canadian Independent Music Association, Sound Analysis: An Examination of the Canadian Independent Music Industry, p. 16.

130 Canadian Interactive Alliance, 2012 Canadian Interactive Industry Profile, p. 50.

OUTREACH & IMPACT

This section speaks to the outreach phase of a documentary film's cycle, and looks at the costs associated with running public engagement campaigns for particular films with strong social impact objectives.

CAMPAIGN COSTS

If a filmmaker is driven by impact goals, then a continuum of activities must follow the physical completion of a documentary—marketing, publicity, outreach, audience engagement and impact measurement. All of these activities occur in addition to the formal distribution phase, and all are challenging to finance. These efforts are especially crucial if a producer has not secured a broadcast licence with its associated built-in viewership. In Canada, as in many jurisdictions, most of this work goes unpaid.

Working Films, based in North Carolina, describes their enterprise as "linking non-fiction film to cutting edge activism."[131] They share sample budget templates for documentary outreach, showing a mid-level 10-month campaign costing $100K and a two-year campaign at $200K. These budget templates include mini-grants to local community organizations that host screenings, a line item for later assessing impact and modest part-time fees for both the filmmaker and an outreach coordinator.

131 http://workingfilms.org/section.php?id=3

The PUMA Impact Award with BRITDOC published extensive case studies of the 2013 finalists.[132] Their production and campaign budgets are listed below:

FILM	PRODUCTION BUDGET	CAMPAIGN BUDGET
The Act of Killing	€ 1,373,380	€ 53,841
Bully	US$ 1.1M	US$ 2.6M
Give Up Tomorrow	US$ 615,000	US$ 125,000
The Interrupters	US$ 902,000	US$ 154,000
The Invisible War	US$ 450,000	US$ 450,000

Source: BRITDOC

These figures are too inconsistent from which to draw specific conclusions. *The Act of Killing*, for instance, won as most impactful film, yet was the film with the smallest campaign budget. What is noteworthy is that, according to these reports, these five films combined had over 25,000 community screenings, reaching significant audiences beyond those captured at festivals or at the time of broadcast. For example, with its well-funded campaign, the team behind *Bully* was able to reach their stated goal in just over a year—the goal of screening the film to one million children and youth.[133]

Although we cannot see who financially supported the campaigns nor to what amount, there are dozens of partner organizations listed, which suggests there are opportunities to find investors interested in impact investment. One worth noting in the field of documentary production is the US-based Fledgling Fund, a private foundation focused exclusively on connecting documentaries to communities to strengthen social movements. Since 2005, they have granted almost $10M to a total of 274 creative media projects.[134]

GOOD PITCH (UK & US)

Another strategy to embed impact in a project's goals is to partner with third-sector organizations. To that end, BRITDOC initiated Good Pitch. It "brings together documentary filmmakers with foundations, NGOs, campaigners, philanthropists, policy makers, brands and media around leading social and environmental issues—to forge coalitions and campaigns that are good for all these partners, good for the films and good for society."[135]

Driven by BRITDOC and in partnership with the Sundance Institute Documentary Film Program, this is a flagship event for social-issue media.

132 http://britdoc.org/real_good/puma-creative-impact-award/2013-award
133 http://britdoc.org/uploads/media_items/bully-web.original.pdf
134 http://www.thefledglingfund.org/about
135 https://goodpitch.org/

In its six years, over 2,100 organizations from 34 countries have attended its filmmaker pitch sessions. Thus far it has leveraged approximately $12M, with the majority of the funding coming as grants in the $10-20K range.[136]

The relative absence of broadcasters distinguishes Good Pitch from other traditional media pitching forums. Alternative funders, NGOs, brands and online platforms comprise the key players. The production dollars being pledged are neither massive nor immediate, but the absolute centrality of outreach shines through this forum.

In a report commissioned by Fledging Fund titled "Assessing the Impact of Good Pitch," this focus on reaching audiences is also paramount to the filmmakers who apply. Not surprisingly, 75% of the applicants list "securing funding" for their productions as extremely important, but 55-70% also claim the same for "meeting potential NGO partners" and the desire to "receive advice on audience engagement plans."[137]

In 2014, Good Pitch will travel to New York, India and Australia. The latter two are satellite events, hosted respectively by the Indian Documentary Foundation and the Documentary Australia Foundation.

GET ON THE DOC BUS (CANADA)

Though not a funding initiative, Get on the Doc Bus is a cultural mapping exercise that seeks to survey grassroots documentary outreach in Canada. As its website states, "*Get on the Doc Bus* is an audience development roadtrip that will travel across Canada to connect and engage documentary screening partners on the topic of documentary and community engagement."[138] Indeed, during the summer of 2013, Open Cinema Founder and Program Director Mandy Leith journeyed across the country in a decorated Westphalia van meeting with dozens of people who in one form or another, are involved with documentary programming and audience outreach.

Post-journey, Leith explained that she was mapping the invisible shadow sector of the industry: exhibition and community development. Passionate individuals in cities and towns across the country are connecting documentary films to audiences in a successful but ad hoc way. She is concerned about sustainability, and hopes to seed a "Cross-Canada Community Cinema Network." Leith adds: "It's really more like a market than a network. I'm inspired by the rise of farmers markets and how they've created a demand for local organic food." In her vision, if public engagement is key to a healthy society, and if well selected documentary films nurture that engagement, then the funding model will emerge that supports this work.

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136 Source: BRITDOC consultation.
137 Fledgling Fund, *Assessing the Impact of Good Pitch*, p. 11.
138 http://getonthedocbus.com/about/

CANADIAN CONTEXT

At present, no not-for-profit organizations, government-run agencies or social enterprises in Canada exist solely to support the outreach phase of a documentary film. Both theatrical and educational private-sector distributors engage in marketing and promotion in the course of their commercial activities, but they generally do not invest in community screenings. The NFB has modest resources to commit to distribution, and numerous NFB films do launch each year. Telefilm provides marketing support, but only for theatrical releases. In Ontario, the Ontario Arts Council has touring programs for artists to travel with their performances, including to schools and festivals, which documentary filmmakers can explore.[139]

> "What I do understand is that the funding that is available is for the 'making' and not for the distribution of our content. It's ONLY by distributing, building audiences and getting our material to market – that there is the opportunity for returns, and sustainable livelihoods, hence any changes to the current system needs to create support for distribution... For me the KEY to everything is including the entire ecosystem in the funding/financing process – i.e., proposals should include an engaging well told story, production/marketing/distribution budget, outreach and distribution strategy, and realistic revenue projections. We've been walking on one leg, and we need both!"
>
> —JoAnne Fishburn, quoted from DOC listserv

Outreach activities are rarely themselves revenue-generating, but a strong campaign can have a positive effect on future revenue streams, not to mention civic engagement. Clearly articulated impact goals may attract investors interested in the SROI (social return on investment) of a documentary, in addition to financial return.

139 http://www.arts.on.ca/Page2853.aspx

CASE STUDIES

The report so far has delved into the theoretical applications of alternative funding, while the following section offers observations from producers and filmmakers in the field who have successfully applied their creative problem-solving skills to unearth new means of financing their projects. If the case studies offer inspiration, they also underline the many challenges described above. Indeed, one theme common to all of them was their difficulty in garnering the interest of Canadian broadcasters to license their project.

Two of the five case studies, *Living Downstream* and *Embracing Voices: The Woman Behind the Music of Jane Bunnett*, were produced without Canadian broadcasters or Canada Media Fund money. The other three, *Hadwin's Judgement: The Making of an Environmental Terrorist*, *Occupy Love* and *The World Before Her*, secured small licence fees from Canadian educational broadcasters or a specialty channel, which allowed them to access CMF support. None of the case studies selected for this report received a broadcast licence from any of the big broadcaster groups in Canada.

The budgets for the projects range from approximately $150,000 to over $1 million. As alternatives to the broadcaster-driven model, two projects, *Occupy Love* and *Embracing Voices: The Woman Behind the Music of Jane Bunnett*, went through crowdfunding campaigns. The other three were able to finance the gaps in their budgets through US foundations, Canadian non-profit groups, arts councils and private equity. Finally, *Living Downstream* was in production long enough to be among some of the last projects to receive funding from the now-defunct CIFVF.

As has been discussed in this report and elsewhere, conventional broadcasters have retreated from licensing Canadian documentaries. Without a Canadian broadcast licence, filmmakers cannot access tax credits or CMF, the largest single funder of Canadian productions. Without the CMF, the Canadian funding system for one-off or feature documentaries is restricted to Telefilm Canada's

small Theatrical Documentary Fund (which requires a Canadian distributor or a broadcaster) or the National Film Board as a co-producer. This highlights the systemic quandary producers are confronted with: to avail themselves of the array of private or public funding sources available to them in Canada, they must obtain financing from a broadcaster who, arguably, has very little interest in the projects being put forward and is, therefore, a reluctant investor.

CASE STUDY #1

HADWIN'S JUDGEMENT: THE MAKING OF AN ENVIRONMENTAL TERRORIST

PRODUCER
Elizabeth Yake (BC)

FORMAT
Feature-length docu-drama
75 minutes

BUDGET
$1,025,000

This project had the highest budget of the five case studies, but perhaps was the most intricate to pull off, as it was a treaty co-production involving the National Film Board. Despite numerous hurdles, the financing finally came together, in part due to the private investment incentives that exist in the UK.

SYNOPSIS

One Man. One tree. The film is based on the true story as told in John Valliant's award-winning book *The Golden Spruce*. This film is an environmental thriller about events leading up to Grant Hadwin's audacious destruction of the Golden Spruce, a 300-year old Sitka Spruce on Haida Gwaii. Charged by the RCMP, Hadwin crossed the treacherous Hecate Straight by kayak for his court date but never arrived. To this day no one knows if Hadwin, a super survivalist, is dead or alive, maybe living somewhere in the bush and off the grid.

FINANCING

CANADA

NFB	equity	31%
Broadcasters	licence	11%
CMF	top-up	12%
Bamboo Prize	grant	1%
BC Film	loan (non-recoup)	1%
Tax credits/producer	investment	15%

UK

Broadcaster	licence	8%
Bamboo Prize	in-kind	2%
Private investors	advance	20%

PROJECT FINANCING & TIMELINE

In February of 2011, the NFB approached Elizabeth Yake to come on board as the main producer for this project. Initially, a UK director wanted to do the film as a co-production and approached the NFB, believing it was a Canadian story with international appeal; however, the financing was difficult to structure for this scenario. The NFB was on board, but the project needed a UK partner and broadcaster for it to work as a treaty co-production.

The NFB and Passion Pictures in the UK tried to make the film as a 50/50 co-production, but the UK partners couldn't come up with their 50% of the financing. The producers applied to Telefilm's Theatrical Documentary Fund, but faced problems because Telefilm required a Canadian theatrical distributor, which initially, at least, they did not have.

Passion Pictures was an Oscar-winning production company, it was a BC story and the book had won the Governor General's Award, but the producers still struggled to raise financing. Although eventually they did procure a Canadian theatrical distributor, which might have led to them accessing Telefilm's Theatrical Documentary Fund, the project was ultimately considered ineligible: the producer was not qualified to apply, the non-Canadian director was ineligible and so the project was disqualified even though it was a UK co-production.

Yake realized she needed a new plan; in particular, she needed a broadcaster. After approaching various broadcasters, SuperChannel, a Canadian digital pay TV service, expressed interest. However, the specific contact at SuperChannel left and Yake had to re-pitch the project. In the end, SuperChannel did offer a licence. Yake believes that without it the film would not have been made. Indeed, the project was also pitched to Knowledge Network and TVO, but both turned it down. Ultimately, the distributor helped push the project to obtain a second window from the *documentary* channel.

With these broadcaster licences, the producer applied to the CMF, but the project was considered "over-financed"—the ratio of broadcast licences relative to the rest of the funding was too low. The Canadian portion of the budget was $725,000, but with SuperChannel and the *documentary* channel's second window, the combined licence fee was not enough to meet the CMF threshold for the size of the budget. In the end, the producer applied for $85,000 when she could have applied for $375,000 had there been a licence fee cap for productions with higher budgets. This would also have allowed for more equity from the NFB. Furthermore, the digital media requirement was found to be onerous, which took valuable time away from producing the film.

On the UK side, the solution became to switch from an 80/20 co-production split to a 70/30 split. Passion Pictures also secured a Channel 4 pre-sale for $80,000. The new financing plan was to structure the NFB money as part equity and part sales advance, with the NFB coming in as the distributor, but this changed things on the UK side and the partnership started to unravel. When the UK director found private equity investment in the UK for the $200,000 they needed, Yake then had to work with the NFB to get a workable recoupment schedule.

PHOTO USED WITH PERMISSION, ELIZABETH YAKE

In May 2012, the project was approved through the CMF's POV Fund. By August 2012, the regional production bonus was exhausted, but the producer was told that if money was left over, the project might receive money from the English Production Incentive in November. As a result, Yake had to wait to close the financing, which in turn caused production cash flow problems.

Timing problems with various sources next stalled matters. Yake turned to Rogers for interim financing, but Rogers required that the UK co-production money be in the bank. Meanwhile, the Canadian broadcast licence would not start being paid out until delivery. To solve this catch-22, the producer had to put the private investment and Channel 4 licence fee into the bank before shooting was completed. Fortunately, the first tranche of money from the NFB allowed the producer to shoot in the summer of 2013.

Currently, the production is complete and in editing. All things considered, these latter stages of the film's production were the easy parts. The NFB is handling domestic and international distribution and will do a theatrical release in Canada.

LESSONS LEARNED


PHOTO USED WITH PERMISSION, ELIZABETH YAKE

A treaty co-production can be difficult due to the challenge of distance. Production team members can meet a few times and communicate by phone or online, but this structure is not optimal when it takes several years to finance the project. Furthermore, it is difficult to concentrate on the creative aspects of the production when accessing and confirming financing is so fraught, complex and time-consuming.

Despite these challenges, co-productions more broadly can enable collaborations between dynamic teams of people, which can enhance creative freedom. Also, in other jurisdictions, there may be more incentives than in Canada for private investors to support and finance film production. Such incentives, however, do not diminish the difficulty of showcasing these films on TV within Canada.

In this case study, the biggest stumbling block was the CMF's 15% licence fee threshold. For larger budget productions, this policy has the effect of impeding filmmakers' ability to leverage other money that might be available because it is so difficult to raise more than $100,000 in licence fees for a POV documentary. Had there been a broadcast licence cap at the CMF, the producer could have accessed an additional $400,000 in financing. This would have increased the budget and the tax credits. With this additional money, the producer could have hired more crew, shot for a longer duration, enjoyed a better post-production period and had funds to develop a stronger marketing and distribution plan for a US release. The issue, and significant effects, of the broadcast licence cap has been presented to the CMF.

Ultimately, and in spite of these difficulties, Yake believes that documentaries provide a great outlet for investors who want to effect change by investing in films with a purpose, rather than those strictly geared to entertainment. Furthermore, given the rich array of documentary film projects in development, as well as filmmakers who seek to produce them, such opportunities are plentiful for interested investors.

CASE STUDY #2

OCCUPY LOVE

PRODUCER
Nova Ami, Ian MacKenzie,
Velcrow Ripper (ON)

FORMAT
Feature-length documentary
85 minutes

BUDGET
$499,500

The financing for *Occupy Love* came together more quickly than the other case studies featured here, which may be due to the timing and contemporary relevance of this project. The filmmakers had a time-sensitive subject, and therefore knew they needed to keep shooting while assembling the project's financing. Still, managing this two-pronged approach of shooting material while seeking financing can be tough to manage in practice. Doing so required the filmmakers to make use of the "friends and family plan" to finance interim production costs while they waded through the hefty paperwork for a relatively small budget film.

SYNOPSIS

Occupy Love connects the dots in this era of rapidly evolving social change, featuring captivating insider scenes from the Egyptian Revolution, the Indignado uprising in Spain, Occupy Wall Street in New York, Indigenous activists at the Alberta Tar Sands, the climate justice movement and beyond. Woven throughout the action-oriented backbone of the film is a deep exploration of public love, and compelling stories of an emerging new paradigm.

FINANCING

Broadcaster & CMF	66%
Provincial tax credits	11%
Federal tax credit	7%
Indiegogo	10%
Deferrals	6%

PROJECT FINANCING & TIMELINE

Velcrow Ripper and his producing partners had been working on several films at the same time, but in the fall of 2011, *Occupy Love* took over. Initially, he was shooting *Evolve Love*, which focused on climate change; he had raised money through Kickstarter to shoot footage and attend the Cancun Climate Summit. Ripper and the producers were among the first to do a Kickstarter campaign in Canada—crowdfunding was still new in 2010. It was a fast three-week campaign with a specific, well-defined goal and strong concept. Ripper had been using social media to engage with his community, predominantly Facebook at the time, and he had connected with influencers involved in similar areas. The producers wanted to raise $25,000 and managed to raise $27,500.

With Kickstarter funds in place, the team of producers approached the NFB for production, as well as both theatrical distributors and foundations. Yet *Evolve Love* did not receive additional production funding. As a result, when the Occupy movement started in September 2011, the filmmakers began to focus on producing a new film, *Occupy Love*. Ripper decided to shelve *Evolve Love*. To fulfill the crowdfunding perks, he moved the original crowdfunders into this new project, which would document emerging global social movements. The project was timely and time-sensitive; history, in the form of their subject matter, was unfolding.

Using volunteers, deferrals and credit cards, Ripper went to Spain for Indignados (a precursor to the Occupy movement). He then traveled to Egypt, as well as to Occupy movements in London, Oakland and Vancouver to shoot events as they occurred. With this footage, the filmmakers created a series of videos and posted them on the company's YouTube channel.

The videos quickly went viral, which enabled the producers to build on this momentum. The next step was to launch a crowdfunding two-month campaign for *Occupy Love* on Indiegogo in late 2011. Using YouTube, the producers generated buzz and developed a robust audience invested in the topic and project.

From November 2011 to February 2012, the target was $50,000. Once more, they exceeded their goal and raised $53,000. At this point, Ripper and his team

had not started principal photography, but given the nature of events on the ground, they were capturing unforgettable footage while still only in the development stage.

PHOTO USED WITH PERMISSION, FIERCE LOVE FILMS

At Hot Docs in April 2012, SuperChannel, a Canadian digital pay TV service, came on board. With a broadcast licence, the producers could now apply to the Canada Media Fund, and in particular the POV fund before the deadline.

One of the requirements with the CMF was that they pursue a digital media strategy for the production. For Ripper and the producers, this requirement of the CMF was a valuable condition. They were already working in the digital world and engaging with this community. Ripper had shot a substantial amount of footage—more than he could use in the film—and so the additional material could be repurposed for the digital media strategy. In this case, the footage found a home in the "Found Love" app created by One Net Marketing.

It should be noted that although the project was initially approved by the CMF, it took a long time to gather the agreements and application requirements together for the next stage. In particular, it was challenging to collate the application requirements while simultaneously engaging in the production of a current and dynamic, swiftly changing historical event. By this point, the producers had no further funding—and had reached the limit on their own credit cards. As a result, they needed to borrow money from family, friends and close supporters to proceed. Also, because Ripper edited during the production phase, both the production and post-production houses were forced to wait to be paid. Fortunately, the team's suppliers had confidence in the project, support for which the producers were grateful.

Nevertheless, cash flow remained a problem during the project's next stages. Specifically, the producers couldn't apply for interim financing until the CMF funding agreement was in place, which initiated a ripple effect. While they received CMF approval in July 2012, the producers could not get the agreement finalized until the end of November 2012, with a first drawdown in January of 2013.

The producers were also turned down for funding from several sources, including rejections from both the Shaw Hot Docs fund and Rogers Documentary fund. In the late stages of the project, they were forced to use deferrals. While the producers were trying to provide the CMF with the requisite paperwork, they also were rushing to put together a festival version and mix for VIFF in the Fall of 2012.

LESSONS LEARNED

For Ripper and his production team, one of the biggest financing challenges was the issue of bureaucratic complexity, which required not only the duplication of information for various Canadian funders, but also a slight variance for each one to meet various specifications. As a result, their budget necessarily included significant allocations for lawyers and accountants.

Another financing challenge was that the crowdfunding income was considered a grant, or "assistance," which reduced the eligibility amount for the federal tax credit. Another challenge occurred in the substantial amount of time that crowdfunding necessitated, which took the producers away from the creative process—no small loss given the time-sensitive nature of the material being filmed and edited. As the producers could attest, it requires a significant amount of time and energy to mount and maintain a successful crowdfunding campaign, and the effort deployed is not necessarily proportional to the amount of money the campaign contributes to the project's budget. Furthermore, delivering on the perks associated with crowdfunding can also be time-consuming and labour-intensive—not to mention that there are only so many occasions when a producer can seek this kind of support before exhausting the sources who provide it.

Still, Ripper believes that crowdfunding represents a useful test to gauge audience interest in a potential project. In this case, the use of crowdfunding meant the producers were able to convey the urgency of capturing the moment and engage directly with their community. This engagement not only helped generate the film's eventual audience, but also deepen their investment in both the film and its subject matter—people wanted to be part of it. As a result, Ripper stressed the importance for documentary producers of building both a platform and brand for themselves. This profile must be grounded in a community of support established on trust.

PHOTO USED WITH PERMISSION, FIERCE LOVE FILMS

Finally, the wider report that this case study is drawn from focuses on financing, but here and in other of the case studies, we can see that financing and distribution are inextricably linked. *Occupy Love* had a Canadian theatrical distributor who was interested in releasing the film in Canada, but CMF requirements cap distribution expenses at less than 10% of gross theatrical revenues. The distributor couldn't make money given that cap, and, as a result, passed on releasing the project. The film ended up in some Canadian theatres that the producers booked on their own, but they simply did not have many resources to self-distribute.

Ripper had a track record on *Fierce Light,* his second film, which ran for eight weeks in theatres outside of the country but which he couldn't get released in Canada. He expressed his concern that although films can get funded in Canada, they are eventually hampered at the time of distribution. Indeed, *Fierce Light* was released theatrically in both the US and Japan, and was shown at community screenings around the world.

Ultimately, the producers could not plan distribution for *Occupy Love* as much as they would have liked. The film was so timely that they needed to get it to audiences quickly. Yet all self-releasing depends on reaching a fan base of niche audiences. The producers eventually turned to TUGG, a crowdsourced theatrical distribution platform that has access to approximately 1000 mainstream movie theatres in the US. They would book a theatre, set a day and time, and if 60 people confirmed they would attend, then the screening would proceed at that theatre. Ripper also used an online streaming service; Gravitas handled iTunes, Amazon and Hulu, while the producers did direct downloads on the film's website via Yekra.

Ultimately, the producers determined that they tried every possible new approach that they could imagine to finance and distribute *Occupy Love*. This work paid off, for there were strategies they discovered through the process. Ripper in particular stated that he would definitely do crowdfunding again to launch a project; he considers it to be a film's equivalent to "the debutantes' ball." The producers also cited an additional advantage of crowdfunding—they repeatedly meet their crowdfunders in the world, and therefore generated additional opportunities to engage directly with their funders as well as audience.

CASE STUDY #3

EMBRACING VOICES: THE WOMAN BEHIND THE MUSIC OF JANE BUNNETT

PRODUCER
Elisa Paloschi (ON)

FORMAT
Feature-length documentary
72 minutes

BUDGET
$150,000

This is a case study of a small documentary project. It was a labour of love, but the difficulties involved in securing funding for this documentary almost proved too much for the producer. Through crowdfunding she came up with critical funding and connections that led her to an angel investor, but her own investment in the project was significant.

SYNOPSIS

Multiple Juno award winner, Grammy nominee, recipient of the Order of Canada and jazz luminary Jane Bunnett came back from the brink after facing depression, and the fear that she would never be able to make music again. The film follows Jane's personal and musical journey from Ontario to Cuba, and then to the Canadian Rocky Mountains in Banff, as she produces her most ambitious CD to date. Yet the final Juno-winning recording is more than just a jazz album. It is a reevaluation of and reflection on her life, as well as a tribute to the people that enabled her to reconnect with her music.

FINANCING

Indiegogo	20%
Private equity	20%
Donation	10%
Foundation	8%
Personal investment/deferrals	32%

PROJECT FINANCING & TIMELINE

Elisa Paloschi was both filmmaker and producer for this project. She began working on this project in the summer of 2008 from a personal desire to tell this particular story. Paloschi first approached Canadian broadcasters, including the CBC, Bravo!, Super Channel, Knowledge Network and TVO. Initially TVO showed interest, but they ultimately passed, and subsequently so did Knowledge. In the end, the producer could not bring a Canadian broadcaster on board.

Given the international reputation of the film's subject, Paloschi pitched it to international broadcasters, but again had no success. Meanwhile, she was shooting and editing the film, doing everything herself because of the lack of funds.

PHOTO USED WITH PERMISSION, ELISA PALOSCHI

Paloschi next applied to the Canada Council for the Arts, the Ontario Arts Council and the Toronto Arts Council, but here, too, the project was turned down. Finally, some hope for the project's funding came from the Kingston Arts Council's jazz charity. Then, in 2010, an angel investor agreed to support the film. As a jazz aficionado, this investor contributed private equity out of a passionate belief in the project.

In 2011, Paloschi next undertook an Indiegogo crowdfunding campaign to raise money for post-production, a campaign that ultimately raised approximately $30,000. Inspired by this campaign, two other foundations came on board and contributed to the film. Additional donations came through Paloschi's personal connections, another use of the "friends and family plan" that so many producers must rely upon to create their projects. Finally, Paloschi herself funded production costs through her own line of credit.

Embracing Voices has finished its festival screenings. Paloschi is now working on a semi-theatrical release, but she does not have a distributor on board yet.

Indeed, distributors have told her the film would be hard to place because it is a music documentary about a niche, if internationally known, musician. Doing her own distribution has been time-consuming, as Paloschi has no money for promotion and materials. She has been able to tie some screenings to Bunnett's performances, but coordinating these events has often been difficult in practice.

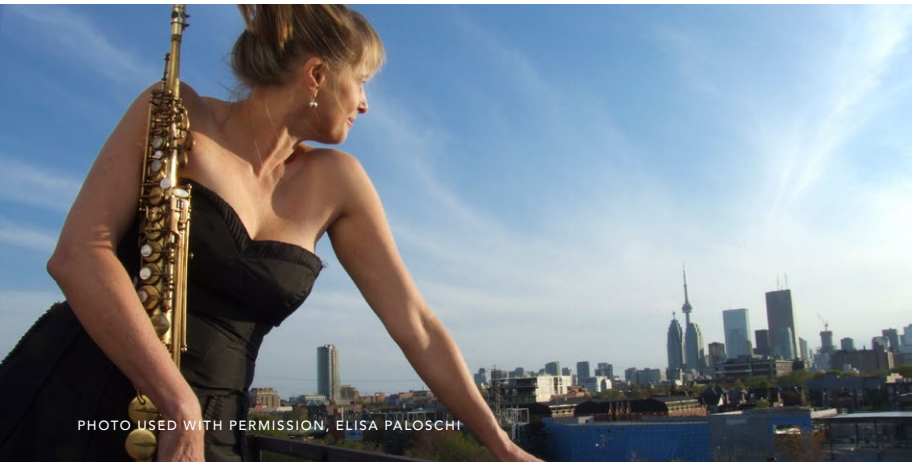

PHOTO USED WITH PERMISSION, ELISA PALOSCHI

LESSONS LEARNED

Here, Paloschi's background and experience was in Australia and Italy, so she was not aware of the challenges of the Canadian funding system. In particular, the difficulty of getting a Canadian broadcaster surprised her.

During the five-year process, she had to devote all of her resources to finishing the film. Paloschi believed that the film had more potential to reach audiences than it did, and she no longer has the time or money to build and extend its distribution. Unfortunately, she believes that she cannot approach friends and family to cover these distribution costs, as they already helped support her during the film's production.

Crowdfunding certainly provided her with much-needed money, and furthermore, helped lead her to additional and new funding sources. Like the producers in other case studies noted, however, it was—and continues to be—demanding in terms of time and labour; currently she is still following up on DVD deliveries. Paloschi doesn't believe she could apply this approach on multiple film projects. While Kickstarter was worthwhile for *Embracing Voices*, the lesson that crowdfunding garnered was that the film must appeal to a large enough audience to make the investment of time worthwhile.

Currently, it is worth noting that Paloschi has begun a new project, one that has received funding from US sources and generated interest in London. With the difficulties and strains of producing *Embracing Voices*, she has become considerably more cautious about her choice of projects. She describes the new project as one whose story has demonstrated appeal, and which has generated international support—hopefully it will be a production experience that will prove more satisfying.

CASE STUDY #4

LIVING DOWNSTREAM

PRODUCER
Chanda Chevannes (ON)

FORMAT
Feature-length documentary & hour-long version for international television

BUDGET
$300,000

This case study illustrates a successful non-broadcast financing scenario with significant involvement from US-based foundations. A New-Zealand broadcaster came on board, but their participation in this project was minimal. Also, the involvement and support of several foundations allowed this project to develop an intensive audience engagement campaign, one that included screenings around the world and, therefore, offers evidence for the value of social impact documentaries.

SYNOPSIS

Based on the acclaimed book by ecologist and cancer survivor Dr. Sandra Steingraber, *Living Downstream* is a cinematic feature-length documentary produced by The People's Picture Company (The PPC). Constructed in a poetic essay format, the film follows one pivotal year in Sandra's life as she works to break the silence about cancer and its environmental links.

FINANCING

CANADA	TYPE OF CONTRIBUTION	% OF BUDGET
Cancer Prevention Challenge	Grant	
Saunders-Matthey Cancer Prevention Coalition	Grant	
Canadian Auto Workers—Social Justice Fund	Grant	15%
Canada Council for the Arts—Research & Creation	Grant	5%
CIFVF	Grant	11%
US		
Ceres Trust—Development Financing	Grant	
Ceres Trust—Production Financing	Grant	
Kendeda Sustainability Fund	Grant	
Park Foundation	Grant	63%
OTHER COUNTRIES		
Private Donors	Grant	4%
Producer Investment	Investment	1%
TVNZ	Licence Fee	0.5%

PROJECT FINANCING & TIMELINE

Chanda Chevannes initiated the project in 2006, and originally pitched it to CBC, TVO, Knowledge, Vision and SuperChannel. None of these broadcasters licensed the project. The CIFVF gave the project a development grant, which the producer used to create a trailer to raise other financing. Additionally, she applied for and received funding from the Canada Council for the Arts under the Research and Creation Program.

Chevannes reported attending a DOC workshop in 2007 that focused on alternative financing; here, producer Peter Raymont talked about little-known sources for funding, such as the CAW's Social Justice Fund. Dara Rowlands, the producer of *Escape from Suburbia*, was also participating in the workshop, and described her tactic of approaching not-for-profit organizations and selling them the premiere screening rights for their cities, then using these presales as funding in the project's financing structure.

These speakers inspired Chevannes to search for alternative sources of financing. The Ceres Trust, a US foundation with a focus on sustainable

agriculture, heard about the film and approached her to submit a funding proposal. They came on board, first for development and then for production financing, which would be triggered by the producer's ability to find matching funds. At this stage, Chevannes decided that she had enough financing secured to begin production.

Foundations often want to see that a film will serve a specific community's needs. Therefore, the producer began building relationships with not-for-profit organizations in the development stage of this project—contacting key organizations, telling them about the project and requesting letters of support for her work. The Park Foundation contributed funds, and the Kendeda Sustainability Fund of the Tides Foundation also came on board, offering both completion funding and additional funding for the film's audience engagement project.

Through meetings with activists, Chevannes was introduced to a private donor who contributed $10,000 to the project. Those meetings eventually led her to connect with the CAW's Social Justice Fund (CAW-SJF), who subsequently also came to financially support the film. The CAW-SJF was particularly interested in the project's educational aspect. Although its funding provided for the production of the film, the funder was attracted to the producer's intention to create a range of educational materials. This funder valued work that encourages sharing research and information relevant to its members.


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Further funding was contributed by the Cancer Prevention Challenge, a fundraising drive organized by a Canadian not-for-profit organization. Here, individual teams raise funding for the cancer prevention initiatives of their choice. Over the course of two years, two teams chose to raise funding for the film, which brought in more than $20,000 for the project.

Initially, the CIFVF came on board for production financing, but they closed their doors before the producer could receive the final payment of $3,000. For CIFVF production funding, Chevannes needed evidence of support, so she approached the Saunders-Matthey Cancer Prevention Coalition (SMCPC), whose goals aligned with the goals of the film, and they provided a letter. At the rough-cut stage, the producer held a screening for several cancer prevention activists; one attendee was involved with the organization and suggested that Chevannes apply to SMCPC for completion funding, which was granted.

To close the financing, Chevannes counted on a small producer deferral, and, after four years of fundraising, her financing was complete. The last grant from SMCPC came in just as the producer was finalizing the film's credits.

DISTRIBUTION

Feature Length Film Released:	April 2010
One-Hour Version Released:	August 2010
Educational DVD Released:	January 2011
Interactive Website Launched:	January 2011
Community Guide Released:	May 2012
Classroom Guide Released:	May 2013

SCREENINGS AND AUDIENCE ENGAGEMENT CAMPAIGN

Living Downstream was separated into two distinct projects:

1) The production of the film
2) An audience engagement campaign

The first project was officially completed when the one-hour version of the film was finalized in August 2010. The second project was officially completed in May 2013, when two written guides, *Living Downstream—In the Community* and *Living Downstream—In the Classroom*, were published and distributed.

As a film, *Living Downstream* was released for public screenings in April 2010. It has screened at over 200 public events thus far. These screenings have been held at film festivals, independent art-house cinemas, educational conferences and public libraries, as well as screenings organized by not-for-profit organizations.

The one-hour version of the film has aired around the world. To date, in the US it has been shown on Outside Television, a cable and satellite channel with 63 million viewers annually. Beyond the US, the film has been shown on public and private television stations all over the world to an estimated audience of four million viewers.

The producer raised approximately $500,000 to fund the audience outreach campaign, a critical component of the foundations' initial interest in the project. The Ceres Trust supported three rounds of funding for outreach work, and also provided a grant that enabled Chevannes to distribute free copies of the educational DVD to 400 food cooperatives and over 100 public libraries across North America.

The Canada Council for the Arts supported the filmmaker's travel to screenings of the film. The Ontario Arts Council supported the written guides created as part of the audience engagement project, and they also financed a screening tour. The previously-mentioned US-based Fledgling Fund also supported the creation of the guides, while a private donor helped to support the audience engagement project.

LESSONS LEARNED

Living Downstream had a significant amount of supplementary materials that simply would not have been possible to produce without the financial support and involvement of the foundations. Nor would distribution have been as extensive without these parties' contributions. Chevannes self-distributed the DVD version, including 1500 educational DVDs. While self-distribution generated more income than a traditional educational distributor might have, it also cost a significant amount of time and labour for the filmmaker.

Chevannes' view is that producers need a solid distribution plan if they are approaching alternative funders without a broadcaster. It is important to source and find organizations that may be particularly interested in the project. It takes time to find and cultivate these relationships and build a rapport with the key individuals, such as regularly keeping in touch and providing updates.

On a positive note, the producer found that these foundations and groups can be less inundated by projects than broadcasters. Because they do not get involved in the content of the film, they offer the freedom of total creative control on a project. Yet what can be freeing can also be daunting; working without a broadcaster's insights into the audience's needs can be challenging. Broadcasters generally provide feedback and request changes, suggestions that one hopes would lead to a better the film. In this case, the foundations involved did not ask for a rough cut or a fine cut of the film.

This case study illustrates that filmmakers need to be educated and develop a broader understanding of how films can be used to further the mandates of specific foundations. For example, *Living Downstream* is a perfect case study of how a film about toxics can be of interest to a foundation involved in sustainable agriculture.

CASE STUDY #5

THE WORLD BEFORE HER

PRODUCER
Cornelia Principe, Ed Barreveld, Nisha Pahuja (ON)

FORMAT
Feature-length documentary
89 minutes (theatrical)

BUDGET
$680,000

SYNOPSIS

Written and directed by Nisha Pahuja, the film explores the complex and conflicting environment for young girls in India by profiling two young women participating in two very different types of training camp: Ruhi Singh, who aspires to become Miss India; and Prachi Trivedi, a militant Hindu nationalist with the Durga Vahini.

FINANCING

CANADA	**58%**
Knowledge Network	licence
TV Ontario	licence
Rogers Documentary Fund	grant
Shaw Media Hot Docs Fund	grant
OMDC Film Fund	loan
Telefilm Theatrical Fund	equity
Federal and provincial film tax credits	

INTERNATIONAL	26%
Channel 4	UK licence
ZDF German Television	licence
DIFD	grant
US	**16%**
Impact Partners	equity
Gucci-Tribeca	grant
Cinereach	grant

PROJECT FINANCING & TIMELINE

Principe came on board as a producer after the project had been in development for a year with Ed Barreveld and Nisha Pahuja, the latter being the director, in addition to one of the film's producers. The producers began by pitching the film at various documentary festivals and events. German broadcaster ZDF came to the project early in 2009, and Knowledge Network provided a small licence fee.

At first, the project was pitched informally at Sunny Side of the Doc in La Rochelle to generate early interest, and then again at the International Documentary Film Festival Amsterdam, where it garnered interest from Impact Partners in the US and Channel 4 in the UK. With the support of the ZDF, the project was also pitched at the European Documentary Network meeting in Paris.

To secure additional funding, the producers applied to all of the granting bodies they could think of that might be interested in the project, including the Sundance Institute, Chicken and Egg, ITVS and more. Yet they were only successful in getting grant money from Gucci-Tribeca and Cinereach in the US. All told, it took nearly two years to secure the various funding sources. Although the producers were successful in raising some money to start, it was not enough to finance the full production. As a result, they reduced their initial budget to secure these funding sources. They did so in no small part because, like the case of *Occupy Love*, events were about to happen that they needed to shoot, all the while knowing they would need more funding to finish the film.

During production, Pahuja raised some money from colleagues as a grant to be repaid if possible; ultimately it was repaid. Another personal connection of hers provided a loan to interim finance the production. These monies provided much-needed cash flow for both research and initial shooting.

Despite having the Knowledge Network and then subsequently TVO on board, these educational licence fees represented only 3% of the final budget, and thus

were not nearly enough to trigger the CMF. Other Canadian national broadcasters turned the project down because it was not a Canadian story, but rather, international in scope and focus. Ironically, it was the film's international appeal that initially attracted international broadcasters to the project.

In Canada, the producers proceeded to source funding beyond the CMF. They applied to Rogers Documentary Fund and the Shaw Media Hot Docs fund. By the time Shaw Media was ready to go to contract, they were already in the middle of shooting. To apply for theatrical funding with Telefilm and the OMDC, the producers needed to have a Canadian theatrical distributor on board. Kinosmith agreed to distribute the film, but did not put any money into funding the production.

PHOTO USED WITH PERMISSION, NISHA PAHUJA

Early in the process, the producers had secured an equity investment from Impact Partners in the US. This funding was based on an investment in the production company rather than the project, largely to maintain the project's Canadian status *vis à vis* CAVCO. For Telefilm's equity investment, the producers needed to go back to Impact Partners and ask them to share the first recoupment tier with Telefilm. The producers eventually found a resolution that all parties agreed to, and were still negotiating the Telefilm contract at the time of the film's completion. Working out a solution also involved paying significant legal fees—another cost of the project.

The film was completed in early 2012 and delivered as a 90-minute broadcast version to ZDF. It then was re-tooled to become an 89-minute film, which was released at Hot Docs in 2012. Following the Hot Docs screening, it had a theatrical release in both Canada and the US. Pahuja is currently putting together a Kickstarter campaign to raise funds for a theatrical release in India, a campaign set to launch in early 2014.

LESSONS LEARNED

The lessons learned in this case study were that without a major broadcasting licence, Canadian funding is difficult to secure. Also, doing business outside of Canada can be very different. To do business with US and/or international investors, producers need to build relationships. This can take time to pay off, and the cost of doing business internationally, particularly with equity investors, can be costly to the budget.

The people involved with this film were passionate about it and knew how to persevere. Still, every time they were successful in getting one funder on board,

another issue with a different funder arose, or the amount provided proved to be less than the producers needed to complete financing. These challenges meant that the producers needed to continue their search for financing. Ultimately, the producers are of the view that every film is different. Each one presents opportunities, such as new ways to get funding, that are unique, perhaps, to that film.

In the US, however, the system operates more as a business—and one that can be fiercely competitive. Working on *The World Before Her* with US investors was an excellent experience, and one that the team of producers suggests they may be able to draw upon for future projects.

The ability to bring foreign broadcasters on board depends on the relationship that has been built with them. ZDF came onto *The World Before Her* because they knew the director's previous film. Channel 4 came on board because one of the executive producers on the project was British and had a connection to Channel 4. Getting attention internationally can be a challenge; it requires that you have done it before, and that you have a track record.

It's worth emphasizing that these types of projects are not for the novice filmmaker or producer. Both the accounting and legal challenges involved in structuring this film's financing were daunting; the legal costs alone to secure the Impact Partners involvement was particularly expensive.

PHOTO USED WITH PERMISSION, NISHA PAHUJA

While no one made much money on this project, the producers and director were passionate about the film, which sustained them during the years it took to finish, and indeed, they are pleased with how well the project turned out. For a film that was turned down for being insufficiently focused on Canadian content, there is a certain irony in that it won the award for Best Canadian Feature at the 2012 Hot Docs International Documentary Festival. It received other awards, for it won Best Documentary Feature at the 2012 Tribeca Film Festival, and was nominated for Best Feature Length Documentary at the 2013 Canadian Screen Awards.

MOVING FORWARD

The case studies above indicate that creative and entrepreneurial producers are turning to alternative methods of financing with various degrees of success. As demonstrated in this report, crowdfunding, foundation support (typically non-Canadian), private equity investment and partnerships with corporate brands are all being used to address gaps in project financing.

The producer interviews drew out recurring themes around some of the benefits presented by these approaches. For instance, crowdfunding generates profile and builds a loyal community well before a documentary is completed. It allows filmmakers the chance to test their concepts and tweak treatments and campaigns while still in the development or production phases. The relationship a creator develops with his or her audience also enables them to develop a brand for their work, which can be leveraged for subsequent films.

Also, the case studies highlight that producers appreciate new partnerships, especially given that they often create more than monetary support. Because of their aligned missions, foundations, individual philanthropists and brands can add value in terms of content development, audience engagement and outreach strategies. International co-productions likewise open a world of collaborative possibilities whether on the financial or creative aspects of a documentary.

Social issues filmmakers are often described as passionate and committed. Most seek to make an impact. They strive to ensure their work has the power to change perceptions, behaviours and even legislation. Many investors share these same goals. Expanding the number of stakeholders and bolstering the toolkit to include a wider range of support mechanisms could help increase a project's reach.

While the case studies do emphasize the positive results of new and alternative financing models, they also illustrate—especially when viewed against the wider landscape of this report—that each method generates just as many frustrations and challenges. With little formal training or bridge-building initiatives in the alternative financing realm, most producers can only learn as they go, often at considerable time and expense. Given the debatable rate of return in terms of resources and time, then, the existing structures may be hindering business growth.

More than one case study producer tried pitching to multiple broadcasters, but no one came on board. With so few broadcasters commissioning one-off documentaries, competition is fierce for that licence—yet it is so necessary to the rest of the Canadian funding system.

Issues within the Canadian administrative environment also prevented producers from pursuing some of the opportunities available in other jurisdictions. The manner in which concepts such as fiscal sponsorship, accredited investor, charitable activities, prescribed persons and assistance are legally interpreted could be inhibiting potentially innovative practices.

Producers suggested the traditional system supported by public funds could be improved by introducing incentives to spur more diverse means of financing and encourage investment in the screen-based sector.

There is an opportunity here for industry stakeholders to come together to discuss the findings of this report and map a way forward to greater economic activity in the documentary sector.

Topics for consideration could include:

- Conceiving of alternatives to the broadcast trigger
- Reviewing administrative processes
- Designing investment incentives
- Exploring the application of fiscal sponsorship in a Canadian context
- Discussing public/private partnerships for new fund(s)
- Encouraging investment for the benefit of outreach, audience engagement and impact
- Investigating the specific needs of the French-language market
- Identifying further research, education and collaboration initiatives

In conclusion, documentaries have historically played a pivotal role in defining Canada's cultural landscape. Whether as feature-length POV documentaries or as immersive interactive digital media pieces, these stories help bind the country *as* a country. They represent both works of art and cultural products. It is our belief that a strong documentary sector, driven by passionate filmmakers and producers who are able to turn to a wide range of both public and private funding sources when securing a project's financing, will allow our documentary legacy to continue for the benefit of audiences here and on the world stage.

APPENDICES

A. Survey Template

B. Canadian Documentaries Cited

C. Select Canadian Crowdfunded Documentaries

D. Select US Foundations

E. Excerpts from CAVCO, the Canadian Film or Video Production Tax Credit (CPTC) Guidelines

F. Resources

APPENDIX A: SURVEY TEMPLATE

The bilingual survey was conducted in November 2013

1) Have you used alternative means of financing in the production of a documentary?

   (Alternative means of financing is defined as financing coming from sources other than: broadcasters, arts councils, tax credits and other traditional public sources. See question #2 for specific examples.)

2) What alternative means of production financing did you use? When possible please name source, and indicate with * if non-Canadian.

   Crowdfunding _____
   Other online platform* _____
   (i.e.: Google, YouTube Netflix, Sokap, other)

   Please specify
   Sponsorship _____
   Branded content _____
   Private investment _____
   Foundation _____
   NGO contribution _____
   Donation (w/ tax receipt) _____
   Academic institution _____
   Other _____

3) What budget bracket does the film fall under?
   < 100 K
   100K – 250 K
   250K – 500 K
   500K +

4) What % of the budget did the combined forms of alternative financing represent?

5) What were the other sources of financing? (Check all that apply.)
   Canadian broadcaster
   CMF – performance envelope
   CMF – POV fund
   Telefilm
   International broadcaster
   NFB
   Rogers Documentary Fund
   Shaw Media/Hot Docs Completion Fund
   Arts council
   Federal tax credits
   Provincial tax credits
   Provincial/Territorial funding agency
   Other

6) What challenges did the alternative financing raise (i.e., grinding tax credits, inability to issue tax receipts)?
7) Was there a theatrical release?
8) Did you have to relinquish any editorial control?
9) Did you have to relinquish any copyright/equity ownership?
10) Did you have to relinquish any distribution rights?
11) Have you used 'alternative financing' in the development of a documentary?
12) Have you used 'alternative financing' in the marketing or outreach of a documentary film?

APPENDIX B: CANADIAN DOCUMENTARIES CITED

Canadian projects mentioned in report and listed alphabetically:

- Be Brave: The True Story of Daniel Northcott
- Bevel Up
- Embracing Voices: The Woman Behind the Music of Jane Bunnett
- Force of Nature: The David Suzuki Movie
- Hadwin's Judgement: The Making of an Environmental Terrorist
- Herman's House
- How a People Live
- Indie Game: The Movie
- Into The Mind
- Living Downstream
- Milton's Secret
- Occupy Love
- Open Health Initiative
- Petropolis
- Secret Trial 5
- The Manor
- The World Before Her
- White Water, Black Gold

APPENDIX C: SELECT CANADIAN CROWDFUNDED DOCUMENTARIES

KICKSTARTER

The Buzkashi Boys
By Ariel Nasr (producer)
Raised 27,410 of $25,000 goal
153 backers

Tempest Storm: Burlesque Queen
By Nimisha Mukerji and Kaitlyn Regehr
Raised $45,570 of $40,000 goal
308 backers

Heal Myself
By Carla Sinclair
Raised $26,516 of $25,000 goal
270 backers

Chess Boxing: The King's Discipline
By David Bitton
Raised $35,522 of $35,000 goal
263 backers

WAJD: Music, Politics & Ecstasy
By Amar Chebib
Raised $20,075 of $15,000 goal
173 backers

The Ayahuasca Project/The Jungle Prescription
By Jeronimo M.M.
Raised $53,193 of $40,000 goal
691 backers

A Matter of Time: An ALS Documentary
By Yellow Bird Project
Raised $66,130 of $50,000 goal
826 backers

Why Horror
By Nicholas Kleiman and Rob Lindsay
Raised $32,188 of $30,000 goal
270 backers

INDIEGOGO

Fractured Land
By Fiona Rayher and Damien Gillis
Raised $52,000 of $50,000 goal
761 funders

Goodness In Rwanda
By Tara Hughes
Raised $21,052 of $20,000 goal
190 funders

DOC IGNITE

How to Build a Time Machine
Raised $25,475
373 contributors

Between the Lines
Raised $11,550
156 contributors

30 Ghosts
Raised $16,765
173 Contributors

Secret Trial 5
Raised $17,970
147 Contributors

Lost & Found
Raised $22,757
219 Contributors

APPENDIX D: SELECT US FOUNDATIONS

This listing of US Foundations comprises organizations that have a history of working with or granting to media projects, both at production and/or outreach phases.

- Annie E. Casey Foundation
- Cinereach
- Catapult Film Fund
- Chicken & Egg Pictures
- Creative Capital
- Ford Foundation's Just Films
- Fledgling Fund
- Hartley Film Foundation
- Knight Foundation
- MacArthur Foundation
- Park Foundation
- PBS Foundation
- Rockefeller Foundation
- Skoll Foundation
- Sundance Institute
- Tribeca Film Institute
- Wallace Global Fund
- Women Donors Network
- Wyncote Foundation
- ZeroDivide

APPENDIX E: EXCERPTS FROM CAVCO, THE CANADIAN FILM OR VIDEO PRODUCTION TAX CREDIT (CPTC) GUIDELINES

Full guidelines available here:
http://www.pch.gc.ca/eng/1332443014216/1332443541505#a2

For the purposes of this paper, we have excerpted the following relevant sections for easy reference.

If private equity is involved in the financing, whether Canadian or foreign, it cannot confer rights to the investor that would contravene the following:

3.04 The production company must be the exclusive worldwide copyright owner.

4.10.3 The Canadian producer must have and maintain full responsibility and control over all aspects of production financing.

6.04 The production company must retain an acceptable share of revenues from the exploitation of the production in non-Canadian markets.

6.04 Producers must retain at least 25% of the net profits from the exploitation of the production in non-Canadian markets.

Documentation must demonstrate that the producer has assumed and retained the commercial risks associated with the financing and production of the project where:

- A significant share of production financing is provided by a single non–Canadian party;
- A single non-Canadian party has acquired exploitation rights to territories representing most or all of the exploitable value of the production (with the exception of Canada); or
- A non-Canadian party has agreed to reimburse or indemnify the producer (e.g. for budget overages)

The producer will have the onus of establishing, to the satisfaction of CAVCO, that the situation does not interfere with the producer's responsibilities and control.

Additionally:

5.07 Any assistance received in respect of an eligible production will reduce the cost of production that is eligible for the tax credit. Assistance refers to any financial assistance from public or private Canadian sources or from foreign sources, where it is in the form of grants, subsidies, provincial tax credits, forgivable loans, services and any other similar form of assistance.

APPENDIX F: RESOURCES

REPORTS

- Canada Media Fund, *Crowdfunding in a Canadian Context*, August 2012.
- Canadian Independent Music Association, *Sound Analysis: An Examination of the Canadian Independent Music Industry*, February 2013.
- Canadian Interactive Alliance, *2012 Canadian Interactive Industry Profile*, October 2013.
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- Foundation Centre, *Growth in Foundation Support for Media in the US*, November 2013.
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- International Documentary Association, *IDA Fiscal Sponsorship Handbook 2012*.
- Metcalf Foundation, *Shared Platforms & Charitable Venture Organizations,* Jane Marsland, June 2013.
- Ontario Media Development Corporation, *The Year in Review*, 2012-2013.

ARTICLES

- "After SEC JOBS Act Ruling, How Can You Approach Film Investors?" Colin Brown, *IndieWire*, July 22, 2013.
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- "Brands Set Sights on Big Screen Ambitions," Louise Jack, *Marketing Week*, August 27, 2009.
- "Equity Crowdfunding Could Boost Canadian Startups," Wesley Anam, *Public Policy & Governance Review*, November 1, 2013.
- "Is Crowdfunding Right For You? One Filmmaker Crunched the Numbers so You Don't Have To," James Cooper, *IndieWire*, August 21, 2012.

- "Kickstarter, Indiegogo, Seed & Spark: Comparing Crowdfunding Platform Success Rates When It Comes to Film Projects," Bruce Reninger, *Indie Wire*, August 16, 2013.
- "Product Placement Turned Inside Out," Brooks Barnes, *New York Times*, January 22, 2011.

BOOKS

- Bugg-Levine, Antony & Emerson, Jed. *Impact Investing: Transforming How We Make Money While Making a Difference*. California: Jossey-Bass, 2011.

PRIMARY WEBSITES

- BRITDOC
- Canada Media Fund
- Canada Revenue Agency
- Canadian Audio-Visual Certification Office
- Canadian Independent Film and Video Fund
- Documentary Australia Foundation
- International Documentary Association
- National Crowdfunding Association of Canada
- National Film Board of Canada
- Ontario Media Development Corporation
- Ontario Securities Commission
- Rogers Group of Funds
- Telefilm Canada

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Elisa Paloschi, *Embracing Voices: The Woman Behind the Music of Jane Bunnett*
Cornelia Principe, *The World Before Her*
Velcrow Ripper, *Occupy Love*
Elizabeth Yake, *Hadwin's Judgement: The Making of an Environmental Terrorist*

SIDEBAR INTERVIEWS

Eric Crosland, *Into the Mind*
Catrina Longmuir, *How a People Live*
Peter Mettler, *Petropolis*

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