



PREDEVELOPMENT FUND PROGRAM POLICY

This document is a guide to doing business with Media Development (MD) and intended to increase transparency and predictability in dealings between MD and recipients of funding. For details on how this policy is administered, refer to the Business Guidelines.

Where there is a discrepancy between this document and a Transfer Payment Agreement (TPA) between a funding recipient and the Government of Yukon, as represented by the Minister of the Department of Economic Development, the TPA will prevail.

Government of Yukon reserves the right to modify this policy, in compliance with the *Financial Administration Act* and its associated policies, at any time and without notice. Please consult Yukon.ca for the latest news and documentation.

MD retains full discretion in the evaluation of projects receiving funding contributions from MD and the application of these policies. In all questions of interpretation of this document, the interpretation of MD shall prevail.

1 Program Goals

The goals of the Yukon media funding programs are to:

1. Maintain and ultimately increase the level of total independent media production and expenditure in the Yukon;
2. Maximize Yukon employment opportunities for Yukoners resulting from media production in the Yukon; and
3. Encourage sustainable growth in the Yukon media production sector, resulting in a stronger infrastructure of skills and services.

This Predevelopment Fund provides financial support critical for Eligible Applicants to advance their creative ideas. Eligible Costs may include those necessary to attract

commitments from arm's length, third-party financial sources including broadcasters, distributors and online platforms. Success in the Predevelopment Fund will be primarily measured by the number of funded projects that, after advancing their creative ideas, move into later-stage development and their economic benefit to the Yukon.

2 Application Process

MD will begin receiving applications on a yearly opening date published on Yukon.ca. Processing of applications will be conducted as expeditiously as possible on a first-come, first-served basis until resources for the program are depleted, at which time the program will be closed.

Eligible Applicants are welcome to submit multiple creative ideas at each deadline, but only one submission per Applicant may receive funding at each deadline date. An adjudication panel of industry professionals selected by MD will prioritize and assess complete submissions according to the evaluation criteria in the MD Business Policies.

2.1 Complete Application

The following documentation is required at time of submission to submit a Complete Application by the deadline date:

- Completed and signed application form;
- Synopsis of the Project and any other existing creative materials;
- Description of activities to be undertaken and deliverables to be completed during the predevelopment stage;
- Description of the production company, including its structure and ownership, the names and addresses of shareholders, and incorporation documents;
- Co-production agreements, if applicable;
- Brief biographies of all personnel involved in the Project, noting which positions will be filled by Yukon Residents;
- Predevelopment budget; and
- Financing plan for predevelopment, including letters of commitment equivalent to 100% of the predevelopment budget (net of MD's funding contribution) which evidence the terms, conditions and value of the contributions from financial sources.

Templates for the above documents can be found on Yukon.ca. MD may also ask for other documents considered necessary to confirm eligibility.

Incomplete and ineligible applications received at the deadline will not be sent to the adjudication panel for consideration. Program officers may request clarification from applicants but will not accept material changes to the application after the deadline date. To

avoid being removed from the decision-making process, Applicants are strongly encouraged to contact MD to discuss their questions before submitting a Complete Application.

The decisions of the industry panel are final. Applicants cannot resubmit unsuccessful application(s) at a future deadline date unless there is material advancement in the creative idea.

3 Funding Contribution

Eligible Applicants that meet the requirements of the Predevelopment Fund will receive the lesser of:

- \$15,000 or 75% of the approved cash expenditures in the predevelopment budget. The approved cash expenditures will be net of all deferrals, in-kind contributions, and investments from individuals and businesses participating in the Project in excess of the cap.
- If the Yukon Production Company retains less than 51% of the ownership and control of the project, the Project Maximums are reduced proportionate to the ownership share. For example, if the Yukon production owned 25% of a project in predevelopment, they would only be eligible for 25% of \$15,000 or \$3,750.

After 100% of financial sources are secured (net of MD's funding contribution), the successful Applicant will sign a TPA with the Government of Yukon in accordance with the *Financial Administration Act* and its associated policies.

Predevelopment contributions are repayable upon sale, transfer, assignment or other disposition of the script(s) or other Project deliverables created with a funding contribution from MD. Projects that receive predevelopment funding may subsequently be submitted to the MD Development and Production Funds. Any funding contribution received through this program must be included in subsequent development and/or production budgets and financial structures.

Successful Applicants may receive predevelopment funding once per Project.

Should the majority rights to the productions be transferred to a non-Yukon company, the funding awarded in predevelopment must be repaid.

4 Definitions

All Applicants must also abide by the MD Business Guidelines which are an integral part of these program policies. The MD Business Guidelines, which will be amended from time to time, are published on Yukon.ca. Where there is a discrepancy between the following definitions and the MD Business Guidelines, the MD Business Guidelines will prevail.

4.1 Eligible Applicants

Only production companies incorporated in the Yukon may access the Predevelopment Fund. The production company:

- Is registered to conduct business in the Yukon and in good standing with Yukon Corporate Affairs;
- Is majority owned by Yukon Residents;
- Has a Yukon business address;
- Is a production company primarily in the business of developing and producing professional film and television content;
- Is a for-profit company (i.e. a taxable Canadian corporation, within the meaning of Canada's *Income Tax Act*);
- Owns, controls or has optioned rights (including the underlying rights) sufficient to produce and exploit the Project throughout the world for a minimum of 25 years beginning when the Project is completed and commercially exploitable (with appropriate exceptions for a purchased format);
- Retains a reasonable ongoing financial interest in the Project;
- Is not itself, or related to an entity that is, primarily in the business of broadcasting, distributing or otherwise in the business of disseminating content; and
- Is not in default at MD. Media Development will not assess applications received from an Applicant or related parties that are in default with MD.

PRODUCERS

Yukon Residents must also be in positions that carry out the functions of a producer, which include having and maintaining responsibility and control over:

- The Project's development;
- The creative, artistic, technical and financial aspects of the Project;
- The selection, hiring and firing of the key artists and creative personnel involved in the Project;
- All expenditures and budget overages related to the Project;
- The Project bank accounts (sole and unfettered cheque signing authority); and
- The negotiation of initial exploitation agreements.

The Yukon production company and Yukon Resident producer(s) must receive fees payable to producers and corporate overhead and be clearly, predominantly and solely identified in credits on screen in the main titles, all billing blocks and promotion materials during the predevelopment phase.

An exemption for a credit for a non-Yukon Resident producer or non-Yukon production company (for example: Executive Producer, Supervising Producer or Associate Producer)

may be granted by MD where their function does not interfere with the Eligible Applicant and Yukon Resident producer(s).

CO-PRODUCTIONS

A Yukon Production Company in co-production with a non-Yukon production company may access the Predevelopment Fund. If the Yukon Production Company retains less than 51% of the ownership and control of the project, the maximum rebate for the project is reduced proportionate to the ownership share. The Yukon production company and Yukon Resident producer(s) must also receive a share of fees payable to producers and corporate overhead that is at least equal to the share of funding contributed from the Yukon and receive at least equal credit placement to the non-Yukon production company and producer(s).

4.2 Eligible Predevelopment Costs

Eligible Predevelopment Costs are costs set out in the predevelopment budget for the Eligible Project or the final cost report as applicable, plus costs that MD considers necessary and minus costs that MD considers excessive, inflated or unreasonable. MD's participation is calculated on the Eligible Costs of an Eligible Project and assessment of the Eligible Costs is at MD's sole discretion. In general, the following are Eligible Costs during the predevelopment phase:

- Writing (outline, treatment, bible or script);
- Creation of pitch material including short non-broadcast demos;
- Option fees for underlying rights;
- Scriptwriting consultant;
- Story editor;
- Preliminary research;
- Production of drawings (animation);
- Travel costs for research or to meet with national/international coproduction partners;
- Printing and collating costs;
- Arm's-length legal costs; and
- Producer fees and corporate overhead.

Costs incurred prior to submitting the application are not eligible costs.

The predevelopment budget template outlines specific allowable costs. Any costs related to creating content that does not meet the definition of Eligible Project are ineligible.

4.3 Eligible Projects

The Eligible Project must be a professional film, television or digital media project of economic benefit to the Yukon.

The following are NOT eligible for the Predevelopment Fund¹:

- Returning series;
- Interactive content not eligible for licencing by an Eligible Trigger;
- User-generated, non-professional videos by amateurs that have no experience or formal training in professional media production as a paid occupation;
- News, current events or public affairs programming, or a program that includes weather or market reports;
- Sports events or activities;
- Gala presentation or an awards show;
- Production that solicits funds;
- Pornography;
- Advertising (including commercials and infomercials);
- Production produced primarily for industrial, corporate or institutional purposes;
- Production, other than a documentary, all or substantially all of which consists of stock footage;
- Production in respect of a game, questionnaire or contest (other than a production directed primarily at minors); and

MD recognizes that projects at the predevelopment stage are necessarily early-stage, evolving works that may not strictly comply at application with all the requirements of this definition. As such, MD will review the components of the Complete Application to ensure there is a reasonable likelihood that the Project will comply with these requirements.

4.4 Final Deliverables

Upon completion of the project, the Applicant must submit a final report and all required documentation as outlined in the TPA, including:

- Final Cost Documents according to the MD Business Policies and TPA;
- Final list of personnel involved in the Project, noting which positions were filled by Yukon Residents;
- Copies of Project materials completed during the predevelopment phase, in a format as prescribed in the TPA; and
- Any other required deliverables as outlined in the TPA.

¹ Relevant genre definitions can be found on [CAVCO's website here](#).