

# PRACTICAL GUIDE TO CLOSING YOUR FILM

## **Independent Film Financing**

- Multi-party financing
- What is your film worth?

## **Key Obstacles**

- Competing interests/requirements
- Timing
- Cashflow

## KEY FINANCIER ISSUES

- **Approvals/Controls**
  - Creative (inc. key elements and final cut)
  - Sales (sales below minimum; key territories, etc.)
- **Rights Ownership**
  - Broadcasters, distributors, sales agent, co-producers
  - Nature and extent; exploitation holdbacks (esp. broadcasters)
- **Credits**
  - Animated logos; presentation credits; ep credits, etc.
- **Cashflow**
  - Pre-closing; during production; on delivery; holdbacks
- **Recoupment**
  - If, when and how; cross-collateralisation
- **Fees, Premium and Interest**
  - Budgeted/paid from receipts; legals & other ancillary costs
- **Net Profits**
  - 50/50 split; producer bears third party talent

CONDITIONS OF FINANCE	<i>Approvals or Controls?</i>	Cashflow?	Rights Ownership?	Recoupment?	Cross-Collateralisation	Fees/Premium/Interest	Profit Share
<b>SOURCES OF FINANCE</b>							
Broadcasters	Yes (inc. over sales, if equity)	Should cashflow	Yes – Fixed term Licence	No – if licence fee Yes – if equity (see below)	N/A if Licence N.B. If more media then issue	Generally No	No – if Licence fee Yes – if equity
Distributors and Sales Agents	Limited (unless cashflowing MG/Sales advance)	Normally payment on delivery (can even be later)	Yes. Try to restrict media (eg Soundtrack merchandising) and term	Yes	Yes	Yes	Yes
National/Local Support	Yes/No	Should cashflow	Normally No	Either not recoupable or “soft” recoupment	N/A	No or limited	Yes/No
Tax based Financing	Normally limited	Yes	No	Yes	N/A	Yes	Yes/No
Equity Investment	Yes	Should cashflow	Yes/No	Yes	N/A	Yes	Yes
Banks	Yes	Cashflow	No	Yes	N/A	Yes	No
Facilities Deals	No Yes – if equity (see above)	Equivalent to cashflow	Yes/No	Yes/No	Yes/No	Yes	Yes
Ancillary Rights	No or limited (but over ancillaries)	May get advance post-delivery	Licences in certain media only	Yes (if advance paid)	Yes (if several media granted)	Yes	No
Product Placement/ Sponsorship	No – other than relating to product	Should cashflow	No	No	N/A	Should be none	No
Co-Producers	Yes	Cashflow	Yes (but try to limit to territory)	Yes	No	Yes	Yes

# CLOSING CHECKLIST PRODUCTION

The following documents and information will need to be submitted and approved prior to financial closing.

PRODUCTION DOCUMENTS	
<input type="checkbox"/>	SHOOTING SCRIPT & SYNOPSIS
<input type="checkbox"/>	BUDGET (PDF & MM, if possible)
<input type="checkbox"/>	KEY DEPARTMENT BUDGETS
<input type="checkbox"/>	FINANCE PLAN
<input type="checkbox"/>	CASHFLOW (with VAT & currency allowances)
<input type="checkbox"/>	PREP CALENDAR
<input type="checkbox"/>	SHOOTING SCHEDULE & CAST DAY OUT OF DAYS
<input type="checkbox"/>	POST SCHEDULE
<input type="checkbox"/>	CONFIRMATION OF SHOOTING FORMAT AND WORKFLOW
<input type="checkbox"/>	UPDATED CAST AND CREW LISTS
<input type="checkbox"/>	WEEKLY COST REPORTS AND BANK STATEMENTS
<input type="checkbox"/>	DAILY CALL SHEETS & REPORTS (if production has started)
<input type="checkbox"/>	EFB'S LETTER OF INTENT - SIGNED AND RETURNED

## CLOSING CHECKLIST LEGAL

The following documents and information will need to be submitted and approved prior to financial closing.

LEGAL DOCUMENTS	
<input type="checkbox"/>	PRODUCTION INSURANCES AND E&O (see EFB's Insurances Checklist)
<input type="checkbox"/>	SIGNED AGREEMENTS FOR ESSENTIAL ELEMENTS
<input type="checkbox"/>	CONFIRMATION OF CAST MEDICALS AND STOP DATES
<input type="checkbox"/>	TALENT DEAL MEMOS OR LONG FORMS
<input type="checkbox"/>	FINANCE AGREEMENTS
<input type="checkbox"/>	SALES AGENCY AND DISTRIBUTION AGREEMENTS AND NOA'S
<input type="checkbox"/>	PRODUCTION OR POST- PRODUCTION SERVICES AGREEMENTS
<input type="checkbox"/>	DELIVERY SCHEDULES & BONDED DELIVERY DATE SPECIFICATIONS
<input type="checkbox"/>	LAB PLEDGEHOLDER AGREEMENT
<input type="checkbox"/>	INTERPARTY AGREEMENT (IPA)
<input type="checkbox"/>	COLLECTION AGENCY AGREEMENT (CAMA)
<input type="checkbox"/>	PRODUCTION BANK ACCOUNT DETAILS & NOTICE OF CHARGE
<input type="checkbox"/>	CREW CONTRACT AND STUDIO/LOCATION AGREEMENTS
<input type="checkbox"/>	UPDATE ON MUSIC & RIGHTS CLEARANCES
<input type="checkbox"/>	GUILD RESIDUALS OBLIGATIONS