

FILM CONNECTION

Andre Correa

Chapter 21 - Epilogue - Raising Cash - Quiz

1- In a short essay describe the basic method known as foreign pre-sales and gap financing.

When you are trying to raise cash to your project one of the methods to do so is by building a package of your unshot film and finding buyers in a international film market, this way you are selling the rights for distribution on their country, making a contract that that is worth money, allowing you to go to the bank with an entertainment division and get the money (Foreign Pre-sales). If the money raised with the foreign pre-sales was bellow the expected budget, you can get the bank to loan you the rest to reach the expected value. This is called Gap Financing.

2- Why is an entertainment attorney important? How can he help you?

When it comes to the legal aspects of the project it's highly recommended to hire an entertainment attorney, for you will be dealing with plenty of investors money, contracts, third parts agreements, etc... The attorney can be expensive so you need to get a trustworthy one, checking his/her references. He/she can help you to really understand when it is ok to go on with a legal decision rather than making the wrong move and lose others people's money.

3- Explain the different kinds of insurance and why they are important.

Worker Compensation insurance - Will cover you and your employees in case an accident occurs in the workplace that injures one or more employees. Otherwise you can be held civilly liable or even be held criminally liable.

Liability Insurance - Is the insurance to cover the objects or structures damaged in case of accidents. This one complements the Worker Comp insurance, which only covers the workers involved in the accident.

Equipment Insurance - The equipment used on set is expensive, so everything should be on the list to be covered in case of damage.

E & O Insurance - Stands for Errors and Omissions. It covers lawsuits alleging: (a) Infringement of copyright, (b) libel or slander, (c) Invasion of privacy, (d) plagiarism or unauthorized copying of ideas, (e) defamation or degrading of products (trade libel), and (f) infringement on title, slogan, or trademark.

Completion bond - Hard to obtain. it's a guarantee from an insurance company to the investors that a project will be completed or all moneys returned to investors in the event of project abandonment.

4-Why aren't permits always necessary and how do you know when to get them?

If you are shooting inside a building where you are not visible to people outside, it's probably fine not to have a permit. But you know if you need a permit if you are shooting outside and you need: to use the sidewalk; to use some kind of weapon; to have traffic control on the filming area; etc.

5- What are the various methods available to help you raise cash? Can you think of any others that might not be mentioned in the chapter?

Equity investments, Pre-sales agreements, Gap financing, Tax incentives, Deferred & Crowdfunding, Private Equity.