



# FRESH FILM FUNDING

## 10 INNOVATIVE FINANCE STRATEGIES FOR INDEPENDENT MOVIEMAKERS

An independent moviemaker must be as creative in finding financing for a film as he or she is in making the film itself. Many traditional sources of financing open to film studios are simply not available to an independent moviemaker. Nevertheless, with some ingenuity, imagination and a healthy dose of chutzpah, there are ways to get the money you need. Let's look at a few...

1. **Internet financing**
2. **Soft money**
3. **Product placement**
4. **Music recording rights advances**
5. **Services deals**
6. **Credit for dollars**
7. **Equity investors**
8. **Community building**
9. **Peer-to-peer lending**
10. **Outside the box**

1. **INTERNET FINANCING** • Financing for films comes from multiple sources, but a significant part of that funding is based on present structures of film distribution, particularly the concept of exclusive exploitation windows and territorial rights. For example, the traditional “pre-sale” of rights.

While the Internet and Internet Protocol Television (IPTV) technologies give moviemakers the ability to sell their films directly to the consumer—sidestepping traditional gatekeepers such as studios, distributors, broadcasters and DVD distributors—those same technologies threaten to undermine these traditional sources of financing, particularly for independents. However, the Internet has opened up new opportunities to link with potential film investors.

The challenges posed by new Internet technologies are also opportunities for moviemakers who can develop and implement strategies created by these technologies. While we can assume that people will still be willing to pay to see movies (particularly if they understand that if they *don't* pay there will be no movies to see), the business and financing models are a work in progress.

In this online wild west, indies can and do find funds. Fundraising (also called “crowd funding”) sites exist, but make sure to find out if you’re giving any rights (or portion of the funds raised) away or if there are strings attached. Here are some sites getting good buzz:

**GO BIG NETWORK** ([gobignetwork.com](http://gobignetwork.com)) connects investors with companies.

**INDIEGOGO** ([indiegogo.com](http://indiegogo.com)) is an online platform for film fundraising, networking and promotion.

**FUNDABLE** ([fundable.com](http://fundable.com)) facilitates fundraising online.

**INDIE MAVERICK** ([indiemaverick.net](http://indiemaverick.net)) is a matchmaking site for moviemakers and investors.

**THE FLEDGLING FUND** ([thefledglingfund.org](http://thefledglingfund.org)) supports media projects targeting social issues.

**CINEREACH** ([www.cinereach.org](http://www.cinereach.org)) helps fund projects that depict underrepresented perspectives.

**NATIONAL BLACK PROGRAMMING CONSORTIUM** ([nbpc.tv](http://nbpc.tv)) funds projects that represent African Americans and the African Diaspora.

**CHICKEN & EGG PICTURES** ([chickeneggpics.org](http://chickeneggpics.org)) provides grants to female moviemakers addressing social issues.

2. **SOFT MONEY** • Soft money refers to rebates, subsidies or tax-advantaged investments made available through tax laws of countries or governmental subdivisions, such as states in the United States, provinces in Canada or European countries. Worldwide, there are now more than 1,000 soft money sources and any independent is compelled to look at these options as a component of his or her financing.

U.S. programs are state- and city-

paid at the end of shooting, there are finance companies that will discount and cash flow your project based on these state subsidies. Research state film office Websites and speak with professionals in this arena like **Tax Credits LLC** ([www.taxcreditsllc.com](http://www.taxcreditsllc.com)), **JFA Film Production Accounting** ([www.jfafilm.com](http://www.jfafilm.com)) and **Bayberry Capital Group** ([www.bayberryllc.com](http://www.bayberryllc.com)).

Outside of the U.S., other countries have similar programs to draw production to support their local film industries. A

U.S. producer would have to partner with a local producer and production company to take advantage of these programs. In most cases, the U.S. producer could have only a minority interest in the production.

Also, there are physical studio facilities overseas that will invest in a film in order to have that film shot at that facility, including **Studio Babelsberg** ([www.studiobabelsberg.com](http://www.studiobabelsberg.com)) and the **Bavaria Film Studios** ([www.bavaria-film.de](http://www.bavaria-film.de)) in Germany and **Cinecittà** ([www.cinecittastudios.it](http://www.cinecittastudios.it)) in Italy. Canada has long been a major source

of soft money for U.S. producers who partner up with Canadian producers.

Browse the **Association of Film**

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**GOOD TO KNOW**

**GETTING AN ACTUAL CHECK YOU CAN CASH TO MAKE THE FILM WITH IS HARD. BE READY TO RIDE THE VERY STRANGE ROLLER COASTER AND JUST TRY TO ENJOY IT THE BEST YOU CAN.**

—KEITH GORDON,  
WRITER-DIRECTOR,  
*WAKING THE DEAD*

**“WITH SOME INGENUITY, IMAGINATION AND A HEALTHY DOSE OF CHUTZPAH, THERE ARE WAYS TO GET THE MONEY YOU NEED.”**

specific. Subsidies usually relate to budget items spent within the state or city and can cover as much as 40 percent of your qualifying budget. In other words, you can make a \$5 million film for as little as \$3 million, without having to pay anything back or give up any rights. That’s an offer you can’t refuse.

Subsidy programs are always in danger of being curtailed or shut down, particularly during difficult economic times, so take advantage of these programs while you can.

While the subsidies are usually

**Commissioners International** site ([www.afci.org](http://www.afci.org)) for more information on soft money opportunities.

3. **PRODUCT PLACEMENT** • Product placement is an effective form of advertising and publicity for many products including cars, food brands and clothing lines. Companies may be willing to donate a product for use in a film.

Prevailing thought is that product placement belongs to big-budget films, but as media changes, opportunities arise as advertisers

seek cost-effective ways to reach customers. Resources include **Brand in Entertainment** ([www.brand-inentertainment.com](http://www.brand-inentertainment.com)), **Storybids** ([www.storybids.com](http://www.storybids.com)), **Feature This!** ([www.featurethis.com](http://www.featurethis.com)) and **Tadcast** ([www.tadcast.com](http://www.tadcast.com)).

**4. MUSIC RECORDING RIGHTS ADVANCES** • It may be possible to negotiate with a record company for a production advance in exchange for the rights to a strong musical score. It is a given that the music has to be compelling and tie into the story; these types of deals seem to cycle in and out of popularity.

**5. SERVICES DEALS** • Some production funding can be raised “in kind,” exchanging services for a deferral, contingent payment or equity interest in the movie. A typical deal would include post-production services, such as editing, sound recording or lab services.

Cast and crew might be prepared to defer a portion of their wages for an economic interest in the film or for later payment out of revenues to ensure that the movie does get made. Collaborative moviemaking arrangements can be found in Rick Schmidt’s books, *Extreme DV at Used-Car Prices* and *Feature Filmmaking at Used-Car Prices*.

**6. CREDIT FOR DOLLARS** • An actor may be willing to accept a lower fee than his or her “ask” price to play a great role that he or she believes will be good for his or her career in exchange for a producer credit or profit interest.

Many actors aspire to become producers and these credits can assist in that pursuit. So a “credit for fee” swap can enable a producer

! **GOOD TO KNOW**

**YOU CAN ONLY LEARN FROM YOUR OWN MISTAKES. NO MATTER HOW MUCH ADVICE YOU HAVE BEFORE YOU EMBARK, YOU NEED TO LEARN YOUR FILMMAKING LESSONS IN THE FIRST PERSON.**

—STU MASCHWITZ,  
VFX SUPERVISOR,  
*THE SPIRIT*

to hire an actor who would otherwise be too expensive. Swapping a director credit can be dangerous if that person has never directed.

**7. EQUITY INVESTORS** • Independents often seek equity investors to fund a film. A major obstacle to obtaining such financing is the lack of diversification of risk offered to the prospective investor. In other words, if the movie fails to recoup its cost after all expenses, there are no other sources available to the investor to recoup or make a profit. (For more on this topic, check out the chapter on financing in *This Business of FILM*, written by the authors of this article.)

An alternative may be to offer a potential investor an ongoing interest, or some preferred investor position, in future films made by the producer if the investor has not recouped his investment in the first film.

Another variation is to offer an investor a profit interest in the producer’s future films whether or not the investor recouped on the first film. These strategies reduce the “single picture” risk, which makes it a more attractive investment and may improve the chances of getting equity funding.

! **GOOD TO KNOW**

**GET TO KNOW OTHER FILM PROFESSIONALS. LEARN WHAT PROFESSIONALS IN DIFFERENT DISCIPLINES DO AND WHY. OFFER YOUR SERVICES TO EDIT THEIR SAMPLE REELS AND YOU’LL MEET ACTORS, ART DIRECTORS, DPS, COSTUME DESIGNERS AND MORE.**

—STEPHEN MACK, EDITOR,  
*THE APOSTLE*

**8. COMMUNITY BUILDING** • The Internet enables moviemakers to build communities to support their films with Facebook, Ning, MySpace and personal Websites, all of which can be critical to financing.

Sponsored contests, quizzes and other such online “events” build buzz. A moviemaker can use his or her network to ask for donations, as happened with the AFI thesis film *Liberty Lane*, or to encourage contributions by updating folks about a

film’s fundraising progress, as with *Invasion of the Not Quite Dead* on Twitter.

Web real estate can be used to attract funding to a project. Illustrate the film you want to make with location pictures, illustrations and effective previsualization—building the film in the mind’s eye of your potential investors (check out *My Eyes Through Carnage* at [www.raniaajami.com/carnage](http://www.raniaajami.com/carnage) for an example).

Innovative sites like **Beneflix** ([www.beneflix.com](http://www.beneflix.com)) build community by combining social networking, nonprofit techniques and moviemaking.

Sell swag (stickers, T-shirts, buttons, caps, hoodies, you name it) based on the film before it is made, giving friends and family the power and tools to spread the word—and help fund the movie. You can also pre-sell DVDs prior to the film’s production (this requires a very devoted fan base).

**9. PEER-TO-PEER LENDING** • While it is possible to finance a movie with a bank loan if the producer has assets he or she is willing to put up as collateral, or if he or she is willing to give a personal guarantee, such financing is still difficult. Online loan sites like **Kiva** ([www.kiva.org](http://www.kiva.org)) and **Prosper** ([www.prosper.com](http://www.prosper.com)) have sprouted up, putting non-traditional lenders in touch with moviemakers. They are worth exploring.

**10. OUTSIDE THE BOX** • Try it all: Events, fundraisers, kickball, bake-offs, concerts, stunts—anything related to your film to garner press and attention is worth considering. Venture capitalists may be interested if there is something dynamic and unusual about your film, check out **Stage5 Ventures**, **Spark Capital**, **Sequoia Capital**, **Media6Degrees** and **Coriolis Ventures**.

However you tackle financing, creativity counts just as much as in any other facet of your moviemaking. Your passion and persistence *will* pay off! **MM**

This article is drawn in part from **STEPHEN R. GREENWALD** and **PAULA LANDRY’S** book, *This Business of FILM*, published by Lone Eagle, a division of Random House.

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