



# THE FILM ENTREPRENEUR:

A Newsletter for Independent Filmmakers and Investors

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VOL. 23, No. 5

JUNE 2015

## MODERATE AND BLOCKBUSTER INDIE FILMS SHOW GAINS IN THE 1<sup>ST</sup> HALF OF 2015

For the first half of the year, the total box office for the independent film segment was \$1.4 billion, which is 16% behind the same period last year. In comparison, the total box office is up 6% over the same period.

I have looked at the usual reasons for the variation; however, there is more than one culprit responsible for this difference. In 2015, there were 280 indie films released in the first 6 months compared to 302 in 2014. Of the main categories by total revenues: for independent films grossing \$100 million or more domestically, there were the same number of films in both years, but they grossed 57% more in 2015 than in 2014. The major downward change is with films grossing \$50 million to \$99 million. There were only three films in 2015 compared to six in 2014, and they earned 56% less in total. On the other hand, films in the moderate (\$20 million to \$49 million) category earned 20% more, with 10 films compared to eight in 2014.

While the year-to-date does not look good as a whole, everything depends on what film distributors are holding for the last 4 months of the year. As we move into August, we will start to see more of the specialty films picked up at festivals and markets that they deem to be prospects for the Best Picture Oscar. Over the last 4 years, the indie box office has increased an average of \$1.75 billion from June to December; therefore, it is likely the independent sector will end at \$3.2 to \$3.3 billion by the end of the year.

A bright spot for Indies this year is that the new Oscar rules did not change the number of nominees for Best Picture again. The last 12 years seems to make it clear that whether the number is five, six, eight or ten, with whatever math algorithms they want to use, indie films will win in the Best Picture category more times than not. It still has something to do with three simple words — story, story, story. 🍷

## **SPEAKING OF THE NEW OSCAR RULES . . .**

In the Best Picture category, to qualify as a producer nominee for a nominated picture, the producer must have been determined eligible for a Producers Guild of America (PGA) award for the picture, or must have appealed the PGA's refusal of such eligibility. Final determination of the qualifying producer nominees for each nominated picture will be made by the Academy's Producers Branch Executive Committee.

In the Visual Effects category, the number of eligible films that will be initially shortlisted for further consideration has increased to a maximum of 20 titles. The number of films that will be shortlisted for nominations voting remains at 10.

In the Documentary Short Subject category, the number of films that will be shortlisted for nominations voting has increased from eight to 10 titles. Instead of possible three, four or five nominees, the number is now set at five.

In the Animated Short Film and Live Action Short Film categories, a film qualifying via a theatrical release must now have a theater run in Los Angeles County for at least seven consecutive days with at least one screening per day. The film also must appear in the theater listings along with the appropriate dates and screening times. In both categories, the number of nominees is now set at five. ■

## **SCREEN ACTORS GUILD RAISES LOW-BUDGET RATES.**

Effective July 1, 2015, here are the new minimum rates (increase 25%) applicable under the Ultra Low Budget Agreement, the Modified Low Budget Agreement, and the Low Budget Agreement. Additionally, certain budget thresholds increase.

### **New Minimum Rates**

Ultra Low Budget Daily Rate: **\$125**  
Modified Low Budget Daily Rate: **\$335**  
Modified Low Budget Weekly Rate: **\$1,166**  
Low Budget Daily Rate: **\$630**  
Low Budget Weekly Rate: **\$2,190**

### **New Budget Thresholds**

Ultra Low Budget Agreement threshold will increase to **\$250,000**  
Modified Low Budget Agreement threshold will increase to **\$700,000**  
Low Budget Agreement threshold will remain the same at **\$2.5 million**

For more info go to SAGindie: <http://www.sagindie.org/education/notice-to-low-budget-producers/>

## LOS ANGELES FILM FESTIVAL

The Los Angeles Film Festival, which is presented by Film Independent in conjunction with Presenting Media Sponsor the *Los Angeles Times*, ran from June 10<sup>th</sup> to 18<sup>th</sup> in the downtown Los Angeles L.A. Live complex. The lineup included of 74 feature films, 60 short films and more than 50 new media works representing 35 countries. Of the 74 features, nearly half were directed by women and half by people of color; and exactly half of the 60 shorts were directed by women and/or by people of color, according to Stephanie Allain, Festival Director. “We have a new team and have revamped the entire programming staff and process with one thing in mind – to embody the mission of Film Independent to celebrate artists who are diverse, innovative and have unique points of view,” she said. The fest's main categories were redefined, and a couple of new sidebars added. Where in the past the festival offered jury awards for narrative and documentary filmmaking, this year it held a U.S. fiction competition, a world fiction competition and one documentary competition combining films from the U.S. and around the world. “With so many coproductions, it's almost impossible to separate American from international films,” Associate Director of Programming Roya Rasteger told the *Los Angeles Times*. “Our programming process was based more on a democratic consensus, with our programmers all weighing in about what they ultimately thought should be in the festival. We had more programmers looking at things, so we have a more diverse slate. We really wanted to reframe the question of diversity around innovation and distinct voices.”

### And the prize goes to . . .

AWARD	FILM	WINNER
<b>JURY</b>		
U.S. Fiction	<i>Out of My Hand</i>	Takeshi Fukunaga
Documentary	<i>My Love, Don't Cross That River</i>	Mo-Young Jin
Documentary Special Mention	<i>The Babushkas of Chernobyl</i>	Holly Morris, Anne Bogart
World Fiction	<i>Flocken</i>	Beata Gårdeler
World Fiction Special Mentions	<i>Ayanda and the Mechanic</i> <i>White Moss (Belyy Yagel)</i>	Sara Blecher Vladimir Tumaev
Nightfall	<i>Crush the Skull</i>	Viet Nguyen
Nightfall Special Mentions	<i>Crumbs</i> <i>Dude Bro Party Massacre III</i>	Miguel Llansó Michael Rousselet, Tomm Jacobsen, Jon Salmon, Joey Scoma
Zeitgeist	<i>Stealing Cars</i>	Bradley Kaplan

Zeitgeist Special Mention	<i>Pocha (Manifest Destiny)</i>	Michael Dwyer, Kaitlin McLaughlin
Best Short Fiction	<i>Drama</i>	Tian Guan
Best Short Doc	<i>Dolphin Lover</i>	Kareem Tabsch
L.A. Muse	<i>Can You Dig This</i>	Delila Vallot
L. A. Muse Special Mention	<i>French Dirty</i>	Elsa Biedermann
<b>AUDIENCE</b>		
Best Fiction	<i>Pocha (Manifest Destiny)</i>	Michael Dwyer, Kaitlin McLaughlin
Best Documentary	<i>I Am Talente</i>	Natalie Johns
(Tie)	<i>Be Here Now</i>	Lilibet Foster
Best Short	<i>In Her Place</i>	Kevin Hamedani
Best Web Series	<i>The Genderton Project</i>	Anna Martemucci, Victor Quinaz




## AFM INTRODUCES NEW CONFERENCES

The 2015 American Film Market (AFM) has unveiled several new initiatives ahead of this year's event, including the addition of two new conferences: the AFM China Conference and the AFM Festival Conference. Additionally, Carousel Cocktails will offer producers and filmmakers new networking opportunities. AFM Managing Director Jonathan Wolf said, "These programs are part of our ongoing mission to provide participants with enhanced access to the global film industry, exclusive content and education, and unique and memorable networking opportunities."

The AFM China Conference on Friday afternoon, November 6<sup>th</sup>, will present leaders from all sectors of China's film industry as they explore and reveal how producing, marketing and distributing in China differs from the West. Everything from talent and crews to culture and restrictions to platforms and windows will be covered.

The AFM Festival Conference on Monday, November 9<sup>th</sup> is sponsored by FilmFreeway and will provide a thorough understanding of how to work with and position festivals in a film's production and marketing strategy. Discussions will include how to evaluate which festival works best for each specific film, submission tactics, and strategies to leverage and maximize a film's selection before and during a festival. The AFM Conference Series will run from Friday, November 6<sup>th</sup> through Tuesday, November 10<sup>th</sup> and will also include Conferences on Finance, Pitching, Production and Distribution.

For the first time at any market or festival, every AFM 2015 participant will receive a one-year subscription to Cinando, the international online networking tool, festival database and gateway into the film industry. The AFM will run November 4<sup>th</sup> to 11<sup>th</sup> at the Loews Santa Monica Beach Hotel. For more info go to <http://www.americanfilmmarket.com/attendee> 


## TWITTER DIRECT MESSAGES HAVE NEW CHARACTER LIMITS – 10k!

To prove this isn't just another Internet scam, I first will give you the Twitter developers' blog: <https://twittercommunity.com/t/removing-the-140-character-limit-from-direct-messages/41348>

As Product Manager for DMs Sachin Agarwal wrote in this blog: “One change coming in July that we want to make you aware of now (and first!) is the removal of the 140 character limit in Direct Messages. In order to make this change as seamless as possible for you we've included some recommendations below to ensure all your applications and services can handle these longer format messages before we flip the switch. We recommend taking the following actions in preparation:

1. Review the new API additions below.
2. Update your GET requests so you will be able to receive the full length of DM text.
3. Adjust your app UI to accommodate longer DM text.

The new limit for DMs will be 10k characters.”

This does not change the 140 character limit for tweets, however. As this issue is being published in July, you can find more instructions on the site. Being low-tech personally, I will have to confer with my tech specialists on what they mean. 

## COMINGS AND GOINGS

**Bob Berney**, longtime indie distributor and CEO of Picturehouse, has joined Amazon as its head of movies distribution and marketing. Amazon announced in January that its Original Movies Division, headed by indie vet Ted Hope, plans to produce and acquire 12 movies a year that will stream on Amazon Prime four to eight weeks after their theatrical debut. In January 2013, Berney relaunched Picturehouse, which he originally founded with HBO in 2005, as an independent film marketing and distribution company. Berney has been a preeminent force in the indie world for over 20 years, bringing to the screen such hits as *My Big Fat Greek Wedding*, *The Passion of the Christ*, *Memento*, *Y Tu Mama También*, *Insidious*, *Drive*, *Don't Be Afraid of the Dark* and *Pan's Labyrinth*.

Chris Hardwick's **Nerdist Industries**, a division of Legendary Entertainment since 2012, is moving into movie distribution. The company's first film is *The Hive*, a sci-fi horror flick from rookie feature director Dave Yarovesky. Among its producers is *Scream* franchise veteran Cary

Granat, as well as Ed Jones, Vincent Seiber and Jared Mass. “The Nerdist team reminds me so much of the early days of Dimension in that they are aggressive, smart, innovative, in touch with their audience, and focused on creating new rules to marketing,” Granat told *Variety*. Before a fall rollout, Nerdist is taking its film to San Diego Comic-Con.

Los Angeles-based finance and management outfit **Kirin Media Ventures** has launched a \$25 million fund, with initial backing from Chinese investors, to finance a slate of U.S. theatrical features. The fund’s initial five-picture slate includes the thriller *Stone*, from writer and producer Stephen Cyrus Sepher (*Bus 657*); *Witch World*, a franchise based on the sci-fi /fantasy novel by Andre Norton and partnering with Kylin Network (Beijing) Movie & Culture Media Co. Ltd; and *Gungrave*, (based on a PlayStation video game, TV series and graphic novel, which Kirin will co-produce with LA-based Convergence Entertainment). “We are excited to launch the fund with a focus on investing in independent films with commercial appeal and studio distribution,” Kirin Media managing partner Jeff Chao, who previously managed the \$250 million fund between Participant Media and ImageNation Abu Dhabi, told screendaily.com. The new fund will be based out of the Shanghai Free Trade Zone, which can now be used for outbound motion picture investments in Hollywood. The fund will invest in films with international appeal and focus on the action, thriller and horror genres. It will eventually have a mirror fund in the U.S. Officially launched on September 2013 with the backing of Chinese Premier Li Keqiang, it is the first free-trade zone in mainland China. Commodities entering the zone are not subject to duty and customs clearance

Producer Marc Butan launched **MadRiver Pictures** at Cannes ’15. Backing the company is a consortium of investors that includes a \$30 million revolving equity investment from Christopher Woodrow’s new Vendian Entertainment. The company plans to finance and produce a broad slate of 3-4 wide release films per year in the \$15-50 million budget range. The company’s existing production slate includes *A Willing Patriot* starring Liam Neeson, which recently was acquired by Open Road Films; John Hillcoat’s *Triple 9* starring Chiwetel Ejiofor, Casey Affleck, Woody Harrelson, Kate Winslet, Aaron Paul and Anthony Mackie, which will also be released by Open Road in September; Burr Steers’ *Pride & Prejudice & Zombies*, based on Seth Grahame-Smith’s best-selling novel, which will be released by Screen Gems in February 2016; James Gray’s *The Lost City Of Z* starring Charlie Hunnam, which begins principal photography in August; and *Norco*, which Mark Romanek is in negotiations to direct. Butan recently left Sierra/Affinity and will continue to work with Nick Meyer, who handles international sales for all titles that originate at MadRiver. CAA represents U.S. rights.

**Open Road Films** announced a multi-picture financing pact with Riverstone Pictures for all of Open Road Films’ own productions over the coming years. The June 2 announcement was made by Tom Ortenberg, CEO of Open Road Films and Deepak Nayar and Nik Bower, co-founders of Riverstone Pictures. The first film under the agreement will be *Sleepless Night*, starring Jamie Foxx and Michelle Monaghan and directed by Baran bo Odar. Two to four films a year are expected to go through the deal, with each picture getting a wide domestic release via Open Road while foreign sales are handled by Open Road International and FilmNation Entertainment. The deal allows Open Road to get involved in projects at earlier stages. Riverstone Pictures, formed in 2014, is a Reliance Entertainment company founded by Nayar and Bower and backed



by Ingenious Media. Riverstone expects to finance 8 to ten productions in the \$10 to \$50 million budget range each year outside its deal with Open Road Films.

A24 and **VisionChaos Productions** are working together on a slate of development projects, with A24 set to distribute the films when they are ready. Eva Maria Daniels, a New York-based film producer and financier, has a mission to produce smart and engaging feature films that inspire and entertain. In 2013, Daniels became a partner in VisionChao, a Switzerland-based film production and financing company that has the creative autonomy and capital to finance, develop, and produce high-quality, independent feature films. Since 2010, Daniels has helped finance and produce several feature films, most recently *Time Out Of Mind*, *Jobs* (directed by Joshua Stern), *What Maisie Knew*, *GOATS*, and *The Romantics*. ■

**The Orchard** has signed a VOD distribution deal with producer Brain Farm for 11 feature films slated for release between 2017 and 2020, according to the company's press release. Brain Farm's slate will feature snowboarding, skateboarding, surfing, motocross and mountain bike athletes, filmed with 4K and 8K camera technology. The deal extends the partnership between Brain Farm and The Orchard, which distributes the Travis Rice snowboard documentary, *That's It, That's All*, and its follow-up, *The Art of Flight*, which the companies said is the highest grossing action sports film on iTunes. Under the deal, The Orchard will release and promote music soundtracks for Brain Farm's films, synchronizing these with the film's release. Brain Farm and The Orchard have also partnered to release *We Are Blood*, starring skateboarder Paul Rodriguez. "It's been a steady ambition to bring these amazing films to wider, more mainstream audiences," Danny Grant, VP of Sports at The Orchard, said. "This genre of filmmaking has huge growth potential, and partnering with a premium content creator like Brain Farm helps us all take it to that next level."

## QUOTABLE

"It's still a learning curve. Everyone is still trying to figure out how to market in the world of social media." . . . Paul Dergarabedian, Rentrak's Senior Media Analyst

"It's really easy; just send them to me. I'll watch just about anything . . . or at least part of anything." . . . Richard Abramowitz, President of Abramorama Entertainment, when asked how indie producers can get him to see their films at the Produced By conference

**NUMBERS! NUMBERS! NUMBERS!**  
**LOW-BUDGET INDEPENDENT FILMS (\$9.0 M and under)**

FILM	DISTRIBUTOR	REVENUE	COST
		thous. \$	thous. \$
<i>Addicted</i>	Lionsgate Films	17,391	5,000
<i>Beyond the Lights</i>	Relativity Media	14,620	7,000
<i>Black or White</i>	Relativity Media	21,571	9,000
<i>Boyhood</i>	IFC	25,359	4,000
<i>Dope*</i>	Open Road	12,480	7,000
<i>DUFF, The</i>	Lionsgate Films	34,030	8,500
<i>Force Majeure</i>	Magnolia	1,359	5,000
<i>Ida</i>	Music Box	3,820	1,700
<i>Insidious: Chapter 2</i>	FilmDistrict	83,586	5,000
<i>It Follows*</i>	RADiUS-TWC	14,674	1,000
<i>Lazarus Effect, The*</i>	Relativity Media	25,801	5,000
<i>Love Is Strange</i>	Sony Pictures Classics	2,262	1,200
<i>Lunchbox, The</i>	Sony Pictures Classics	4,235	1,500
<i>Mom's Night Out</i>	TriStar Pictures	10,430	5,000
<i>Nightcrawler</i>	Open Road	32,381	8,000
<i>Oculus</i>	Relativity Media	27,695	5,000
<i>Still Alice</i>	Sony Pictures Classics	18,656	4,000
<i>Two Days, One Night</i>	IFC	1,423	7,700
<i>Unfriended</i>	Universal	32,482	1,000
<i>Whiplash</i>	Sony Pictures Classics	13,092	3,300
<i>Wild Tales*</i>	Sony Pictures Classics	2,952	3,300

\*Still in North American distribution as of June 30, 2015.

Revenues are from boxoffice.com and boxofficemojo.com. Negative costs (production prior to prints and ads) are approximate, based either on industry estimates, published interviews with filmmakers or personal conversations with filmmakers.



**MORE NUMBERS! NUMBERS! NUMBERS!**  
**HIGH-BUDGET INDEPENDENT FILMS (Over \$9.0M)**

FILM	DISTRIBUTOR	REV.	COST
		thous. \$	thous.
<i>Age of Adaline, The*</i>	Lionsgate	42,511	25,000
<i>Big Eyes</i>	The Weinstein Co.	14,482	10,000
<i>Birdman</i>	Fox Searchlight	42,273	18,000
<i>Boxtrolls, The</i>	Focus Features	50,837	60,000
<i>Chappie</i>	Sony/Columbia	31,569	50,000
<i>Danny Collins</i>	Bleeker Street	5,637	10,000
<i>Divergent Series, The: Insurgent*</i>	Lionsgate/Summit	130,027	110,000
<i>Ex Machina*</i>	A24	25,011	15,000
<i>Home*</i>	20 <sup>th</sup> Century Fox	174,902	135,000
<i>Imitation Game, The</i>	The Weinstein Co.	91,126	16,000
<i>Mad Max: Fury Road*</i>	Warner Bros.	147,494	150,000
<i>Paddington</i>	The Weinstein Co.	76,181	43,400
<i>Penguins of Madagascar</i>	20 <sup>th</sup> Century Fox	83,851	132,000
<i>Second Best Marigold Hotel, The</i>	Fox Searchlight	33,078	10,000
<i>Selma</i>	Paramount	52,007	20,000
<i>St. Vincent</i>	The Weinstein Co.	44,137	13,000
<i>Taken 3</i>	20 <sup>th</sup> Century Fox	89,256	48,000
<i>While We're Young*</i>	A24	7,574	10,000
<i>Wild Tales*</i>	Sony Pictures Classics	3,028	3,300
<i>Woman in Black 2, The: Angel of Death*</i>	Relativity Media	26,501	15,000
<i>Woman in Gold*</i>	The Weinstein Co.	32,857	11,000

\*Same reference as Low-Budget table

## LARGE FORMAT FILMS

FILM	DISTRIBUTION	REV.	COST
		thous. \$	thous. \$
<i>Air Racers 3D</i>	3D Entertainment	1,310	5,000
<i>Apollo 13: The Imax Experience</i>	IMAX	1,737	n/a
<i>Born To Be Wild 3D*</i>	Warner Bros./IMAX	24,204	n/a
<i>Bugs!</i>	SK Films, Inc.	18,114	9,000
<i>Deep Sea 3D</i>	Warner Bros.	46,097	1,000
<i>Galapagos: The Enchanted Voyage*</i>	IMAX	18,352	7,000
<i>Ghosts of the Abyss</i>	Buena Vista	17,041	13,000
<i>Haunted Castle</i>	nWave	13,652	n/a
<i>Hubble 3D*</i>	Warner Bros.	49,241	n/a
<i>Island of Lemurs: Madagascar*</i>	Warner Bros.	9,915	n/a
<i>James Cameron's Deepsea Challenge*</i>	DisruptiveLA	236	n/a
<i>Jerusalem 3D</i>	National Geographic	7,880	n/a
<i>Journey to the South Pacific*</i>	IMAX/MacGillivray	6,700	n/a
<i>Magnificent Desolation</i>	IMAX	34,109	3,000
<i>NASCAR 3D</i>	Warner Bros./IMAX	21,337	10,000
<i>Ocean Wonderland 3D</i>	3D Entertainment	11,035	3,000
<i>Roving Mars</i>	Buena Vista	10,408	1,000
<i>Sea Monsters 3D: A Prehistoric</i>	National Geographic	23,746	n/a
<i>Sea Rex: Journey to a Prehistoric</i>	3D Entertainment	6,097	n/a
<i>Space Station 3D</i>	IMAX	92,165	1,000
<i>Thrill Ride</i>	Sony Classics	18,795	9,000
<i>To the Arctic 3D*</i>	Warner Bros.	14,346	n/a
<i>T-Rex: Back to the Cretaceous</i>	IMAX	53,347	14,500
<i>U2 3D</i>	National Geographic	10,362	13,000
<i>Under the Sea 3D*</i>	Warner Bros.	34,610	n/a
<i>Wildest Dream: Conquest of Everest</i>	National Geographic	898	n/a
<i>Wild Parrots of Telegraph Hill</i>	Shadow	3,058	n/a
<i>Wild Safari 3D</i>	nWave	16,621	4,500

\*Same reference as Low-Budget table ■

**NEED MONEY FOR A MOVIE? DON'T GO IN EMPTY-HANDED. HAVE A BUSINESS PLAN.**

The benefit of using a reliable business plan to raise financing for a film is that it allows the investors and the filmmaker to gauge the potential success of a film. A polished business plan with projections based on the worldwide results of other films and with clear explanations about the industry, markets and production personnel attached to the film is far more effective than an incomplete document that leaves prospective investors wanting more information. Contact Louise Levison at [louisel@earthlink.net](mailto:louisel@earthlink.net) to find out how you can put her 27 years of experience as a Film Business Consultant to work creating a business plan for your film.

Levison, the President of Business Strategies, is a highly respected financial consultant in the entertainment industry, specializing in creation of film business plans. Her clients have raised money for low-budget films including *The Blair Witch Project*, the most profitable independent film in history, and for companies raising as much as \$300 million. She is the author of *Filmmakers & Financing: Business Plans for Independents*, currently in its revised and expanded seventh edition (Focal Press, 2013). The sixth edition of the book continues to be available in Mandarin from [www.hindabook.com](http://www.hindabook.com) in Beijing, China. Levison also is editor of the online newsletter *The Film Entrepreneur: A Newsletter for the Independent Filmmaker and Investor*. Among other clients' projects are Kahlil Gibran's *The Prophet, Unlimited* (Nathan Frankowski), *The Redemption of Henry Miller, Emoticon ;*), *Moving Midway, Redemption Road, Haunted* (2012), *The First of May, The Open Road, Aluna, Yak: The Giant King, Visual Acoustics: The Modernism of Julius Shulman, My Father and the Man in Black* and *Michael Winslow Live*. Among her corporate clients are Danny Glover's Louverture Films (2008 nominee for Best Documentary Academy Award *Trouble the Water*), The Pamplin Film Company (*Hoover*), Hurricane Film Partners, LLC and Tokuma International Ltd (*Shall We Dance, Princess Mononoke*). Levison is an Instructor in the Extension Program at UCLA. She also has been a Visiting Professor at the Taipei (Taiwan) National University of the Arts, Chapman University (Orange County, CA) and the University of Montana (Missoula). Levison has presented seminars and/or been on panels at festivals and markets around the world. (Additional information is available at <http://www.moviemoney.com>).

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