



ATTENTION: Certified Independent Accountants and Producers

MEMO: Guidelines re: Final Cost Reports

This document is designed for certified independent accountants who undertake the **Audit** or **Review Engagement** for projects financed by the Bell Fund (formerly known as the Bell Broadcast and New Media Fund).

All producers who receive financial contributions from the Bell Fund should also review this document. The Bell Fund's Financing and Budgeting Policies Production Program (in the Production Program's section on the website) outline the regulations and requirements of the Bell Fund for the production of the final cost report.

The present document is intended to draw to your attention and highlight some of these financing policies.

Responsibilities of the certified independent accountant:

Accountants should ensure that they have read and understood the most up-to-date regulations and requirements of the Bell Fund before undertaking their reports. Pay special attention to the expense categories which have maximum allowable caps. The Financing Agreement between the Bell Fund and the producer may contain specific conditions of financing and should also be referred to.

Responsibilities of the producer:

Producers must respect all of the financing and budgeting regulations and requirements in their final cost reports. The producer is also responsible for ensuring that the certified independent accountant who is undertaking the audit or review engagement is aware of the Bell Fund's policies.

Some key policies to note:

- The guiding principle for auditing final costs and final financing of projects is to ensure that the contribution provided by the Bell Fund is used in an appropriate and reasonable manner respecting industry standards, to reimburse actual costs incurred for a specific project's production, and that such funds are not used to provide profit for the Producer or any services company nor used to offset non-project related expenses of the production company or any other party.

- Cost Reports and Audits **should reflect accurate costs including any costs in excess of the Budget** that may have been paid for with additional financing or the Producer's own resources. It is important for Bell Fund's knowledge and assessment of future projects to know what digital media projects actually cost.

- Producers must maintain a **separate set of books and accounts and related records for the digital media project**. Producers may have a separate bank account for the digital media

project but it is not required.

- All bookkeeping and accounting procedures must be conducted **in accordance with GAAP or IFRS** (as appropriate) as they appear in the CICA Handbook (Canadian Institute of Chartered Accountants).
- Final cost reporting and audit procedures must be undertaken based on the budget and financing structure approved by Bell Fund.
- There may **be no variance between budget and final costs** for Producer fees, overhead fees, and any other budget allocations that are restricted by Bell Fund's guidelines or policies, or have been specified as locked budget items in the Digital Media Production Financing Agreement between the Producer and Bell Fund.
- Final costs reports must reflect **actual payments made to employees, freelancers and suppliers** and include time sheets for all labour.
- The Audit/Review Engagement deliverables must include a summary of **all related party transactions as well as all payments made to the Producer, services company and/or related parties.**
- The costs of **non-Canadian labour or services must be declared.** Remember that 75% of the budget must be paid to Canadians and Canadian companies.
- **Default provisions:** Any party who does not adhere to the accounting policy and required bookkeeping and reporting requirements, or who through audit or review is found to be in contravention of costing policy and guidelines, will be declared in default and may not be eligible for future contribution from Bell Fund, until the contravention is corrected to the satisfaction of the Fund.
- Bell Fund may request **additional information** or breakdown of expense accounts in its review of final production costs which the Producer is obligated to deliver in a timely fashion.
- **Bell Fund may adjust its final contribution** to a project based on results of the Audit/Review Engagement. If the final budget is less than projected, the Bell Fund will reduce its contribution to be consistent with the percentage of the budget approved in the Financing Agreement. The final amount from the Bell Fund may not exceed the amount approved in the Financing Agreement.

The guidelines presented above are intended to assist in the preparation of Audits and Review Engagements and should not be interpreted as official regulations. For the complete, official regulations and requirements, please refer to the Financing Agreement between the Bell Fund and the Producer as well as the **Financing and Budgeting Policies** which are available at: www.bellfund.ca

Note also that the Bell Fund reserves **the right to conduct its own audit** of production expenses. Producers are required to provide to the Bell Fund and its designated Auditor all of the documents and records required in a timely fashion if such an audit is requested.