



**DEVELOPMENT, SHORT-FORM DIGITAL SERIES AND  
TELEVISION  
FINANCING AND BUDGETING POLICIES  
2020**

## Table of Contents

Overview of the Bell Fund	3
Mission	3
About the Bell Fund	3
1. Definitions – All Programs	4
2. Cost Report, Review Engagement and Audit, Requirements – All Programs	4
3. Guidelines for Compliance Audits Conducted by Bell Fund – All Programs	6
4. Types of Bell Fund Financing – Non-Repayable Contributions and Repayable Advances	7
5. Insurance – All Programs	7
Appendix A: Slate Development Program	9
Appendix B: Short-Form Digital Series (Fiction and Non-Fiction) Program	11
Appendix C: Television Program	15

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# Overview of the Bell Fund

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## **Mission**

To support Canadian media content makers in creating for and connecting with, audiences here and everywhere.

Since 1997 the Bell Fund has received over \$200 million in financial contributions from Bell TV to support Canadian, independent producers in the development and production of great Canadian content. In 2001 the Bell Fund was awarded an endowment of \$10 million from Bell TV, as a result of a tangible benefits package. The revenues generated by this endowment are made available for development funding.

## **About the Bell Fund**

The Bell Fund is a not-for-profit organization. It has been certified by the CRTC as an independent production fund eligible to receive and administer contributions from broadcast distribution undertakings under section 29(2) of the Broadcasting Distribution Regulations.

The Fund is governed by a nine member Board of Directors which operates as an arm's length corporation with representatives from broadcasting, television and digital media sectors and from Bell TV. The Fund has offices in Toronto and Montreal.

## **General Information – Please Read**

The Board of the Bell Fund has complete discretion in the administration of Bell Fund programs including, without limitation, determination of eligibility of applicants and projects and all funding decisions. All Board decisions are final. Program guidelines may be changed at any time, provided that guidelines publicly posted at the time of a Program deadline will be the applicable guidelines for that application. Producers are encouraged to ensure that they have reviewed the most current guidelines, templates and policies available on the Bell Fund website prior to submitting their application.

Bell Fund and all other agencies may try to coordinate deadlines, share templates and reconcile contribution amounts, therefore, producers are advised that participating funding agencies may discuss various aspects of the project(s).

**Failure to Comply and Misrepresentation:** Any failure to comply with the terms and conditions of the guidelines and or any misrepresentation of information in connection with an application, as determined by Bell Fund, may result in the application being deemed ineligible and repayment of any advanced funds (with interest) may be demanded. It might also affect the eligibility of future applications

# 1. Definitions – All Programs

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Unless defined herein, definitions contained in the Program Guidelines shall apply.

**“Canadian Broadcaster”** - Canadian programming undertaking, public or private, licensed to operate by the Canadian Radio-Television and Telecommunications Commission (CRTC); Platforms may include linear broadcast and online service.

**“Digital/Online Platform”** – A non-linear means of distributing content (eg. You Tube, Netflix, Highball TV, Amazon Prime...). For Bell Fund purposes digital platforms must (minimally) feature entertainment programming and be accessible to Canadians (Canadian or Foreign owned).

**“Discoverability”** - Putting content where audiences can find it and then letting audiences know the content exists.

**“Discoverability Plan”** - A document detailing the strategy, activities, timelines and measurement methods planned to identify and build an audience and monetize (if applicable) the series.

**“Distributor”**- generally distributes third party content (may also distribute its own content) and has the experience necessary to negotiate terms, marketing and promotion spends and other promotional activities in favour of the Producer. In the case of a digital property the distributor must be 'industry recognized' as a distributor of digital content.

**“Market Interest/Partner”** - term used in Bell Fund's Slate Program to describe a broadcaster, digital platform or distributor that supports an applicant's slate of projects by providing a market interest form or meaningful letter of support.

**“Related parties”** - exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint or common significant influence. Related parties also include management and immediate families.

**“Related party transaction”** - a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related party, regardless of whether any consideration is exchanged. The parties to the transaction are related prior to the transaction. All such transactions also require verifiable documentation such as docket and timesheets for personnel from all such parties including senior personnel associated with parent or related companies who are charged against the budget. For clarification purposes, when the relationship arises as a result of the transaction, the transaction is not one between related parties.

## 2. Cost Report, Review Engagement and Audit, Requirements – All Programs

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1. 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 and that such funds are not used to provide profit for the Producer or sub-contractor nor used to offset non-project related expenses of the production company or any other party. Cost Reports, Review Engagements and Audits should reflect accurate costs including any costs

in excess of the Budget that may have been paid with additional financing or Producer's own resources. It is important for Bell Fund's knowledge and assessment of future projects to know what projects actually cost.

- Projects with budgets up to \$249,999. require a signed cost report.
  - Projects with budgets between \$250,000 and \$499,999. require a final, signed cost report and a Review Engagement provided by a certified independent public accountant who is at arm's length from the Producer.
  - Projects with budgets equal to or greater than \$500,000. require a final, signed, cost report and a full audit of production costs and statement of final financing, conducted by a certified accountant at arms-length from the Producer, and all company principals, who is certified to conduct such audits.
2. Notwithstanding the above criteria, the Bell Fund may request an audit be included in its agreement with a Producer, for any project.
  3. Producers must maintain a separate set of books and accounts and related records for the project. Producers may have a separate bank account for the project, but it is not required.
  4. All bookkeeping and accounting procedures must be conducted in accordance with GAAP (Generally Accepted Accounting Principles) that appear in the CICA Handbook (Canadian Institute of Chartered Accountants).
  5. Final cost reporting and audit procedures must be undertaken based on the budget and financing structure approved by Bell Fund and in accordance with the Bell Fund Audit Guidelines.
  6. 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 Financing Agreement between the Producer and Bell Fund.
  7. Final cost reports must reflect actual payments made to employees, freelancers and suppliers and include time sheets, where the time sheets can be made available to the Bell Fund as reasonably requested.
  8. The Audit/Review Engagement deliverables must include a summary of all related party transactions as well as all payments made to the Producer and/or related parties.
  9. Default provisions: Those found not adhering to Bell Fund accounting policies will be required to address any deficiencies found within a specified time frame. If action is not taken to address any deficiencies, the contribution from the Bell Fund may be withdrawn or reduced. Additionally, the Producer may be declared in default and may no longer be eligible to receive contributions for other projects from the Fund, until the deficiency is addressed to the satisfaction of the Bell Fund.
  10. 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.
  11. Bell Fund may adjust its final contribution to a project based on results of the Audit/Review Engagement.

### 3. Guidelines for Compliance Audits Conducted by Bell Fund – All Programs

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1. Bell Fund reserves the right to conduct its own audit of production and or development expenses. Producers are obligated to provide Bell Fund with all necessary documents and records in a timely fashion if an audit is requested.
2. Compliance audits will be conducted to ascertain Producer's adherence to Bell Fund accounting and costing policies.
3. The expense for a compliance audit will be assumed by the Bell Fund.
4. Producers will be required to provide a separate set of books and records of all project related expenses and financing within reasonable time of the Fund requesting access to such material.
5. The purpose of a compliance audit is to assess actual production costs recorded by Producer and review all related party transactions. However, compliance audit may include any provision of reviewing expenses and financing for production or development.
6. Default provisions: Those found not adhering to Bell Fund accounting policies will be required to address any deficiencies found within a specified time frame. If action is not taken to address any deficiencies, the contribution from the Bell Fund may be withdrawn or reduced. Additionally, the Producer may be declared in default and may no longer be eligible to receive contributions for other projects from the Fund, until the deficiency is addressed to the satisfaction of the Bell Fund.

## 4. Types of Bell Fund Financing – Non-Repayable Contributions and Repayable Advances

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Short-Form Digital Series (fiction & non-fiction) and Television Programs: **non-repayable contribution.**

Slate Development Program: **repayable advance.**

If any project (IP) in the Slate goes into production (whether rights are still with the producer or have been transferred) the Bell Fund development advance must be repaid from production financing for the applicable project (IP) within the slate.

Repayment is generally triggered by the first day of principal photography/animation.

If a project (IP) in the slate does not go into production there is no requirement to repay Bell Fund's financial contribution.

## 5. Insurance – All Programs

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### **Insurance Certificates:**

The policy should add the Bell Fund as additional insured with the following:

"Bell Fund, its Officers, Directors, agents and employees. This policy shall not be cancelled or modified during the period of coverage as stated thereon, in such manner to affect this endorsement or policy unless thirty (30) days prior written notice has been given to Bell Fund"

### **Slate Development:**

**Comprehensive and General Liability Insurance:** Required if it's applicable to the development activities.

**Errors and Omissions Insurance:** Required if it's applicable to the development activities.

### **Short-Form Digital Series (fiction & non-fiction)**

**Comprehensive and General Liability Insurance:** Required.

**Errors and Omissions Insurance:** Required.

The Producer shall, obtain and maintain, with an insurer approved by Bell Fund, in accordance with customary industry practice, insurance policies (including but not limited to third party liability and property damage and loss, entertainment package, and errors and omissions liability insurance including coverage for the use of music, title, video/film clip, photographs, stock footage and bonus materials) in connection with the production of the Series. All insurance obtained by Producer shall be deemed to be primary insurance (such that any insurance obtained by Bell Fund shall be excess insurance and not subject to exposure), and shall include industry standard limits, with no non-standard exclusions, and a provision for thirty (30) days prior written notice to Bell Fund in the event of any revision, modification or cancellation of any of the Producer's insurance policies.

If errors and omissions insurance is not required by the broadcaster, Platform, or any other partner, the Bell Fund reserves the right to waive the requirement for Producer to obtain and maintain errors and omissions insurance coverage on the Series, based on submission by Producer of the Bell Fund "Review Procedures" form and a signed legal letter from Producer's outside lawyer documenting the lawyer's risk assessment.

**Television Production:**

**Comprehensive and General Liability Insurance:** Required.

**Errors and Omissions Insurance:** Required.

The Producer shall, obtain and maintain from a reputable Canadian insurer the following, for a term of three to four (3-4) years from the start of principal photography\* of the series (a) an industry standard Producer's Errors and Omissions Insurance Policy for the series deemed to be primary insurance (such that any insurance obtained by Bell Fund shall be excess insurance not subject to exposure until the coverage of Producer's policy is exhausted) with limits of no less than \$1,000,000. per claim and \$3,000,000. - \$5,000,000. in the aggregate with a deductible of no more than \$25,000. with no non-standard exclusions, a provision for thirty (30) days prior written notice to Bell Fund in the event of any revision, modification or cancellation, and including coverage for the use of music, title, video/film clip, photographs, stock footage and bonus materials;

\*(If broadcast licence agreement allows, E&O to be in place 60 days prior to start of licence period) and b) a commercial general liability insurance policy with limits and a deductible which are adequate and customary and which are acceptable to the Series' Canadian broadcaster(s) and an industry standard entertainment package insurance policy acceptable to the Series' Canadian broadcaster(s). Producer agrees to cause Bell Fund and its respective officers, agents, directors, employees, licensees, parents, subsidiaries and affiliates etc. to be added as additional insured on each of the foregoing policies, and certificates of insurance shall be furnished to Bell Fund upon execution of this Agreement.



## **Appendix A: Slate Development Program**

**Also see the [Slate Guidelines](#)**

### **Financing**

Producer Investment (equity): Producer provides a fully executed agreement for its investment in the project. In such cases, the Producer must also provide its most current financial statements to verify the capacity to provide this investment. Although this contribution may be included in the financial structure, it does not satisfy the minimum 10% cash contribution requirement.

Producer Deferrals: Deferrals may be included in the financial structure of a project. There is no maximum number of deferrals that may be used to finance development however, the use of Producer fees and corporate overhead must be reasonable. Deferrals must be supported with appropriate deferral agreements containing a matrix specifying:

- budget code,
- category, and
- amount.

Producers may only defer their own fees, overhead, equipment or may defer, on behalf of their employees. Producer may be required to show supporting documentation demonstrating use of such equipment or employees in the project. In such cases, the Producer must also provide their most current financial statements to verify their capacity to defer. Deferrals from unrelated parties such as a subcontractor must provide their own separate deferral agreement. All deferral agreements must reflect the budget line item and exact amount being deferred. Budget allowances for Contingency may not be deferred.

In-Kind Contribution: In-kind services, facilities or staff from other parties (sub-contractors, co-producers, etc.) may be included in the financial structure, and listed appropriately in the budget. All such costs must be assessed at market value with appropriate discounts applied. The value of services provided must be clearly and explicitly indicated in a services agreement between the Producer and service provider. Agreements should minimally contain the following information:

- date,
- total amount of contribution and any discounts applied,
- breakdown of contribution by related budget codes and categories of services provided, and
- any other provisions.

Producer may be asked to provide evidence of market value equivalency for in-kind services provided.

Interim Financing: Producer may not use interim financing as a component of the financial structure for the project. Interim financing may only be used to bridge finance other commitments. A

detailed cash flow statement must be included to justify any interim financing costs in the production budget.

Third Party Contribution Contractual Requirements: Minimally, executed commitment letters are required from all sources used in a project's financial structure, or ideally, executed agreements. This includes deferrals, in-kind services, and cash contributions.

Agreements must minimally include:

- date,
- amount of contribution,
- type of commitment (ie; grant, equity, advance, etc.),
- total and date of budget,
- clear declaration that contribution is for development of the project,
- payment schedule or proposed drawdown, and
- default or expiry clause.

If application with Bell Fund is successful, applicant will have 90 days from the date of notification by Bell Fund to provide all executed agreements.

**Budgeting**

A project's budget is a key criteria in the evaluation of applications and must be based on reasonable cost estimates and be completed thoroughly and accurately, including all tabs within the budget template. Be prepared to provide backup evidencing cost estimates, particularly if in excess of normally approved rates or otherwise exceptional.

All costs shall be allocated to the applicable project within the slate.  
Proposed development activities may not start prior to the Bell Fund deadline.

**Summary of Fee and Rate Thresholds – Slate Development**

Labour and personnel: (Category A)	All labour rates for personnel engaged by Producer must be estimated at actual cost in units of hours, days or weeks, without corporate markup, overhead fees, or equipment costs. Rates must be clearly marked as inclusive of applicable payroll benefits or may have payroll benefits set out as a separate category.  Labour rates are expected to be consistent with industry standards. Bell Fund reserves the right to assess the reasonableness of labour. Rates deemed in excess of industry standard may be acceptable provided that there is sufficient explanation and quotes, contracts or pay stubs to support the rates.
Producer Fee:	The producer fee payable to all parties involved in developing may not exceed 10% of A + B
Corporate Overhead:	may not exceed 10% of A+B

Contingency:	A minimum of 3% of Categories A + B but not to exceed 7% of Categories A + B and should reflect the inherent risk in the project
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Development Budget Template: For all applications submitted to Bell Fund please complete the appropriate Bell Fund Development Budget Template (excel file) available on the website. (www.bellfund). Please do not overwrite formulas built into the template. Look for error messages and fix them before submission.

Repayment for previous development costs including payments to other funding agencies may not be included.

Related Party Transactions: All line items and respective amounts from the budget paid to Related Parties to the Producer such as principals, management and family members must be itemized and disclosed in the Budget Declarations tab.

Canadian Costs: The expectation is that all budget costs will be spent in Canada, and on Canadians. Up to 25% of the budget may be spent on non-Canadian costs provided that the Producer can establish the need for the non-Canadian costs. Producer will prepare the Non-Canadian Costs Declaration within the Budget Template for any and all non-Canadian labour services and/or products.

Rights Acquisition:

All rights and underlying rights must be owned, optioned or controlled sufficiently to develop, produce and exploit the program throughout the world. Producer may expense the cost of purchasing additional rights or extending the rights period. A related party is not eligible to receive rights payments. Legal fees associated with rights acquisitions must be reasonable and separately identified under Legal Fees. Approval at Bell Fund's discretion.

Agreements, Quotations and Labour Cost Breakdowns (Category A): If requested, the Producer must provide any agreements with consultants, writers, or third party suppliers verifying budgeted cost estimates. These agreements must include an itemized cost breakdown of all services to be provided. For significant amounts, extraordinary items, or non-standard fees in the budget, it is strongly recommended that a quotation, comparable market value assessment, and/or rationale be provided to substantiate the cost estimates proposed.

Administration (Category C): Office expenses and other related administration labour, equipment and facility cost estimates must relate directly to the project and duration of development only. Show the calculation of office rent and other such expenses which are additional expenses (such as additional office space) but not covered in Corporate Overhead.

## **Appendix B: Short-Form Digital Series (Fiction and Non-Fiction) Program**

**Also see the [Short-Form Digital Series \(Fiction and Nonfiction\) Guidelines](#)**

### **Financing**

Producer Investment (equity): Producer provides a fully executed agreement for its investment in the project. In such cases, the Producer must also provide its most current financial statements to verify the capacity to provide this investment. Although this contribution may be included in the financial structure, it does not satisfy the minimum 10% cash contribution requirement.

Producer Deferrals: Deferrals may be included in the financial structure of a project. There is no maximum number of deferrals that may be used to finance a production, however, the use of Producer fees and corporate overhead must be reasonable. Deferrals must be supported with appropriate deferral agreements containing a matrix specifying:

- budget code,
- category, and
- amount.

Producers may only defer their own fees, overhead, equipment or may defer, on behalf of their employees. Producer may be required to show supporting documentation demonstrating use of such equipment or employees in the project. In such cases, the Producer must also provide their most current financial statements to verify their capacity to defer. Deferrals from unrelated parties such as a subcontractor must provide their own separate deferral agreement. All deferral agreements must reflect the budget line item and exact amount being deferred. Budget allowances for Contingency may not be deferred.

In-Kind Contribution: In-kind services, facilities or staff from other parties (sub-contractors, co-producers, etc.) may be included in the financial structure, and listed appropriately in the budget. All such costs must be assessed at market value with appropriate discounts applied. The value of services provided must be clearly and explicitly indicated in a services agreement between the Producer and service provider. Agreements should minimally contain the following information:

- date,
- total amount of contribution and any discounts applied,
- breakdown of contribution by related budget codes and categories of services provided, and
- any other provisions.

Producer may be asked to provide evidence of market value equivalency for in-kind services provided.

Interim Financing: Producer may not use interim financing as a component of the financial structure for the project. Interim financing may only be used to bridge finance other commitments. A detailed cash flow statement must be included to justify any interim financing costs in the production budget.

Third Party Contribution Contractual Requirements: Minimally, executed commitment letters are required from all sources used in a project's financial structure, or ideally, executed agreements. This includes deferrals, in-kind services, and cash contributions.

Agreements must minimally include:

- date,
- amount of contribution,
- type of commitment (ie; grant, equity, advance, etc.),
- total and date of budget,
- clear declaration that contribution is for development of the project,
- payment schedule or proposed drawdown, and
- default or expiry clause.

If application with Bell Fund is successful, applicant will have 90 days from the date of notification by Bell Fund to provide all executed agreements.

**Budgeting**

Two budgets are submitted for the Short-Form Digital Series Program.

- A Series Production Budget and
- A Discoverability Budget

A project's budget is a key criteria in the evaluation of applications and must be based on reasonable cost estimates and be completed thoroughly and accurately, including all tabs within the budget template. Be prepared to provide backup evidencing cost estimates, particularly if in excess of normally approved rates or otherwise exceptional.

**Summary of Costs – Short-Form Digital Series Production Budget**

Labour Rates	<p>All labour rates must be estimated at actual cost in units of hours, days or weeks, without corporate markup, overhead fees, or equipment costs. Rates must be clearly marked as inclusive of applicable payroll benefits or may have payroll benefits set out as a separate category.</p> <p>Labour rates are expected to be consistent with industry standards. Bell Fund reserves the right to assess the reasonableness of labour. Rates deemed in excess of industry standard may be acceptable provided that there is sufficient explanation and quotes, contracts or pay stubs to support the rates.</p>
Producer Fee:	may not exceed 10% of B + C.
Corporate Overhead:	may not exceed 10% of B + C
Contingency:	While there is no minimum/maximum, the contingency should reflect the inherent risk in the project. The range is typically 3-7%.
Closed-Captioning and Described Video	All digital series must be delivered with closed-captioning and described video and budgeted accordingly.
Liability and E&O Insurance	<p>All digital series must obtain Liability Insurance and *E&amp;O Insurance prior to start of principal photography and costs must be budgeted accordingly.</p> <p>*(Applicant may request that Bell Fund waive the E&amp;O requirement – see E&amp;O Review Procedure Form (under Short-Form Digital Series - Reporting)</p>
Discoverability Costs	All discoverability costs must be captured in a separate Discoverability budget (see template). Note: Do not enter the discoverability costs into the production budget (line 85).

Development Costs	Reasonable development costs may be entered in the production budget; itemized in section 3.
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Series Production Budget Template: The Telefilm Production Budget Template must be used for the digital series production budget (see template). Please do not overwrite formulas built into the template. Look for error messages and fix them before submission. **The production budget template is large; hide sections of the budget that are not relevant to your production.**

**Related Party Transactions/Non-Canadian Costs Form:**

Related Party Transactions: All line items and respective amounts from the budget paid to Related Parties to the Producer such as principals, management and family members must be itemized and disclosed on this form.

Non-Canadian Costs: The expectation is that all budget costs will be spent in Canada, and on Canadians. Up to 25% of the budget may be spent on non-Canadian costs provided that the Producer can establish the need for the non-Canadian costs. Producer will disclose any and all non-Canadian labour services and/or products on this form.

Rights Acquisition:

All rights and underlying rights must be owned, optioned or controlled at time of application, sufficient to produce and exploit the program throughout the world. Reasonable costs for rights may be budgeted.

Agreements, Quotations and Labour Cost Breakdowns: If requested, the Producer must provide any agreements with consultants, writers, or third party suppliers verifying budgeted cost estimates. These agreements must include an itemized cost breakdown of all services to be provided. For significant amounts, extraordinary items, or non-standard fees in the budget, it is strongly recommended that a quotation, comparable market value assessment, and/or rationale be provided to substantiate the cost estimates proposed.

Equipment and Materials: All equipment and facilities used in the production of the project must be assessed at market value and actual costs budgeted. Budget only for the period used for the production. If applicable and reasonable, purchase may be amortized using a 24 month straight depreciation method. Costs for equipment and materials may not include corporate mark-up or overhead fees. A rationale should be provided if leasing costs exceed market acquisition costs. Bell Fund may request quotes.

Administration: Office expenses and other related administration labour, equipment and facility cost estimates must relate directly to the project and duration of development only. Show the calculation of office rent and other such expenses which are additional expenses (such as additional office space) but not covered in Corporate Overhead.

**Summary of Costs – Short-Form Digital Series Discoverability Budget**

Producer Fees/Corporate Overhead:	Producer fees and corporate overhead are not eligible costs in the Discoverability Budget. Include these in the series production budget.
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A discoverability budget includes costs for all the activities in the discoverability plan. All activities must support efforts to identify and build a digital audience and monetize (if applicable) the series). Traditional marketing (eg. Publicity kits and launch events) are not eligible for discoverability funding but may be included, if reasonable and appropriate, in the production budget.

Discoverability Budget Template: The Bell Fund Discoverability Budget Template must be used for all discoverability expenses and kept separate from the Production Budget.

### **Appendix C: Television Program**

- **See Bell Fund's TV Guidelines.**