



## 2024 PROGRAM POLICIES

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These Policies are to be read in conjunction with the applicable Bell Fund Program Guidelines. The Bell Fund reserves the right to modify these policies at any time and does not limit the rights and remedies that the Bell Fund has under its Financing Agreements or otherwise.

# 1. GENERAL POLICIES

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## Respectful Workplaces

The Bell Fund is committed to fostering respectful workplaces and companies that we support. A respectful workplace is one that values diversity and inclusion, dignity, courteous conduct, fairness, positive communication and professional working relationships. A respectful workplace is free from harassment and discrimination including sexual harassment.

The Bell Fund expects that all funding recipients maintain the principles of a respectful workplace including taking every reasonable step to:

- Cultivate and sustain a respectful, positive, inclusive and supportive work culture.
- Provide a safe mechanism for staff to report incidents or allegations of inappropriate behaviour.
- Take action to prevent, identify and eliminate workplace harassment and discrimination in a timely manner.

We expect all companies that work with or seek funding from the Bell Fund to respect these principles, comply with relevant laws and to implement policies and procedures for a harassment-free workplace including in relations with the Bell Fund, its staff and Board.

## Guiding Principles

The Bell Fund is committed to supporting a more equitable, diverse, inclusive and accessible industry across Canada. This means supporting screen-based producers/creators who are Indigenous and/or identify as being from an Equity-seeking community such as Black, racialized, women and gender-diverse, 2SLGBTQIA+, persons with disabilities, regional<sup>1</sup> and Official Language Minority Community (OLMC), or emerging screen-based producers/creators and teams.

Please consider how you engage with individuals and communities as you proceed with your Projects. Applicants and production teams are encouraged to refer to resources (such as the Black Screen Office's [Being Seen: Directives for Creating Authentic and Inclusive Content](#)) and respect the guiding principles and best practices set out in the Indigenous Screen Office's [On-Screen Protocols & Pathways: A Media Production Guide](#).

## Accessibility

The Bell Fund welcomes applications from people with disabilities, people who are Deaf, and people who face barriers in accessing technology to complete an application. Applicants that have accessibility needs, face accessibility barriers, or require accommodations may request an

alternative process or format for submitting an application, or funds (up to \$500 per application) towards service providers to assist with your application. Support for application assistance is also available to First Nations, Inuit or Métis applicants facing language, geographic and/or cultural barriers. Successful applicants who are Deaf or otherwise disabled may be eligible for supplementary funds for accessibility expenses required to complete their project deliverables. To request support, please contact Bell Fund at least four (4) weeks before the applicable closing deadline for a Program.

The Bell Fund requires all projects funded in production to be delivered with Closed Captioning and Described Video.

## **Sustainability**

Bell Fund encourages all Applicants to implement more environmentally-sustainable practices including the use of cleaner technologies and reducing the use of unsustainable resources in the development, production and exploitation of projects.

## **Application Process**

All Applications and documents will be submitted through the [Bell Fund Application Portal](#).

## **Credit**

The Bell Fund support is to be acknowledged with a Bell Fund credit and logo on the project and all related publicity and promotional materials. The Bell Fund should be advised in advance of any mention of the Bell Fund in media releases, publicity materials or social media.

## **Changes**

The Bell Fund must be notified of any significant changes that will materially affect the project including but not limited to changes to key creative personnel and financing. Changes may require Bell Fund approval.

## **Artificial Intelligence Disclosure**

The use of Artificial Intelligence (AI) technology must be disclosed and outlined in your Project Details Form. This applies to:

- The use of AI to prepare content for the application form and supporting documents; and
- Submitted projects that involve the use of AI technology in the creation of content or otherwise.

It is the responsibility of the applicant to ensure that all applications and projects have access to all underlying rights including content that is created with the assistance of AI technology.

## **Feedback**

Applicants may receive feedback after decisions have been communicated. Feedback is generally intended to assist with the preparation of future applications. Bell Fund programs are competitive. Incorporating feedback into a future application does not guarantee funding at a subsequent deadline.

## **Communications**

The Bell Fund will publish a list of funding recipients following the notification of funding decisions to applicants. Information provided may include but is not limited to company, project title/description, broadcaster/platform, key creative personnel, region, and amount of funding. This may also include aggregated information about the demographic representation of applicants and funded projects.

## **Harmful Content**

Content must be compliant with all standards and policies applicable to broadcasting and to intellectual property laws and not infringe upon any public or private rights and not otherwise contravene any civil and criminal laws in effect in Canada.

## **Health and Safety**

The Applicant will ensure that all activities funded in part or in whole by the Bell Fund are carried out in compliance with applicable statutes, laws, bylaws, regulations, orders, codes, standards, directives and guidelines governing the activities including those related to public health and safety.

## 2. DEFINITIONS

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

**“Broadcaster Affiliated Production Company”** - Broadcaster-affiliated production company: Is a for-profit corporation operating in Canada and established in Canada under the Income Tax Act, owned and controlled by Canadians as determined in sections 26 to 28 of the Investment Canada Act, and whose principal business is the production of programs on film, videotape or live for distribution, and in which a corporation licensed to carry on a television broadcasting business (also known as a television broadcaster), known as the licensee or any corporation related to the licensee, holds or controls, in the aggregate, an interest (with voting rights) of 30% or more.

**“Canadian Independent Production Company”** - Means a Canadian company (i.e., a company that does business in Canada, has a business address in Canada, is Canadian-owned and controlled) whose principal activity is to produce programs on film, videotape or live for distribution that is Canadian-controlled as determined in sections 26 to 28 of the Investment Canada Act.

**“Canadian Broadcaster”** - Is one of the following:

- a Canadian programming undertaking, public or private, licensed to operate by the Canadian Radio-television and Telecommunications Commission (CRTC)<sup>1</sup>
- an online service owned, controlled and operated by a Canadian CRTC-licensed programming undertaking;
- an online service owned, controlled and operated by a Canadian broadcasting distribution undertaking (“BDU”), licensed to operate by the CRTC;
- CRTC-licensed VOD services.

**“Digital Platform/Channel, Streaming Service”** - A digital platform is:

- a digital platform owned, controlled, and operated by a Canadian broadcaster, or digital platform operating as a Hybrid VOD service (e.g., OUTtv, APTN lumi, Gem, Tou.TV);
- or is a digital platform/channel (Canadian or foreign) that has been approved by the Bell Fund for the Short-Form Digital Series Production Program [see the Short-Form Digital Series Production Program Guidelines for more details].

**“Direct Costs”** Is all eligible development expenses except Producer Fees and Corporate Overhead and overscale portions of writer fees.

**“Distributor”** - Generally distributes third party content (may also distribute its own content) and

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<sup>1</sup> This includes exempt broadcasters regulated by the CRTC via Broadcasting Order CRTC 2015-88.

has a level of experience and expertise sufficient to arrange for the distribution of the content in question demonstrated by a sufficient volume of business and a business plan to ensure the company's future financial viability; regularly attends relevant international markets; has distributed productions of a similar size and nature; and for projects that the distributor will distribute in Canada or Canada plus other territories.

**“Diverse Community”** - Diverse Community is defined as Indigenous, Black and/or racialized, 2SLGBTQIA+ and/or Persons with Disabilities.

**“Emerging”** - Emerging refers to a screen-based producer, director or writer who has not yet acquired extensive experience but has at least one credit (as producer, director or writer) in a professionally-produced, screen-based project (digital or tv series, short or feature).

**“Key Creative Team”** - Key Creative Team is defined as Producer(s), Writer(s), and Director(s).

**“Major Production Funder”** - Is a Canadian broadcaster or broadcasting group (which includes private conventional television stations, specialty services and linear pay TV services owned by the group, as determined by the CRTC) whose Canadian Programming Expenditures (CPE), excluding news (Category 1) and sports (Category 6) as reported to the CRTC for the previous year is at least \$125 million for English-language programming or \$50 million for French-language programming.

**“Related Party”** - Exists 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 and companies that have a shared ownership.

A related party is a person or entity that is related to the reporting entity including:

- a. A person or a close member of that person's family is related to a reporting entity if that person:
  - i. Has control or joint control of the reporting entity;
  - ii. Has significant influence over the reporting entity; or
  - iii. Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- That person's children and spouse or domestic partner;
- Children of that person's spouse or domestic partner; and

- Dependants of that person or that person's spouse or domestic partner.
- b. An entity is related to a reporting entity if any of the following conditions applies:
- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
  - iii. Both entities are joint ventures of the same third party
  - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity
  - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity
  - vi. The entity is controlled or jointly controlled by a person identified in “a”
  - vii. A person identified in “a.i” has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

**“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 (e.g., postproduction facilities), regardless of whether any consideration is exchanged. The parties to the transaction are related prior to the transaction.



## 3. ACCOUNTING AND REPORTING REQUIREMENTS

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### Applicant Responsibilities

The Applicant(s) responsibilities include the maintenance of separate accounts and related records throughout the project for which financing has been provided.

The Applicant must also ensure that its management and accounting personnel have familiarized themselves with the Bell Fund's required documentation dealing with the accounting and reporting of financial information. Such documentation, among others, includes:

- The Bell Fund Financing Agreement;
- Correspondence exchanged between the Bell Fund and the Applicant or its representatives (legal advisors and independent accountants/auditors);
- The Budget;
- These policies; The Application Form for the project; and
- Other Contractual Agreements related to the Project including broadcast licence agreements and distribution agreements should they exist.

### Financing

**Producer Investment (equity):** Applicant is required to provide a fully executed agreement for its investment in the project. In such cases, the Applicant may also be required to provide its most current financial statements to verify the capacity to provide this investment.

**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 specifying budget code, category, and amount.

Applicants may defer Producer Fees and Corporate Overhead (though not encouraged) and equipment with supporting documentation. In such cases, the Applicant must also provide their most current financial statements to verify their capacity to defer. Deferrals from unrelated parties such as a subcontractor (including cast, crew and vendors) must be supported by a separate deferral agreement. All deferral agreements must reflect the budget line item and exact amount being deferred. Contingency may not be deferred.

**In-Kind Contribution:** In-kind contributions may be provided by facilities or staff from other parties (sub-contractors, co-producers, etc.). Contributions should be included in the financial structure and listed appropriately in the budget. All such costs must reflect market value with appropriate discounts applied. The value of services provided must be clearly and explicitly indicated in a services agreement between the Applicant and service provider. Agreements should contain the date, total amount of contribution including any discounts applied, and breakdown of contribution by related budget codes and categories of services provided. Broadcaster in-kind contributions will be considered on a case-by-case basis.

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

### **Confirmation of Financing:**

The Bell Fund will require confirmation from all sources of funding prior to entering into a Financing Agreement. This includes deferrals, in-kind services, and cash contributions.

Confirmation will usually be in the form of an Agreement which must include:

- Date;
- Amount of contribution;
- Type of commitment (ie; grant, equity, advance, etc.);
- Total Project Budget;
- Clear indication that the contribution is Project (and specific to the activity proposed eg. development or production);
- Payment schedule or proposed drawdown; and
- Default or expiry clause.

## **Budgeting**

A consolidated, detailed budget is required as part of the Application. Please use industry standard budget templates and include both the top-sheet and details. A project's budget is a key criterion in the evaluation of applications and must be based on reasonable cost estimates and be completed thoroughly and accurately.

**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.

**Repayment of Development Costs:** Repayment for previous development costs including payments to other funding agencies may not be included in development, but reasonable costs which are required to be repaid may be considered in production.

**Related Party Transactions:** All costs for labour and facilities paid to related parties (including related companies) (see definitions "Related Parties" and "Related Party Transactions") must be itemized on the Transactions by all Parties tab in the Budget and disclosed in the Final Cost Report.

**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 Applicant can establish the need for the non-Canadian costs. Applicant will prepare the Non-Canadian Costs Declaration within the Budget Template for any and all non-Canadian labour services and/or products.

**Verification of Cost Estimates:** If requested, the Producer must provide any agreements 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 project must be assessed at market value and actual costs budgeted. Budget only for the period used for the development or production of the project (as applicable). 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.

**Tax Credits:** For provincial and federal tax credits applicant must demonstrate eligibility, provide calculations and estimate a maximum of 90%, of anticipated tax credits, in the finance structure.

Note: Bell Fund's non-repayable contribution is considered assistance and will impact tax credit calculations.

**Co-productions:** For co-productions between Canada and other treaty territories, Bell Fund's finance and budget policies apply to the Canadian share of the budget.

**Audience Development:** As of 2021, Short-Form Digital Series Program Applicants do not submit an audience development budget at application. Only those approved for financing will provide an "Audience Development" budget. Do not enter costs on I "Line 85" DM Component/Discoverability" (discoverability aka Audience Development). If a short-form digital series is approved for funding a budget for audience development will be requested at that time. Exceptions may be considered for Short-Form Digital Series also applying for funded by Ontario Creates.

**Interim Financing:** Interim project financing may be obtained from a variety of lending sources, either related or unrelated to the Applicant. Interim financing provided by any of the broadcasters in the financing structure should be treated consistent with financing obtained from a related party. All interim and final sources of financing for the project must be disclosed, including any tax credits to be received.

Normally, a loan agreement is established between the Applicant and the interim financing source specifying the fees, costs, time frame and the applicable interest rate. The cost of interim financing reported must correspond to the amount of fees, costs and interest billed by the lender plus an estimate of the future cost of interim financing based on the lender's borrowing rate, through to

the date of receipt of final financing. (i.e., tax credits, broadcast license fees, etc.) The Bell Fund expects the lender's interim financing interest rate to be aligned with current market rates.

The Applicant may elect to interim finance the project from its own cash resources, other liquid assets, or its line of credit, or those of a related party. In such cases, if any financing costs are charged to the project, it must be equivalent to the cost of borrowing of the Applicant or its related party providing such financing. For greater certainty, the cost of borrowing may not exceed that of its related party's external borrowing rate.

**Prizes:** Prizes that are won, awarded, presented, or granted to individuals as part of the production or marketing of a Bell Fund-funded Project in any genre, shall be an ineligible cost (e.g. no cash prizes, etc.).

## **Cost Reporting, Review Engagement and Audits**

The guiding principle for auditing final costs and reporting 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 Applicant or sub-contractors nor used to offset non-project related expenses of the company or any other party. Cost Reports, final certified activity cost statement (FCACS), Review Engagements and Audits should reflect accurate costs including any cost in excess of the Budget that may have been paid with additional financing or Applicant'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 Final Cost Report prepared in the standard industry format and be accompanied by explanatory notes for substantive variances from the Budget. The notion of substantive variances is a matter of judgment and Bell Fund reserves the right to require that explanatory notes be provided for any elements deemed to be essential.
- Projects with budgets between \$250,000 and \$499,999 require a final certified activity cost statement (FCACS) accompanied by an Independent Public Accountant's Review Engagement Report. who is at arm's length from the Applicant.
- 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, certified to conduct such audits.

Notwithstanding the above criteria, the Bell Fund may request an audit be included in its agreement with an Applicant, for any project.

Applicants must maintain a separate set of books and accounts and related records for the project. Applicants may have a separate bank account for the project, but it is not required.

All bookkeeping and accounting procedures must be conducted in accordance with Generally

Accepted Accounting Principles (GAAP) that appear in the Chartered Professional Accountants (CPA) Canada Handbook.

Final cost reporting and audit procedures must be undertaken based on the budget and financing structure approved by Bell Fund and in accordance with these policies.

In no case will Producer Fees and Corporate Overhead exceed 10% of B+C and any variance from the approved budget amount is subject to Bell Fund approval. There may be no variance for 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 Applicant and Bell Fund.

Final Cost Reports must reflect actual payments made to employees, freelancers and suppliers and include time sheets. Time sheets and invoices may be made available to the Bell Fund if reasonably requested.

The Audit/Review Engagement deliverables must include a summary of all Related Party Transactions as well as all payments made to the Applicant and/or Related Parties.

Those found not adhering to Bell Fund accounting policies will be required to address any deficiencies found within a specified time frame or this will consider an Event of Default and subject to the Default Policy (see below).

Bell Fund may request additional information or breakdown of expense accounts in its review of final production costs which the Applicant 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.

## **Compliance Audits**

Bell Fund reserves the right to conduct its own audit of a Project (Compliance Audit). Applicants are obligated to provide Bell Fund with all necessary documents and records in a timely fashion if an audit is requested.

Compliance Audits will be conducted to ascertain adherence to Bell Fund policies.

The expense for a compliance audit will be assumed by the Bell Fund.

Applicants will be required to provide a separate set of books and records of all project-related expenses and financing within reasonable time of the Bell Fund requesting access to such material.

The purpose of a Compliance Audit is to assess actual costs recorded and review all related party transactions. However, Compliance Audits may include any provision of reviewing expenses and financing for production or development.

## 4. INSURANCE

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All Projects must obtain the following insurance policies in accordance with the standards of the industry and the following requirements.

Where required, 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.”

All the policies outlined must provide for a thirty (30) day notice of cancellation or material change in coverage to the Bell Fund and provide for standard coverage, policy terms and limits obtained for comparable productions.

### **Insurance - Slate Development Program:**

- Commercial General Liability Insurance: Required if applicable to the development activities.

### **Insurance – Short Form Digital Series Program:**

- Industry Standard Insurance including Commercial General Liability and Entertainment Package (as applicable to the Project): Required
- Errors and Omissions Insurance: Required.

The Applicant 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 Applicant 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. The policy shall not contain any exclusions or restrictions in coverage or a deductible in excess of \$10,000.

The policy must be in effect as of the date of the first broadcast/public availability or the date of any earlier exploitation of the project. Notwithstanding the foregoing, in the event that any other financier or broadcaster requires the Errors and Omissions policy to be in effect prior to the date of first broadcast or other exploitation, the Bell Fund must be named as an additional insured on the policy upon commencement of coverage.

In any event, the certificate must be delivered to the Bell Fund on the earlier of: delivery

of the completed project to the broadcaster/platform or ten (10) business days prior to the first release or exploitation of the project.

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

## **Insurance – TV Production Program:**

- Industry Standard Insurance including Commercial General Liability and Entertainment Package (as applicable to the Project): Required
- Errors and Omissions Insurance: Required.

The Applicant 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 Applicant'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 Applicant'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 a 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). Applicant 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.

## **5. PRODUCER FEES, CORPORATE OVERHEAD and CONTINGENCY**

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### **Producer Fees and Corporate Overhead**

This policy provides Applicants with clear guidance on the amount of producer's fees and corporate overhead costs that can reasonably be included within their project budget.

The percentages and dollar amounts set out below for producer's fees and corporate overhead represent a maximum eligible amount and are referred to as the "Cap". The Cap is calculated on the Canadian portion of Sections B+C, in the case of an audiovisual treaty coproduction, and is applicable only to the Canadian producer's fees and corporate overhead.

In all cases, where it appears this policy is being used inappropriately to place fees outside the Cap, the Bell Fund determine if a person's fees should be placed within the cap.

Producer Fees and Corporate Overhead are ineligible costs in Audience Development and cannot be included in Short-Form Digital Series Audience Development.

### **Fees to be Included in the Cap**

The following rules apply to all persons with an Ownership Interest (as defined below) in a project even if they are not receiving a producer credit.

All producer's fees (i.e., executive producer, producer, coproducer, associate producer), other production management fees (e.g., production manager, postproduction supervisor, project leader, project manager) and fees paid for roles that are not clearly outside the responsibilities of a producer (e.g., consultant fees) paid to persons with an Ownership Interest in the Applicant must be included in the Cap.

### **Fees Allowed Outside the Cap**

Fees paid to producers and other production managers who do not have an Ownership Interest in the production (including staff producers) may be outside the Cap provided that the spirit and intent of this policy is respected. All other fees paid to production personnel who do not have an Ownership Interest in the production, may be outside the Cap.

Persons with an Ownership Interest may receive payment outside the Cap for roles beyond the definition of a producer (e.g., writer, showrunner, director, actor), provided that any fees in excess of industry standards will be placed within the Cap.

Any amounts exceeding these limits will be included in the Cap.



## **Placement of Fees in the Production Budget**

Fees paid to a person with an Ownership Interest for producer roles (i.e., executive producer, producer, coproducer, associate producer) or production management roles (e.g., production manager, postproduction supervisor) must be placed in section A of the production budget for purposes of calculating the PFCO Cap (they are also included in the Cap). Producer or production management fees that are outside the Cap may be placed in sections B or C of the production budget.

## **Corporate Overhead Costs**

Corporate Overhead is an allocation for corporate overhead expenses (e.g., rental of corporate office space, maintenance and repair expenses, office equipment, supplies, administrative staff salaries, industry association fees that are not specifically related to the production) must not, however, exceed the PFCO Cap. Applicants must justify any administrative expenses charged to other budget items of the production in addition to the Corporate Overhead and such additional administrative expenses are subject to Bell Fund's prior written approval. Administrative expenses specific to the Project are typically allowed outside of Corporate Overhead (e.g., rental of temporary production office space, salaries paid to Applicant staff for time spent working on the project, CAVCO user fees, provided tax credits are included in the production financing).

## **Contingency**

While there is no minimum or maximum contingency required, the budget should reflect the inherent risk in the project and where possible include contingency (the typical range is 3%-7%).

## 6. Default

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### Company in Default

An Applicant that has committed an Event of Default under a Financing Agreement entered into with the Bell Fund will be considered to be in Default with the Bell Fund. An Applicant that is in Default under a Financing Agreement for one (1) project is automatically deemed to be in Default with respect to all of the Applicant's other projects receiving funding. Further, the Bell Fund may deem all related parties to be in Default vis-à-vis the Bell Fund.

### Events of Default

Financing Agreements include a section entitled "Events of Default". The following is a summary of common Events of Default that arise:

- The Applicant's project fails to meet the Bell Fund's Guideline eligibility requirements;
- The Applicant fails to report on or repay a Development Advance that is repayable;
- The Applicant fails to complete and/or deliver the Project, or fails to make the Project available to the Canadian public;
- The Applicant fails to deliver all required reports and documentation to the Bell Fund, or fulfill the requirements by the deadline or expiry date set out in the Financing Agreement; or
- Following a Bell Fund request for information or documentation that is directly within the Applicant's control to provide to the Bell Fund, the Applicant fails to fulfill such request within thirty (30) days;
- Fraud and/or misrepresentation by the Applicant or a Related Party;
- Insolvency or bankruptcy of the Applicant or a Related Party;
- The Applicant ceases to carry on business; and/or
- Any action is taken to remove control of the Project from the Applicant or to seize any elements of the Project (subject to the rights of a bona fide completion guarantor).

### Bell Fund Default Rights

If the Bell Fund determines that an Event of Default has occurred under a Financing Agreement, the Bell Fund may do any or all of the following (without limiting or precluding any other rights and remedies that the Bell Fund may have at law or in equity):

- a. Reduce the contribution amount and require the Applicant to immediately repay any portion of the reduced amount previously advanced to the Applicant, plus interest;
- b. Withhold any payment due to the Applicant or to any Related Party under any Financing Agreement;
- c. Refuse to accept any future application or enter into a new Financing Agreement for funding from the Applicant or a Related Party; and/or
- d. Terminate the Financing Agreement by giving the Applicant ten (10) business days written notice, and if the Event of Default is not cured within the ten (10) business day period, require the Applicant to immediately repay all amounts received by the Applicant under the Financing Agreement, plus interest.

## **Interest**

The Bell Fund charges interest on all repayment amounts at the rate of prime (as set by the Bank of Canada) plus 1% per annum. Please refer to the Financing Agreement for more details.