

# 2020-21 ONTARIO CREATES INTERACTIVE DIGITAL MEDIA FUND

## Budgeting and Financing Guidelines

### For 2020-21 Deadlines - updated January 2020

#### Templates

- For Budget, Summary of Related Party Transactions, Financing Plan and Schedule of Minimum Ontario Expenditures Templates:
  - All documentation must be submitted on the relevant Ontario Creates Interactive Digital Media (IDM) Fund budget template.
  - Two templates are available, one for Concept Definition projects and one for Production projects.
  - In order to be considered complete all relevant sheets in the budget template must be complete, including a Summary of Related Party Transactions, a Financing Plan and a Schedule of Minimum Ontario Expenditure. Templates for these documents are available here:
    - [Concept Definition](#)
    - [Production](#)
  - Applicants must submit the budget template in excel format. PDF versions of the document will not be accepted.

#### Financing Considerations

- Please ensure that a complete, fully detailed financial structure is included with your supporting material on the Ontario Creates IDM Fund budget template.
- Type of financing must be specified in the financial structure and may include grants, loans, equity investments, deferrals, donations, tax credits etc. (documentation that interim-financing is in place for the full projected tax credit is required)
- Cash contributions from the applicant company or a related party must be supported with a statement or letter from a financial institution that demonstrates the contribution is available at the time of application.
- Cash contributions from third parties must be committed in writing at the time of application and supported with appropriate signed letters or agreements that include, at minimum, the following details:
  - date
  - type of commitment (i.e. grant, equity, advance, etc.)
  - amount of contribution
  - total and date of budget
  - reference to the project being financed
  - payment schedule or proposed drawdown (if applicable)

- Projects that are under review with other recognized industry funding programs (e.g. Canada Media Fund) at the time of application to this program will be considered provided that financing is confirmed by the time of Ontario Creates' notification of funding approval.
- A minimum 10% cash contribution is required from a source other than Ontario Creates. This cash contribution can come from either a related or an unrelated party. A cash contribution from a third party that is receiving payment from the budget will not be considered. The 10% cash contribution must be supported with appropriate documentation (see above).
- Deferrals, discounts and non-cash/in-kind contributions from the applicant company, partners and/or third parties may be included in the financial structure. All deferrals, discounts and non-cash contributions must be supported with appropriate signed letters or agreements including, at minimum, the following details:
  - date
  - description and value of goods and/or services to be provided
  - budget code(s)
  - amount including discounts

Deferrals, discounts and non-cash/in-kind contributions from employees and sub-contractors must be supported with signed letters or agreements from these individuals as outlined above. Each contribution must be listed on a separate line item in the financing scenario.
- Budget allowances for contingency may not be deferred.
- Funding associated with activities that typically occur outside of the project phase for which the application is being submitted (Concept Definition or Production) cannot be used to make up the balance of the financing required by the Ontario Creates IDM Fund. Similarly, costs associated with these activities should not be included in the budget.
- If eligible, the Ontario Interactive Digital Media Tax Credit (OIDMTC) may be used as part of the financing for the project. It is the responsibility of the applicant to consult the legislation and regulations or contact the Tax Credits Department at Ontario Creates to ensure their project is eligible. In addition, the applicant must verify the tax credit amount has been interim-financed through other sources (i.e. producer investment, or financial institution).

## **Budgeting Considerations**

- Budgets must be completed using the Ontario Creates IDM Fund budget template and must include all project costs.
- All budgeted costs must be incurred and spent out at the time of delivery of the final report to Ontario Creates. Some exceptions may be made for budget items associated with promotion, ongoing operation and project maintenance provided these expenses are less than 10% of the total budget. These exceptions are made at the discretion of Ontario Creates and must be approved prior to project completion and delivery of the final report.

- Provide details, notes and agreements explaining the cost estimates in your budget. Use additional pages if necessary. Quotes for third party goods and services may be included where appropriate. All budget items must be assessed at market value.
- Expenses associated with activities that typically occur outside of the project phase for which the application is being submitted (Concept Definition or Production) are not eligible. Similarly, financing for these activities should not be included in the financial structure.
- Labour: All labour rates must be estimated at actual cost to be paid to the employee or subcontractor/freelancer, broken down in consistent units of either hours, days or weeks. Corporate mark-up, overhead fees, or pro-rata equipment costs may not be included in the calculation of labour rates. The range of these fees are normally as follows:
  - Junior personnel (1-3 years' experience): \$15 to \$30 / hour - Assistant Designers, Illustrators, Assistant Graphic Artists, Programmers (low-end), Testers, Administrative Labour, etc.
  - Intermediate personnel (3-9 years' experience): \$30 to \$60 / hour - Project Coordinators, Leads, Graphic Designers, Storyboard Artists, Programmers (mid-range), etc.
  - Senior personnel (10+ years' experience): \$55 to \$100 / hour - Leads (high-end), Project Managers, Specialized Design Personnel, Art Directors, Specialized Programmers and Integrators, etc.
- Disclosure of Personnel: Budget submissions must include names and companies of all confirmed personnel to be engaged in the project in the appropriate budget category.
- A producer must oversee all aspects of the project and therefore may not participate in most other roles. On smaller-budgeted projects a Producer may perform other roles and be budgeted in appropriate categories. A detailed rationale must be provided supporting this occurrence. Note that personnel performing multiple roles will be reviewed for reasonableness of tasks and duration.
- Production Supervisor: This person oversees project-related activities including the day to day operation of the project. They may not be a producer on the project or a shareholder of the applicant company.
- Equipment and Materials: Computer workstations, equipment and facilities must be assessed at market value for the period used. The budget may include only equipment and materials specifically required for the project that is being submitted for consideration. Budget may reflect actual rental costs with applicable discounts (provide quotation) or amortized purchase price (using a 24 month straight depreciation method). The cost estimate is to be pro-rated for the duration of the project. Cost estimates for equipment and materials may not include corporate mark-up or overhead fees.
- Software: Estimated software costs must be amortized and pro-rated for the duration of the project (no greater than 50% of market value or 12 month straight depreciation method, whichever is less).
- Administrative Expenses: Office expenses and other related administration labour, equipment and facility cost estimates must relate directly to the project. Show the calculation of these expenses which have been allocated on the basis of proportionate use of existing resources.

- Rights Acquisition: Rights acquisition includes costs associated with licensing copyright material and intellectual property rights for use in the project. Cost for original video or audio production must be estimated in the appropriate sections of the budget template and should not be included in this category. Rights payment to related parties cannot be included in the budget.
- For Concept Definition Projects
  - Proposal Preparation Expenses: Proposal preparation costs may not be included in the budget.
  - Producer: Producer Fees are included in Corporate Overhead.
  - Corporate Overhead (which includes Producer Fees): May not exceed 20% of the total of budget categories A+B. This budget line item may be used at the discretion of the Producer.
  - Contingency: Contingency may not exceed 5% of the total of budget sections A+B. Contingency will vary from project to project according to the inherent risk of a particular project.
- For Production Projects
  - Proposal Preparation Expenses: Proposal preparation costs may be included provided these expenses have not been paid in the past by other funding sources. For the purpose of the Ontario Creates IDM Fund, 1-2% of A+B is a reasonable target for proposal preparation expenses.
  - Promotions: Cost estimates must relate specifically to the project and may not include expenses for corporate promotion. The total cost for all line items associated with promotion may not exceed 20% of the total budget categories for A+B and must be associated with promotions during the funding period only. Costs associated with travel to industry markets, conferences and other events are ineligible.
  - Producer: Producer fee payable to all parties involved in producing the project may not exceed 10% of the total of budget categories A+B. This cap includes related party producers.
  - Corporate Overhead: The purpose of this category is to help defray corporate overhead expenses not permitted in other project-related line items in the budget. The total of this category may not exceed 10% of the total of budget sections A+B.
  - Contingency: Contingency may not exceed 10% of the total of budget sections A+B. Contingency will vary from project to project according to the inherent risk of a particular project. On average, contingency is estimated in the range of 3-7% of budget sections A+B for production projects.

## More Information

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### **Ontario Creates**

An agency of the Ontario Ministry of Heritage, Sport, Tourism and Culture Industries, Ontario Creates facilitates economic development opportunities for Ontario's cultural media industries including book and magazine publishing, film and television, music and interactive digital media industries.