



**EXPERIMENTAL STREAM-
CONCEPTUALIZATION
PROGRAM
GUIDELINES
2019-2020**

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1. GENERAL INFORMATION

Interpretation, Application, Disclaimer, and other Important Information

These Guidelines are for the information and convenience of Applicants (as defined in section 3.1 herein). They provide an overview of the objectives of the CMF, the manner in which the CMF is administered, and information on typical administrative practices of the CMF. Compliance with these Guidelines is a prerequisite to eligibility for any CMF funding.

The CMF has full discretion in the administration of its programs, and in the application of these Guidelines, to ensure funding is provided to those projects that contribute to the fulfillment of its mandate. In all questions of interpretation of these Guidelines, the interpretation by the CMF shall prevail.

All Applicants and broadcasters (where relevant) must abide by the Accounting and Reporting Requirements (ARR) of the CMF and follow applicable business policies as created and amended from time to time. Business policies, including the ARR, may be found in Appendix B of these Guidelines (and as specific appendices to Programs in the Experimental Stream), and are also available from the CMF website at www.cmf-fmc.ca. Information included in Appendices A and B is an integral part of these Guidelines.

Projects that receive CMF funding in a given year are subject to the Guidelines and the CMF policies that are in effect for that fiscal year. For greater clarity, changes to CMF Guidelines and/or policies made in a subsequent fiscal year will not be applied retroactively, unless specifically stated. The CMF fiscal year is April 1 to March 31.

Please note: These Guidelines may be changed, or modified as required, without notice. Please consult the CMF website at www.cmf-fmc.ca to receive the latest Guideline news and documentation.

Provision of Documentation

It is the responsibility of the Applicant to ensure the CMF receives all relevant documentation, and to update such documentation and information after a material change. The CMF may request other documentation and information to conduct an assessment and evaluation of the project and, once assessed, to complete CMF file reviews. For the purposes of project assessment and evaluation, the CMF reserves the right to rely solely on the written and audiovisual materials initially submitted by the Applicant.

Failure to Comply

If an Applicant fails to comply with these Guidelines, as determined by the CMF, then the CMF may refuse the application, revoke the eligibility status of the Applicant's project, and may demand repayment of any sums paid to the Applicant.

Misrepresentation

If, at any time, an Applicant, as required by the Guidelines or as requested by the CMF, provides false information or omits material information in connection with an application, the Applicant may suffer serious consequences.

These may include, among others outcomes:

- Loss of eligibility for funding of the current project
- Loss of eligibility for funding of future productions
- Repayment of any funds already advanced, with interest
- Criminal prosecution, in the case of fraud

These measures may be imposed not only on the Applicant but also on related, associated and affiliated companies and individuals (as determined by the CMF at its sole discretion). Any Applicant receiving approval for funding will be required to sign a legally enforceable agreement, which includes further provisions concerning misrepresentations, defaults, and related matters.

2. HOW THE CONCEPTUALIZATION PROGRAM WORKS

2.1 INTRODUCTION

The Conceptualization Program, which forms part of the CMF's Experimental Stream, allocates funding to Eligible Projects (defined in section 3.2 below) at the very beginning of a Project's creative process with the objective of giving a Project a better chance to succeed for future stages of financing. Specifically, this Program is designed to allow an Eligible Applicant to create and test a proof of concept and verify either the design idea, concept assumption or demonstrate a functionality in preparation for the Prototyping phase and beyond.

Eligible Projects are awarded funding on a first-come, first-served basis until resources for the Program are depleted or until the application deadline, whichever comes first. In the event that a large number of Projects are submitted on the same date, creating oversubscription, the CMF may distribute funding to those Projects deemed eligible on a proportional (pro-rated) basis, designate how many submitted projects will receive funding, or elect to distribute funding in some other equitable manner, to be determined in the CMF's sole discretion.

Eligible Applicants may apply to the Program with a maximum of 1 Eligible Project.

2.2 NATURE OF FUNDING CONTRIBUTION

Successful applicants receive funding in the form of a repayable advance.

This advance will be repayable to the CMF according to the conditions described, in part, below.

2.2.1 Prototyping and/or Production of the Project

If the project which received support through this Program also receives support from the CMF's Prototyping Program, the repayable advance will become part of the Project's prototyping financing and subject to the same conditions as other Prototyping Program repayable advances.

If the Project which received support through this Program goes into production and the CMF:

- *Does provide Production funding* to the project, the costs awarded through this Program will become part of the project's production costs, the CMF repayable advance will form part of the production financing, and as such the repayable advance will be converted into a recoupable investment in the production and treated in accordance with the CMF's Experimental Stream business policies.
- *Does not provide production funding* to the project, the Applicant may have the option to either:
 - repay the entire repayable advance no later than the first day of the start of production of the project that will be commercialized; or
 - after a formal request by the Applicant and subsequent evaluation and confirmation by the CMF, allow the repayable advance to be converted into a recoupable investment in the production.

2.2.2 Sale, Transfer, or Other Disposition of the Project

Should project materials or intellectual property which received support in this Program be sold, transferred or otherwise disposed of to an entity unrelated to the applicant(s), the entire CMF contribution must be repaid immediately upon the sale, transfer, or disposition.

2.3 AMOUNT OF FUNDING CONTRIBUTION

2.3.1 CMF Contribution

Maximum Contribution

A single Eligible Project may receive funding from the CMF's Conceptualization, Prototyping and either of its Production Programs either alone or in combination with each other, but in no case will the CMF contribute more than \$1.5 million towards a single project.

Successful applicants shall receive funding in an amount appropriate to the needs of the project and subject to a Maximum Contribution of the lesser of 75% of the project's Eligible Costs or \$15K.

2.3.2 Eligible Costs

Eligible Costs are real and verifiable costs set out in the budget for the Project or the final cost report, as applicable (including both related-party and non-related-party costs), plus costs the CMF considers necessary, and minus costs that the CMF considers excessive, inflated or unreasonable.

Eligible Costs must be costs directly related to the project, including but not limited to:

- Research and preparation of content
- Third-party acquisition of option rights
- Salaries, fees and benefits/wages/contracts for project teams (e.g., Writer, Researcher, Designer, Graphic Artist/Illustrator, Programmer, Project Manager, etc.)
- Legal and Accounting fees
- Other technical and administrative expenses
- Preliminary market study or Focus Groups

Core business operations of the Applicant and costs incurred prior to the application date are not Eligible Costs. Deferred salaries or in-kind services, costs for arranging financing, equipment purchases or other tangible assets, rent, travel (transportation, per diem, meals), representation expenses, training costs, enrolment/registration fees for conferences, submission fees for prizes, publicity and promotional material are also ineligible.

All related-party expenditures must be established in accordance with generally accepted accounting principles and CMF [Accounting and Reporting Requirements](#), and disclosed to the CMF.

Assessment of a project's Eligible Costs shall be done at the CMF's sole discretion.

3. ELIGIBILITY FOR FUNDING

3.1 ELIGIBLE APPLICANTS

An eligible Applicant to this Program is either:

- 1) A company or Canadian Broadcaster¹ that:
 - a) Is for-profit (i.e., a taxable Canadian corporation, within the meaning of the Canada's *Income Tax Act*);
 - b) Has at least 1 year in the Digital Media or Television industry (or the company's principal has more than 1 year in the Digital Media or Television industry);
 - c) Is Canadian-controlled as determined by sections 26 to 28 of the *Investment Canada Act*;
 - d) Has not previously received any CMF Experimental Stream funding.

Note: Not-for-profit corporations are not eligible Applicants to the CMF, however coproductions or partnerships between for-profit and not-for-profit corporations may be allowed where the not-for-profit corporation holds a minority interest in the project; in such a case the CMF will only contribute to the Eligible Costs related to the for-profit corporation.

An eligible Applicant must own and control all the rights necessary to eventually prototype, produce and exploit the project that is the subject of the application at every stage of the project's life-cycle; entities that provide services but do not own the applicable rights are not eligible to be applicants to the CMF.

Note: For the purposes of these Guidelines, the term Applicant includes all coapplicants, and/or all related, associated, affiliated or parent companies and/or individuals (as determined by the CMF at its sole discretion), as applicable.

3.2 ELIGIBLE PROJECTS

The Experimental Stream's Conceptualization Program seeks to support new Canadian interactive digital media content and application software that meet the enumerated requirements below.

3.2.1 Canadian Elements

An Eligible Project must meet the following criteria:

- a) Its underlying rights are owned, and significantly and meaningfully developed, by Canadians.
- b) It is conceptualized in Canada, with at least 75% of its Eligible Costs being Canadian costs.
- c) It is under Canadian ownership and Canadian executive, creative, and financial control.

Digital media coproductions are eligible if they comply with the [Framework for international digital media coproduction](#).

¹Any of the following will be considered a "Canadian Broadcaster":

- a. A Canadian programming undertaking, public or private, licensed to operate by the Canadian Radio-television and Telecommunications Commission (CRTC) (including exempt broadcasters regulated by the CRTC via *Broadcasting Order CRTC 2015-88*);
- b. An online service owned, controlled and operated by a Canadian licensed programming undertaking;
- c. An online service owned, controlled and operated by a Canadian broadcasting distribution undertaking ("BDU"), licensed to operate by the CRTC; and
- d. CRTC-licensed VOD services.

3.2.2 Types of Content/Applications

An Eligible Project must be digital media content and/or application software that is interactive and connected to the Canadian cultural sector.

3.2.2.1 Digital Media Content/Applications

The Experimental Stream's Conceptualization Program will fund a variety of interactive content/applications, including but not limited to:

- Web applications
- Mobile applications
- Software applications with a connection to the Canadian cultural sector
- Videogames
- Interactive projects that contain audiovisual content

The CMF does not wish to unduly limit the types of content or applications that it funds, however, the following are types of projects that are ineligible for the Conceptualization Program:

- Products with a specific corporate, industrial or mainly promotional focus
- Curriculum-based products (including but not limited to e-learning applications, software and technologies)
- Projects which essentially serve the Applicant's current activities, including obtaining contracts or orders from other businesses
- Partial or split projects (and project portions) that cannot be independently exploited
- Project porting or project adaptation from one platform to another
- Catalogues or compilations of repurposed material, presented without benefit of new, value-added original content
- System software
- Pure research and development, such as projects or activities that would be eligible for the Federal Scientific Research and Experimental Development Tax Incentive Program
- Casino type games
- Sequels and further iterations of existing content/applications
- Gamification of non-cultural content (e.g., scientific, research, medical, etc.)

3.2.2.2 Interactivity

Eligible Projects in the Innovation Program must be interactive. Interactivity is defined as a meaningful participatory experience between the user and a product/technology (including but not limited to immersive technologies that engage and stimulate the user's senses to create perceptually-real sensations), or the user and other users as enabled by the product/technology. Projects that use the internet or mobile platforms to distribute linear content without significant interactive feature(s) are not eligible.

In determining whether a project is "interactive," the CMF will look at the project as a whole. As such, an Eligible Project may contain both interactive and linear components, as long as the overall user experience involves a significant degree of interactivity.

3.2.3 Miscellaneous Requirements

An Eligible Project cannot contain elements of excessive violence, sexual violence, or sexual exploitation or elements which are obscene, indecent or child pornography within the meaning of the Criminal Code (as amended from time to time), or libelous or in any other way unlawful.