



EXPERIMENTAL STREAM

**GUIDELINES
2012-2013**

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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](#)) to the Canada Media Fund (CMF). 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 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 that the CMF is in receipt of all documentation relevant to its application, and to update such documentation and information after a material change. The CMF may request other documentation and information, as required, in order 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:

- 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 EXPERIMENTAL STREAM WORKS

2.1 INTRODUCTION

Projects funded through the Experimental Stream are Canadian interactive digital media content and software applications that are innovative and leading-edge.

The expected outcomes of the Experimental Stream are:

- Canadian digital cultural content is created and consumed, and leading-edge content and applications are created and integrated into the mainstream.
- Projects funded in the Experimental Stream are being developed for commercial potential or public use.
- Projects funded in the Experimental Stream are subject to uptake by the Canadian media industry or Canadians.
- Projects funded in the Experimental Stream are targeted to Canadian and international marketplaces.
- Projects funded in the Experimental Stream contribute to the creation of jobs.

The Experimental Stream seeks to support Canadian interactive digital media content and application software that is innovative and leading-edge. This is achieved through a selective process in which Eligible Projects (see [section 3.2](#)) are assessed according to an evaluation grid (see [section 2.4](#)).

Projects may apply for Development, Production, or Marketing & Promotion support.

A project requesting funding for development should generally be one in the conceptual or prototyping phases of creation/maturity. Development support is provided for conceptualizing an Eligible Project (feasibility study, market assessment, product positioning by surveys and focus groups, product demo and a preliminary marketing strategy) and/or for the development of the creative and technical elements of an Eligible Project (design documents, preparation of a storyboard and/or final version of the script and a functional prototype), and the drafting of a product proposal for business development and financing purposes.

A project requesting funding for production should generally be one out of conceptual phases and with a demonstrable path to market and/or monetization. Production support is provided for the creation of a final, market-ready version of an Eligible Project, including localization of the project and early marketing/commercialization activities

Marketing & Promotion support is provided for marketing and promotion of an Eligible Project such as the creation of national and international marketing campaigns, design costs, creation and market-testing of advertising, use of the Internet for promotion or transactions, promotion and publicity for launches or in international trade publications; localization of the project; and marketing-specific initiatives.

2.2 NATURE OF FUNDING CONTRIBUTION

Successful applicants for Development support receive funding in the form of a repayable advance. Successful applicants for Production support receive funding in the form of a recoupable investment. Successful applicants for Marketing & Promotion support receive funding in the form of a recoupable advance.

Details on the repayment/recoupment of CMF funding support can be found in the [Recoupment Policy: Experimental Stream](#).

2.3 AMOUNT OF FUNDING CONTRIBUTION

2.3.1 CMF Contribution

A single Eligible Project may receive Development, Production, and/or Marketing & Promotion support, either alone or in combination with each other, but in no case will the CMF contribute more than \$1 million towards a single project in the Experimental Stream.

Development

Successful applicants receive funding in an amount appropriate to the needs of the project and subject to a Maximum Contribution of 75% of the project's Eligible Costs or \$500,000, whichever is less.

Production

Successful applicants receive funding in an amount appropriate to the needs of the project and subject to a Maximum Contribution of 75% of the project's Eligible Costs or \$1 million, whichever is less. Any CMF development funding that is converted into production funding, as described at section 3.2.1 of the [Recoupment Policy: Experimental Stream](#), will be included towards the \$1 million cap.

For international co-productions, the Maximum Contribution will be calculated on the lesser of the Eligible Costs of the Canadian portion of the project's global budget and the Eligible Costs of the Canadian portion of the global final costs.

Marketing & Promotion

Successful applicants receive funding in an amount appropriate to the needs of the project and subject to a Maximum Contribution of 75% of the project's Eligible Costs or \$500,000, whichever is less.

2.3.2 Eligible Costs

Eligible Costs are the 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 any costs the CMF considers necessary, minus any costs that the CMF considers excessive, inflated or unreasonable.

Eligible Costs include costs directly related to the project, such as but not limited to:

- Research and preparation of content;
- Salaries and benefits/wages/contracts for project teams (global project management, preparation, digitization, development of interpretive materials, editing and proofreading;
- Technology infrastructure (hardware and software);
- Expenses to put content online, including copyright clearance, documentation, design and development, translation costs;
- Travel and accommodation;
- Project audit fees;
- Other technical and administrative expenses; and
- Marketing and promotion.

Core business operations or capital expenditures of the applicants, such as rent, purchase of real estate, and maintenance costs, are not Eligible Costs.

All related party and capital expenditures must be established in accordance with generally accepted accounting principles and CMF Accounting and Reporting Requirements, and disclosed to the CMF. Production must be protected by all industry standard insurance policies. The CMF requires that it be named as party to production insurance policies.

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

2.4 EVALUATION GRID

The CMF chooses successful projects in this stream according to the following evaluation grid.

Assessment Criteria	Weight		
	Development	Production	Marketing & Promotion
Production/Development Team <ul style="list-style-type: none"> ▪ <i>Experience and achievements of producer and project management team</i> ▪ <i>Experience and achievements of the creative and technical teams</i> 	20%	15%	15%
Innovation and advancement <ul style="list-style-type: none"> ▪ <i>Originality of the content and the form</i> ▪ <i>Development and use of new technologies</i> ▪ <i>Design and programming (architecture, navigation, interface, graphic design, creative elements)</i> ▪ <i>User interactivity and control</i> ▪ <i>Sophistication of features</i> ▪ <i>Potential for legacy to the industry</i> ▪ <i>Distinctiveness of the business model: revenue models and potential for revenue generation</i> 	60%	40%	40%
Business plan <ul style="list-style-type: none"> ▪ <i>Viability of the project: budget, financial structure, diversity of financial partners, risk assumed by the producer, risk assumed by the CMF, leveraging effect</i> ▪ <i>Financial stability of the Applicant in relation to the size of the project</i> 	10%	30%	20%
Distribution strategy <ul style="list-style-type: none"> ▪ <i>Marketing and promotion plan</i> ▪ <i>Targeted audience (industry, general public) in Canada and in international markets</i> ▪ <i>Involvement of the market channel partners: level of demonstrated interest (advances, pre-sales, licences)</i> 	10%	15%	25%

3. ELIGIBILITY FOR FUNDING

3.1 ELIGIBLE APPLICANTS

An eligible Applicant to the CMF is either:

- 1) A company that:
 - a) is for-profit: i.e. a taxable Canadian corporation, within the meaning of the *Income Tax Act (Canada)*.
Note: Not-for-profit corporations are not eligible Applicants to the CMF, however co-productions 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;
 - b) is Canadian-controlled as determined for the purposes of sections 26 to 28 of the *Investment Canada Act*, and
 - c) has its head office based in Canada.

or

- 2) A Canadian broadcaster, public or private, that is licensed to operate as such by the Canadian Radio-television & Telecommunications Commission (CRTC).

An eligible Applicant must own and control all the rights necessary to produce and exploit the project that is the subject of the application; 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 co-applicants and/or parent companies as applicable.

3.2 ELIGIBLE PROJECTS

The Experimental Stream seeks to support Canadian interactive digital media content and application software that is innovative and leading-edge.

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 produced in Canada, with at least 75% of its Eligible Costs being Canadian costs; and
- c) It is, and remains throughout its production, under Canadian ownership and Canadian executive, creative, and financial control.

International co-productions may be eligible where there is an acceptable degree of Canadian ownership and control.

3.2.2 Types of Content/Applications

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

3.2.2.1 Digital Media Content/Applications

The Experimental Stream will fund a variety of innovative, interactive content/applications, including, but not limited to:

- Web 2.0 or higher applications
- Mobile applications
- Software applications with a connection to the Canadian cultural sector
- Videogames, whether for PC, console, handheld console, mobile, or other platforms
- Projects that contain both linear, audiovisual content and significant interactivity

The CMF does not wish to unduly limit the types of content or applications that it funds, and applicants with innovative project proposals are encouraged to apply. The following, however, are types of projects that are ineligible to the Experimental Program:

- Film and TV-Convergent projects (i.e. projects that are associated with a film or television production*)
- Products with a specific corporate, industrial or mainly promotional focus
- Curriculum-based products
- Catalogues or compilations of repurposed material, presented without benefit of new, value adding 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.

**Note: Projects using character(s) or brand(s) that are associated, or have been associated, with a film or TV production are not ineligible merely because of the character/brand's association.*

3.2.2.2 Innovation

Eligible projects must be innovative. Innovation may be expressed in terms of innovative business models, innovative content, or innovative technology. The CMF does not define or delimit what is innovative – applicants are encouraged to pursue their own vision of innovation and articulate to the CMF how their project is innovative.

The CMF uses the following classification for degrees of innovation, in descending order:

1. *Revolution*: Never been done before, completely new, breakthrough, creates market turbulence.
2. *Differentiation*: Paradigm shift for an existing product or service. Brings something existing to another level.
3. *Improvement*: Adding significant components or features that bring new benefits to an existing product or service.
4. *Iteration*: Refining features, adding content to an existing product or service.

“Revolutionary” projects have the greatest likelihood of receiving CMF financing in the Experimental Stream, while “iterations” have the lowest likelihood.

3.2.2.3 Interactivity

Eligible projects must be interactive. Interactivity is defined as a participatory experience between the user and a product/technology 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 any 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 Market Channel Partner

For Production and Marketing & Promotion support, Eligible Projects must have a letter of intent from a market channel partner committing to take the project to market and to actively promote the project. A letter of interest need not include a cash financing commitment to the project.

A market channel partner must be a 3rd party – it cannot be the Applicant or a related party to the Applicant.

The CMF may waive the market channel partner requirement where there are clear and acceptable alternative arrangements for taking the project to market, or where the Applicant can demonstrate that it has the ability to effectively self-distribute the project.

3.2.4 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 libellous or in any other way unlawful.
