Guidelines

Nova Scotia Film & Television Production Incentive Fund

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Guidelines

Nova Scotia Film & Television Production Incentive Fund

1. Program Objectives

a. Effective July 1, 2015, Nova Scotia created and provided initial and annual funding until the 2020-2021 fiscal year to the Nova Scotia Film & Television Production Incentive Fund ("NSFPIF" or the "Fund"). The Fund is administered by Province of Nova Scotia, as represented by the Minister of Communities, Culture, Tourism and Heritage ("CCTH" or the "Administrator"). The Fund has been renewed for annual funding until the 2025-2026 fiscal year.

b. The objective of the Fund is to facilitate the production of projects in Nova Scotia that meet the eligibility requirements, in order to support and expand the film and television production industry in Nova Scotia and to create economic value for a broad group of Nova Scotians, including, in particular, key creative positions such as Nova Scotia resident directors, writers, and principal performers.

c. The Fund shall be subject to a review no later than the 2025-2026 fiscal year.

d. In all matters related to the application of, or exception to, these guidelines and in the event that the interpretation of either the Administrator's program guidelines or the spirit and intent of the program are in question, the Administrator has complete discretion and final interpretation.

e. The Administrator reserves the right to make revisions to its guidelines or application forms as required.

f. The Administrator will ensure the measurement tools are in place to continuously monitor and evaluate NSFPIF usage and industry uptake as part of the yearly budget process at a minimum or on an as needed basis.

2. Definitions

a. **"Applicant Company"** (the "Applicant") means the company that produces the production and incurs the attributable production costs and is represented by an authorized officer.

b. **"Commercial Licence Agreement"** means an agreement with a third-party entity whose primary business is broadcasting, distributing, or disseminating film or television to the public, and who is able to demonstrate a track record of such enterprise, and may include an online distributor.

c. **"Eligible Nova Scotia Costs"** are those costs described in Section 4 of these guidelines.

d. **"Incentive Agreement"** is the final agreement between the Administrator and the approved Applicant which outlines the terms and conditions of the approved incentive including, but not limited to, project deliverables and reporting requirements.

e. **"Letter of Intent"** is issued by the Administrator after all required documents have been submitted, the due diligence process has been completed and the application has obtained formal approval by CCTH. It outlines the committed eligible funding amount and conditions to be satisfied prior to issuance of an Incentive Agreement.

f. **"Nova Scotian"** or **"Nova Scotia Resident"** means a lawful resident of Canada for the purposes of the Income Tax Act (Canada) who filed/shall file an Income Tax Return as a resident of Nova Scotia for the taxation year in which principal photography of the production commenced.

An Applicant Company or its officer may rely on a statement signed by an individual certifying that he or she is a Nova Scotia Resident as defined above as proof that he or she is a Nova Scotia Resident, provided the officer of the production company has no reason to believe the signed statement is untrue. (Declaration available online).

g. **"Nova Scotian Ownership and Control of Production"** means a Nova Scotian(s) has/have 50 per cent or more of each of the following:

   i. corporate ownership and control (e.g. 50% or more of the voting shares of the Applicant Company are owned by a Nova Scotian either directly or indirectly through one or more holding companies),

   ii. rights to the production,

   iii. financial and creative control of the production, and

   iv. right to profit participation from the exploitation of the production proportionate to the percentage owned or controlled.

   It will be the responsibility of the Applicants to affirmatively establish "Nova Scotian Ownership of Production" including:

   i. supplying all documentation required to establish the percentage of "Nova Scotian Ownership and Control of Production" based on the above criteria,

   ii. (responding to any further requests for documentation or other confirmation as required, and iii. supplying, if so requested, one or more duly sworn statutory declarations attesting to specific facts of circumstances.

h. **"Producer"** means, in relation to a production, an individual:

   i. whose primary business is developing, producing, and marketing theatrical films and/or television programs;

   ii. who controls and is a central decision maker in respect of the production;

   iii. who is directly responsible for the creative and financial control and exploitation of the production; and

   iv. who does not work on the production in any technical, administrative, or creative "below-the-line" capacity, except for productions with budgets of $2 million or less.

The functions of line producer and production manager, in and of themselves, are not sufficient to confer producer status.

i. **"Principal Performer"** means a performer engaged to speak or mime six (6) or more lines of dialogue, or an actor engaged to perform a major role without dialogue. A line of dialogue means a line of script ten (10) words or fewer, including directed by unscripted dialogue.

   The Nova Scotian performer's engagement must:

   i. for one (1) performer, be in the top seven (7) performer contracts issued

   ii. for two (2) performers, be in the top eight (8) performer contracts issued

   iii. for three (3) performers, be in the top nine (9) performer contracts issued

j. **"Related Company"** means a company that is related to the Applicant Company within the meaning of the Income Tax Act (Canada).

k. **"Rural/Non-metropolitan Area"** means more than 30 KM from Halifax City Hall in any direction.

l. **"Trainees"** To qualify as a Trainee for the purpose of the Fund, the Trainee must be a Nova Scotia Resident, and either

   i. have industry experience, or

   ii. be a graduate from an accredited post-secondary institution.

3. General Eligibility Requirements, Conditions, and Limitations

3.1. General Eligibility Requirements & Conditions

a. Applicants must be engaged primarily in film and television production business and demonstrate that their main activity is the creation of film/video productions available for public viewing. Eligible organizations must have a permanent establishment in Nova Scotia.

b. Applicants must be incorporated in Nova Scotia under the Companies Act or continued as a Nova Scotia company through a Certificate of Continuance and be in good standing with the Registry of Joint Stock Companies.

c. Applicants, their shareholders, and Related Companies must also be in good standing in all respects with CCTH (or its predecessor, Film and Creative Industries and Nova Scotia, Nova Scotia Business Inc.), by having no outstanding or overdue reporting requirements. Should the Applicant, any of its shareholders or any Related Company have any outstanding or overdue reporting requirements, CCTH reserves the right to deny eligibility.

d. The amount of money spent in Nova Scotia (Nova Scotia Spend) for the project must be greater than $25,000 (before HST).

e. The maximum funding from this Fund payable to any project is $10 million.

f. Nova Scotia Film & Television Production Incentive Fund applications, including all submission materials, must be received prior to commencement of principal photography. Principal photography may commence once an application has been submitted.

g. At the time of submission, unless otherwise determined by the Administrator, Applicants seeking production funding must provide written evidence of a Commercial Licence Agreement and evidence of 75 per cent confirmed financing for projects with budgets of $1 million or greater, and evidence of 50 per cent confirmed financing for projects under $1 million. Funding from the Nova Scotia Film & Television Production Incentive Fund and federal tax credit calculations may be included as part of the confirmed financing. A Commercial Licence Agreement does not require a licence fee; however, a Commercial Licence Agreement in which the Applicant has purchased airtime will not be eligible.

h. In order to meet the confirmed financing requirement, the Applicant must present, at the time of application, documentation that adequately demonstrates in the opinion of the Administrator the funds available to the production.

i. All approved incentives shall be documented in an Incentive Agreement between the Administrator and the Applicant, and incentives must be used for the purposes outlined in the Incentive Agreement.

j. The Nova Scotia Film & Television Production Incentive Fund is intended to be used in the making of the production and as such the incentive funding must be fully included in the financing structure of the production.

k. Applications that are deemed complete will be handled on a first-in, first-out basis for production funding.

l. Application Fees. All applications shall be subject to an application fee equal to .50 per cent of the Eligible Nova Scotia Costs to a maximum of $5,000 plus HST. The fee shall be payable by a non-refundable application charge of $250 plus HST payable to the Administrator at the time of application and the balance held back from the disbursement of funds under the Incentive Agreement.

m. The Administrator may set aside from the Fund each year an amount to incent and support industry related initiatives.

n. Applicants acknowledge and agree that funding approval under these guidelines shall be disclosed to the public in accordance with the *Accountability in Economic Development Assistance Act (Nova Scotia)*.

3.2. Limitations

a. Projects that are eligible for the Digital Media Tax Credit, the Digital Animation Tax Credit, or any other Nova Scotia tax credit program are not eligible.

b. There shall deducted from Eligible Nova Scotia Costs the amount of the financing/investment received from a corporation that is registered under the Equity Tax Credit Act (Nova Scotia) AND has made a specified issue after June 30, 2015.

c. Genres of any production and platforms NOT eligible for funding include:

- Any film or production prohibited under the Theatres and Amusement Act
- News, current events or public affairs programming, or a program that includes weather or market reports
- Talk shows
- Production in respect of a game or contest
- Gala presentations or awards shows
- Professional/franchise sporting events or activities
- Production that solicits funds
- Reality television
- Pornography
- Advertising
- Production produced primarily for industrial, corporate, or institutional purposes
- Production, other than documentary that has at least 25 per cent non-stock footage, that consists of all or substantially all stock footage
- Console or online video games
- Software/programming applications
- Animated film or video productions where all or substantially all of the production consists of the sequencing of a series of 2-D, 3-D or stop-motion animation image rendered to create artificial moving images
- Such other genres or productions that the Minister of Communities, Culture, Tourism and Heritage may add to this list by publishing updated guidelines

d. Notwithstanding any other provision of these guidelines or the worksheets, no individual shall directly or indirectly receive pay, salary, fees, compensation, or any similar payment that is budgeted or paid from the Fund in an amount greater than $150,000 per project. Indirect payments may include payments to holding companies or personal services companies.

   For greater clarity, the $150,000 fee cap refers to the maximum amount of the incentive that results when the eligible incentive percentage is applied to fee payments to an individual as fees. (E.g. if a company is eligible for 32%, the maximum eligible compensation to an individual is $468,750 [calculated as $150,000 / 32%], if a company is eligible for 25%, the maximum eligible compensation to an individual is $600,000 [calculated as $150,000 / 25%).

4. Eligible Nova Scotia Costs

a. Eligible Nova Scotia Costs include all expenditures where the good or service is purchased from a Nova Scotia - based supplier with a permanent physical establishment within Nova Scotia, and is supplied, receipted, consumed or performed in Nova Scotia.

b. A list of eligible expense items is available on the Eligible Nova Scotia Costs Worksheet. If an Applicant has expenses not explicitly identified as eligible on the worksheet, they should apply to the Administrator for an advanced ruling. The Administrator recognizes that the Eligible Nova Scotia Costs worksheet is not an exhaustive list and will use its discretion to approve otherwise eligible expenses not explicitly identified or where an advanced ruling was not obtained if such expense is deemed required in the normal course of production.

c. Except when approved by the Administrator in advance, producers may claim no more than one (1) Head of Department/Performer position in addition to being a producer. In these approved instances, total fees eligible for inclusion as an Eligible Nova Scotia Cost for Head of Department/Performer services payable to producers also employed in Head of Department positions will be no greater than 20 per cent of the budget and, in any event, will be within the threshold set by section 3.2, paragraph d). Costs must be consistent and competitive with industry standards.

d. The value of in-kind contribution is not considered an Eligible Nova Scotia Cost. Capital items are not considered an Eligible Nova Scotia Cost.

e. Fees for goods or services subcontracted by Nova Scotia companies to out-of-province individuals and organizations are not considered Eligible Nova Scotia Costs. The good or service must be supplied, receipted, consumed or performed in Nova Scotia.

5. Head of Department Positions

a. The sixteen (16) eligible Head of Department positions recognized by the Fund for the purposes of determining eligibility status are:

1. Writer
2. Director
3. Production Manager/Line Producer
4. Art Director
5. Production Designer
6. Editor
7. Director of Photography
8. Composer
9. Wardrobe
10. Key Hair
11. Key Makeup
12. Location Sound Mixer
13. Visual Effects Artist
14. Accounting
15. Electrical
16. Key Grip

b. In the event of shared Head of Department positions, provided one of the individuals is Nova Scotian and the onscreen credit is shared equally, a point will be granted. However, only one point will be awarded regardless of the number of Nova Scotians employed in that position.

In the event that one (1) individual Nova Scotian serves in multiple Head of Department positions, only one (1) Head of Department point will be granted for that individual, regardless of the number of eligible Head of Department positions they hold. For the purposes of this guideline, this principle will apply without limitation for eligibility for the Nova Scotia Content Incentive. Exceptions to this requirement may be made by the Administrator for productions under $2 million that customarily have one (1) individual in multiple Head of Department positions.

All Nova Scotians in Head of Department positions must satisfy a minimum of 50 per cent of the function of each Head of Department position. Function refers to the performance of the work related to the position. As a guide, Producers can refer to the number of days work performed by the Nova Scotian employee for the position to determine if 50 per cent of the function has been met.

c. Eligible Substitutions:

i. Performers:

As an alternative, a minimum of five (5) Nova Scotia Residents who are Principal Performers in any production with a cast of more than ten (10) performers and for productions with ten (10) or less performers a majority of the cast being Nova Scotia Resident performers may be deemed to be the equivalent of one (1) Head of Department position.

In the case of narration or voice-over performances, the Nova Scotian performer's engagement must be one of the top two (2) performer contracts issues in terms of recording days' work.

ii. Trainees:

The employment of two (2) qualified trainees in any eligible department may be substituted for one (1) Head of Department position, to a maximum of four (4) trainees per production in instances where qualified Nova Scotia–defined Heads of Departments are not available, and in consultation with the appropriate union, guild, or labour association where applicable. Trainees must be able to provide either evidence of completion of a recognized accredited educational program or a letter of reference from an accredited mentor prior to being employed on the production. Training must be conducted by an established professional in the field.

Applicants who substitute trainees for eligible Head of Department positions must submit a detailed training plan (available online) for each trainee. The plan must identify trainee skills to be developed and include specific goals relevant to their position.

6. Funding Levels by Production Type

For the purposes of this incentive, screen-based productions are classified into two categories based on percentage of ownership:

6.1. Stream I:

a. Eligibility Criteria:

- Applicant Company meets definition of "Nova Scotian Ownership and Control of Production" (between 50 and 100 per cent). Exceptions may be made by the Administrator in the case of international treaty co-productions, interprovincial co-productions or International co-ventures.

b. Eligible Incentives:

- *Base Incentive:* Twenty-six (26) per cent of all Eligible Nova Scotia Costs (as described in section 4 and subject to the limits therein). A minimum of 50% of filled Head of Department positions (as per Section 5(a)) must be held by Nova Scotia residents to receive the full base incentive. Percentage calculations will be rounded to the highest whole number to determine the actual position count. Substitutions for Head of Department positions are allowed as outlined above. The base incentive percentage will be reduced by 0.5 per cent for each Head of Department position below the minimum stream requirement of 50%.
- *Location Incentive:* 2 percentage points of additional funding will be granted for shoots where more than 50 per cent of the principal photography is in a rural/non- metropolitan area in Nova Scotia.

- *Distant Location Incentive*: up to 10% percentage points of additional funding will be granted for shoots that film days of principal photography in a Distant Location (measured by the most direct driving distance from Halifax City Hall to the distant location). To be eligible for the Distant Location Incentive, the Applicant Company must be first be eligible for the Location Incentive. The Distant Location Incentive is tiered based on the distance from Halifax City Hall:
    - 7% for distant locations greater than 100 kilometers from Halifax City Hall prorated on the number of days of principal photography in the distant location to the total days of principal photography. (Zone A)
    - 10% for distant locations greater than 150 kilometres from Halifax City Hall prorated on the number of days of principal photography in the distant location to the total days of principal photography. (Zone B)
- *Shooting Length Incentive:* 1 percentage point of additional funding will be granted for shoots (principal photography) of more than 30 days in Nova Scotia.

6.2. Stream II:

a. Eligibility Criteria:
    - Applicant Company does not meet definition of "Nova Scotian Ownership and Control of Production" (less than 50 per cent).

b. Eligible Incentives:
    - *Base Incentive:* Twenty-five (25) per cent of all Eligible Nova Scotia Costs (as described in section 4 and subject to the limits therein). Where eight (8) or fewer Head of Department positions (as per Section 5 (a)) are filled, half of the positions, rounded to the highest whole number, must be filled by Nova Scotia residents. Where nine (9) or more HOD positions are filled, a minimum of four (4) must be filled by Nova Scotia residents. Substitutions for Head of Department positions are allowed as outlined above. The base incentive percentage will be reduced by 0.5 per cent for each Head of Department position below the minimum requirements.
    - *Location Incentive:* 2 percentage points of additional funding will be granted for shoots where more than 50 per cent of the principal photography is in a rural/non- metropolitan area in Nova Scotia.
    - *Distant Location Incentive*: up to 10% percentage points of additional funding will be granted for shoots that film days of principal photography in a Distant Location (measured by the most direct driving distance from Halifax City Hall to the distant location). To be eligible for the Distant Location Incentive, the Applicant Company must be first be eligible for the Location Incentive. The Distant Location Incentive is tiered based on the distance from Halifax City Hall:
        - 7% for distant locations greater than 100 kilometers from Halifax City Hall prorated on the number of days of principal photography in the distant location to the total days of principal photography.
        - 10% for distant locations greater than 150 kilometres from Halifax City Hall prorated on the number of days of principal photography in the distant location to the total days of principal photography.
    - *Shooting Length Incentive:* 1 percentage point of additional funding will be granted for shoots (principal photography) of more than 30 days in Nova Scotia.

7. Nova Scotia Content Incentive

The following additional Nova Scotia content incentives are available separately or cumulatively if the applicable criteria are met.

a. An additional 1.5 percentage points of all Eligible Nova Scotia Costs (as discussed in section 4) will be granted for productions in which no less than 60 per cent of all Principal Performers, actors, stunt performers, and stunt actors are Nova Scotia Residents. For greater certainty, background performers are not included in this calculation.

b. A further additional 1.5 percentage points of all Eligible Nova Scotia Costs will be granted for all productions that meet at least three (3) the following specified Nova Scotia–content requirements:

    i. Productions with majority copyright ownership by the Applicant Company with Nova Scotian Ownership and Control of Production.

    ii. Productions in which a minimum of two Trainees with no prior paid film or TV production experience are employed for the duration of the production.

    iii. Productions in which 75 per cent of the post-production work is carried out in Nova Scotia.

    iv. Productions by a Nova Scotia Resident as producer, who also has been a resident for two years prior to principal photography.

    v. Productions in which the amount of money spent in Nova Scotia (Nova Scotia Spend) is 75 per cent of total production costs and greater than $25,000.

    vi. The principal writer of the production is a Nova Scotia Resident, or, for a series, the majority of episodes are written by Nova Scotia Residents.

    vii. The principal director of the production is a Nova Scotia Resident, or, for a series, the majority of episodes are directed by Nova Scotia Residents.

8. Incentive Recipient Obligations

Recipients of funding are required to fulfil the obligations set out below. Specific requirements are detailed in the Incentive Agreement and supersede information provided in these guidelines. **Recipients are advised to review their Incentive Agreements carefully prior to signing.**

8.1. Credit and Promotion

The Applicant will use best efforts to include the following in its credits:

a. Onscreen and advertising, promotional material credit

"Produced with the assistance of the Government of Nova Scotia, Nova Scotia Film & Television Production Incentive Fund" and with a suitable logo in a position, size, and prominence that is proportionate to the Fund's financial contribution to the production and in relation to other financing participants, and: "Filmed in Nova Scotia, Canada" in the tail credits of the project (where applicable).

Where the production is a TV series, the above credits are required for each episode.

8.2. Insurance

The Applicant will provide evidence of a certificate of industry standard insurance prior to the first day of principal photography.

8.3. Deliverables

Upon completion of the production, the Applicant shall provide the following deliverables:

a. A completed copy of the Claim Form.
b. A copy of the completed production in a format requested by the Administrator.
c. The final list of head and tail credits as they actually appear on the completed production.
d. Subject to current statutory and existing contractual obligations to, and approval rights of, third parties, if available and requested by the Administrator, a full electronic press kit including, but not limited to, a minimum of two cast shots and two behind-the-scenes production shots, submitted in a format required by the Administrator, as well as any additional publicity/promotional materials available (e.g., posters).
e. A Statutory Declaration (available online) verifying the incentive eligibility for either Stream I or Stream II.
f. A Statutory Declaration (available online) verifying Head of Department positions and Nova Scotia residency for individuals, directly or indirectly through a personal services corporation, employed in the Production. It is the responsibility of the Applicant to collect Declaration of Residency forms (also available online) for each employee, however they do not have to be submitted with the claim. The Administrator reserves the right to request the Declarations of Residency at any time.
g. If trainees were substituted towards eligible Head of Department positions, the Applicant must submit a final report for each trainee demonstrating that objectives outlined in the training plan have been successfully met. Trainees must also submit a report detailing the impact of the position on the trainees' professional development and the achievement of their training objectives.
h. Financial Reporting. Please refer to Appendix 'A' for financial reporting requirements.
i. Such other documentation listed in the Incentive Agreement or that the Administrator advises the Applicant may be required.

8.4. Other Obligations

a. The Administrator of the Nova Scotia Film & Television Production Incentive Fund has the right to audit the books and records of any company that receives a payment from the Fund. These records may include, but are not limited to, the following: invoices, bank statements, cancelled cheques, audited financials, agreements, contracts with individuals and companies, and proof of Nova Scotia residency for any personnel.
b. Retention of records is required for a period of seven years.

9. Production Funding Process

a. A complete application submission must be received by the Administrator before a project will be considered for funding. Incomplete submissions will be returned to the Applicant. A complete application submission consists of a completed Application Form and all required accompanying documentation and supplementary information.

b. An eligibility assessment test will be conducted on complete submissions. The application is assessed and may be approved by the Administrator. If approved, the next steps in the process are:
    i. Applicant notification of funding decision via Letter of Intent.
    ii. After satisfaction of conditions set out in the Letter of Intent and acceptance, Incentive Agreement issued from the Administrator to approved Applicants.
    iii. Execution of Incentive Agreement.
    iv. Receipt of all project deliverables.
    v. Release of incentive funding as per Incentive Agreement.

c. All cost overruns are at the sole risk of the Applicant and the Fund assumes no obligation with respect to any costs that exceed the project budget.

Note: Assignment and direction of incentive funds may only be assigned to a recognized financial or lending institution.

APPENDIX - ‘A’

1. Introduction

This Appendix presents instructions established by the Administrator with respect to the financial reporting rules and requirements of production costs and Eligible Nova Scotia Costs for the NSFPIF. These instructions are intended for the Applicant approved for funding through the NSFPIF and the certified accountant acting on behalf of the Applicant.

The certified accountants engaged to conduct the certification of the final production cost statement of a given production must be:

- independent of the Applicant and/or its Board of Directors, within the definition of independence as defined by the chartered Professional Accountant (CPA) Canada Handbook.
- a member in good standing with a professional organization authorized for this type of work and duly accredited as CPA by its provincial institute.
- familiar with the industry, its practices, the guidelines for the NSFPIF and be able to apply professional judgement.
- an independent third party. CPA’s and/or their principals/employees cannot be granted production credits other than “Assurance Services provided by”.

The certified accountant will be required to obtain a copy of all documents pertaining to the production.

2. Financial Reporting Requirements:

There are three levels of financial reporting depending on the final cost of the production. The reporting requirements are listed as follows for each of the three levels:

a. Final cost of the production **exceeds $500,000:**

i. An audited Production Cost Statement prepared by a CPA. The audit report shall state that the audited Production Cost Statement and all notes and schedules are in compliance with the accounting and reporting requirements of the Nova Scotia Film & Television Production Incentive Fund.

ii. Notes and schedules to the Production Cost Statement detailing:

- A final detailed breakdown (account category level) of the total production cost.
- A final detailed breakdown of all Eligible Nova Scotia Costs with the same level of detail as presented in the Nova Scotia Costs Worksheet.
- Detailed listing of all accounts payable, accruals and deferrals remaining unpaid, as well as a final detailed breakdown of any unpaid Eligible Nova Scotian Costs that are due and owing at the time of delivery of the claim to CCTH allocated to the applicable budget code.
- List of Nova Scotians in Head of Department positions including the amount they were paid, as well as all eligible substitutions, their positions and the amount they were paid. Details on eligible substitutions see section 5 c) and 5 d) in the guidelines.
- Such other documentation listed in the Incentive Agreement or that the Administrator advises the Applicant may be required.
- All notes and schedules must be audited in accordance with the terms noted in the Incentive Agreement and the NSFPIF guidelines. iii. Nova Scotia residency must be verified by an officer or other authorized representative of the Applicant Company, who will be required to execute a Statutory Declaration to this effect.

iii. Nova Scotia residency must be verified by an officer or other authorized representative of the Applicant Company, who will be required to execute a Statutory Declaration to this effect.

b. Final cost of the Production is **greater than $250,000 up to $500,000:**

i. Production Costs Statement with a Review Engagement Report. The Review Engagement Report shall state that the Production Cost Statement and all notes and schedules are in compliance with the accounting and reporting requirements of the Nova Scotia Film & Television Production Incentive Fund.

ii. Notes and schedules to the Production Costs Statement detailing:

- A final detailed breakdown (account category level) of the total production cost.
- A final detailed breakdown of all Eligible Nova Scotia Costs with the same level of detail as presented in the Nova Scotia Costs Worksheet.
- Detailed listing of all accounts payable, accruals and deferrals remaining unpaid, as well as a final detailed breakdown of any unpaid Eligible Nova Scotian Costs that are due and owing at the time of delivery of the claim to CCTH allocated to the applicable budget code.
- List of Nova Scotians in Head of Department positions including the amount they were paid, as well as all eligible substitutions, their positions and the amount they were paid. Details on eligible substitutions see section 5 c) and 5 d) in the guidelines.
- Such other documentation listed in the Incentive Agreement or that the Administrator advises the Applicant may be required.
- All notes and schedules must be prepared in accordance with the terms noted in the Incentive Agreement and the NSFPIF guidelines.

iii. Nova Scotia residency must be verified by an officer or other authorized representative of the Applicant Company, who will be required to execute a Statutory Declaration to this effect.

c. Final cost of the Production is **equal to or less than $250,000:**

i. An uncertified Final Cost Report supported by a Statutory Declaration of Final Production Costs (available online).

ii. Notes and schedules to the uncertified Final Cost Report detailing:

- A final detailed breakdown (account category level) of the total production cost.
- A final detailed breakdown of all Eligible Nova Scotia Costs with the same level of detail as presented in the Nova Scotia Costs Worksheet.
- Detailed listing of all accounts payable, accruals and deferrals remaining unpaid, as well as a final detailed breakdown of any unpaid Eligible Nova Scotian Costs that are due and owing at the time of delivery of the claim to CCTH allocated to the applicable budget code.
- List of Nova Scotians in Head of Department positions including the amount they were paid, as well as all eligible substitutions, their positions and the amount they were paid. Details on eligible substitutions see section 5 c) and 5 d) in the guidelines.
- Such other documentation listed in the Incentive Agreement or that the Administrator advises the applicant may be required.
- All notes and schedules must be prepared in accordance with the terms noted in the Incentive Agreement and the NSFPIF guidelines.

iii. Nova Scotia residency must be verified by an officer or other authorized representative of the Applicant Company, who will be required to execute a Statutory Declaration to this effect.

Stream II projects have the option of reporting against the Eligible Nova Scotia Costs of the budget.

The Administrator reserves the right to require that an audit be performed regardless of the final cost.

3. General Accounting Rules

a. Eligible Nova Scotia Costs

- Eligible Nova Scotia Costs include all expenditures where the good or service is purchased from a Nova Scotia–based supplier with a permanent physical establishment within Nova Scotia, and is supplied, receipted, consumed or performed in Nova Scotia.
- A list of eligible expense items is available on the Eligible Nova Scotia Costs Worksheet.
- Fees for goods or services subcontracted by Nova Scotia companies to out-of-province individuals and organizations are not considered Eligible Nova Scotia Costs. The good or service must be supplied, receipted, consumed or performed in Nova Scotia.

b. Supporting documentation for expenses

- Production expenses must be directly related to the production and be supported by appropriate invoices and proof of payment, to the extent possible, providing a detailed description of the expenses charged, the date paid, the title of the production and the name of the Applicant.
- Any expense for which there is no adequate supporting document (invoice and proof of payment by the Applicant Company), will not be considered Eligible Nova Scotia Costs.
- To the extent possible, all supporting documentation must correspond to the original document provided by sources external to the Applicant and be corroborated by the relevant production account bank statements and cancelled cheques.

c. Accounts payable, accruals and deferrals

- The Applicant must indicate, by way of notes to the final cost report, the current total of all unpaid costs at the time of delivery of the claim to CCTH allocated to the applicable budget code.
- A **payable** is defined as a service rendered for which the invoice is received, but not yet paid at the time the final cost report is issued by the Applicant.
- An **accrual** is defined as a service rendered or not for which the invoice is not received, however the amount can be reasonably estimated at the time the final cost report is issued by the Applicant.
- The Applicant and certified accountant must take particular care to ensure that these items are properly reported and supported with adequate documents (invoices, subsequent proof of payments).
- **Deferred amounts** are contingent liabilities dependent on a future event. An admissible deferral is a production cost, whether labour or non-labour, based upon a contractual agreement that represents a contingent liability for a production company, i.e. the eventual payment is contingent upon the occurrence of a possible event, such as revenue generation from a production's exploitation.
- Deferrals must be supported by pre-approved contractual agreements. In cases where deferrals include related parties, the certified accountant must ensure that these transactions were properly valued.
- An allowance of up to 5 per cent for unpaid Nova Scotia costs that would otherwise be Eligible Nova Scotia Costs is permitted for reasonable costs that are not able to be paid at the time of delivery. Producer Fees and Corporate Overhead (as defined below) are excluded from this 5 per cent threshold condition. Nova Scotia costs exceeding the 5 per cent threshold that remain unpaid at the time of reporting will not be included toward the final incentive calculation unless approved in an advanced ruling.

d. Discounts and credit notes

- During the course of a production, the Applicant or a related Company may receive discounts or rebates from suppliers (e.g. volume rebate, early payment rebate), which are not reflected in the budget. Credit notes may also be issued pursuant to adjustments related to services rendered, goods purchased or billing errors. Such discounts, rebates and credits whether from third party suppliers or to or from related entities must be applied against the applicable Production expense.

4. Specific Accounting Rules

a. Labour and per diem amounts

- Only labour costs for Nova Scotia Residents are considered Eligible Nova Scotia Costs. For fringe benefits, only taxable benefits for Nova Scotia labour is considered an Eligible Nova Scotia Cost.
- Per diem amounts are considered Eligible Nova Scotia Costs only if receipted and consumed within Nova Scotia.

b. Producer Fees and expenses

- **Fees paid to the Producer** (Producer Fees) as outlined in the Eligible Nova Scotia Costs worksheet include remuneration payable (but exclude travel & living see - producer expenses below). The Administrator reserves the right to audit the Producer fees at its sole discretion.
- **Producer expenses.** A Producer may incur expenses other than Producer Fees which may be charged to the production. Such costs are eligible only if substantiated by supporting documentation and were directly incurred for the production.
- Except when approved by the Administrator in advance, Producers may claim no more than one Head of Department/Performer position in addition to being a Producer. In these approved instances, total fees eligible for inclusion as an Eligible Nova Scotia Cost for Head of Department/Performer services payable to Producers also employed in Head of Department positions will be no greater than 20 per cent of the budget and, in any event, will be within the $150,000 threshold set by section 3, paragraph d) in the guidelines.

c. Corporate Overhead

- This item in the budget (item code 7201) is an umbrella allocation for an apportionment of corporate overhead expenses (e.g. rental of corporate office space, maintenance and repair expenses, office equipment, supplies, administrative staff salaries, industry association fees, etc.) that are not specifically related to the Production (“Corporate Overhead”). Corporate Overhead must be competitive and consistent with applicable industry standards.

d. Travel and air fares

- Essential air travel worldwide is considered Eligible Nova Scotia Costs for Nova Scotia Residents only. Flights that originate from Nova Scotia and end in Nova Scotia are eligible.
- Non-Nova Scotia Residents: Departure and destination inclusively within Nova Scotia,

e. Capital items

- Capital items are not considered Eligible Nova Scotia Costs.

f. Cost of interim financing

- Interim production financing may be obtained from a variety of lending sources, either related or unrelated to the Applicant. Accounting methods will vary according to the source. Details of these costs must be included as a separate line in the budget (item in code 7220). Information on the sources of interim financing and any unpaid amount(s) should be disclosed in the notes.
- In order for the interim financing costs to be considered an Eligible Nova Scotia Cost, the lending source must meet the criteria of being a "Nova Scotia–based supplier with a permanent physical establishment within Nova Scotia".
- The Applicant and certified accountant must take particular care to ensure that an accrual with respect to interim financing is reasonably estimated.
- Interim financing obtained from third parties not related to the production. Normally, a loan agreement is established between the Applicant and the interim financing source (the "lender") specifying the fees, costs, time frame and the applicable interest rate. The cost of interim financing claimed as eligible Nova Scotia Costs 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. (e.g.: tax credits, etc.)
- Financing obtained from an entity related to the Applicant. The Applicant may elect to interim-finance the production from its own cash resources, other liquid assets, or its line of credit, or those of a related party. In such cases, the financing cost charged to the production 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.** The period for which interest is charged must be reasonable, and should correspond to the period over which the Applicant or its related party has provided the interim financing for the production plus an estimate of the future cost of interim financing up to the date the final financing is received.
- In order to recognize an opportunity cost to the related parties providing the interim financing through their equity (savings), the Administrator will allow such related parties to charge a rate equal to prime + 1%. The Administrator reserves the right to refuse any rate deemed abusive or excessive.
- The Applicant is responsible for providing sufficient and adequate documentation to support the above stated amounts.

g. Non-monetary transactions

- The value of in-kind contribution and non-monetary transactions is not considered an Eligible Nova Scotia Cost.