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ONTARIO MUSIC FUND

FINAL COST REPORT GUIDELINES

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ONTARIO MUSIC FUND

FINAL COST REPORT GUIDELINES

Introduction

The following Final Cost Report Guidelines apply to all Ontario Music Fund (OMF) program streams. These guidelines are mandatory for all applicants receiving OMF funding.

Assurance Levels

Ontario Creates requires a Final Cost Report (FCR) to be delivered at the final reporting stage of the OMF agreement.

Successful applicants awarded \$150,000 or more in OMF funding must have the Final Cost Report audited by a licensed public accountant.

Successful applicants awarded less than \$150,000 in OMF funding must have a duly authorized notarized affidavit attesting to the true and fair representation of the Final Cost Report. Upon request from the Ontario Music Office, copies of invoices & proofs of payments must be submitted. OMF reserves the right to randomly contact suppliers/payees for verification. Ontario Creates also reserves the right to request that an audit be performed on the Final Cost Report, regardless of the award level.

The Interim and Final Cost Report templates are available in the OAP. The Final Cost Report must be attached to the Auditor's Report and clearly delineate the financial information that the auditor is associated with. Ontario Creates reserves the right to contact the auditor for all matters relating to the assurance on the Final Cost Report.

Audit Engagement Requirements

- The auditor must be a member in good standing with its Provincial Institute/Order of Association, have any provincial licenses required to conduct an audit in the province where the engagement will take place, and must be independent of the applicant corporation
- The auditor's report must be addressed to the party that has engaged the auditor, that is, to the directors or shareholders of the applicant corporation
- The audit must be performed in accordance with Canadian Generally Accepted Auditing Standards
- The cost report must be prepared in accordance with the Generally Accepted Accounting Principles (GAAP) that are published in the CPA Canada Handbook and *Ontario Music Fund Final Cost Report Guidelines*

- The auditor conducting the audit of the FCR should ensure that they have read and understood the requirements of the Ontario Music Fund guidelines before undertaking their reports. Special attention should be paid to the expense and financing categories which have maximum allowable caps

Cost Report Accounting Rules

These accounting rules in some cases supplement GAAP, in others, they constitute exceptions to the principles.

4-A Presentation of Final Cost Report: The FCR must be based on the budget and financing scenario approved by Ontario Creates in “Schedule B” of the agreement. The FCR should present actual costs for all line items directly related to the approved budget. See [Appendix 3](#) for an example of the Final Cost Report presentation requirement.

4-B Sources of Funds: All sources of funds that were used to finance the project must be disclosed, including any non-monetary (in-kind/donated goods/services) that were included in the cost report. See [Appendix 4, Note 3](#) for an example of this note disclosure.

4-C Reporting Currency: The cost report must be presented in Canadian dollars. Gains and losses on foreign exchanges (realized or not) can be applied against the relevant cost report line item.

4-D Refunds and credit notes received for discounts, rebates, and purchase returns must be credited to the respective costs.

4-E Non-monetary transactions (In-kind/donated goods or services): Non-monetary transactions are defined as per the CPA Canada Handbook. Non-monetary transactions must be disclosed at fair market value. See [Appendix 4, Note 7](#) for an example of this note disclosure.

4-F Sales Taxes: Taxes that are recoverable by the recipient may not be claimed as an eligible cost on the FCR. Examples of taxes that are recoverable include GST/HST, PST, VAT.

4-G Accounts Payable & Accrued Liabilities: The applicant must indicate, by way of notes to the cost report, the current total of unpaid costs at the time of the preparation of the Final Cost Report. See [Appendix 4, Note 6](#) for an example of this note disclosure.

For the purposes of these guidelines, an accounts payable is defined as a service rendered or good received for which the invoice is received, but not yet paid at the end of the activity period.

An accrual is defined as a service rendered or good received for which the invoice is not received; however, the amount can be reasonably estimated at end of the activity period.

4-H Administrative and Overhead Costs: Administrative and overhead costs must not exceed the amounts specified in the respective program stream guidelines. A detailed breakdown showing specific costs and shares of personnel time must be included in the FCR either on the cost report or in a note to the FCR. See [Appendix 4, Note 8](#) for an example of this note disclosure.

4-I New Equipment Materials and Software: Amounts charged for costs relating to new equipment, materials and software purchases should be included on the cost report using the prescribed amortization rates in the respective program stream guidelines. The applicant must present the following information with respect to assets acquired in the course of the eligible activity period in a note to the cost report:

- A description of the asset and its acquisition cost
- The date the asset was acquired and the amount charged as amortization on the cost report

See [Appendix 4, Note 4](#) for an example of this note disclosure.

4-J Accounting Fees: The audit fees relating directly to the FCR can be included as an eligible cost and should be reported as “Final Cost Report Audit Fees”. Any accounting or audit fees relating to the compilation (notice-to-reader), review or audit of the applicant’s financial statements are ineligible.

4-K Use of Funds and Project: The applicant may reallocate up to ten percent (10%) of expenses within any approved activity budget to another approved activity budget. The notes to the cost report must disclose any instances where such reallocations occur.

4-L Related Party Transactions (RPT): The amount of any estimated RPT must be identified in the activity budget and disclosed using the Related Party Transaction Template at the time of application and subsequently disclosed in a note to the FCR. Any Related Party Costs (cash or in-kind) not approved at the time of application may be deemed ineligible. See [Appendix 4, Note 5](#) for an example of this note disclosure.

Related Party Personnel: the cost of services (i.e. salaries or fees) rendered by individuals hired by a related entity must correspond to the actual amount paid to the individual and be in accordance with the employment or engagement contract signed with the employer. Such amounts must be supported by corresponding disbursements. Salary expenses must also correspond to the period of time worked by the employees for the activity.

The allocation of time devoted to the activity must be reasonable and appropriate and must be supported by documents such as T4s, employment contracts, timesheets, specifying the activity, etc.

In order for labour expenditures to be admissible, they must meet the following 3 criteria:

- Be reasonable in the circumstances;
- Be directly attributable to the activity (there must be a clear link to specific work performed on the activity); and
- Be paid in the fiscal year or no later than 30 days after the end of the eligible activity cost timeline.

The recipient is responsible for providing sufficient and adequate documentation to support the above stated amounts.

Related Party Goods and Services: applicants may use goods and services provided by a related party. The accounting of these transactions must correspond to one of the following measures:

- a) **Exchange Amount:** when the goods and services provider is a related party, such transactions may be accounted for at the exchange amount up to a maximum of fair value. However, to be accounted for at exchange value, the expense must meet the criteria of: (1) expense is in the normal course of operations of provider, and (2) expense has commercial substance. Ontario Creates reserves the right to revise the calculation and eligibility of these costs in the cases of abuse of application or if deemed unreasonable.
- b) **Carrying Amount:** when the goods and services are provided by the applicant (i.e. same legal entity), such transactions must be accounted for at the carrying amount.
- c) **Actual Cost:** when a related party charges an applicant for goods or services supplied by a third party (i.e. utilities, phone services, etc.), the value of the goods or services must be equal to the cost paid by the related party to the third party. No profit margin can be charged on these goods or services. They are to be charged at a rate equal to actual cost.

APPENDIX 1

Example of Independent Auditor's Report

Please refer to the appropriate section in the CPA Handbook regarding this report.

APPENDIX 2

Example Affidavit

AFFIDAVIT

I *<insert full name of signing authority>* for Ontario Music Fund recipient *<insert company/business entity name>* declare that:

The final activity costs and sources of funds included in this Final Cost Report are truthful and are a fair representation of the activities undertaken during the eligible activity window cited below, and in accordance with Ontario Creates' Final Cost Report Guidelines.

The Final Cost Report referenced by this Affidavit is for the agreement dated *<insert effective date as stated on page 1 of agreement >*, covering the period of *<insert start date of your eligible activity window>* to *<insert end date of your eligible activity window>* for the current OMF program funding cycle.

Signature* _____

Name _____

Title _____

Date _____

Declared before me _____
(Notary Public or Commissioner for taking Oaths – please print name)

Signature _____

In _____, Ontario
(City)

This _____
(day of the month)

day of _____
(month, year)

**Affidavit must be signed by a signing authority of the OMF recipient company/business entity.*

APPENDIX 3

Example of Final Cost Report (FCR) Presentation

OMF MUSIC COMPANY DEVELOPMENT - FINAL COST REPORT

Note:

- Green cells containing numerical values on THIS page will self-populate with information you provide on the subsequent Cost Report Sheets.

Company Name: Please Complete

	ACTIVITY TITLE	BUDGETED COSTS (Per Schedule "D" of Signed Agreement)			ACTUAL COSTS (Activity start date – Activity end date)			VARIANCE (+/-)
		CASH EXPENSE	IN-KIND COSTS	TOTAL COST	CASH EXPENSE	IN-KIND COSTS	TOTAL COST	
Activity 1	Please Complete	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Activity 2	Please Complete	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Activity 3	Please Complete	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Activity 4	Please Complete	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Activity 5	Please Complete	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Activity 6	Please Complete	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Activity 7	Please Complete	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	TOTAL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

OMF MUSIC COMPANY DEVELOPMENT FINAL COST REPORT

Activity Title		Please Complete		BUDGETED COSTS (Per Schedule "D" of Signed Agreement)			ACTUAL COSTS (Activity start date - Activity end date)			VARIANCE (+/-)	
EXPENSE ITEMS	DESCRIPTION	LOCATION OF EXPENDITURE (if cost is incurred outside of Ontario, indicate location)	CASH EXPENSE	IN-KIND COSTS	TOTAL COST	CASH EXPENSE	IN-KIND COSTS	TOTAL COST	TOTAL	ENTER REASON FOR VARIANCE	
RECORDING & PRODUCTION											
	Studio rental				\$0.00			\$0.00	\$0.00		
	Remuneration to technical staff				\$0.00			\$0.00	\$0.00		
	Remuneration to recording engineers				\$0.00			\$0.00	\$0.00		
	Remuneration to session musicians				\$0.00			\$0.00	\$0.00		
	Recording supplies				\$0.00			\$0.00	\$0.00		
	Preparing music recording for digital distribution				\$0.00			\$0.00	\$0.00		
	Mixing, mastering, art and copy costs				\$0.00			\$0.00	\$0.00		
	Other				\$0.00			\$0.00	\$0.00		
	Other				\$0.00			\$0.00	\$0.00		
	RECORDING & PRODUCTION - SUBTOTAL		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
MARKETING & PROMOTION											
	Direct advertising				\$0.00			\$0.00	\$0.00		
	Creation & production of promotional materials				\$0.00			\$0.00	\$0.00		
	Online and mobile marketing				\$0.00			\$0.00	\$0.00		
	Event: facility rental				\$0.00			\$0.00	\$0.00		
	Event: permits and fees				\$0.00			\$0.00	\$0.00		
	Event: technical services				\$0.00			\$0.00	\$0.00		
	Other				\$0.00			\$0.00	\$0.00		
	Other				\$0.00			\$0.00	\$0.00		
	MARKETING & PROMOTION - SUBTOTAL		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
TOURING & SHOWCASING											
	Marketing				\$0.00			\$0.00	\$0.00		
	Promotion				\$0.00			\$0.00	\$0.00		
	Audio/visual				\$0.00			\$0.00	\$0.00		
	Stage design				\$0.00			\$0.00	\$0.00		
	Technical services				\$0.00			\$0.00	\$0.00		
	Travel and transportation				\$0.00			\$0.00	\$0.00		
	Crew costs				\$0.00			\$0.00	\$0.00		
	Other				\$0.00			\$0.00	\$0.00		
	Other				\$0.00			\$0.00	\$0.00		
	TOURING & SHOWCASING - SUBTOTAL		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
BUSINESS DEVELOPMENT											
	Consultant (please specify)				\$0.00			\$0.00	\$0.00		
	IT services				\$0.00			\$0.00	\$0.00		
	Other				\$0.00			\$0.00	\$0.00		
	Other				\$0.00			\$0.00	\$0.00		
	BUSINESS DEVELOPMENT - SUBTOTAL		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
OTHER											
	Other				\$0.00			\$0.00	\$0.00		
	Other				\$0.00			\$0.00	\$0.00		
	Other				\$0.00			\$0.00	\$0.00		
	Other				\$0.00			\$0.00	\$0.00		
	OTHER - SUBTOTAL		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
ADMINISTRATIVE & OVERHEAD COSTS											
					\$0.00			\$0.00	\$0.00		
					\$0.00			\$0.00	\$0.00		
					\$0.00			\$0.00	\$0.00		
					\$0.00			\$0.00	\$0.00		
	ADMINISTRATIVE & OVERHEAD COSTS - SUBTOTAL		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
TOTAL			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		

NOTE: the interim and final cost report must include a separate cost breakdown for each approved activity including all the detailed costs approved by Ontario Creates in "Schedule D" of the agreement.

APPENDIX 4

Example of Notes to the Final Cost Report

Notes to the Final Cost Report (FCR)

1. Content

This schedule presents the activity costs attributable to the Ontario Media Development Corporation agreement dated *<insert effective date as stated on page 1 of agreement >*, and incurred by *<insert company name>* during the period from *<insert start date of your eligible activity window>* to *<insert end date of your eligible activity window>* for the current funding cycle.

All amounts reported in this Final Cost Report are stated in Canadian dollars.

2. Significant accounting policies

The paragraph below is an example disclosure of accounting policies which is prepopulated in your final cost report template. If this differs from your accounting policies, please specify in the notes to your final cost report.

The costs incurred relative to the approved activity budget have been accounted for in accordance with Canadian generally accepted accounting principles and the Ontario Music Fund Final Cost Report Guidelines established by Ontario Creates.

3. Sources of Funds

The following table sets out the final sources of financing for the approved activities, as at the date of the Final Cost Report.

Funding Source	Budgeted Financing	Actual Financing	Actual Financing	Total Actual Financing	Variance
	A	B	C	D = (B + C)	E = (A - D)
	(per 'Schedule D' of the agreement)	Total amounts received as at FCR date	Total amounts receivable as at FCR date	Total amounts received + Total amounts receivable	Budgeted Financing vs. Total Actual Financing
Self-Funded					
Private Financing					
In-kind or Donated Financing					
Other Government Funding					
Ontario Music Fund					
Total Financing					

IMPORTANT NOTE: Please ensure that the **Total Budgeted Financing** amount in column A matches the **Total Budgeted Costs** amount on the Budget Summary Tab. The **Total Actual Financing** amount in column D must also match the **Total Actual Costs** on Budget Summary Tab. Failure to ensure that these amounts reconcile may result in the final report being sent back for revisions, thus delaying the final payment.

4. Assets acquired during the Activity Period

Description	Acquisition Date	Acquisition Cost	Amortization Cost included in Final Cost Report
TOTAL		\$	\$

5. Related-party transactions (RPT)

The Final Cost Report includes the following related party transactions and amounts:

Name of Related Party	Description of Expense	Related Party Relationship	Measurement (actual cost, fair value/exchange amount or carrying amount)	Amount

(i) The transactions related to the services rendered by employees of the related company were measured at carrying amount.

(ii) The measurement basis used for each of the other related-party transactions was the exchange amount.

6. Accounts Payable & Accrued Liabilities

The Final Cost Report includes unpaid costs. As at <insert date of final cost report submission>, the Final Cost Report includes the following unpaid balances:

Accounts payable \$ X.XX
 Accrued liabilities \$ X.XX
 Total \$ X.XX

The components of accounts payable and accrued liabilities are as follows:

Description	Amount

7. Non-monetary transactions (in-kind/donated services or goods)

Nature of the Transaction	Basis of Measurement	Amount

8. Administrative and Overhead Costs

The activity costs include administrative and overhead costs. These costs equal ____% of the aggregate costs for each activity prior to allocating administrative and overhead costs.

9. Use of Funds

The statement below is an example disclosure if no budget variances greater than 10% occurred. If budget variances greater than 10% occurred, please specify.

There were no instances where more than 10% of expenses were moved from one activity budget to another activity budget.