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ONTARIO MUSIC INVESTMENT FUND

FINAL COST REPORT GUIDELINES

(commencing with the 2025-26 program year)

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ONTARIO MUSIC INVESTMENT FUND FINAL COST REPORT GUIDELINES

Introduction

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

Ontario Creates requires a Final Cost Report (FCR) to be delivered at the final reporting stage of the OMIF agreement. The Interim and Final Cost Report templates are available in the OAP.

Process for Recipients Awarded \$150,000 or Less

Recipients awarded \$150,000 or less may be selected for a spot check of their organization's Final Cost Report. If selected, recipients will be required to submit supporting documentation (e.g. invoices, contracts, receipts, etc.) to support the existence and accuracy of select transactions along with a corresponding proof of payment for these costs (i.e. a bank statement, credit card statement, cancelled cheque, etc.).

The Ontario Music Office 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.

Process for Recipients Awarded More than \$150,000

Recipients awarded more than \$150,000 must have their Final Cost Report audited by a licensed public accountant. 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.

The Audit Engagement Requirements are as follows:

- 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 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 Investment Fund Final Cost Report Guidelines.
- The audit must be performed in accordance with GAAP.
- The auditor conducting the audit of the FCR should ensure that they have read and understood the requirements of the Ontario Music Investment Fund guidelines before undertaking their reports. Special attention should be paid to the expense and financing categories which have maximum allowable caps (e.g. self-funded, in-kind or donated services, government funding, admin & overhead).

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 D" of the agreement. The FCR should present actual costs for all line items directly related to the approved activity budget as indicated in Schedule D of the duly executed transfer payment agreement. 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 or 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.

4-F Sales Taxes: Taxes that are recoverable by the recipient are ineligible (i.e. HST/VAT).



4-G Administrative and Overhead Costs: Administrative and overhead costs must not exceed the amounts specified in the respective program stream guidelines. A breakdown explaining costs and shares of personnel time must be included in the description column in the FCR.

4-H 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-I 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 (compilation engagement report), review or audit of the applicant’s financial statements are ineligible.

4-J 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 identified in the RPT column in the FCR. Any Related Party Costs (cash or in-kind) not approved at the time of application may be deemed ineligible.

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, and timesheets.

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.