



EDMONTON SCREEN MEDIA FUND (ESMF) GUIDELINES

OVERVIEW

Mission

The Edmonton Screen Industries Office (ESIO) supports the growth and sustainability of enterprises, entrepreneurs, professionals and talent in the Edmonton screen media industries.

Objective

The Edmonton screen media industries will expand into a vibrant and healthy economic sector that retains and attracts skilled workers and provides students with viable careers, distinguishing Edmonton as a centre for screen media excellence.

Background

The ESIO is an independent, non-profit, arms-length society that receives operational support from the City of Edmonton and is led by an independent board of directors with a broad range of business competencies.

The ESIO manages the Edmonton Screen Media Fund (ESMF) and deploys funds held in the ESMF through loan agreements or investments with properly vetted Edmonton Enterprises that submit Applications for screen media projects or ventures produced, manufactured and/or headquartered in the Edmonton Metropolitan Region. The ESIO may also enter into loan or investment agreements with properly vetted Guest Projects. The ESIO will use the fund to support projects and ventures that clearly demonstrate recoupment potential and economic benefit to Edmonton, with the goal of earning a return in order to ensure the sustainability of the fund (the "Funding"). ("Edmonton Enterprise", "Guest Projects", and "Applications" are defined below)

Edmonton Metropolitan Region

Located in Northern Alberta, the ESIO's footprint is the Edmonton Metropolitan Region, which encompasses and is defined by: The Cities of Edmonton, Fort Saskatchewan, Leduc, Spruce Grove, and St. Albert, the Towns of Beaumont, Stony Plain, Devon, Morinville, the Hamlet of Sherwood Park and Leduc County, Parkland County, Sturgeon County, and Strathcona County. For the purposes of this document, the word "Edmonton" shall mean the Edmonton Metropolitan Region.



Edmonton Enterprise

An Edmonton Enterprise is a company engaged in the the acquisition, development, manufacture, production, post-production or distribution of screen media products with commercial potential. The Enterprise must have a principal office located in Edmonton and verify to the satisfaction of the ESIO that it is resident in Edmonton. The Enterprise will be required to submit a Certificate of Officer, using the ESIO template, attesting to these facts and may be required to submit additional supporting information upon request from the ESIO.

If your company is less than one year old, use the template *Certificate of Officer – New Company*. If your company paid taxes in Alberta in the previous year, use the template *Certificate of Officer – Established Company*.

Guest Enterprise

Enterprises that do not fit the definition of an Edmonton Enterprise (examples include non-resident companies or projects that are majority owned by a non-resident company) can apply for production or later stage project funding only. However, the ESIO may consider Guest Enterprises for venture funding in rare cases. Please query us. We are most interested in projects that are significantly manufactured, produced and/or post-produced in Edmonton and that demonstrate substantial employment of Edmonton-based workers. The Guest Enterprise will submit a Certificate of Officer using the ESIO template attesting to these facts and may be required to submit additional supporting information upon written request.

Edmonton Screen Media Fund Debt and Equity Investment

The ESIO will consider Applications for screen media projects or ventures at any stage of development, startup, scale up, manufacture, production or completion that are seeking debt or equity financing (the “Application”). Submitted applications that are recommended by independent analysts and meet the investment objectives of our Board of Directors, will receive a term sheet outlining a proposed agreement for Funding. Release of funds shall be subject to the negotiation and terms of a long form agreement.

The typical ESMF contribution is 10% to 15% of the total proposed budget or valuation to a maximum of CAD \$250,000. For loans, interest rates are negotiable and based on a number of factors including, but not limited to, the amount of the loan, repayment schedule and the ESIO’s risk assessment.

Please query us using the ESIO query form before submitting an application seeking more than the above-stated percentages/amounts. Exceptions will be considered. For example, an amount equal to 100% of an early stage project budget, up to a maximum of CAD \$25,000, may be considered.



Queries

Although not required, applicants may submit queries briefly describing their project or venture and proposed funding request to determine whether it would be appropriate for the ESMF. This step may reduce the time-cost of both the applicant and the ESIO if a project or venture does not meet ESMF funding objectives. ESIO staff members are also available to advise applicants on specific aspects of their Applications by email before submitting an application.

Please download the query form and email us at funding@edmontonscreen.com

Eligibility Letter

The ESIO will issue an Eligibility Letter (the “Eligibility Letter”) confirming the applicant’s eligibility to apply to the ESMF. An applicant must submit a query using the ESIO template and a Certificate of Officer (see document templates) to determine basic eligibility of the applicant company and project or venture.

The ESIO Eligibility Letter is a confirmation of eligibility, not a confirmation of funding. Applicants can share the letter with other funders, however the Eligibility Letter shall in no way bind the ESIO to provide funding sought by the applicant. There will be no fee charged for this service.

Certificate of Officer

The ESIO will require each applicant to complete and submit a Certificate of Officer as the first step in the application process. Completion of the Certificate will allow the ESIO to determine the initial eligibility of each applicant. The applicant can choose to complete the Certificate of Officer prior to submitting their full Application, as described above, or to submit it along with their full Application. This document shall expire six months from the date of execution.

Application and Evaluation Process

Applications will be evaluated solely on merit. The ESIO staff, independent analysts, ESMF Investment Advisory Committee and the Board of Directors will evaluate creative materials, personnel, company track record, business plan (as applicable), commerciality, economic impact and investment risk. The evaluation process will be scaled to the specific needs and requirements of each application at the sole discretion of the ESIO. In many cases, applications will be evaluated by independent analysts, chosen for their expertise. The ESIO may request additional documentation beyond what is specified in the initial application requirements.



If an application is not recommended, a report will be provided to the applicant detailing concerns. The applicant will have one opportunity to revise and resubmit the Application. If the application is not recommended a second time, no further submissions of this application will be accepted.

While names of independent analysts will remain confidential, applicants can request the same analyst or a different analyst to evaluate their revised application if it is not initially recommended based on the analyst's evaluation of creative materials.

Resubmissions must occur within six months of the issue date of the ESIO's report unless otherwise agreed to in writing by the ESIO. Applicants must confirm to the ESIO that there have been no significant changes to any previously approved elements of the project. Any significant changes to previously approved elements must be approved by the ESIO. Applicants will be asked to resubmit a newly executed Certificate of Officer if six months have passed since the prior Certificate of Officer was submitted to the ESIO.

The ESIO will require a one-time application fee, not to be included in the proposed budget, for each new application, for requests over \$25,000 CAD. The application fee will not be required for a resubmitted application.

Amount requested	Fee
CAD \$25,000 or less	waived
CAD \$25,001 to \$50,000	\$250
More than CAD \$50,000	\$500

Inclusiveness

The ESIO supports and values inclusiveness in the screen media industries. Additional consideration will be given to projects and ventures that explore topics relating to diversity and gender parity and/or employ women and those from minority and underrepresented groups in key roles.

Legal Disclaimers

All information and submissions by the Edmonton Enterprise or Guest Enterprise to the ESIO including but not limited to the Application, Officer Certificate, documents appended to the Application and Officer Certificate (the "Submitted Materials") will become the property of the ESIO. All Submitted Materials will be subject to the **ESIO's Privacy Policy**.



The Edmonton Enterprise or Guest Project understands and agrees that ESIO has the right and authority to provide the Submitted Materials to other parties, agencies and employees to complete review and assessments of the Submitted Materials as part of the application process.

Any feedback by way of correspondence, report or electronic mail communication or otherwise, including the independent analyst reports (the “Reports”) are intended to assist applicants to advance their projects and are not prescriptive. The Edmonton Enterprise or Guest Project understands and agrees that all Reports are the property of the ESIO and will not be shared, transmitted or provided to any other parties except for the Edmonton Enterprise or Guest Project and those parties affiliated with the ESIO.

The ESIO has complete discretion in the interpretation of these guidelines including, without limitation, determination of eligibility and funding decisions. Meeting eligibility is not a guarantee of funding.

Program guidelines are subject to change and prospective applicants are responsible for reviewing the most recent guidelines to ensure their projects or ventures comply. Guidelines posted online at the time of submission of an Application will be the applicable guidelines for that Application.

Any concerns regarding eligibility, project assessment or client service can be submitted in writing to the CEO of the ESIO, who shall review the matter and issue a written response.

ELIGIBILITY

Eligible Applicants

Eligible applicants are Edmonton Enterprises or Guest Projects whose principal business activities involve the acquisition, development, manufacture, production, post-production or distribution of screen media products with commercial potential.

Co-Productions and Co-Ventures

Projects or ventures owned or majority-owned by Edmonton Enterprises will be prioritized over those that are minority owned by Edmonton Enterprises or owned by Guest Enterprises. The percentage of ownership, decision-making authority and the amount of profit participation of the Edmonton Enterprise will factor into the ESIO’s evaluation.

Eligible Projects and Ventures



Preference will be accorded to Edmonton Enterprises that own, or have licensed applicable rights to, the underlying Intellectual Property (IP) for their project or venture.

Preference will also be accorded to Edmonton Enterprises and Guest Enterprises that develop, produce or manufacture their projects in Edmonton and demonstrate significant employment of Edmonton-based workers. The ESIO will consider exceptions for projects that involve travel or remote work that must be done outside of Edmonton.

Early stage projects (AV development/IDM concept/IDM prototype) must be completed in accordance with an approved production or milestone schedule.

Later stage projects must begin within six (6) months of execution of the long form agreement, in accordance with a approved production or milestone schedule, and be released to the intended audience within two (2) years of the project completion date, unless otherwise agreed to in writing by the ESIO.

Ineligible Applicants

- Any company or shareholder not in good standing with the ESIO or the City of Edmonton, until the matter is formally resolved.
- Any company or shareholder related to an entity not in good standing with the ESIO or the City of Edmonton, until the matter is formally resolved.
- Shareholders or Companies currently undergoing bankruptcy or reorganization.
- Companies that have received a criminal conviction

Ineligible Projects

- Activities funded by other ESIO industry support programs and activities for which the applicant has already received funding, or a commitment for funding, from the ESIO.
- Projects that do not have commercial potential.
- Projects that are primarily propaganda (false, exaggerated or distorted ideas, visual material and statements typically used for a political purpose)
- Interactive Digital Media projects that do not have an interactive element (e.g. e-publications, catalogues and compilations of re-purposed material without value-added content).

- Projects that promote cruelty, sexual violence or sexual exploitation.
- Projects which contain elements that are pornographic, obscene, indecent or contain child pornography or are considered hate speech within the meaning of the Criminal Code of Canada.
- Projects that are libelous or in any way unlawful.

AUDIO-VISUAL PROJECTS

Definition

Audiovisual (AV) projects include feature length films, television programming such as MOW's, series or one-off productions and web programming. Live action, animation, fiction, non-fiction and variety programming are acceptable. Digital audiovisual programs, such as web series, should be submitted as AV projects. IDM projects can be associated with an AV project (see Convergent projects). All projects must demonstrate commercial potential. AV projects that are outside of these definitions may be considered, but please query the ESIO prior to submitting an application.

What we're seeking...

The ESIO seeks commercial projects with clearly articulated creative concepts meant to resonate with their target demographic. Projects with global appeal are of particular interest.

The applicant must provide materials based on the type of project submitted, such as demos (if available), scripts, television series bibles, documentary story outlines and character designs (if available) for animated projects, or other materials as applicable.

We will consider originality, craft, quality, timeliness and commercial potential as well as the creative team's ability to successfully realize the project as presented.

Marquee Element

Preference will be accorded to projects that already incorporate or plan to incorporate marquee elements, though this is not a requirement for project funding. A marquee element is someone or something with an established or identifiable brand that appeals to the project's intended audience.

Examples include, but are not limited to:

- Celebrity actors (e.g. films, TV/web series)
- Celebrity voices (e.g. animation, narration, cut scenes)
- Other Celebrities (e.g. reality stars, spokespersons, hosts/emcees, sports stars, musicians, web stars)
- Famous real people (e.g. current or historical)
- Famous animals (e.g. current or historical)
- Popular products (e.g. toys, games, puzzles, gear)
- Branded IP (e.g. books, stage plays, graphic novels, myths, comics, movies, TV series, etc.)
- Notorious events (e.g. natural disasters, wars, crimes, etc.)
- Iconic locations (e.g. Area 51, Bermuda Triangle, etc.)

Development Loans

Development loans will only be available to projects that are fully or majority owned by Edmonton Enterprises.

Development loans are early stage project funding. The loans accrue interest and are repayable in accordance with agreed upon terms or in full upon the sale or transfer of the project to an arms-length third party or change in ownership, unless waived by the ESIO. Repayment will be in accordance with an agreed upon schedule. Early repayment of the loan may be made at any time without penalty.

Costs incurred more than 12 months prior to the date of submission are ineligible, with the exception of option fees, acquisition costs and related legal expenses. Any costs previously funded by a third party are ineligible.

Eligible development costs include:

- Option fees
- Acquisition or licensing fees
- Research fees
- Screenwriting fees
- Story editors/Story consultants
- Script breakdown/budgeting costs
- Audience testing/focus groups
- Video demos/sizzle reels/trailers
- Producer fees and corporate overhead (capped in aggregate at 20% of eligible costs)
- Accounting/legal fees
- Eligible costs of the interactive digital media component (if applicable, see the IDM section)
- Stock images or footage
- Character art and artists
- Travel and accommodation costs related to eligible costs



- Cast retention fees (for returning series)
- Set storage fees (for returning series)
- Show runner retention fees (for returning series)
- Other costs subject to pre-approval

Only arms-length, third party costs are eligible other than the allowable percentage of producer fees and corporate overhead.

The ESIO portion of development financing may range from 10% to 100% of the development budget.

Loans for a slate of projects may be considered. Please query the ESIO.

Production Loans

Production loans accrue interest and are repayable in accordance with an agreed upon schedule or in full upon the sale or transfer of the project or company to an arms-length third party, unless waived by the ESIO. Repayment will be in accordance with an agreed upon schedule. Early repayment of the loan may be made at any time without penalty.

Eligible costs include production costs expended in accordance with a production budget approved by the ESIO.

Equity Investment

Equity investment may be offered to projects at any stage.

Recoupment and Return on Investment

Applicants shall propose a recoupment schedule. As an investor, the ESIO expects to recoup its investment from all available revenue streams generated from all available rights throughout the world including all subsidiary and ancillary rights.

The ESIO also expects to participate in any revenue generated above the amounts used to fund the project and will favour Applications that provide a credible strategy for ROI.

Rights granted to other financial participants must not encumber the ESIO's recoupment. Applicants should expect that the ESIO will seek to mitigate risk and negotiate a favourable recoupment position.

In-kind contributions or deferrals used as part of the project financing are non-recoupable.



Other Investment Vehicles

The ESIO will consider Applications for financing or investment that fall outside the above models. Any proposed investment vehicle must demonstrate clear recoupment potential for the ESIO. To confirm eligibility, please query us prior to submitting your Application.

INTERACTIVE DIGITAL MEDIA PROJECTS

Definition

Interactive Digital Media (IDM) projects include digital interactive content such as games (for entertainment, training or simulation), apps, VR/AR/MR, web and any future platforms and applications that may arise.

Digital audiovisual programs, such as web series, should be submitted as AV projects. IDM projects can be associated with an AV project (see Convergent projects).

The ESIO may also accept applications for screen media related innovative computer software.

IDM projects that are outside of these general definitions may be considered, but please query the ESIO prior to submitting an application.

What we're seeking...

The ESIO seeks quality commercial projects with clearly articulated creative concepts and engaging gameplay or interactivity intended to appeal to their target demographic. The sophistication of design elements will be considered as will the originality, facility and quality of user experience. Projects with global appeal and any development and/or integration of innovative technologies are of particular interest.

We will also consider the project's commercial appeal and monetization plan as well as the team's ability to fully and successfully realize the project as presented. Any marketing materials submitted must demonstrate strong awareness of the project's intended customers and how to reach them, as well as



detailing any audience or brand building activities that have already occurred. The team must have the capacity to deliver the proposed marketing plan.

In determining whether a project is “interactive,” the ESIO will look at the project as a whole. An eligible project may contain both interactive and A/V components, but the overall user experience must involve significant interactivity.

Distinguishing Element

Preference will be accorded to projects that already incorporate or plan to incorporate distinguishing elements, though this is not a requirement for project funding. A distinguishing element could be someone or something with an established or identifiable brand that would appeal to the project's intended audience or a novel feature that sets the project apart from competitors and adds value and unique interest.

Examples include, but are not limited to:

- Celebrity actors (e.g. use of likeness, motion capture acting, full-motion video acting))
- Celebrity voices (e.g. narration, voice acting))
- Other Celebrities (e.g. reality stars, spokespersons, hosts/emcees, sports stars, musicians, web stars)
- Popular products (e.g. toys, games, puzzles, gear)
- Branded IP (e.g. books, stage plays, graphic novels, myths, comics, movies, TV series, etc.)
- Highly original visual elements
- Retro appeal

Concept and Prototype Loans

Concept and prototype loans will be available to IDM projects that are fully or majority owned by Edmonton Enterprises.

Concept and prototype loans are early stage project funding. The loans accrue interest and are repayable in accordance with agreed upon schedule or in full upon the sale or transfer of the project to an arms-length third party or change in ownership, unless waived by the ESIO. The first requirement of payment will be in accordance with an agreed upon date. Early repayment of the loan may be made at any time without penalty.

A concept and prototype loan may be converted to equity at the election of the ESIO, subject to terms negotiated in a long-form loan agreement.



Costs incurred more than 12 months prior to the date of submission are ineligible, with the exception of acquisition/licensing costs and related legal expenses. Any costs previously funded by a third party are ineligible.

Eligible costs include:

- Acquisition or licensing fees
- Research fees
- Acquisition of content rights or licensing fees
- Salaries, fees and benefits/wages/contracts for project teams (e.g., writer, researcher, designer, graphic artist/illustrator, programmer, project manager, business development, coding, design, system infrastructure, content development etc.)
- Corporate overhead, excluding salaries as described above (capped in aggregate at 10% of eligible costs)
- Accounting/legal fees
- Other technical or administrative expenses
- Preliminary market study
- Technology infrastructure (hardware and software)
- Expenses to put content online, including copyright clearance, documentation, design and development of the prototype, versioning
- Travel and accommodations related to project
- Project audit fees
- Audience testing/focus groups
- Other pre-approved costs

Only third party costs are eligible other than salaries and the allowable percentage of corporate overhead.

The ESIO portion of concept and prototype financing may range from 10% to 100% of the budget.

Development and Marketing Loans

Loans accrue interest and are repayable in accordance with agreed upon terms or in full upon the sale or transfer of the project or company to an arms-length third party, unless waived by the ESIO. The first requirement of payment will be in accordance with an agreed upon date. Early repayment of the loan may be made at any time without penalty.

A loan may be converted to equity at the election of the ESIO, subject to terms negotiated in a long form loan agreement.

Eligible costs include production costs, in accordance with a production budget approved by the ESIO.



Equity Investment

Equity investment may be provided to projects at any stage.

Recoupment and Return on Investment

Applicants shall propose a recoupment schedule. As an investor, the ESIO expects to recoup its investment from all available revenue streams generated from all available rights throughout the world including all subsidiary and ancillary rights.

The ESIO also expects to participate in any revenue generated above the amounts used to fund the project and will favour Applications that provide a credible strategy for ROI.

Rights granted to other financial participants must not encumber the ESIO's recoupment. Applicants should expect that the ESIO will seek to mitigate risk and negotiate a favourable recoupment position.

In-kind contributions or deferrals used as part of the project financing are non-recoupable.

Other Investment Vehicles

The ESIO will consider Applications for financing or investment that fall outside the above models. Any proposed investment vehicle must demonstrate clear recoupment potential for the ESIO. To confirm eligibility, please contact us prior to submitting your application.

CONVERGENT PROJECTS

Definition

Convergent projects have both an AV and IDM component, such as a game that is tied to television content. Convergent projects will initially apply under the AV stream and indicate that there is an IDM component. The applicant will complete a separate application for the IDM component, but the content will be evaluated jointly. Projects that are outside of these general definitions will be considered, but we would encourage querying the ESIO prior to submitting an Application. The ESIO contribution will be calculated on the convergent project's combined costs.



VENTURES

Definition

Ventures are screen media entities seeking corporate loans or equity investment via share purchase. Typically, these are early-stage, emerging companies with high-growth potential.

What We're seeking...

The ESIO seeks ventures with strong business plans that create products and/or offer services with commercial potential meant to appeal to an identified demographic. Projects, products and/or services with global appeal are of particular interest.

Products and/or services can include audio-visual, convergent and interactive digital media and as appropriate, will be subject to the criteria as outlined in each section above.

Corporate Loans

Corporate loans will only be available to ventures that are fully or majority owned by Edmonton Enterprises. Exceptions may be considered for Guest Enterprises that provide a significant economic benefit to Edmonton.

Corporate loans must be used for expenses not covered by project funding, as defined elsewhere in the guidelines. The loans accrue interest and are repayable in accordance with agreed upon terms or in full upon the sale or transfer of assets to an arms-length third party or change in ownership, unless waived by the ESIO. The first requirement of payment will be in accordance with an agreed upon date. Early repayment of the loan may be made at any time without penalty.

A loan may be converted to equity at the election of the ESIO, subject to terms negotiated in a long-form loan agreement.

Equity Investment

Equity investment may be offered to ventures with products and/or services that are new to market or those with an established customer base. Evaluation will be based on a three to five-year business plan accompanied by supporting documents as detailed in the required documents list, as well as any documents additionally requested by the ESIO.