



Canadian
Heritage

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Periodical Publishing
Policy and Programs



Support for Editorial Content

Canada Magazine Fund

Applicant's Guide 2008-2009



Canada

Support for Editorial Content

**Deadline for filing applications:
July 31, 2008**

If this deadline date falls on a weekend or statutory holiday, the deadline moves to the next business day.

The electronic version of the guide and application form, as well as an example of a completed application form, are available in downloadable format at: www.canadianheritage.gc.ca/cmfc.

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Table of contents

Part I

Program objectives, eligibility criteria and funding conditions

1. Canada Magazine Fund	1
A) ENVIRONMENTALLY FRIENDLY PAPER	2
2. Support for Editorial Content	2
3. Eligibility criteria	2
A) ELIGIBLE PUBLISHING FIRMS	2
B) ELIGIBLE MAGAZINES	2
4. Ineligible publications	5
5. Eligible editorial expenses	6
6. Ineligible expenses	9
7. Application to more than one component of the CMF	10
8. Contribution agreement	10
9. Use of financial assistance	11
10. Department of Canadian Heritage provisions	11
A) ACKNOWLEDGEMENT	11
B) MINISTER'S DISCRETION AND DECISIONS	12
C) AUDITS OF RECIPIENTS	12
D) EVALUATION OF THE CMF	13
E) STUDIES	13
F) ACCESS TO INFORMATION ACT	13
G) PUBLIC INFORMATION	13

Part II

Application process

11. Deadline	14
12. What's new?	14
13. Application instructions	14
A) BEFORE COMPLETING THE FORM OR PREPARING THE REQUIRED DOCUMENTS	14
B) AS YOU PROCEED WITH YOUR APPLICATION	14
C) BEFORE SENDING YOUR APPLICATION TO THE CMF	14
D) FOR ASSISTANCE	14
E) OUR ADDRESS	15
14. Application evaluation process	15

Part III

Application requirements

✓ SUPPORT FOR EDITORIAL CONTENT APPLICATION FORM (SEC)	16
✓ ISSUES OF THE MAGAZINE	16
✓ MARKED ISSUE	16
✓ ONE COPY OF THE MAGAZINE'S MOST RECENT ISSUE	17
✓ FINANCIAL STATEMENTS	17
✓ CIRCULATION STATEMENT REQUIREMENTS	18
✓ REPORT ON THE USE OF FINANCIAL ASSISTANCE	19
✓ MAGAZINE PROFILE	19

Part IV

Definitions	20
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Part I

Program objectives, eligibility criteria and funding conditions

1. Canada Magazine Fund

The Canada Magazine Fund (CMF) was established to enhance the competitiveness of Canadian content magazines in an open marketplace by supporting the creation of diverse Canadian editorial content that will attract Canadian readers, by strengthening the sustainability and infrastructure of the Canadian magazine industry as a whole, and by assisting Canadian magazines in exploring options for growth and development that will provide greater access to Canadian readers.

The objectives of the CMF are:

- > **Content** - To promote the creation of Canadian editorial content for Canadian readers in order to enhance the ability of Canadian magazines to compete in an open marketplace.
- > **Sustainability** - To strengthen the sustainability and infrastructure of magazines and the magazine industry in the context of a difficult competitive environment that is changing in the face of new technologies and evolving business models and distribution methods.

The CMF delivers on these objectives through four components:

- > Formula-based **Support for Editorial Content (SEC)**: this component targets those magazines most at risk in a changing advertising services market and assists eligible Canadian publishers to offset the cost of producing Canadian **content**.
- > Formula-based **Support for Arts and Literary Magazines (SALM)**: this component provides support to maintain high levels of Canadian editorial **content** in high-quality Canadian cultural magazines which nurture the vitality of Canadian cultural expression.
- > Project-based **Support for Business Development for Magazine Publishers (SBDMP)**: this component supports the growth and **sustainability** of small and medium-sized titles by investing in projects that increase circulation, advertising revenue, operational efficiencies, and professional development.
- > Project-based **Support for Industry Development (SID)**: this component provides project-based support for association-based initiatives that will benefit the **sustainability** of the industry as a whole, such as projects in the area of marketing, promotion, distribution, professional development, etc.

The objectives of the CMF are designed to complement and reinforce the objectives of the Publications Assistance Program (PAP), which supports access to Canadian magazines and non-daily newspapers by Canadian readers through a postal subsidy. The objectives of the PAP are to ensure that Canadians

continue to have access to Canadian magazines and non-daily newspapers with high levels of Canadian content; that Canadian magazines and non-daily newspapers reflecting diverse Canadian communities continue to be available to Canadians; and that Canadian creators of content continue to have magazines and non-daily newspapers showcasing their work distributed to Canadian readers.

Together, the CMF and the PAP work to ensure that Canadian content is produced by a viable Canadian magazine industry that can respond to a complex marketplace, and that this content is made available to Canadian readers.

A) ENVIRONMENTALLY FRIENDLY PAPER

The Government of Canada is committed to sustainable development technologies and practices, including the use of environmentally friendly paper. Whenever possible, we encourage publishers to use recycled paper or paper that has been certified by an independent forest friendly paper certification organization.

2. Support for Editorial Content

The Support for Editorial Content component will help nurture and develop Canadian editorial content, ensuring Canadian readers have high-quality choices in the domestic magazine market by assisting eligible Canadian publishing firms offset the cost of producing Canadian content in paid circulation Canadian magazines. The assistance will be provided through formula-calculated funding based on investments in Canadian editorial content production.

Funding will be formula-driven, dividing the available funding among all eligible magazines.

The formula will be based on an eligible magazine's total eligible expenditures on Canadian editorial content during the publishing firm's twelve (12) month financial year that ends on a date falling within the period of April 1, 2007, and March 31, 2008, compared to all eligible magazines' total eligible expenditures on Canadian editorial content.

3. Eligibility criteria

At the time of submitting an application, applicants must be eligible magazines published by eligible publishing firms, as defined below.

A) ELIGIBLE PUBLISHING FIRMS

To be eligible for the Support for Editorial Content component of the CMF, a publishing firm must:

- > be majority Canadian-owned and -controlled in fact by Canadians (see Part IV —Definitions);
- > have its principal place of business in Canada; and
- > respect all contractual agreements with its creators.

B) ELIGIBLE MAGAZINES

To be eligible for the Support for Editorial Content component of the CMF, a magazine must:

- > be published by an eligible publishing firm;
- > be published at the time of this application and during the application process; and
- > have completed a full twelve (12) month publishing cycle and have been in operation for a complete financial year prior to the application.

In addition to these three criteria, the following publishing and distribution activities must have all occurred during the publishing firm's twelve (12) month financial year that ends on a date falling within the period of April 1, 2007, and March 31, 2008, and must be true at the time of this application.

CATEGORY A A magazine with an average circulation of 2,500 up to 10,000 copies per issue must also:	CATEGORY B A magazine with an average circulation of 10,001 copies or more per issue must also:
<ol style="list-style-type: none"> 1. be edited, designed, assembled, published, and printed in Canada; 2. appear in consecutively numbered or dated issues, published under a common title, at regular intervals, not more than once every week, and at least twice every year; 3. have a minimum paid circulation of 50% of its total circulation; 4. contain an average of at least 80% Canadian editorial content. Canadian editorial content will be calculated as a percentage of total editorial content; 5. have minimum editorial expenses of \$9,000 per year or an average editorial expense of \$1,000 per issue; 6. contain no more than 70% advertising content. Advertising content will be calculated as a percentage of total advertising and editorial content in a magazine; 7. have an average total circulation of 2,500 copies up to 10,000 copies per issue. 	<ol style="list-style-type: none"> 1. be edited, designed, assembled, published, and printed in Canada; 2. appear in consecutively numbered or dated issues, published under a common title, at regular intervals, not more than once every week, and at least twice every year; 3. have a minimum paid circulation of 50% of its total circulation; 4. contain an average of at least 80% Canadian editorial content. Canadian editorial content will be calculated as a percentage of total editorial content; 5. have minimum editorial expenses of \$30,000 per year or an average editorial expense of \$3,000 per issue; 6. contain at least 5% advertising content and no more than 70% advertising content. Advertising content will be calculated as a percentage of total advertising and editorial content in a magazine; 7. generate advertising revenues of at least \$20,000; and 8. have an average total circulation over 10,001 copies per issue.

NOTES FOR CLARIFICATION PURPOSES:

1. Canadian and foreign editorial content

Canadian editorial content is editorial content (text, photographs, graphics, illustrations) created or translated by a Canadian citizen or a permanent resident of Canada within the meaning of the *Immigration and Refugee Protection Act*. Canadian editorial content adapted or condensed by a Canadian citizen or permanent resident and derived from content authored by a Canadian citizen or a permanent resident will be considered Canadian editorial content for the purposes of the CMF.

Editorial content is considered non-Canadian if the author of the text, photographs, graphics or illustrations is non-Canadian or if the authorship cannot be established. Texts obtained from Internet sites or CDs where authors are often unknown or unidentified and photographs, graphics and illustrations

downloaded from databases or CDs not credited to specific creators are considered, for the purposes of the CMF, to be foreign content since their origin cannot be proven. Foreign editorial content adapted or condensed by a Canadian or a permanent resident is still considered to be foreign editorial content. For example, a press release on a new product, written by a foreigner who is an employee of a foreign company, and condensed by a Canadian citizen or a permanent resident, is considered to be foreign editorial content. Photographs, graphics and illustrations are considered editorial content and therefore are subject to the same rule. Applicants must mark their magazines accordingly.

Outserts are not calculated in the percentage of editorial content.

2. Inserts

Inserts are by default considered not to be part of the editorial or advertising content of a magazine. However, if a publication wishes to apply for an exception and have its inserts considered as part of the content of the magazine, the publisher may present a written submission at the time of application.

The written submission must explain why the publisher would like to have specific inserts considered as editorial or advertising content, and identify which specific inserts are to be considered. In the case of editorial content, the publisher must also provide a notation of the specific eligible editorial costs associated with these inserts.

Inserts of editorial nature *may* be accepted as editorial content and have an exception granted only if they have 80% or more Canadian-produced content and otherwise meet all other requirements of the Support for Editorial Content (SEC) component (for example, they are not ineligible publications such as listings, directories, etc.). If the SEC officials accept the editorial inserts as content for the purposes of eligibility and formula, the advertising in the inserts will then also be factored into calculating the percentage of advertising content.

A decision to grant an exception will be made based on factors such as whether the content in the inserts is produced by regular editorial staff or freelancers under contract, whether the purpose of the insert is to reflect diverse regional needs, or whether the insert is designed as an innovative marketing feature. The decision to grant an exception will be based upon these factors and the judgement of the staff of the SEC component.

Inserts of advertising nature *may* be accepted as advertising content and have an exception granted only if they help the magazine reach the minimum advertising threshold. These must otherwise meet all other requirements of the SEC component.

Any periodical which does not make such a submission in regards to its editorial inserts will by default not have its inserts of editorial nature considered as part of the editorial content of the magazine, and the costs of producing these inserts will not be eligible for calculation as part of the SEC support. Any periodical which does not make a submission in regards to its advertising inserts will by default not have its inserts of advertising nature considered as part of the advertising content of the magazine.

3. Advertising content and revenues

Contra and in-kind ads will be counted as ad content only if they originate from a company or source other than the publishing firm/applicant, its parent and affiliated companies (see definition of **affiliated companies** in Part IV). Supporting documents may be requested from the applicant to validate the source of these ads.

Contra and in-kind revenues will be counted as revenues only if the ads originate from a company or source other than the publishing firm/applicant, its parent and affiliated companies. Supporting

documents such as a contract or formal agreement signed between parties must be available and must specify the monetary value of the ad space.

Outserts are not calculated in the percentage of advertising content.

4. Paid circulation

Paid circulation is calculated as a percentage of the total circulation of a magazine.

- > The minimum price for eligible magazines is:
 - > a subscription must be sold at \$12 or more per year or \$1 or more per single copy; or
 - > a single copy sold directly to individuals or through newsstands/retailers must be sold at \$1 cover price or more per single copy;
- > Both the subscription and single copy price must be clearly displayed in the masthead or on the cover.
- > One-time promotions which are repeated or become part of the business model of the magazine will be considered to be unpaid circulation. Please note the definition of **one-time promotion** in Part IV of this guide. These requirements do not apply to the Aboriginal, ethnocultural, GLBT and official-language minority magazines which are exempt from the 50% paid circulation criterion.

4. Ineligible publications

Certain magazines are considered ineligible under the CMF, including publications that are:

- a) published or produced only electronically;
- b) produced or published under contract by a non-Canadian entity on behalf of a Canadian client, or produced or published under contract by a Canadian entity for a non-Canadian client;
- c) published for the purpose of promoting the interest of the principal business of the person who publishes or at whose direction the magazine is published, where the principal business is other than magazine publishing;
- d) published directly or indirectly by groups or associations such as fraternal, trade and professional associations, trade unions, credit unions, co-operatives, religious, community, recreational or business organizations, and which primarily report on the activities of the group or organization, or which primarily promote the interests of the group or organization, or its members. The CMF does not fund magazines published for or by professional associations where these magazines exist to promote the activities of their association or group. Additionally, if joining the respective association and paying professional dues which include a magazine subscription is a requirement of the profession, whether or not that magazine is published for or by the association, the magazine in question is not considered to have paid subscription and bona-fide subscribers for the purposes of the CMF;
- e) published directly or indirectly by one or more individuals, groups, organizations, or corporations providing goods or services, where the principal goal of the publication is to enhance or to promote the sales of such goods or services;
- f) distributed to Canadians from any location outside Canada;
- g) whose editorial content is primarily reproduced or repeated from current or previous issues of the same publication or of other publications;
- h) in loose-leaf format;
- i) published directly or indirectly by any government or its agencies;
- j) primarily or a combination of newsletters (see the following Web site address to determine whether your periodical is a newsletter for the purposes of the Periodical Publishing Policy and Programs Directorate: www.canadianheritage.gc.ca/pap), comic books, newspapers (see below), community newspapers, weekly

community newspapers, alternative newsweeklies, directories, guides, financial reports, catalogues, magazines, schedules, calendars, timetables or listings (see definitions of **basic listings** and **enhanced listings**); or

Note for clarification purposes - Newspaper scale

Broadsheet format, tabloid format or outsized (larger than 8½ x 11)	2	points
Unbound	3	points
Printed on newsprint of any quality	1	point
Identified as a newspaper	1	point
Cover subdivided (articles, boxed photos)	1	point
Advertising on front cover	1	point
Divided into detachable regular sections (news, analysis, entertainment, sports, etc.)	1	point
Total	10	points

Periodicals with six or more points are ruled to be newspapers and therefore are considered to be ineligible for CMF funding. This preserves the principle that eligible periodicals can share some common characteristics with newspapers and still be considered a magazine.

- k) publications that include, in the opinion of the Department of Canadian Heritage, the following types of content:
 - > material that is hate propaganda, obscene or child pornography, or any other illegal material, as defined in the Criminal Code;
 - > pornography or other material having significant sexual content unless it can be demonstrated that there is an overriding educational or other similar purpose;
 - > material that contains excessive or gratuitous violence;
 - > material that is denigrating to an identifiable group;
 - > any other similarly offensive material.

5. Eligible editorial expenses

A magazine’s contribution amount will be calculated based on the total eligible editorial expenses directly attributable to the production of Canadian editorial content of the print version of the magazine, during the publishing firm’s twelve (12) month financial year that ends on a date falling within the period of April 1, 2007, and March 31, 2008. Canadian editorial content is editorial content created or translated by a Canadian citizen or a permanent resident of Canada within the meaning of the *Immigration and Refugee Protection Act*. Canadian editorial content adapted or condensed by a Canadian citizen or permanent resident and derived from content created by a Canadian citizen or a permanent resident will be considered Canadian editorial content for the purposes of the CMF.

These expenses include:

Benefits

The employer portion (net of payroll deductions from Canadian or permanent resident employees) relating to:

- > statutory benefits such as the Canada Pension Plan / Quebec Pension Plan, Employment Insurance and provincial health plans where applicable; and

- > non-statutory benefits such as group insurance coverage for medical, dental, disability, life insurance, and other items.

Design and assembly

Costs associated with the creative selection of typefaces and graphic elements by a Canadian or permanent resident; the process of marrying the selected text and graphics into visually pleasing page format in a medium ready for production. Does not include pre-press costs such as proofs, digital files, films, plates, etc.

Editorial activities

Costs covering all creation activities leading up to production of a work created by a Canadian or a permanent resident, including writing, design and assembly, editing, illustrating, photography, and translation. Production activities such as scanning, colour separation, printing, and binding are not considered editorial activities.

Freelance costs

Costs charged by a Canadian or a permanent resident and independent organizations that are not employed by the publishing firm but provide the following editorial related services on a contract basis:

- > writing
- > editing
- > fact checking (verification of data)
- > photography (including styling, models, location costs, etc.)
- > translation
- > illustration
- > design and assembly

Eligible costs will include fees for services, reasonable travel and accommodation expenses, materials and supplies (equipment is excluded). Examples of materials and supplies are:

- > photography—the photographer may incur and charge costs to purchase and develop film.
- > styling—a freelancer may incur and charge costs to engage the services of models and rent appropriate premises.

Internet

Internet and e-mail fees for editorial purposes (not including installation costs) are an eligible expense **only** for Category A magazines with an average circulation between 2,500 and 10,000 copies per issue.

Press agencies

Costs and/or fees to purchase Canadian data/content from independent organizations, e.g. Canadian Press, etc., are an eligible expense **only** for Category A magazines with an average circulation between 2,500 and 10,000 copies per issue.

Professional fees

Payments for professional services related to editorial content rendered by an individual or an organization that is not employed by the publishing firm. Includes fees for, in respect to services provided by, for example, consultants, lawyers, economists, physicians and/or any other individual the publishing firm consults for professional advice on editorial material.

Professional development for editorial personnel

Costs for editorial personnel to attend training courses, seminars, and conferences directly related to Canadian editorial activities. Eligible costs include registration fees and materials. Travel and accommodation expenses are to be reported separately as travel costs.

Publications cost

Costs for subscriptions to and purchase of magazines and newspapers.

Purchase of articles

Costs associated with the acquisition of Canadian editorial material from other publishers.

Purchase of rights

Payments made to a Canadian or permanent resident creator for the use of a work in the printed version of the magazine only, e.g. an article, a photography, an illustration, etc.

Research

Expenditures for:

- > readership surveys to assess editorial content (not advertising) for directional/positioning purposes;
- > polling surveys from which data may be used in a magazine's issue; and
- > access to specialized databases and archive services.

Salaries and wages*Working full-time on editorial activities*

Gross earnings and taxable benefits of Canadian or permanent resident employees on the firm's payroll, that work directly and/or exclusively on editorial activities.

Working partially or part-time on editorial activities

Portion of gross earnings and taxable benefits of Canadian or permanent resident employees on the firm's payroll, for work on editorial activities.

Editorial personnel

Gross earnings and taxable benefits for Canadian or permanent resident personnel dedicated solely to writing, editing, illustration, photography, and design (refer to the definition of **Editorial activities**). The maximum amount that may be claimed for each employee (gross earnings and taxable benefits) is \$100,000. In instances where an individual dedicated solely to editorial activities is engaged on a part-time basis, it is expected that the maximum amount will be reduced accordingly.

Publisher

Canadian or permanent resident publishers can claim a portion of their salary only if they work directly on the creation of Canadian editorial content, meaning creation activities including writing articles, design and assembly, photography, proofreading, illustrating, translating or editing.

Note: CMF guidelines limit to \$100,000 the maximum salary including benefits that may be claimed as an eligible editorial expense for any employee, including the publisher's salary.

Publisher's salary (including benefits)	CMF maximum allowable claim (CMF guideline)	Type of publisher	Number of magazines	% of time spent on creation of Canadian editorial content	Number of magazines applying for CMF funding and for which publisher creates content	Total eligible salary claimed in section G
\$125,000	\$100,000	Single title	1	$50\% \div 1 = 50\%$	1	50% of \$100,000 = \$50,000
\$125,000	\$100,000	Multiple titles	5	$20\% \div 5 = 4\%$	3	4% of \$100,000 = \$4,000 for each of the 3 magazines applying for CMF funding

The Canada Magazine Fund reserves the right to disallow the publisher's salary and benefits expenses of a publishing firm that employs a publisher as well as various editors.

Telephone

Long distance charges for editorial purposes are an eligible expense **only** for Category A magazines with an average circulation between 2,500 and 10,000 copies per issue.

Travel

Economy class travel and accommodation for related editorial activities, including professional development activities. Eligible costs will be:

- > transportation—airline, taxi, vehicle rental, parking, and mileage costs;
- > accommodation—hotel and other; and
- > meals.

6. Ineligible expenses

Ineligible expenses include:

- > costs associated with the production of a magazine such as pre-press, paper, print, and binding, etc.;
- > capital costs that are amortized such as those associated with office space, furniture, computers, or other equipment;
- > salaries or wages for employees other than those involved in the creation of editorial content for the magazine (e.g. administration, marketing, advertising, etc.);
- > costs of text, photographs, graphics, and illustrations that are not Canadian or for which the publisher cannot identify their origin;
- > costs of foreign editorial content that is created by a person who is not a Canadian citizen or a permanent resident within the meaning of the *Immigration and Refugee Protection Act*. Foreign editorial content adapted or condensed by a Canadian or a permanent resident is still considered to

be foreign editorial content. For example, a press release on a new product, written by a foreigner who is an employee of a foreign company, and condensed by a Canadian citizen or a permanent resident, is considered to be foreign editorial content. Photographs, graphics and illustrations are considered editorial content and therefore are subject to the same rule;

- > costs associated with the preparation of financial statements or circulation audit reports;
- > costs related to the creation and maintenance of a Web site;
- > costs associated with the administration of a magazine such as office supplies, fax, copying, courier, delivery, etc.;
- > costs related to the electronic version of a magazine;
- > salaries, wages or benefits for publishers and employees who are not Canadian citizens or permanent residents of Canada within the meaning of the *Immigration and Refugee Protection Act*; and
- > membership dues.

7. Application to more than one component of the CMF

Magazines that meet the eligibility criteria of the SEC component cannot receive funding from the other components of the CMF in a given **fiscal year** (see Part IV—Definitions).

8. Contribution agreement

Magazines approved for funding under the Support for Editorial Content component must invest all financial assistance received in the Canadian editorial content of the printed version of the magazine. To comply with this requirement, the recipient must:

- > sign a contribution agreement with the Department of Canadian Heritage. This contribution agreement stipulates that all financial assistance is used to offset investment in the printed version of the magazine's Canadian editorial expenses and will not be paid out in the form of dividends, bonuses, or other budgetary compensation to shareholders or proprietors. The agreement will also contain other conditions reflected in this guide; and
- > account for the use of the funding received. In addition, the magazine must demonstrate how the funding has helped in the creation of Canadian editorial content, and how it affected circulation, readership, and advertising revenues.

If a term or condition or commitment provided for in the contribution agreement signed between the Minister and the recipient has not been respected by the recipient, or an application requirement specified in the *SEC Applicant's Guide* is not met, the Canada Magazine Fund can require that the recipient conform itself, within a set time period, to the term, condition, commitment or requirement which has not been met in prior or current applications to the Fund. The Canada Magazine Fund can also choose to withhold a contribution until the specific term, condition, commitment or requirement is met. The approval of funding by the CMF in one year does not automatically confer approval of funding in future years.

All files are examined on their merits and against policy and program standards each year. No applicant should assume approval, or make business plans upon that basis, until final approval is granted by the Minister.

Ceasing publication

A contribution recipient must advise the Department as soon as the magazine ceases publication. Please note that if a recipient's magazine ceases publication, all or part of the contribution will have to be reimbursed. The amount of the reimbursement will be based on the number of issues of the magazine actually produced compared to the number of issues of the magazine that would have been produced.

Sale of magazine or publishing firm

A contribution is awarded to a specific magazine owned by a specific publishing firm. Should shares or assets of the magazine or the publishing firm be sold, merged or by any other means transferred, resulting in a change of control of the specific publishing firm or of the specific magazine, the Department must be advised before the transaction is finalized, to determine whether the magazine and new owner remain eligible. If applicable, the publishing firms must sign an Assignment and Assumption Agreement and the new owner will have to submit proof that it is Canadian-owned and -controlled. Otherwise, the contribution recipient will cease to be eligible to the Program and all or part of the contribution will have to be reimbursed, depending on the portion of the period between April 2008 and March 2009 during which the contribution recipient will have ceased to be eligible.

9. Use of financial assistance

All financial assistance received under the Support for Editorial Content component must be used to offset investments made in the Canadian editorial content of the printed version of the magazine during the period of April 1, 2008 and March 31, 2009. Expenses for which the funds must be used are listed in the Eligible editorial expenses (Part I, section 5) and under Part IV – Definitions. These expenses are of editorial nature and cannot be spent for example on circulation, printing, creation of a Web site, etc.

All recipients who receive funding for their magazine must complete a report on the use of financial assistance. It is in the publisher's best interest to describe in detail the impact that the CMF funding has had on the magazine. These reports will assist the Department of Canadian Heritage to assess the effectiveness of the contribution program in relation to its objectives.

10. Department of Canadian Heritage provisions

A) ACKNOWLEDGEMENT

Recipients **must** recognize the financial support provided by the Government of Canada through the CMF under the Support for Editorial Content component by printing the "Canada" wordmark and including the following acknowledgement in all issues of the magazine's **masthead** for the duration of one year:

"We acknowledge the financial support of the Government of Canada through the Canada Magazine Fund toward our editorial costs."

Canada

If a recipient is a beneficiary of both the CMF and the Publications Assistance Program, the recipient **must** recognize the financial support provided by the Government of Canada by printing the “Canada” wordmark and including the following acknowledgement in all issues of the magazine’s **masthead** for the duration of one year:

“We acknowledge the financial support of the Government of Canada through the Publications Assistance Program and the Canada Magazine Fund toward our mailing and editorial costs.”



The “Canada” wordmark logo is available at www.canadianheritage.gc.ca/cmfi.

B) MINISTER’S DISCRETION AND DECISIONS

As in other funding programs, the eligibility criteria and guidelines for the CMF will not restrict the discretionary power of the Minister of Canadian Heritage or the Minister’s representatives to refuse a request for financial assistance.

Decisions of the Minister regarding the eligibility of applicants and contribution amounts will be final.

C) AUDITS OF RECIPIENTS

The Department of Canadian Heritage conducts financial and circulation audits of CMF recipients. During the course of an audit the recipients must make available any records, documents or other information that may be required to perform the audit. The Department will assume the auditor’s costs.

A recipient found to have submitted false information must refund the whole or part of any contribution received and may be declared ineligible for assistance for a period of two years thereafter.

Publishing firms must maintain accounting records to meet year-end audit requirements. Original receipts must be available in the event of an audit. Cancelled cheques, invoices, and bank statements must be retained for five years.

Random circulation audits may be performed post-funding (similar to post-funding financial audits). Magazines awarded a contribution from the CMF must therefore keep copies of relevant proof of circulation for a period of five years after receipt of funding. Examples of types of documents to keep for additional information requested or for auditing purposes include the following:

- > a print-out or electronic file showing the circulation to subscribers and other recipients for every issue produced during the reference period;
- > original orders, dues invoices, membership application forms and proof of payment for all paid subscriptions (including price, term, expiration date, how ordered and use of promotional incentives);
- > accurate count of the recipients added to and removed from the circulation list during the reference period;
- > original postal transaction records (Canada Post transaction records) and other distribution invoices supporting the delivery of all issues to subscribers and other recipients during the reference period;
- > records of distribution payments and/or proof-of-payment for every issue sold through retailers/newsstands (should be in the form of a photocopy of the cancelled cheques or a confirmation of payment from the distributor), during the reference period;
- > printing invoice for every issue published during the reference period; and
- > copy of every issue published during the reference period.

D) EVALUATION OF THE CMF

The Department conducts periodic evaluations of the CMF. During the course of an evaluation, recipients must make available any records, documents, or other information that may be required to perform the evaluation. The criteria to be used to assess the effectiveness of the contribution in relation to its objectives shall be determined by the Minister or the Minister's representatives.

E) STUDIES

Magazines receiving CMF funding must participate in comparative financial studies, trend analysis, and other studies supported and funded by the Department of Canadian Heritage.

To protect the privacy of individual business information, reporting will be done only on an aggregate basis, and not on individual publishing firms or titles. Should the Department of Canadian Heritage provide comparative reports to publishing firms receiving assistance from the CMF, individual publishing firms will not have access to the business information of other firms in any other than aggregate form.

F) ACCESS TO INFORMATION ACT

Under the *Access to Information Act*, members of the public may request and obtain access to information held in federal government records. Should a request be received for information about an application, the Access to Information and Privacy Secretariat will consult the applicant regarding the disclosure of any information submitted to the Department.

G) PUBLIC INFORMATION

When funding is approved, the amount of funding, the purpose for which the funds were granted, and the name of the recipient are considered public information. This information is disclosed without consulting contribution recipients.

The CMF will make public a list of all recipients and their contribution amounts on an annual basis.



Part II

Application process

11. Deadline

JULY 31, 2008

Applications post-marked after the deadline date will not be accepted. If this deadline date falls on a weekend or statutory holiday, the deadline moves to the next business day.

12. What's New?

- > Presentation of application: it is up to the applicant to make sure that the information is complete, using the checklist provided in Section M of the application form p. 9. An incomplete application for funding is a non-eligible application.
- > Financial statements: in 2008-2009, the levels of required financial statements are reduced. Audited financial statements will be now required only for magazines that have received more than \$200,000 in funding the previous year. Please see table on page 18 for more information.

13. Application instructions

The following instructions will help you prepare your application and ensure that it is complete.

A) BEFORE COMPLETING THE FORM OR PREPARING THE REQUIRED DOCUMENTS

Read the Support for Editorial Content guide carefully, including the definitions, to ensure that you meet the publishing firm and magazine eligibility criteria (see Part I, section 3).

B) AS YOU PROCEED WITH YOUR APPLICATION

Remember to refer to the definitions and explanations contained in the guide, as well as the application form completion instructions.

C) BEFORE SENDING YOUR APPLICATION TO THE CMF

- > Verify that the form is **fully completed, signed and dated** wherever required, and that totals and all other information are **accurate**.
- > The checklist included in the application form will help ensure that your application is complete.
- > Make a copy for your records.

D) FOR ASSISTANCE

Toll free number: 1-888-357-3116

Facsimile: 819-953-7782

E-mail: cmf-fcm@pch.gc.ca

The electronic version of the guide and application form in downloadable format is available at www.canadianheritage.gc.ca/cmfc.

E) OUR ADDRESS

Send your application and supporting documents to:

Canada Magazine Fund (CMF)
Support for Editorial Content (SEC)
Department of Canadian Heritage
15 Eddy Street, 4th Floor (15-4-F)
Gatineau, Quebec K1A 0M5

14. Application evaluation process

The deadline for filing applications is **July 31, 2008**. Applications post-marked after the deadline date will not be accepted. If this deadline date falls on a weekend or statutory holiday, the deadline moves to the next business day.

- a) An acknowledgement letter will be sent to the applicant after the deadline date.
- b) The officer will contact the applicant to clarify the submitted information, if need be. Failure to submit information required by the officer within the deadline set by the officer will have consequences on the status of the application and its eligibility. **An incomplete application is a non-eligible application.**
- c) An applicant can withdraw an application at any time. A written confirmation of withdrawal by the applicant must be sent to the CMF. An acknowledgement of withdrawal will then be forwarded to the applicant.
- d) An application for funding which is recommended for rejection after analysis by a program officer is submitted to a committee for review. Should the committee recommend the file for rejection, the applicant will be advised by a representative of the CMF. There is no appeal process.
- e) Analysis of all files should be completed by January 2009. The publisher or person accountable for funding mentioned in A3 of the SEC application form will be advised of the eligibility of the magazine in March 2009.
- f) The publisher or person accountable for funding mentioned in A3 of the SEC application form will receive three (3) copies of the contribution agreement for signature. Providing that two (2) of the signed copies are promptly returned to the CMF, and no outstanding documentation or reimbursement be owed to the CMF, recipients should receive their contribution in April 2008.
- g) If a term or condition or commitment provided for in the contribution agreement signed between the Minister and the recipient has not been respected by the recipient, or an application requirement specified in the SEC *Applicant's Guide* is not met, the Canada Magazine Fund can require that the recipient conform itself, within a set time period, to the term, condition, commitment or requirement which has not been met in prior or current applications to the Fund. The Canada Magazine Fund can also choose to withhold a contribution until the specific term, condition, commitment or requirement is met. The approval of funding by the CMF in one year does not automatically confer approval of funding in future years. All files are examined on their merits and against existing policy and program standards each year. No applicant should assume approval, or make business plans upon that basis, until final approval is granted by the Minister.
- h) The CMF will make public a list of all recipients and their contribution amounts upon receipt and processing of all contribution agreements.



Part III

Application requirements

DEADLINE FOR FILING APPLICATIONS: JULY 31, 2008.

Applications post-marked after the deadline date will not be accepted. If this deadline date falls on a weekend or statutory holiday, the deadline moves to the next business day.

Applicants must submit original copies of the following documents for all magazines for which financial assistance is requested:

✓ **SUPPORT FOR EDITORIAL CONTENT APPLICATION FORM (SEC)**

A completed application form. (A blank application form is provided in the application kit, as well as being downloadable, along with an example of a completed application form at www.canadianheritage.gc.ca/cmf).

✓ **ISSUES OF THE MAGAZINE**

All regular and special issues of the magazine, published during the publishing firm's twelve (12) month financial year that ends on a date falling within the period of April 1, 2007, and March 31, 2008, based on the frequency of publication:

- > 2 to 12 times a year—all issues for the twelve (12) month period referred to above;
- > 13 to 26 times a year—all issues for the last six (6) months of the period referred to above;
- > 27 to 52 times a year—all issues for the last three (3) months of the period referred to above.

✓ **MARKED ISSUE**

Using the letters shown below, applicants must identify with a **BLACK MARKER** through one or more of the issues provided, the following categories (see Part IV—Definitions):

- C – Canadian editorial content
- F – Foreign editorial content
- A – Advertising pages
- N – Non-revenue pages

Please mark ALL text, photographs, and illustrations SEPARATELY.

Applicants whose magazines seem to contain more foreign editorial content than stated in their application form could be asked to mark all issues submitted with their application. An example of a marked page is available in the application kit as well as on the CMF Web site.

✓ **ONE COPY OF THE MAGAZINE'S MOST RECENT ISSUE**

✓ **FINANCIAL STATEMENTS**

All **applicants** must provide the following document(s) covering the publishing firm's twelve (12) month financial year that ends on a date falling within the period of April 1, 2007, and March 31, 2008:

- a) A complete set of financial statements for the publishing firm covering the period mentioned above (see definition of **Financial statements**, Part IV) which is generally comprised of the following:
- > a report from an independent certified accountant
 - > a balance sheet
 - > a statement of income—profit and loss
 - > a statement of cashflow
 - > notes to the financial statements

Financial statements containing an approval signature on behalf of the Board, or on behalf of a director, must be signed by the authorized person. The signature must be an original signature.

Please see the table below for the level or type of financial statements required.

- b) **A publishing firm that publishes multiple magazines or is involved in other lines of business in addition to magazine publishing** must also provide an income statement covering the period mentioned above for each magazine for which funding is requested.
- > Separate income statements for each magazine may be included in the financial statements of the publishing firm (one schedule for each magazine); or
 - > Separate income statements for each magazine signed by the publisher.

What type or level of financial statements must be submitted? - NEW

How much funding did the magazine receive from the CMF for its 2007-2008 application?	Single-title publishing firm	Publishing firm with multiple titles or other lines of business beyond publication of one magazine
First-time applicant or magazine which received less than \$200,000 *	Complete set of financial statements of the publishing firm at the review engagement report level (or audit level if preferred)	Complete set of financial statements of the publishing firm at the review engagement report level (or audit level if preferred) PLUS an income statement for each title, for which funding is requested, signed by the publisher
Magazine which received more than \$200,000 *	Complete set of financial statements of the publishing firm at the audit level	Complete set of financial statements of the publishing firm at the audit level PLUS an income statement for each title, for which funding is requested, signed by the publisher

* New levels of financial statements required.

Note: **NOTICE TO READER OR DRAFT VERSIONS OF FINANCIAL STATEMENTS WILL NOT BE ACCEPTED.** Change in ownership status of a magazine or publication firm may result in additional financial requirements.

We recommend that publishing firms with multiple titles or other lines of business beyond publication of one magazine, use if possible, the income statement template which is included in the application kit. The template includes easy reference numbers which can be used in section G of the SEC application form. Numbering will also facilitate reconciliation of revenues and expenses of a magazine contained in the different financial information sections of the SEC application form.

The income statement must contain the following attestation and must be signed by the publisher: “Management is responsible for the preparation of the income statement. Management believes that the income statement fairly reflects the form, and substance of transactions and that it reasonably represents the magazine’s results of operations. This income statement has been prepared in accordance with generally accepted accounting principles.”

✓ CIRCULATION STATEMENT REQUIREMENTS

A publishing firm **MUST** provide a circulation audit report from a recognized circulation audit company covering all or part of the reference period stated in section D1 of the application form.

If a circulation audit report is not available, the publishing firm **MUST** provide documents proving that the magazine's circulation is at least 50% paid. The following documents must be provided:

- > a description of the distribution model used;
- > printing invoices for all issues of the magazine during the reference period stated in section D1 of the application form;
- > supporting documents for all issues relative to the distribution model used, such as, but not limited to: postal transaction records and other distribution invoices, records of payment sold through retailers/newsstands, contracts supporting membership subscriptions, bulk subscriptions, multi-copies, sponsored single copy sales, etc.

Additional circulation information could be requested from the applicant for clarification purposes.

All publishers must attest to the accuracy of the magazine circulation figures reported in Section E1 of the application form by signing and dating this section. Please be aware that fraudulent reporting of a magazine's circulation will result in the magazine being ineligible for a CMF contribution and the magazine will not be considered for CMF funding for two years thereafter.

✓ **REPORT ON THE USE OF FINANCIAL ASSISTANCE**

All recipients who will receive funding for their magazine must complete this report in as much detail as possible using the template posted on the CMF Web site at: www.canadianheritage.gc.ca/cmfi.

Funds received must be spent on eligible editorial expenses only, as listed under the Eligible editorial expenses (Part I, section 5) and Part IV—Definitions. These expenses are of editorial nature and cannot be spent for example on circulation, printing, creation of a Web site, etc.

The report must be submitted by July 31, 2009 and must be signed by the **PUBLISHER** of the magazine.

Should the report submitted to the CMF be incomplete, insufficient, or cover ineligible expenses, the applicant will be contacted. Failure to submit a complete report may effect future eligibility to the program.

It is in the publisher's best interest to describe in detail the impact that the CMF funding has had on the magazine. These reports will assist the Department of Canadian Heritage to assess the effectiveness of the contribution program in relation to its objectives.

✓ **MAGAZINE PROFILE**

The magazine profile is part of the SEC application form (section J). All applicants must submit a magazine profile. Applicants re-applying must submit an **UPDATED** magazine profile with their application. An example of a completed magazine profile is available on the CMF Web site.



Part IV

Definitions*

Aboriginal magazine

See definition of Types of magazines.

Administration expenses

All costs not elsewhere captured, including corporate overhead costs, occupancy costs, furniture and equipment depreciation, etc.

Advertising content

Paid pages or fractions of pages (including contra or in kind—see definition) of a magazine that are designed to convince people to buy products or services from particular suppliers (manufacturer, distributor, or agent) including advertorial material that is specifically designed to resemble editorial content. Charitable, public service and house ads are excluded and are not considered part of the calculation of the magazine's advertising content.

Advertorial

A publication considered to be of advertising nature if it promotes or presents the interests, opinions, services or products of an advertiser (manufacturer, distributor or agent) in a similar style, format and layout of an editorial or journalistic report. The purpose of an advertorial is to gain monetary value by selling an opinion, service or product to its reader or consumer. For the purposes of the CMF, the editorial content of an advertorial is considered advertising.

Advertising expenses

All costs relating to the sale of advertising including, but not limited to, salaries, commissions, travel, telephone/fax, and promotional materials.

Advertising revenues

Net advertising revenues (gross revenues less agency commissions and cash discounts).

Affiliated companies

For the purposes of the CMF, companies will be considered affiliated if:

- 1) one or more employees, officers or directors of another company, in the course of their mandate, control the management and/or policies of another company;
- 2) the publications are owned and controlled by the same company; and
- 3) the company owns and controls at least 51% of the voting shares or assets of the other companies.

Alternative newsweeklies

Published in a tabloid format focusing primarily on local news and coverage containing primarily local advertising, and available free of charge in publicly accessible places.

Ancillary product expenses

All costs related to the creation, operation, sale, and distribution of all ancillary products and services.

Ancillary product revenues

Gross revenues from all ancillary products and services (e.g. book sales, consumer/trade shows, conferences, radio/TV productions, etc.).

Association magazine

A magazine published for or by an association. Please see Part I, section 4 d) concerning ineligible association magazines.

* For the purposes of the SEC component of the CMF.

Auditor's report

See definition of Financial statements.

Basic listing

A simple listing of information, with no added content whatsoever. Examples would include stock listings, sports scores, sports rankings (e.g. the top twenty skiers in the world), television listings (show x is on at time y), etc.

Any publication which is made up of more than 50% basic listings is to be considered primarily a listing for the purposes of the CMF, and would thus be ineligible under program criteria.

Please also see definition of **Enhanced listing**.

Benefits (eligible editorial expense)

The employer portion (net of payroll deductions from Canadian or permanent resident employees) relating to:

- a) statutory benefits such as the Canada Pension Plan/Quebec Pension Plan, Employment Insurance and provincial health plans where applicable; and
- b) non-statutory benefits such as group insurance coverage for medical, dental, disability, life insurance, and other items.

Business, professional, or trade magazine

See definition of Types of magazines.

Canadian editorial content

Editorial content (text, photographs, graphics, illustrations) authored or translated by a Canadian citizen or a permanent resident of Canada within the meaning of the *Immigration and Refugee Protection Act*. Canadian editorial content adapted or condensed by a Canadian citizen or permanent resident and derived from content created by a Canadian citizen or a permanent resident will be considered Canadian editorial content for the purposes of the CMF.

Canadian ownership and control

An eligible magazine must be owned and controlled by a Canadian. For the purposes of the CMF, “**Canadian**” means:

- a) a Canadian citizen;

- b) a permanent resident within the meaning of the *Immigration and Refugee Protection Act*;
- c) a Canadian corporation as defined in the *Applicant's Guide*;
- d) a partnership, trust or joint venture in which a person or any combination of persons referred to in a), b) or c), beneficially owns and controls, directly or indirectly, interests representing in value at least 51% of the total value of the assets of the partnership, trust or joint venture, as the case may be, and of which the chairperson or other presiding officer, and more than half of the directors or other similar officers are persons referred to in a) or b) above; or
- e) a not-for-profit organization in which at least 51% of its members and directors are persons referred to in a) or b) above.

“**Canadian corporation**” means:

- a) a corporation that is incorporated under the laws of Canada, a province or a territory;
- b) a corporation whose principal place of business is in Canada;
- c) a corporation whose chairperson or other presiding officer, and more than half of the directors or other similar officers are Canadian citizens or permanent residents within the meaning of the *Immigration and Refugee Protection Act*;
- d) a corporation, in the case of a corporation with share capital, of which Canadians beneficially own and control, other than by way of shares held only as security, directly or indirectly, in the aggregate at least 51% of all the issued and outstanding voting shares representing more than half of the votes; and
- e) a corporation, in the case of a corporation without share capital, of which Canadians beneficially own and control, directly or indirectly, interests representing in value at least 51% of the total value of the assets.

For the purposes of the CMF a person who is controlled in any manner by a person or entity that is not a Canadian that results in control in fact, whether directly through the ownership of securities or indirectly through a trust, an

agreement, an arrangement or otherwise, is deemed not to be a Canadian.

Circulation (average)

Number of copies of a magazine distributed per issue via various distribution methods (e.g. newsstands, mail, etc.).

Circulation (controlled)

A magazine distributed on a regular basis to consumers selected by the publishing firm. It is free of charge and in general, audited.

Circulation (paid)

A magazine's total copies sold over a 12-month publishing cycle through paid subscriptions, single copy sales and newsstand sales.

Circulation (total)

Number of copies of a magazine distributed over a 12-month publishing cycle via various distribution methods (e.g. newsstands, mail, etc.).

Circulation expenses

All costs relating to the production and maintenance of a circulation list including, but not limited to, subscription or controlled circulation promotions/mailings, telemarketing, data entry, salaries, and contract services.

Contra and in-kind ads

Refers to ads exchanged between organizations and/or publishing firms without a monetary transaction.

Contra and in-kind revenues

Refers to revenues exchanged between organizations and/or publishing firms without a monetary transaction.

Contribution agreement

A contribution agreement is an undertaking between a donor department and a prospective recipient of a contribution which describes the obligations of each.

Design and assembly (eligible editorial expense)

Costs associated with the creative selection of typefaces and graphic elements by a Canadian or permanent resident; the process of marrying the

selected text and graphics into visually pleasing page format in a medium ready for production. Does not include pre-press costs such as proofs, digital files, films, plates, etc.

Distribution expenses

Magazine postage costs, newsstand shipping and promotion costs, and other forms of magazine distribution costs.

Edited in Canada

The commissioning of editorial material and artwork; directing writers, illustrators, and photographers regarding the final form of the material; as well as laying out, copy editing and proofreading, and otherwise preparing the contents for printing; must be done in Canada.

Editor / Editor in chief

The individual in charge of implementing the editorial policy and responsible for the editorial content of a magazine.

Editorial activities (eligible editorial expense)

Costs covering all creation activities leading up to production of a work created by a Canadian or a permanent resident, including writing, design and assembly, editing, illustrating, photography, and translation. Production activities such as scanning, colour separation, printing and binding are not considered editorial activities.

Editorial content

The space in a magazine, excluding advertising and non-revenue pages, which consists of text, photographs, graphics, and illustrations.

Editorial expenses

All costs relating to the generation of editorial pages including, but not limited to, editors' and writers' salaries, freelance fees, photography, page design and assembly, travel, telephone and fax.

Enhanced listing

Unlike basic listings, enhanced listings will include explanatory text (e.g. product descriptions, restaurant descriptions, a program description in a TV guide). Despite the fact that editorial work is involved in selecting and preparing such enhanced listings, they are not considered original editorial

content for the purposes of the CMF, as they do not add analysis, opinion or other value-added material.

However, in recognition of the fact that additional editorial work is required, the threshold for being called primarily a listing is different for enhanced listings. Any publication which contains more than 66% enhanced listings will be called primarily a listing and will not be eligible.

Please also see definition of **Basic listing**.

Entity

- a) a Canadian citizen;
- b) a permanent resident within the meaning of the *Immigration and Refugee Protection Act*;
- c) a Canadian corporation as defined in the *Applicant's Guide*;
- d) a partnership, trust or joint venture in which a person or any combination of persons referred to in a), b) or c), beneficially owns and controls, directly or indirectly, interests representing in value at least 51% of the total value of the assets of the partnership, trust or joint venture, as the case may be, and of which the chairperson or the other presiding officer, and more than half of the directors or other similar officers are persons referred to in a) or b) above;
- e) a not-for-profit organization in which at least 51% of its members and directors are persons referred to in a) or b) above.

Ethnocultural magazine

See definition of Types of magazines.

Farm magazine

See definition of Types of magazines.

Financial statements

The following are definitions of the different engagement levels acceptable to the CMF for financial statements. A notice to reader or draft versions of financial statements are not acceptable.

Auditor's report

The certified accountant has performed auditing/verification activities in accordance with generally

accepted auditing standards. An auditor's report, without any qualifications or reservations, will generally include three paragraphs:

- > An introductory paragraph identifying what statements have been audited, that the financial statements are the responsibility of the entity's management and that it is the auditor's responsibility to express an opinion on the financial statements based on the results of the audit.
- > A scope paragraph indicating that the audit was conducted in accordance with generally accepted auditing standards that require planning and execution of auditing activities to provide reasonable assurance that the statements are free from material misstatements and the nature of audit activities performed.
- > An opinion paragraph stating whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the entity in accordance with generally accepted accounting principles.

Review engagement report

Reviews are distinguishable from audits in that the scope of a review is less than that of an audit; therefore, the level of assurance provided to the reader of the financial statements is lower. A review engagement report will generally include three paragraphs:

- > An introductory paragraph identifying what statements have been reviewed, that the review was conducted in accordance with generally accepted standards for review engagements consisting primarily of enquiry, analytical procedures, and discussion related to information provided to the certified accountant by the entity.
- > A statement that a review does not constitute, and that the certified accountant is not expressing, an audit opinion on the financial statements.
- > A conclusion indicating whether anything has come to the certified accountant's attention that causes the accountant to believe that the information being reported on is not, in all material respects, in accordance with generally accepted accounting principles.

Financial year

Refers to the publishing firm's financial year consisting of an accounting period of twelve (12) consecutive months.

Fiscal year

Refers to the federal government fiscal year which starts on April 1 of a given year and ends on March 31 of the following year.

Foreign editorial content

Editorial content is considered non-Canadian if the author of the text, photograph, graphic or illustration is non-Canadian or if the authorship cannot be established. For example, texts and images obtained from graphics sites or CDs where authors are often unknown or unidentified are considered, for the purposes of the CMF, non-Canadian editorial content and must be treated as such in the page count.

Freelance costs (eligible editorial expense)

Costs charged by a Canadian or a permanent resident and independent organizations that are not employed by the publishing firm but provide the following editorial related services on a contract basis:

- > writing
- > editing
- > fact checking (verification of data)
- > photography (including styling, models, location costs, etc.)
- > translation
- > illustration
- > design and assembly

Eligible costs will include fees for services, reasonable travel and accommodation expenses, materials and supplies (equipment is excluded). Example of materials and supplies are:

- > photography—the photographer may incur and charge costs to purchase and develop film.
- > styling—a freelancer may incur and charge costs to engage the services of models and rent appropriate premises.

Full-time equivalent (FTE)

Any position which requires more than 30 hours a week to fulfill (see definition of Staff). Full-time equivalents, or FTEs, can also be used to express

the amount of work required to fulfill a function. For example, a typesetting job for a magazine which would require one person to work full time on it during the week, and another person to spend half his or her work time on it during the week, could be expressed as requiring 1.5 FTEs. If the total staff on a magazine was 7 people, including both volunteers and paid positions, then it could be said that it requires 7 FTEs to publish the magazine.

General consumer magazine

See definition of Types of magazines.

GLBT magazine

See definition of Types of magazines.

Guide

A publication which exists primarily for information purposes, that is to say that it is primarily comprised of listings, enhanced listings, maps, schedules, timetables or calendars, or a combination of the above.

Income statement

An income statement is defined as per section 1520 of the Canadian Institute of Chartered Accountants (CICA) Handbook. An example of an income statement is provided in the application kit as well as on the Web site for reference.

Internet (eligible editorial expense)

Internet and e-mail fees for editorial purposes (not including installation costs) are an eligible expense **only** for Category A magazines with an average circulation between 2,500 and 10,000 copies per issue.

List rental revenues

Revenues generated by renting lists.

Magalogue

A printed publication that primarily combines the style, format and layout of a magazine and/or catalogue in order to sell, promote or present a product or service from a company (manufacturer, distributor or agent). A magalogue may include informative articles, pictures, high-end graphics, product descriptions, and entertainment in the style of a magazine, but all for the purpose of gaining monetary value.

Magazine

A printed publication that is commonly recognized as a magazine and appears in consecutively numbered or dated issues, and is published under a common title at regular intervals, not less than twice a year and not more than 52 times a year. For the purposes of the CMF, the Magazine category does not include newsletters, comic books, newspapers, community newspapers, weekly community newspapers, alternative newsweeklies, directories, guides, financial reports, catalogues, magalogues, schedules, calendars, timetables, or listings.

Mechanical expenses

Pre-press (proofs, digital files, film, plates), printing, binding and mailing prep costs.

Newspaper

A publication that is commonly recognized as a newspaper due to possessing a number of characteristics common to newspapers (i.e. produced in a tabloid or broadsheet format regardless of its frequency, unbound, self-identified as a newspaper, etc.). In all cases where there is disagreement as to whether the publication is a newspaper or a magazine, a scale will be applied (refer to Part I, section 4), and all publications showing more than a minimum number of characteristics common to newspapers will be considered newspapers for the purposes of the CMF.

Newsstand revenues

Total net revenues generated from newsstand sales.

Non-revenue pages

All pages other than paid advertising, contra or in-kind, or editorial content. They can include self-promotional pages, pages donated to local charities or business with no payment, delivery of in-kind services or other consideration, etc. Blank pages are considered to be non-revenue pages.

Official-language minority magazine

See definition of Types of magazines.

One-time promotion

A special promotion done on a timely basis, the purpose of which is to boost the paid circulation of a magazine (newsstand, subscriptions and other copy sales). A marketing tool sometimes used by new magazines, smaller circulation magazines or magazines wishing to reach an additional targeted market.

SEC will allow this one-time promotion in order not to penalize a magazine which normally has a 50% paid circulation base.

One-time promotions which are repeated or become part of the business model of the magazine will be considered to be unpaid circulation.

Press agencies (eligible editorial expense)

Costs and/or fees to purchase Canadian data/content from independent organizations, e.g. Canadian Press, etc. are an eligible expense **only** for Category A magazines, with an average circulation between 2,500 and 10,000 copies per issue.

Print run

Total number of copies of a publication printed at a given period.

Professional development for editorial personnel (eligible editorial expense)

Costs for Canadian editorial personnel to attend training courses, seminars and conferences directly related to Canadian editorial activities. Eligible costs include registration fees and materials. Travel and accommodation expenses are to be reported separately as travel costs.

Professional fees (eligible editorial expense)

Payments for professional services related to editorial content rendered by an individual or an organization that is not employed by the publishing firm. Includes fees for, in respect to services provided by, for example, consultants, lawyers, economists, physicians and/or any other individual the publishing firm consults for professional advice on editorial material.

Publications cost (eligible editorial expense)

Costs for subscriptions to and purchase of magazines and newspapers.

Publisher

The individual with overall responsibility for managing one or more than one magazine including administrating, editing, marketing/selling, and other activities.

Publishing firm

The entity responsible for the publication of a magazine (see definition of **entity**).

Purchase of articles (eligible editorial expense)

Costs associated with the acquisition of Canadian editorial material from other publishers.

Purchase of rights (eligible editorial expense)

Payments made to a Canadian or permanent resident for the use of a work in the printed version of the magazine only, e.g. an article, a photography, an illustration, etc.

Research (eligible editorial expense)

Expenditures for:

- > readership surveys to assess editorial content (not advertising) for directional/positioning purposes;
- > polling surveys from which data may be used in a magazine's issue;
- > access to specialized databases and archive services.

Religious magazine

See definition of Types of magazines.

Review engagement report

See definition of Financial statements.

Salaries and wages (eligible editorial expense)

Working full-time on editorial activities

Gross earnings and taxable benefits of Canadian or permanent resident employees on the firm's payroll, that work directly and/or exclusively on editorial activities.

Working partially or part-time on editorial activities

Portion of gross earnings and taxable benefits of Canadian or permanent resident employees on the firm's payroll, for work on editorial activities.

Editorial personnel

Gross earnings and taxable benefits for Canadian or permanent resident personnel dedicated solely to writing, editing, illustration, photography, and design (refer to the definition of Editorial activities). The maximum amount that may be claimed for each employee (gross earnings and taxable benefits) is \$100,000. In instances where an individual dedicated solely to editorial activities is engaged on a part-time basis, it is expected that the maximum amount will be reduced accordingly.

Publisher

Canadian or permanent resident publishers can claim a portion of their salary only if they work directly on the creation of Canadian editorial content, meaning creation activities including writing articles, design and assembly, photography, proofreading, illustrating, translating or editing.

Note: CMF guidelines limit to \$100,000 the maximum salary and benefits that may be claimed as an eligible editorial expense for any employee, including the publisher's salary.

Please refer to Part I, section 5 Eligible editorial expenses for specific details on how to claim the publisher's salary.

The Canada Magazine Fund reserves the right to disallow the publisher's salary and benefits expenses of a publishing firm that employs a publisher as well as various editors.

Scholarly magazine

See definition of Types of magazines.

Special interest magazine

See definition of Types of magazines.

Special issues

For the purposes of the CMF, a special issue is an issue that is published as an addition to the regular

publishing cycle. For example, if a magazine publishes six issues per year, a seventh issue published to focus on an event, theme or topic will be considered a special issue.

The eligible editorial expenses of a special issue can be claimed if the special issue is included in the subscription price of the magazine, if it is an eligible magazine under the SEC criteria and if it meets all other applicable eligibility criteria. Up to four special issues a year can be claimed.

Please note that a special issue is not eligible if it is published with a different title, volume number or ISSN number or if it is not included in the subscription price of the magazine. In this case, editorial expenses cannot be claimed.

A special issue is considered to increase the frequency of the magazine only if it is an addition to the regular publishing cycle and sent separately from the regular issues of the magazine.

Staff

A full-time employee is one who works at least 30 hours per week. An employee is any person drawing pay for services rendered, or for paid absence, and for whom the employer is required to complete a Canada Revenue Agency T4, Statement of Remuneration Paid.

Subscription revenues

All subscription revenues (irrespective of source and pricing).

Telephone (eligible editorial expense)

Long distance charges for editorial purposes are an eligible expense **only** for Category A magazines with an average circulation between 2,500 and 10,000 copies per issue.

Travel (eligible editorial expense)

Economy class travel and accommodation for related editorial activities, including professional development activities. Eligible costs will be:

- > transportation—airline, taxi, vehicle rental, parking, and mileage costs;
- > accommodation—hotel and other; and
- > meals.

Types of magazines

Business, professional, or trade

These magazines deal with processing, manufacturing, management, sales, or operation of industries, or of a specific industry, occupation, or profession. They are published to interest and assist persons actively engaged in the sector.

Farm

These magazines deal with the farming industry, including animal farming.

General consumer

These magazines are aimed at the entire market or at a large portion of that market for the purpose of informing and entertaining the reader.

Religious

These magazines are primarily religious in purpose and content.

Scholarly

These magazines present results of research or advanced knowledge in a specific field. They are aimed at specialists and are mainly published by universities, research institutes, and learned societies.

Special interest consumer

These magazines are aimed at a special interest market, and inform and entertain the reader.

Aboriginal

A magazine with content primarily for or about Aboriginal, Inuit or Métis peoples.

Ethnocultural

A magazine that is primarily serving and/or primarily concerned with a commonly recognized specific cultural or racially distinct community, or specific linguistic groups using other than Canada's official languages. Ethnocultural magazines may be in English, French, a third language or a combination of official and non-official languages.

GLBT

A magazine that is primarily serving and/or primarily concerned with the gay, lesbian, bisexual and/or transgendered communities.

Official-language minority

A magazine that is published in English or French in a region of Canada where the language and content of the publication primarily serves and is concerned with an official-language minority community.

Web site / E-commerce expenses

All costs related to the creation, maintenance, and operation of Web sites and e-commerce activities.

Web site / E-commerce revenues

Net revenues (gross revenues less agency commissions) derived from Web site / E-commerce activities related to the magazine.

Support for Editorial Content

**Deadline for filing applications:
July 31, 2008**

If this deadline date falls on a weekend or statutory holiday, the deadline moves to the next business day.

The electronic version of the guide and application form, as well as an example of a completed application form, are available in downloadable format at: www.canadianheritage.gc.ca/cmfc.

How to reach us:

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