



The Association for the Export of Canadian Books INTERNATIONAL MARKETING ASSISTANCE

2009-2010 GUIDELINES

Deadline for receipt of applications: Friday, March 6, 2009

The Association for the Export of Canadian Books (AECB) administers the International Marketing Assistance (IMA) component of the Book Publishing Industry Development Program (BPIDP) for the Department of Canadian Heritage (DCH). It allocates financial assistance directly to Canadian-owned and -controlled book publishers.

In administering the IMA, the objective of the AECB is to develop and sustain Canadian publishers' export sales. The IMA is made up of two funding programs: the Export Marketing Assistance Program (EMAP) and the Foreign Rights Marketing Assistance Program (FRMAP).

➡ New (additions or modifications)

Application Forms are available at <http://www.aecb.org/eng/canadian-publishers.asp?id=33>

EMAP and FRMAP Guidelines

1. General Information
2. Definitions
3. Export Marketing Assistance Program (EMAP)
4. Foreign Rights Marketing Assistance Program (FRMAP)

1. General Information

General Criteria

Applicants must comply with and meet all definitions and conditions listed in these Guidelines.

Conditions of Participation

Eligibility for funding in 2009-2010 under AECB assistance programs is conditional upon the applicant having satisfactorily fulfilled all conditions and requirements in force according to the terms of contributions the company has received from the AECB and BPIDP in previous years and having fulfilled all contractual obligations with respect to author royalty payments.

AECB Program Operating Principle

All AECB programs and activities operate on the principle of cost-sharing with participating publishers.

Activity Period

Financial assistance under these programs is designated exclusively for export and international marketing activities to be completed by eligible companies between April 1, 2009 and March 31, 2010.

Application Procedure

1. Applicants must complete Part A and B of the application form and all required forms pertaining to the programs for which an application is submitted.
- ➡ 2. Only those applicants who do not have an online catalogue must provide the company's most recent catalogue.

3. Applicants with sales of eligible Canadian-authored books according to BPIDP during the reference year equal to or greater than \$2M (field B30 in the Application Form – Part B) including any distribution fee adjustment, will have to provide audited financial statements for the company's most recent financial period. For applicants with sales of Canadian-authored titles below this amount, review engagement reports will be required.

The audited financial statements or review engagement report should not be more than 14 months old.

4. Applicants must provide a statement by an independent public accountant confirming the level of their Eligible Export Sales (field B28 in the Application Form - Part B) for their most recently completed financial period (using the relevant text provided under Part G Audited or Review Engagement Report). In either case, the text must be on the independent public accountant's official letterhead. The audited financial statements or review engagement report and the statement by an independent public accountant on Eligible Export Sales must refer to the same financial period.

Refer to Part G for samples

- Audit performed - audited financial statements must be accompanied by the Auditor's Report confirming the company's Eligible Export Sales.
- No audit performed - a Review Engagement Report (in lieu of audited financial statements) must be accompanied by a Review Engagement Report on the company's Eligible Export Sales.

As is the case for BPIDP, the AECB nonetheless reserves the right to require audited financial statements from publishers with fewer than \$2M in sales of eligible Canadian-authored books, should it feel individual cases warrant such a level of assurance. Such publishers will be advised of this requirement in a timely manner. The AECB may also increase the number of recipient audits per year.

In reviewing applications for IMA programs, the AECB will consult documents provided by applicants to the AECB and BPIDP (Canadian Heritage) to verify required information and documents.

Note: Applications cannot be processed until all information and documents required under the Application Procedure section are complete.

Appeals

Applicants may appeal IMA program decisions in writing to the Chair of the AECB. Appeals must be received no later than thirty (30) calendar days after the date the decision of the AECB was communicated to the applicant.

Appeals will be entertained by the Appeals Committee only when there is clear and unmistakable evidence of procedural improprieties and/or mistakes made by the AECB Secretariat in processing the application.

Audit Provision

The AECB reserves the right to conduct an audit of any company funded under the IMA programs, including random audits. If a material difference exists between the applicant's report and that of the AECB's auditor, the cost of the audit will be borne by the applicant.

For Further Information

Any applicant with questions on AECB Application Procedure should contact us as soon as possible so we can provide an answer before the deadline of March 6, 2009.

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2. Definitions

The following definitions apply to the eligibility criteria of AECB programs:

Co-publishing

Joint financial investment by two or more publishers to conceive, produce and print, under their respective imprints, individual titles or collections to be sold in their respective markets. Provided all other eligibility criteria are satisfied, co-published books are eligible, but applicants may claim as eligible sales only their portion of the total revenue. The partner publisher of the applicant may be foreign-owned.

Eligible books

To be eligible, titles must meet the following criteria:

- either written by a Canadian author or adapted or translated by a Canadian
- at least 48 pages in length, except for children's books, which can be less than 48 pages
- clearly and publicly attributed to the author(s) or translator(s)
- the publisher's own title and bears an ISBN assigned to or acquired by the publisher
- published under the publisher's imprint or under an imprint for which it has acquired publishing, management and marketing rights
- printed in Canada, except for co-published books or books with an acceptable justification
- written by a foreign author and adapted or translated by a Canadian author
- written by a Canadian or foreign author co-published by a Canadian publisher
- written by a foreign author and published for the first time, in book format, by a Canadian publisher

Notes on eligible books

- ➡ A book with more than one author is considered Canadian-authored if at least one of the authors is Canadian. The editor of a collective work is considered the author if the book is clearly and publicly attributed to the editor and he or she has written a preface, introduction, afterword, or conclusion to the book. The editing regularly done by a publisher in order to bring a manuscript to publishable form is not considered authorship.

For children's picture books only, an illustrator is considered an author.

The author or translator is always the person to whom the book is publicly attributed. The name of the author(s) or translator(s) must appear on the outside of the cover, the spine or the copyright page.

➡ Also eligible

- non-print material derived from an eligible Canadian-authored, printed book
- learning kits
- book pack.

Eligible export sales

The total of the following:

- revenue from the sale of eligible titles net of trade discounts and credits for returns and allowances
- revenue from the sale of rights and permissions of eligible books
- amounts withheld by distributors for the sale of eligible titles. If the amount withheld by distributors is not already included in net sales, this amount may be added. The adjustment is for distribution fees only and must not include trade discounts

Independent public accountant

A professional designated a Chartered Accountant (CA), Certified General Accountant (CGA), or Certified Management Accountant (CMA) operating at arm's length from the applicant and from the firm or individual who maintains the applicant's financial records and statements. Applicants that wish to have their application documents prepared by an accountant holding a different designation should contact the AECB in advance.

For any other definitions, visit BPIDP's website at the Department of Canadian Heritage:
<http://www.canadianheritage.gc.ca/bpidp/dem-app/atp/atp2008-eng.cfm>

3. Export Marketing Assistance Program (EMAP)

Objective

The objective of the Export Marketing Assistance Program (EMAP) is to assist Canadian publishers in their efforts to develop and strengthen their sales to foreign markets (rights and finished products) and to expand foreign markets for their Canadian titles.

Eligibility Criteria

To be eligible for EMAP in 2009-2010, the applicant must have been confirmed eligible for the Aid to Publishers component of the federal Department of Canadian Heritage's Book Publishing Industry Development Program (BPIDP) in 2008-2009. The applicant's eligibility status must remain valid in 2009-2010.

The applicant must have achieved a minimum Eligible Export Sales level of \$15,000 for eligible titles in its most recently completed financial period or an average of \$15,000 of Eligible Export Sales of eligible titles over the company's last three most recently completed financial periods.

National publishers associations whose activities are aimed at expanding Canadian book exports are eligible for assistance under this program. An amount equal to the maximum contribution allocated to a publisher in 2009-2010 will be set aside for this purpose to be split between anglophone and francophone associations.

Applicants must comply with and meet all definitions and conditions listed in these Guidelines (see sections 1 and 2).

Eligible Expenses

All expenses related to an export marketing strategy will be considered eligible.

Twenty-five percent (25%) of total direct international marketing expenses will be accepted as overhead expenses and will not have to be justified with supporting documents. Overhead expenses include depreciation, rentals/leasing, bank charges and interest, administrative salaries and general office expenses such as telephone/fax, stationery, courier, etc. Salaries of individuals involved in international marketing (exclusively or not) may be claimed in addition to overhead expenses, subject to the following conditions:

- the salary claimed must not exceed 50% of the total amount of the company's salaries related to international activities for the year of application
- the Chief Executive Officer of the company must confirm in writing the name, position, annual salary of the employee(s) in question
- the amount claimed must not exceed:

Eligible Export Sales	Maximum for the Salary Component
\$15,000 – \$49,999	\$5,000
\$50,000 – \$199,999	\$10,000
\$200,000 and above	\$15,000

Ineligible Expenses

EMAP will not cover the following:

- capital expenditures
- cost of goods sold, including royalties, as per the company's financial statements
- taxes (i.e., GST, PST/HST, VAT, etc.)
- international marketing activities and export-related expenses already covered under FRMAP or a federal or provincial program
- national publishers associations cannot claim overhead costs or salaries

Activity Period

Financial assistance under EMAP is designated exclusively for export and international marketing activities to be completed by eligible companies between April 1, 2009 and March 31, 2010.

EMAP Application Procedure

All applicants must complete the application form (Parts A, B, and C) and provide all the required documents and information listed in Application Procedure under section 1.

Funding

The amount of funding an individual publisher receives will depend on the total amount available to the program, the number of eligible publishers and the overall Eligible Export Sales by all EMAP applicants.

Companies and Affiliated Group

The total EMAP contribution allocated to a company and its affiliates may not exceed the maximum allocated to a single publisher.

Contribution

The EMAP contribution is based on the expenses incurred by eligible publishers for their export and international marketing activities.

Cost-Sharing

Financial assistance is allocated on a cost-sharing basis, as follows:

Cost-Sharing Levels

EMAP Eligible Export Expenses*	AECB	Applicant
Below \$11,726	70%	30%
\$14,043 – \$40,262	60%	40%
Over \$48,920	50%	50%

**In this table, the expenses and cost-sharing levels are those of 2008-2009 and are used for purposes of illustration only. They are subject to change for 2009-2010.*

The cost-sharing level for financial assistance provided to national publishers associations is indicated below:

AECB	National publishers associations
75%	25%

Funding Formula

The EMAP contribution is based on the applicant's level of Eligible Export Sales in the most recently completed financial period (Base Contribution) and the applicant's average annual rate of growth of Eligible Export Sales over the past three years (Rate of Growth Contribution).

Accepted export sales amount

A maximum of 25% of the Total Net Sales of Eligible Titles According to BPIDP (rights and finished products) will be included in the Accepted Export Sales Amount of Foreign-Authored Titles when determining the amount of the EMAP contribution (see Annex 1).

Base Contribution

The base contribution component will represent 90% of the amount of the contribution approved by the AECB.

This contribution is calculated on the amount of Eligible Export Sales realized by an applicant in the most recently completed financial period. For each level fully realized, the publisher receives the maximum contribution for that level. In addition, an amount is added based on a percentage of the difference between the minimum in the next sales level and the company's actual net export sales for eligible titles figure. See table below for last year's figures (2008-2009); subject to change for 2009-2010.

Export Sales Level	% of Sales	Minimum Contribution	Maximum Contribution
\$15,000 – \$25,000	16.47	\$2,470	\$4,117
\$25,000 – \$49,999	16.40	\$4,117	\$8,217
\$50,000 – \$99,999	13.10	\$8,217	\$14,769
\$100,000 – \$199,999	9.00	\$14,769	\$23,773
\$200,000 – \$349,999	7.64	\$23,773	\$35,230
\$350,000 – \$599,999	5.56	\$35,230	\$49,140
\$600,000 and above	–	\$49,140	\$54,600

Rate of Growth Contribution

Contributions in this component are determined on the basis of the individual applicant's Eligible Export Sales track record, i.e., the average annual rate of growth of Eligible Export Sales over the past three financial years. The company's rate of growth is measured against a benchmark, which is the median of average annual rates of growth of all companies at a given level. See table below for last year's benchmarks and contributions (2008-2009); subject to change for 2009-2010.

Export Sales Level	Benchmark*	Maximum Growth Component
\$15,000 – \$24,999	0%	\$248
\$25,000 – \$49,999	0%	\$496
\$50,000 – \$99,999	0%	\$993
\$100,000 – \$199,999	1.73%	\$1,737
\$200,000 – \$349,999	0%	\$2,730
\$350,000 – \$599,999	4.51%	\$3,971
\$600,000 and above	3.27%	\$5,460

**Median of average annual rate of growth of Eligible Export Sales by level.*

Rate of growth of Eligible Export Sales can only be calculated on the basis of past applications submitted by the applicant and approved by the AECB.

Benchmarks given in the preceding table are for purposes of illustration only, as they were the benchmarks used last year (2008-2009) to calculate the Base and Rate of Growth contributions. This year's benchmarks will be based on the Eligible Export Sales figures provided by applicants for EMAP 2009-2010.

A company whose average annual rate of growth for the period is equal to or greater than the benchmark corresponding to its Eligible Export Sales level receives the maximum corresponding contribution. Companies whose average annual rate of growth is below the benchmark receive a pro-rated contribution. (See example below.)

Level	Benchmark (Median)*	Minimum and Maximum Growth Component
\$300,000 – \$599,999	4.51%	\$3,971
Company X	1.76%	\$691
Company Y	10.06%	\$3,971

**Average annual rate of growth*

Depending on the total funding envelope for the program, the total number of eligible applicants and the total amount of Eligible Export Sales achieved by all applicants, percentages and contribution amounts may change.

Payment Schedule and Reporting Requirements

Eligible applicants will receive a Contribution Agreement confirming their eligibility as well as the contribution approved under EMAP.

When it has received its contribution for 2009-2010 from the Department of Canadian Heritage, the AECB will disburse 75% of the EMAP contribution to eligible applicants who have submitted a signed contribution agreement.

The final instalment of the EMAP contribution (25%) will be paid after receipt and approval of a final report. Instructions for the preparation of the final report will be sent to successful applicants.

4. Foreign Rights Marketing Assistance Program (FRMAP)

Objective

The objective of this program is to foster Canadian publishers' export sales by providing funding support for export sales trips and participation in international trade events.

Eligibility Criteria

To be eligible for FRMAP, the applicant must have been confirmed eligible for one of the following federal programs:

- Aid to Publishers component of the Book Publishing Industry Development Program (BPIDP) in 2008-2009;
- Block Grants 2008, Canada Council for the Arts, Book Publishing Support.

The applicant's eligibility status must remain valid in 2009-2010.

Applicants must comply with and meet all definitions and conditions listed in these Guidelines (see sections 1 and 2).

Eligible Events

International trade events

An international trade event is understood to mean a foreign trade event at which the possibility exists for the participating company to sell rights or finished products or to negotiate distribution agreements (e.g., book fairs, Salons du livre, specialized book-related conventions, etc.).

Export sales trips

An export sales trip is understood to mean a trip to an export market not connected to participation in an international trade event for the purpose of supporting distribution and making rights sales for eligible titles (e.g., sales conferences, scouting missions, etc.).

➡ Number of Events, Trips, and Delegates per Company

A company's export sales level will determine the number of eligible events, delegates per international trade event and per export sales trip, and the maximum number of delegates for all eligible events, according to the following table.

Export sales level	Maximum number of eligible events (including export sales trips)	Maximum number of delegates per international trade event	Maximum number of delegates per export sales trip	Total maximum number of delegates
0 - \$99,999	6	2	2	6
\$100,000 - \$349,999	7	2	2	11
\$350,000 and above	8	2	2	12

IMPORTANT

A maximum of 25% of the Total Net Sales of Eligible Titles According to BPIDP (rights and finished products) will be included in the Accepted Export Sales Amount of Foreign-Authored Titles when determining the level of export sales for FRMAP (see Annex 1).

Combination of International Trade Events and Export Sales Trips

It is possible to combine international trade events and export sales trips, in accordance with the eligible expenses under "international trade events" and "export sales trips".

Funding

- Funded events and trips must take place between April 1, 2009 and March 31, 2010. Assistance is provided on a cost-sharing basis.
- There is no obligation for the eligible publisher to be an exhibitor at an international trade event to receive a contribution.
- A company may designate a delegate who is not a permanent employee of the company.
- A company who sends two delegates to an international trade event will receive a contribution for the entire amount of the first delegate's eligible expenses, and 75% of the second delegate's eligible expenses.
- Contributions for international trade events and export sales trips are as follows:
 - ➔ ○ up to 50% of a return economy fare (including taxes and service charges on transportation tickets, with the exception of the GST, the PST and the VAT) up to a maximum of \$1,500 or based on a predetermined average, and/or 50% of \$0.45/km of travel by vehicle up to a maximum of \$1,500 or based on a predetermined average (including the car rental abroad). Please note that kilometres can only be claimed for one delegate. Public transportation and taxi fares abroad are not considered as an eligible expense
 - ➔ ○ if a delegate must travel more than 100 kilometres to their point of departure abroad, a contribution of 50% of \$0.45/km will be allocated
 - for all international trade events and export sales trips, a daily allowance of \$185 for days of attendance at an event or for days spent on an export sales trip:
 - up to a maximum of four (4) days for all trips and events except the Frankfurt Book Fair
 - up to a maximum of five (5) days for the Frankfurt Book Fair
 - per diem contributions are not allocated for travel days
 - companies can claim a per diem for the day before an international trade event, provided that the total per diem requested does not exceed the maximum number of eligible days for an event

Sunset Clause

After three years of consecutive funding under the program, in order to remain eligible for FRMAP, a company must have achieved one of the following:

1. \$15,000 in net export sales of eligible titles in its last completed financial period;
- or
2. an average of \$15,000 in net export sales of eligible titles over the company's last three most recently completed financial periods.

After three years of consecutive funding under FRMAP, a company that does not meet one of the two conditions stipulated in the Sunset Clause will be eligible for a contribution for only one international trade event during the fourth year. However, the recipient will first have to consult with an industry professional in order to submit to the AECB an action plan after this consultation (stating the firm's objectives, anticipated results, etc.). The industry professional and action plan need to be approved by the AECB. After the Sunset Clause has been applied, the company will be readmitted into the program for the fifth year at the eligible number of events for its Export Sales Level.

FRMAP Application Procedure

All applicants must complete the application form (Parts A, B, and D) and provide all the required documents and information listed in Application Procedure under section 1.

Applicants who plan to participate at events that are not listed on our website at www.aecb.org/funding must complete an International Trade Event Description Form (Part E) for each international trade event.

Applicants who plan to undertake export sales trips must complete an Export Sales Trip Description Form (Part F) for each trip.

Pre-approved events

Any claim submitted to the AECB after the event has taken place and which has not been pre-approved by the AECB will not be eligible for a FRMAP contribution.

Assistance to Publishers Associations

National Publishers Associations

At the discretion of the AECB, associations will be invited to send one delegate to act as permanent staff at the information booth of a Canada collective stand. This delegate must be a full-time staff member of the association's secretariat. Associations may be eligible for reimbursement of 100% of the delegate's return economy fare (including taxes and service charges on transportation tickets, with the exception of the GST, the PST and the VAT) up to a maximum of \$1,500 or based on a predetermined average and a per diem of \$185 a day (number of eligible days to be determined by the AECB).

In the case of a demonstrated need at a particular event and the availability of funding from other sources, l'Association nationale des éditeurs de livres (ANEL) will be entitled to receive a contribution for a maximum of two delegates as permanent staff at Quebec collective trade exhibits abroad, up to a maximum of ten delegates in 2009-2010.

Provincial Publishers Associations

Provincial associations organizing a collective stand at international events will be eligible for funding for one delegate at the same level of funding as is available to a publishing house, i.e. up to 50% of the delegate's return economy fare (including taxes and service charges on transportation tickets, with the exception of the GST, the PST and the VAT) up to a maximum of \$1,500 or based on a predetermined average and a per diem of \$185 for up to four days of attendance at an event.

FRMAP Claim Procedure

In order to claim a contribution for an international trade event or an export sales trip, an applicant must submit:

- a completed FRMAP Claim Form
- transportation and hotel receipts
- a completed Activity report is required for all International Trade Events
- a completed Activity report is required for Export Sales Trips

Applicants must submit claims to the AECB office no later than thirty (30) calendar days after the event or export sales trip for which the claim is made.

When submitting a FRMAP claim, publishers must complete all sections of the form, including the transportation section, and provide supporting documents showing fares.

When the plane ticket does not indicate the airfare, recipients must submit another supporting document confirming the airfare (an airline/travel agent invoice or receipt). Printed confirmations of online bookings stating the fare price are also eligible. Credit card account statements will not be considered as supporting documents for transportation. Only actual expenses paid are eligible. Tickets obtained through barter or reward points (Airmiles, Aeroplan points, etc.) cannot be factored into the contribution.

A delegate who cannot provide hotel receipts must provide proof of the duration of his/her stay in the city where the event or the trip takes place. Receipts (for the first and last days of travel) bearing the date and location for meals, parking and local transportation are examples of eligible supporting documents. Unofficial or handmade receipts and internal documents (e.g., money requisitions or internal expense reports) are not eligible as supporting documents.

Payment Schedule and Reporting Requirements

A contribution agreement and a list of events that have been approved by the AECB will be sent to all eligible applicants, along with forms for FRMAP claims and activity reports.

When it has received its contribution for 2009-2010 from the Department of Canadian Heritage, the AECB will disburse FRMAP contributions to eligible applicants who have submitted a signed contribution agreement and duly completed claims and supporting documents (see the FRMAP Claim Procedure section above).

Annex 1

Example 1

NET ELIGIBLE EXPORT SALES BY COUNTRY	MOST RECENT FINANCIAL PERIOD FROM 1/1/07 TO 12/31/08				
	NET SALES OF ELIGIBLE TITLES ACCORDING TO BPIDP			Foreign Authored Titles (not eligible according to BPIDP)	
	Rights	Finished Products	Sub-total	Export Sales	Export Total
Country 1	2,500	10,000	12,500	8,000	20,500
Country 2	2,500	5,000	7,500	7,000	14 500
SUB-TOTAL	5,000	15,000	20,000	15,000	35,000
Total Eligible Export Sales					\$35,000
Net Eligible Sales in Canada According to BPIDP	$ \begin{aligned} & \$5,000 \text{ (Rights)} \\ & + \$15,000 \text{ (Finished Products)} \\ & = \$20,000 \\ & \text{(maximum eligible \%) X 25\%} \\ \hline & = \$5,000 \end{aligned} $				+ \$60,000
TOTAL					= \$95,000
Maximum of Eligible Foreign Authored Titles Sales	<p>With Eligible Export Sales for Foreign Authors Titles above 25% of Total Net Export Sales of Eligible Titles According to BPIDP, the Accepted amount for the calculation of the EMAP and FRMAP contribution will be \$5,000.</p>				\$5,000
Accepted Export Amount for calculating the EMAP and FRMAP Contribution					\$25,000

$$\begin{aligned}
 & \$20,000 \text{ (Rights + Finished Products)} \\
 & + \$5,000 \\
 \hline
 & = 25\ 000 \$
 \end{aligned}$$

Example 2

NET ELIGIBLE EXPORT SALES BY COUNTRY	MOST RECENT FINANCIAL PERIOD FROM 1/1/07 TO 12/31/08				
	NET SALES OF ELIGIBLE TITLES ACCORDING TO BPIDP			Foreign Authored Titles (not eligible according to BPIDP)	
	Rights	Finished Products	Sub-total	Export Sales	Export Total
Country 1	2,500	10,000	12,500	1,000	13,500
Country 2	2,500	5,000	7,500	1,000	8,500
SUB-TOTAL	5,000	15,000	20,000	2,000	22,000
Total Eligible Export Sales					\$22,000
Net Eligible Sales in Canada According to BPIDP	$ \begin{aligned} & \$5,000 \text{ (Rights)} \\ & + \$15,000 \text{ (Finished Products)} \\ & = \$20,000 \\ & \text{(maximum eligible \%)} \times 25\% \\ \hline & = \$5,000 \end{aligned} $				+ \$60,000
TOTAL					= \$82,000
Maximum of Eligible Foreign Authored Titles Sales	<p>With Eligible Export Sales for Foreign Authors Titles below 25% of Total Net Export Sales of Eligible Titles According to BPIDP the Accepted amount for the calculation of the EMAP and FRMAP contribution will be \$2,000.</p>				\$2,000
Accepted Export Amount for calculating the EMAP and FRMAP Contribution					\$22,000

$$\begin{aligned}
 & \$20,000 \text{ (Rights + Finished Products)} \\
 & + \$2,000 \\
 \hline
 & = 22,000 \$
 \end{aligned}$$