

Fact Sheet: Pre-Production Funding

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1. Focus and goals of the film financing

IDM Film Fund & Commission provides funding for film and television productions with the objective of achieving a quantitative and qualitative strengthening and further development/advancement of the film- and creative industry in South Tyrol. The South Tyrol Film Fund Commission also provides a contribution to cultural diversity and to the reinforcement of the audiovisual sector in Europe. Furthermore, the aim is to achieve a macroeconomic and in particular a territorial effect for South Tyrol (= Local Spend) within its film sector.

Our tasks include:

- providing you and your production company with comprehensive information about our film-funding program;
- answering your questions related to film financing;
- accepting, processing and evaluating film funding applications; and
- overseeing the disbursement of funds, ensuring that all conditions required in order to pay out the individual installments are fulfilled (including verification of rights and the budgeting and financing of your project).

2. Which types of funding exist?

The IDM SÜDTIROL funding program provides two funding tracks. In addition to the **Development and Pre-Production Funding**, which comprises the funding of project development and the production preparation as well as the two-step funding, there is also the **Production Funding**.

We define production preparation in the broadest sense to include all project phases prior to the actual production phase. With this type of funding, we can support the development or further development of the script into a mature script version, as well as project development and production preparation in the narrower sense.

The Production Funding, on the other hand, concerns the production phase of film and television projects.

3. What are the differences between the pre-production funding and the production funding?

Development and Pre-Production Funding can only be requested for projects showing a cultural and or any other relevant connection to South Tyrol. This can be represented by the subject itself as well as by the filmmakers involved, in particular the producer, the author or the director. The realization of the

planned project should take place mainly in South Tyrol.

Please remember to clearly emphasize and justify the cultural reference and/or the relevant connection to South Tyrol in your application. Suitable application sections are the Producer's Note, the Writer's Note and the Directors' Note (if already defined).

If there is no elaborated screenplay available at the time of application, funding is also provided for the screenplay development. In these cases, IDM SÜDTIROL adopts the Two-Step Funding approach described in more detail in Section 9 of this Fact Sheet.

In contrast to Production Funding, you do not have to produce a South Tyrolean effect/Local Spend during development and pre-production.

4. Which types of productions do we finance?

IDM Südtirol finances the pre-production of full-length feature films, television films, series and multi-part films.

Accordingly, only documentaries with a minimum length of 30 minutes, television films and series with a minimum length of 45 minutes and full-length cinema films are funded. A screening length of at least 80 minutes is considered to be full length, and at least 60 minutes for documentaries, children's or films for young people.

Funding is also available for short films and short-form series with a total length of up to 52 minutes. Further information can be found in the separate information sheet on short film funding.

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If the projects are of strategic importance for the development of South Tyrol as a film location, it is possible to deviate from the regulations on minimum length.

Funding is available for television films and projects for video-on-demand platforms whose costs and production quality are above average or which have an important cultural connection to South Tyrol or which are of particular interest for the development of South Tyrol as a film location. The contractual division of rights between the producer and the evaluator must be balanced according to their participation in the project. Funding from the South Tyrol Film and TV Promotion Fund is considered a service provided by the producer. Commissioned productions that are fully financed by the broadcaster or the platform are generally not eligible for funding.

However, advertising films, music videos, magazine programs, sports programs,

TV shows as well as reality TV and docutainment formats are not eligible. Also ineligible are companies that have not complied with a recovery order based on a previous decision of the EU Commission establishing the inadmissibility of aid and its incompatibility with the internal market, as well as companies in difficulty as defined in Article 2(18) of the GBER.

Television channels and video-on-demand platforms are also not eligible for funding.

Projects with content that is pornographic, racist, inflammatory or otherwise offensive are strictly ineligible for funding.

Please keep in mind that, within the context of Production Funding, we generally favor productions where pivotal financing components **have already been confirmed** at the time of application to IDM Südtirol. Only in rare cases can IDM Südtirol finance projects without other confirmed financing components. These exceptions may include local productions, productions with a very strong cultural reference to the film location, debut films and second works. IDM Südtirol carries out this assessment in collaboration with its panel of experts.

We highly recommend that you consult with us on this question before submitting your application. In many cases it makes sense to delay the application in order to make a positive funding decision more likely.

International co-productions, particularly between Italy, Germany and Austria, **are strongly supported**.

5. What form does our funding take?

IDM Südtirol funding takes the form of loss contributions – regardless of the economic success of the production.

6. Who is eligible? Whom does IDM Südtirol finance?

Target groups

Our funding model is geared exclusively towards production companies, regardless of the state in which the headquarters or branch of the applicant company is located.

In the case of a co-production, the majority producer will usually file the application. We ask that you come to an agreement, together with us, on a case-by-case basis, whether any given grant will finance the majority producer or the co-producers collective. In keeping with international practices, the majority producer is the holder of the rights. This copyright share must be proven and

must be equal to at least 50%.

International co-productions with an Italian component are an exception to this rule. In these cases, our funding model stipulates that the majority Italian producer should file the application – even if that company holds the minority within the international constellation. In these cases, the share of the Italian co-production partner is financed.

When a South Tyrolean producer is involved in a national or international co-production, a further exception enters into force: As a matter of principle, the South Tyrolean production company applies for funding, regardless of its status within the co-production constellation. Likewise, the grant finances the share of the South Tyrolean production partner, as in the case of the above-mentioned regulation.

Applicant film and television production companies must have sufficient economic resources and be able to guarantee high-quality production.

7. Grant amounts

Within the framework of our model, we can support up to 70 % of the calculated project development or production preparation costs, but it cannot exceed € 100,000. The applicant must contribute an appropriate amount of personal resources. Accumulation with other grants is possible; the IDM grant share of the financing should not exceed 70% of the total project development costs.

Please understand that IDM Südtirol reserves the right to reduce the requested grant amount during the evaluation of the submitted projects.

8. Selection criteria

Funding will be given to projects whose production has a positive impact on South Tyrol's cultural economy and educational offer, which contribute to the strengthening and visibility of South Tyrol as a media location and which are suitable for supra-regional/international evaluation. Further criteria that will be taken into account in the selection process:

8.1 Artistic and cultural quality

Criteria for the artistic and cultural quality of audiovisual works include the content-related, historical, contemporary, creative, social or societal relevance of the material, the narrative and linguistic development of the script or treatment and the dialogue, the expected creative and visual realization of the work as well as the competence of the filmmakers involved in the areas of directing, acting, image design, editing, production design and music.

8.2 Equal opportunities

Another criterion that is taken into account in the selection process is a balanced ratio of women and men among the participating filmmakers, especially in leading positions in the areas of production, screenplay, direction, acting, image design, editing, production design and music.

8.3 “Green Shooting”

An important step towards ecological and sustainable film productions in South Tyrol is the introduction of the “Green Shooting” certificate.

When applying for funding, the producer can commit to fulfilling the “Green Shooting” parameters when filming in South Tyrol and will receive the “Green Shooting” certificate if they are complied with. The possible measures are divided into seven criteria: Communication, Energy, Mobility and Accommodation, Catering, Material, Waste Management and Innovative Ideas. The decision to shoot sustainably in South Tyrol will be positively evaluated in the selection of funding applications.

You can find all the details in Annex A – “Green Shooting Parameters” and the “Green Shooting Guide” in the “Green shooting” area in the section “Film Commission” (<https://www.film.idm-suedtirol.com/en/film-commission/green-shooting>), where we also provide a checklist and templates on energy and transport.

9. Grant without Local Spend

Development and Pre-Production Funding is not linked to regional investments, but presupposes a cultural and/or relevant link with South Tyrol (cf. Section 3). The funded projects should be designed ready to market and then be realized primarily in South Tyrol.

10. Two-Step Funding

If, at the time of application, the script is not fully developed, the screenplay development becomes part of the Development and Pre-Production Funding. In this case, funding is split into two steps:

- (a) a first step for the development of an elaborated version of the script;
- (b) a second step for project development and production preparation.

The granting of funding for the first stage does not entitle the recipient to receive funding for the second stage. The second stage of funding, including the assignment of the respective funding, can only be achieved by IDM’s acceptance of the script in consultation with its panel of experts. If the acceptance is not successful at the first submission, the script can be

resubmitted to IDM Südtirol only **one** more time, and only after a substantive revision and correction of the deficiencies.

This results in the following possible scenarios:

SCENARIO A

1st step

1.1 Disbursement of the 1st installment of 50% (max. € 25,000) as an advance for the development of a script version

1.2 Presentation of the script: positive acceptance by IDM in consultation with its panel of experts

2nd step

2.1 Disbursement of the 2nd installment of 25% for project development and production preparation

2.2 Disbursement of the 3rd installment of 25% after a positive Final Audit

SCENARIO B

1st step

1.1 Payment of the first installment of 50% (max. € 25,000) as an advance for the creation of a script version

1.2 Presentation of the script: negative assessment by IDM in consultation with its panel of experts

1.3 Renewed presentation of the script after substantial revision and correction of the deficiencies: positive acceptance by IDM in collaboration with its panel of experts

2nd step

2.1. Disbursement of the 2nd installment of 25% for project development and production preparation

2.2. Disbursement of the 3rd installment of 25% after a positive Final Audit

SCENARIO C

1st step

1.1 Disbursement of the first installment of 50% (max. € 25,000) as an advance for the creation of a script version

1.2 Presentation of the script: negative assessment by IDM in consultation with its panel of experts

1.3 Renewed presentation of the script after substantial revision and correction of the deficiencies: negative assessment by IDM in consultation with its panel of experts

1.4 This leads to project termination: The installment already paid out is billed. The applicant is no longer entitled to the disbursement of the second and third installments.

Important notes:

- The documents required for the disbursement of the respective installments are listed under Section 19 of this Fact Sheet.
- We recommend that you submit a fully developed script version for approval. It is up to the producer to decide which version of the script to submit for the first and possibly the second acceptance by IDM and its panel of experts.

- Especially in the case of less experienced production companies and/or authors, IDM recommends involving external experts to write the screenplay. The applicant must take this into account in the contractual agreements with the scriptwriter and in the planning of the project development costs. We will be happy to advise you and, if necessary, establish contacts with proven experts.
- As a rule, the grant for the 1st step amounts to a maximum of € 25,000 and serves primarily as a fee for the author. In the following exceptional cases, funding can be increased at this level:
 - o if a particularly high level of research effort can be proven;
 - o if costs are incurred for an intensive dramaturgical consultation;
 - o if the script also serves as the basis for trans-medial storytelling.
 - o The exceptions mentioned above must be justified accordingly.

11. How does funding actually unfold? From application to Unilateral Funding Obligation

Three submission deadlines are set per year within which funding applications can be submitted. The deadlines (calls) are published on the IDM website (<https://www.film.idm-suedtirol.com/en/funding/submission-deadlines>).

Applications are submitted exclusively via our online platform where you can create, edit and submit your application at any time. It will then be considered during the next examination window, which starts at noon on the respective application deadline.

Please note that we will only be able to send you a login to our online platform after you have undergone a consultation with us regarding the project that you would like to submit for funding. This consultation must be conducted at least **10 working days** before the end of the submission deadline. We expressly reserve the right to disqualify projects for which no consultation session has been set within the specified period.

11.1 Timing

Within approximately six weeks after the start of the relevant examination window, IDM and its panel of experts evaluate the submitted projects with regard to content-related, cultural and financial criteria. The panel of experts then recommends during the funding session the acceptance or rejection of the respective grant application.

Within seven to eight weeks after the start of the relevant examination window, IDM finalizes the list of projects to be funded, on the basis of recommendations by its panel of experts. We will inform you in writing whether your project receives funding.

In the event of a rejection, you will receive a notification from us stating the reasons why the application could not be accepted. This notification will state the reasons why the expert panel and IDM are opposed to funding your film project. Within the period of 30 days from receipt of this letter, you can submit written objections or request a hearing. After this 30-day period, IDM will then issue its final decision.

If the panel of experts and IDM agree to fund your project, you will receive a letter which has the character of a general, but time-limited funding commitment.

Within the period specified in this funding commitment (within 12 months), you have the opportunity to provide evidence of funding for the project receiving support.

If

- neither examination of the final calculation nor your planned expenditures in South Tyrol result in any objections,
- you have made a plausible case regarding the project's final financing plans,
- and the final legal review of the project is also positive,

then we will issue a project-specific Unilateral Funding Obligation letter (in German: **Einseitige Verpflichtungserklärung or EVE**). This letter sets forth all of the exact funding conditions (e.g. time and action plan - project development plan, approved overall pre-production costs and other project-specific conditions) and is a **final, legally binding funding commitment**. The Unilateral Funding Obligation is comparable to a grant agreement.

Please note that IDM Südtirol commissions an auditing company to carry out all economically and financially relevant auditing steps prior to issuing the EVE. This company will contact you directly upon your Grant Approval in order to request any more detailed documents you may need for the audit. After we have sent out your Grant Approval, we will send you further written information about this procedure in a timely manner, as it individually relates to your project. You will also find general information in this Fact Sheet, beginning in Section 19. Please do not hesitate to contact us should you have further questions.

11.2 Consultation

As previously mentioned, we require that you participate in a project-specific meeting with one of our funding consultants before we can send you the login details to our funding platform. In this interview, we will inform you about the basic requirements for the preparation of an application, either in person or via telephone. Please schedule this appointment at least **ten working days** before the relevant submission deadline.

11.3 Application form and submission

After your consultation, you can register at the online platform <https://filmfund.idm-suedtirol.com/>. After we have activated your account, you can log into and out of the platform, fill out your application form online, upload the necessary documents and finally submit your application.

We will provide your application with a legally required revenue stamp. We ask you to transfer this **application fee of 16.00€** directly to the bank account of IDM Südtirol. Please bear in mind that your application will only be admitted for further examination if it has been submitted to us in full and the application fee has been paid. Further information can be found in Section 12 of this Fact Sheet.

11.4 Withdrawal and re-submission of applications

Submitted applications may be withdrawn, without justification, up to a maximum of two weeks after the relevant submission deadline. When this occurs, the submission is deemed to have never occurred.

Subsequent withdrawal is possible only in exceptional cases: A **written request** for the withdrawal of the project must be received by IDM Südtirol no later than 6:00 pm on the day before the respective IDM panel of experts funding meeting (approximately five weeks after the end of the submission deadline) and a specific justification is required. It is at the discretion of IDM Südtirol whether or not to grant a request for withdrawal.

Rejected projects may be resubmitted at any time, but only **one time** and only after **substantive changes to the project or application**, following a new consultation (see Sections 11.2 and 11.3 of this Fact Sheet). Examples of substantial changes include a new script or the confirmation of a new and decisive financing component.

In the event of a re-submission, please indicate these substantial changes in your application in the space provided and state the reasons why you consider a resubmission based on the substantial changes to your project to be justified.

11.5 The panel of experts

The panel of experts is not a deciding but rather an advisory body. We do however attach great importance to the opinions of its members and formulate our recommendations in consultation with the panel. We present this recommendation to the Director of IDM, which ultimately decides which projects receive financial support.

12. What is required in order to apply for funding?

You can submit the following documents in German or Italian and English translation or in the original English version. Documents in other languages will not be considered in the evaluation of your application. In each case IDM Südtirol must receive all documents marked with an asterisk (*) in two languages in order to perform its evaluation: The synopsis, treatment and/or script as well as the Producer's Note, Director's Note and the Utilization Concept must be submitted in the original language as well as in English.

All documents may be uploaded as part of the online application form, after you register, at <https://filmfund.idm-suedtirol.com/> (see Section 11.3 of this Fact Sheet). The following documents are required:

- Cover letter to IDM Südtirol from the applying producer;
- synopsis* (max. 2 DIN-A4 pages, min. font size 10, line spacing at least 1.5) **and**
- treatment* (max. 12 pages, min. font size 10, line spacing at least 1.5) **and**
- script* (if available);
- evidence that the necessary rights of usage (e.g. subject, screenplay, title, life story) have been acquired;
- a Co-Production Agreement (in case a Co-Production relationship exists);
- a Directors' Agreement (if a director has already been appointed)
- a *Producer's Note* and a *Director's Note* about the project, which also address its potential realization within the framework of IDM Südtirol's Development and Pre-Production Funding criteria*;
- a list of planned cast and crew (if already available), in which film professionals and services from South Tyrol are highlighted: Please submit binding commitments. In addition, highlight the roles and positions already occupied.
- the budget calculation of the development and production preparation;
- a financing plan that covers the whole project budget, **including** all existing verification of individual financing components;
- an overview of all applications to other funding institutions, whether submitted or planned, including their status;
- a detailed time and action plan (project development plan)*, which facilitates rate planning;
- filmography of the applicant company as well as the biographies of the (co-)producers, in industry-standard detail;
- biography and filmography of the author, in industry-standard detail;
- biography and filmography of the director (if defined), in industry-standard detail;
- links to showreel, teaser, etc.;
- an extract from the registration of the applicant production company and its Balance Sheets and Profit & Loss Statements (if any) for the last

- two financial years;
- Utilization Concept*;
- additional visuals, if available;
- proof of the required equity capital (5% of the production costs); the corresponding balance must be demonstrated by means of bank confirmation or bank and insurance guarantee respectively;
- the receipt confirming the transfer of the **16.00€ application fee**. This should be followed by the project name and the applicant company. IDM SÜDTIROL's bank account information is as follows:

BANCA POPOLARE DI SONDRIO
Account Holder: IDM Südtirol Alto Adige AG
IBAN: IT23 Q 05696 11600 000004070X01
BIC: POSOIT22XXX

All documents must be uploaded via the online application form at:
<https://filmfund.idm-suedtirol.com>

13. Additional information about the online application

Applications may only be submitted online at the following address:
<https://filmfund.idm-suedtirol.com>

Please read Section 12 of this Fact Sheet carefully. The online application will guide you through the individual sections of the application, step by step. You will first be asked to create your project, and then you can choose the type of funding for which you would like to apply. Unlocked project applications may be edited at any time via the online application. The fields in the application form that are marked with an asterisk (*) are mandatory.

13.1 Incomplete online submissions

Applications that are incomplete by the submission deadline will be archived if the applicant does not complete them within the set deadline despite being requested to do so. You can then make a new attempt at the next deadline. Please consult us if you have any questions.

13.2 Specified contact person

The production company applying must identify a specific contact person in the application.

13.3 Sufficient depth of detail

Please ensure that all biographies and filmographies go into sufficient, i.e. industry-standard detail. We request the following minimum information for each past project listed in the filmography of the producers and the director:

- risk-bearing (co-)producer(s)
- director(s)
- screenwriter(s)
- main actor(s)
- year of release

Please understand that too little detail can have a negative effect on your application's formal assessment.

13.4 Staff, crew and cast lists

Please create a list, which is detailed to industry standards, including all cast members, creative staff, technical personnel and service providers who are already part of the project team at the time of application, indicating their tax domicile or business location.

Please ensure that all of the information in the staff and cast list matches that of your detailed calculation.

13.5 Listing all financing components in the financing plan

Please note that it is obligatory that you list all **existing and planned financing components** in the financing plan, specifying both the amount and the type of financing in such a way that a realistic picture of your project's financing situation is created. This also applies to types of financing such as deferrals and provisions, as well as to your personal resources.

If you would like to add further financing sources into your project application after it is submitted, please inform us immediately. This is especially important after receipt of your Grant Approval. Any financing for the project other than what is submitted with the application must be approved by IDM Südtirol. If you have already received prizes, grants or funding in previous phases (e.g. screenplay, project development, pre-production), please include them in the financing plan and list them where required in your online application.

13.6 Verification of existing financial components

In order to mark any components listed in your project's financing plan as "confirmed" (for example, a minimum-guarantee distribution agreement, a co-production contract with a television station or a contribution from another

film- funding body), your application must be accompanied by documents confirming the funding sources.

Please understand that this is the only way we can get an idea of your project's actual financing situation and thus the closely linked probability of its realization.

Applications that do not include credible proof of confirmed financial components must unfortunately be considered incomplete. As a result, they will not be considered for funding by IDM Südtirol.

14. Budgeting the project

Please find relevant budgeting information summarized below. If you still have questions after reading it, please contact us before completing and submitting the online application. We are happy to help.

14.1 Binding choice of calculation scheme in overview budget

In the online application form you can find a calculation scheme, which provides you with a rough overview of the cost planning, simplifying your calculation estimate. It is based on a scheme that was developed for applying for MEDIA funds and you may already be familiar with it. The detailed estimate should also be based on this scheme and uploaded as a compulsory attachment to your application. More information can be found in the following paragraph.

14.2 More about the detailed budget

In addition to the data in the overview calculation, we ask you to include a detailed calculation of the pre-production in your application. To create this detailed calculation, please use the extensive version of the calculation scheme by MEDIA, on which the overview calculation is also based (cf. Section 14.1). In the *Download Area* of our website you will find an Excel document that you can use for your calculation.

15. Types and recognition of costs

Please consider project-related costs for pre-production in your calculation only. This includes mainly expenses such as:

- acquisition of film rights for pre-existing literary works;

- author's fee for screenplay;
- fees for dramaturgical processing of the script;
- fees and remuneration for production, directing and equipment staff related to location scouting;
- costs for test shots;
- casting fees;
- travel expenses during project development (location scouting, research, test shots);
- marketing costs (trailer, brochures and information material, advertising costs);
- costs for legal advice.

For Development and Pre-Production Funding, we only accept costs borne and invoiced no more than six months prior to the submission deadline. In addition, we only accept expenses that can be **clearly allocated to pre-production** and for which you can provide evidence of a cash flow (exception: deferrals, personal services and approved equity capital). The author's fee must be staggered, since the entire screenplay costs cannot be accepted within the framework of project development. The entire script fee is usually part of the production costs and is entirely due only at the beginning of shooting. Recognition of the full script fee during the project development is only possible in exceptional cases with appropriate justification. This also applies to the acquisition of rights to pre-existing literary works (e.g. rights for screen adaptation, publishing rights). As a rule, only option payments or first installments are accepted within the framework of project development.

We ask everyone to please observe the basic principles of budgetary rigor.

15.1 Gross versus net

When calculating production costs, **Value Added Tax (VAT) should not be taken into account**. Please calculate **net figures**.

15.2 Expenses, mileage and tariff provisions

Expenses, mileage allowances and tariff provisions apply in accordance with the national legislation of the respective contractual relationships. If this concerns a legal framework outside of Italy, Austria or Germany, please attach the guidelines to your final cost statement (see final audit further below), translated into Italian, German or English, after completion of production. We expressly reserve the right to set caps for these items.

15.3 Overhead, producer fees & contingencies

Considering the Development and Pre-Production Funding, you can calculate up to 7.5% of overhead cost, measured against the net pre-production costs. If IDM Südtirol has already granted funding for Pre-Production, the overhead expenses are reduced by the proportion of the grants already paid in Pre-Production, in case your project obtains funding for Production as well.

The *Producer's Fee* and *contingency* are not accepted as part of the Development and Pre-Production Funding.

15.4 Cost reductions

Please do not forget to deduct cost-reducing earnings such as rebates, discounts, insurance reimbursements or revenue from the pre-production measure. This is especially true at the final settlement of account of the project.

15.5 Project related financing costs

Project-related financing costs are, in principle, recognized to a reasonable extent. Interest on your own funds may not, however, be calculated into the budget.

15.6 Tax accountancy costs

Producers can claim **tax accountancy** costs incurred in Italy for specific projects. We are happy to help you find appropriate partners.

15.7 Personnel costs

Personnel costs must be calculated in keeping with industry standards and in compliance with employment regulations, wage provisions and the minimum wage. Please note that personnel costs should be listed as net amounts in the calculation (see Section 14.1), whereas ancillary wage costs have to be listed separately.

15.8 Costs of the Final Audit

For the Final Audit (see Section 22 of this Fact Sheet), which is carried out by an independent auditing firm commissioned by us, please calculate 3% of the requested funding amount, with a minimum amount of € 500 and a maximum of € 3,000 for a grant amount of up to € 100,000. After the audit, you will receive an invoice from the auditing company appointed by IDM.

15.9 Withholding taxes

Please note that in the case of **grant recipients with a registered office in Italy**, we withhold 4% from each grant installment as input tax. This is an Italian state tax, which is levied on grants if the recipient carries out business activities in Italy. We will pay this tax to the responsible tax office on your behalf. We will also send you a tax summary the following year, officially confirming that it has been paid. Using this document, you can then deduct the amount withheld from your tax liability.

Grant recipients **without a registered office in Italy** should provide a certificate of residency issued by their responsible tax office – when the first installment is requested, at the absolute latest – indicating that the producer concerned does not have tax liability in Italy. Once this has been certified, we can pay out the grant amount **without withholding the tax**.

16. Personal services

We consider all of the services rendered by the applicant (whether a natural or legal person) as well as those by the co-producers involved in the project as the personal services. This also applies to services provided by shareholders, managing directors or persons with whom the production company has a close economic relationship.

For example, the producer's and co-producer's fees can be recognised as personal services if they acted as production manager, director, lead actor or cameraman in the film project. The producer's exploitation rights to his or her own works, such as the novel, the screenplay or the film music, are also recognised as personal services.

Please mark **your personal services clearly in your calculation** or complete your application for a document that lists and explains the personal services, in keeping with the sense of our definition.

- The following applies to **personnel costs** listed under personal services:

Personnel costs for employees must be calculated at a fair market value.

Personnel costs for the managing director or for a shareholder of the applicant company should be calculated at 25% below the market price. The latter contributions, including the producer's fee, may not exceed 20% of the total budget.

- For **in-kind performance/contribution** under personal services:

For in-kind contributions, please calculate at a rate that is at least 25% below the market value. In order to do this, please provide us with offers as soon as possible when applying.

For your project's Final Audit, please note that you can only deduct your own services up to the amount calculated.

The Producer's Own Services may be deferred in the personal resources in the finance plan.

17. Personal resources

Our funding model provides that the producer himself/herself must contribute his/her fair share towards financing the project. This may be provided in the form of equity capital/private funds, deferrals or provisions. Film grants do not qualify as the producer's contribution, with the exception of prize money and reference grants.

Your own resources should be shown separately in the detailed calculation

17.1 Producer's own personal funds (equity capital)

The producer's own personal funds must amount to at least 5% of the calculated production costs, for co-productions, with the percentage based upon the co-production share to be financed by the respective partner. In the case of TV co-productions, the required equity capital is calculated by subtracting the co-production share (not the license portion) of the TV broadcaster from the total production budget.

If the co-production contract between broadcaster and producer does not clearly indicate a licence share, it is assumed that the licence share amounts to 50 per cent of the TV broadcaster's share.

The producer's own personal funds are provided in the form of cash out of the applicant's assets. Please enclose appropriate bank confirmations with your application as proof of your equity capital.

Borrowing funds as repayable third-party loans and bank loans are also accepted as equity capital. If the financing components exceed the financing requirements, a reduction of up to a reduction of up to 0 per cent of the producer's own personal funds or the calculation of provisions that replace these personal funds in whole or in part can be granted upon application with written justification, provided that the financing does not then exceed the project development costs.

17.2 Deferrals

Deferrals are accepted up to a level that is appropriate to the project. Please show these entries in the financing plan and provide evidence for all deferred items calculated, with a **signed statement** from the relevant party. This applies both to the applicant company and to third parties.

Your own services (see Section 16 of this Fact Sheet) as well as **services of**

third parties may be calculated as deferrals. Please **mark** your own services and the deferred services of third parties **clearly in your detailed calculation**.

We can accept deferrals for recognizable services from third parties (e.g. author's fee, directing, DOP) up to a maximum of 15% of the total pre-production costs.

We can accept deferred personal services (e.g. project management, accounting, and dramaturgical consulting on the screenplay) up to a maximum of 15% of the total pre-production costs.

Please note that deferred personal services and deferred services by third parties can generally only be cumulated **up to a maximum of 20%** of the total pre-production costs.

For the Final Audit of your project, please note that you can only bill your own services and deferred third-party services up to the calculated amount.

17.3 Provisions

Please note that items within your calculation that can be financed in the form of provisions (for example, in the form of technology) may only be calculated to a maximum of the normal market value. As in the case of your own services and the accrued services of third parties, the provisions should already be **clearly** recognizable as such in the calculation and identified by you accordingly. As proof, we kindly ask you to attach a signed Declaration of Provisions Supplied to the financing plan.

18. Co-productions

If you are part of a co-production, please note any bilateral and multilateral agreements applicable to international co-productions in your financing plan.

19. Calculations and financing plan as a component of the Unilateral Funding Obligation (EVE)

If you are awarded a grant and successfully complete the economic and legal review of your final project documents, your final pre-production budget calculation and your final financing plan form an integral part of the Unilateral

Funding Obligation (EVE; see information in Section 11 of this document). The EVE is a final and legally binding funding commitment, comparable to the usual grant agreement. After the EVE is issued, redistributions within the budget are possible. Budgetary redistributions must also be communicated to IDM Südtirol in a timely manner. IDM Südtirol reserves the right to either approve or not allow these redistributions, and the latter must be reasonably justified by you during the Final Audit, at the latest. In addition, we request that you inform us of any changes to the financing plan underlying the EVE **immediately**, as well as of any adjustments to the production budget. It is **critical** that any budget changes or alterations to the financing plan are approved by IDM Südtirol; otherwise the EVE will become void.

Similarly, IDM Südtirol must be informed immediately about any significant artistic changes. We require that these decisions may be approved because they influence the nature of the funded film in a substantial way.

20. Disbursements of grants

Disbursement of the grant monies is normally carried out in three installments. We would like to underline that the payments are **never made automatically**. You must request the disbursements within certain deadlines, via a request form; the request must be accompanied by specific documents.

The first installment of 50% is made – following issuance of the Unilateral Funding Obligation (EVE, see also the information in Sections 11 and 19 of this document) – upon closure of financing and after presentation of the appropriate documents. The second installment of 25% is payable when IDM checked your expenditure and project development report based upon the grant from the first installment. The third and final installment of 25% is granted upon successful completion of the Final Audit.

The individual instalments must be drawn down according to the time schedule you submitted as part of the funding application. The associated expenditure must be settled by the end of the following year at the latest. If this deadline passes without your having drawn down the instalment and submitted the statement of account, IDM will revoke the contribution. For serious and justified reasons, you may request a postponement of the request for payment of the instalment before the expiry of the above-mentioned deadline. If this deadline also expires unsuccessfully, the contribution is automatically revoked.

Please note that the payment modalities and installments in the Unilateral Funding Obligation are generally determined on a case-by-case basis, at the discretion of IDM Südtirol, and may vary from project to project.

General information regarding the disbursement requirements can be found below. All of the project-specific information will be sent to you in a timely manner, in writing, subsequent to a positive funding decision.

21. Installments, deadlines and obligations

Please note that the following instructions are for the sole purpose of providing general information. If your project does indeed receive a grant, legally binding information and all of your project-specific payment modalities will be set forth in your Unilateral Funding Obligation (EVE).

If you submit your film project without a screenplay for **Development and Pre-Production Funding**, the **Two-Step Funding** scheme will take effect (see Section 10). In this case, the first installment will be granted as an advance in accordance with Section 20 and the conditions set out therein. For the payment of the second installment, an elaborated version of the screenplay must be submitted to IDM in addition to the documents mentioned in Section 21.2. Payment of the final installment will be made in accordance with Section 21.3 of this Fact Sheet. You will find a detailed description of the Two-Step Funding scheme in this document under Section 10.

If the producer is not at fault, a part of the subsidy can be paid out upon written justified application even before contractual proof of each individual financing component.

21.1 First installment of 50%

IDM SÜDTIROL will disburse the first installment if the following prerequisites are satisfied:

- The project has its own production account.
- The bank confirms the account data.
- Submission of the final pre-production budget.
- Submission of the final financing plan.
- Evidence of closure of financing using specified documents.
- Presentation of the final project development plan considering the time schedule as well as detailed description of the goals.

As a rule, please submit the relevant documents within 6 months from the date of the Grant Approval.

21.2 Second installment of 25%

The payment of the second installment shall be disbursed following an interim cost analysis and a preliminary examination of the expenditure on the first installment, as well as following the submission of a detailed report on the measures adopted up until the date of the cost analysis. Please ensure that the documents are submitted no later than 12 months from the date of the Grant Approval.

21.3 Final installment of 25%

The payment of the third installment shall be made, if the following conditions are met:

- report on the planning and status of the targeted financing of the total production costs of the project;
- Final Audit of expenses within pre-production without objections by IDM.

Please submit the documents for the Final Audit no later than 24 months from the date of the Grant Approval.

22. Final Audit

Before the payment of the last installment and at the latest 24 months after the Grant Approval, a content-oriented final report must be submitted, following which the Final audit is conducted. In order to properly carry out the audit, you must provide a final cost statement as well as a report detailing the cost deviations (see Section 22.3).

Upon disbursement of the second installment, you will receive an e-mail reminder from us summarizing all of the information required for the Final Audit. The auditing firm appointed by IDM Südtirol will examine the documents. The e-mail will clearly outline all of the documents necessary for Final Audit, which are to be sent directly to the auditing firm. Once the audit of your project has been completed without any objections, and upon our receipt of the formal notification from the auditing firm, you may request your final grant payment.

22.1 Details about the Final Audit

IDM Südtirol has commissioned an auditing firm to perform Final Audits of the funded projects; that firm requires the following documents in order to carry out its Final Audit of your project:

- final cost report, signed by the producer and all co-producers (comparison of actual costs versus planned costs, as set forth in the Unilateral Funding Obligation);
- list of any unpaid invoices;
- ledger for each account of total production costs (Excel spreadsheet or list of booking entries indicating date, document number, supplier/recipient, reason, amount);
- detailed final report on the project development measures that were carried out (incl. an explanation for any deviations from the originally submitted project development plan);
- deviation report (explanation for any deviation of 20% or more between

- the cost estimate and the actual costs, per main account);
- financing status (comparison of financing plan as set forth in the Unilateral Funding Obligation with the actual amounts, showing any outstanding payments);
- proof of payment of the individual financing components;
- contracts with any financing partners or co-producers not included in the original financing plan;
- legally signed letter of representation (see attachment);
- current cast and crew list (if available);
- specifications about any earnings that reduce the production costs.

22.2 Further information

Please also note the following information regarding the Final Audit:

Proper invoices

Expenses may be recognized only when backed up either by a tax receipt or by an invoice in proper commercial form, which has been issued in the name of the grant recipient and for which actual cash flow can be shown. Individual receipts must be assigned clearly to the project.

Structure and content of the Final Audit

In the final cost statement, please compare the calculated costs, as set forth in the Unilateral Funding Obligation (EVE) or the application, against the actual costs incurred. Likewise, in the final financing statement, please compare the planned financing plan, as set forth in the EVE or application, with the actual financing that took place. Please also indicate any outstanding payments or receipts.

Please keep the original receipts and contracts available for inspection. You may be requested to submit a spot check either to us or to the external audit firm.

Please ensure that the accounting for the Final Audit is carried out in an industry-standard, commercially recognized and informative manner, with absolute transparency. Please always staunchly maintain the principles of budgetary rigor. IDM Südtirol expressly reserves the right of full access to all books and accounts of its funded films, as well as to all supporting documentation; IDM Südtirol and/or its commissioned third parties may exercise this right at any time.

In connection with the accounting, we may require that written explanations be submitted to us, or that relevant calculations or other supportive documentation be prepared for us.

In general, we will only recognize expenses that have actually become due for payment during the production phase.

22.3 Falling short of or exceeding the total calculated pre-production costs; deviations from the financing plan

If you fall below the project's total calculated pre-production costs as set forth in the Unilateral Funding Obligation (EVE) or in the application, the grant will be reduced at a level proportional to the shortfall. As a result, the final Production Funding installment will not be paid in full.

If total calculated pre-production costs are exceeded, the grant amount may not be increased after the fact.

23. Other information

Please adhere to the requirements set forth in Article 10 of the Application Guidelines, and credit **IDM Südtirol** and the **Autonomous Province of South Tyrol** in the opening and/or closing credits of your production as is customary in the industry. Please use the logo of the umbrella brand South Tyrol, the official provincial coat of arms and/or the logo of IDM Südtirol, which we will be happy to send you on request. Likewise, whenever the funding partners of the funded project are mentioned in relevant publications, PR materials and other announcements, reference must be made to IDM Südtirol's involvement.

24. Legal notices

The number of funded projects depend on the mean amount of South Tyrolean film funding available. Therefore, no entitlement exists towards any funds still available at the end of the year. In addition, it is not possible to request an increase of funding that has already been approved.

IDM Südtirol reserves the express right to reduce the requested amount of funding when issuing a grant.

Submitted projects may also be approved for funding in subsequent grant cycles.

Because funding decisions are an administrative act, you may take timely legal steps against them. Your grant approval or refusal letter will set forth these deadlines.

24.1 Misrepresentations by the applicant

Making false statements regarding or purposefully withholding the requested information will lead to an automatic rejection of the application. If a grant has already been approved and/or partially paid, it will be immediately revoked and the applicant will be legally obliged to repay any dispersed funds to IDM Südtirol,

in full.

24.2 Bankruptcy and cancellation of projects

Any project cancellation, regardless of whether or not it is funded, will result in the responsible producer(s) holding liability for the South Tyrol Film Fund grant. IDM Südtirol expressly reserves the right to reclaim the grant entirely.

24.3 Grant liability

Grant liability is always borne by the grant recipient. In the case of a co-production, we reserve the right to insist that the other risk-sharing producers also share joint liability.

24.4 Exclusion of legal entitlement to grant money

Applicants have no legal entitlement to funding.

We hope that you have found this Fact Sheet useful. We are always appreciative about any feedback regarding the quality and comprehensibility of the statements contained herein. We wish you and your project every success.