Expense Documentation Guide

Expense Documentation

Within your completion budget you are required to upload legible, organized and scanned copies of your invoices/receipts and proofs of payment for each claim listed within your Cost Report. This material is referred to as your **expense documentation**.

Please note that FACTOR reserves the right to make inquiries with third parties to verify any statements and/or costs submitted, as well as the right to refuse, propose, or impose modifications to budgets submitted. You are responsible for familiarizing yourself with your project's program guidelines and FACTOR's Business Policies regarding eligible and ineligible expenses. Providing false or manipulated documents to FACTOR is fraudulent and will result in Default.

See the Completion Guide for instructions on how to submit your completion.

What to Submit as Expense Documentation

You will need to provide legible electronic copies of both an invoice/receipt and proof of payment for each expense claimed to FACTOR. These must be uploaded to your completion on the Budget tab. You **must** use the following naming convention so that your Project Coordinator can easily match each file with an item listed on your Cost Report:

Cost Report Expense Number - Vendor Name and/or Documentation Type.

Invoices/Receipts

An invoice is a commercial document issued by a vendor to a buyer, relating to a sale transaction and indicating the products, quantities, and agreed prices for products or services the vendor has provided the buyer. [SAMPLE]

A receipt is a written acknowledgement that payment has been received for goods and services provided. For FACTOR's purposes, an invoice/receipt may contain:

- Name and address of the vendor
- Vendor's PST/GST/HST number if those taxes are being charged
- Date of invoice
- Itemized description of the goods or services being supplied, including dates of services
- Name of the buyer, if the sale is for personal

services An invoice may also contain:

- Payment terms, including an indication of whether the invoice has been fully or partially paid and by what means.

A receipt must also show:

- Means of payment (e.g. cash, cheque, credit card, debit card, email transfer)
- Date and number of an invoice to which the receipt pertains

Cash Payments

For all components excluding Tour Support, Showcase and Business Travel:

a) Incidental purchases under $100 (e.g. gas, small goods) must be supported by a cash register receipt.

b) Lease or purchase goods and services under $500, excluding per diems, must be supported by a detailed receipt issued by the payee indicating clearly all of the following:

i) The name and address of the organization or individual who provided the goods or services;
ii) The name of the individual who purchased the goods or service.
iii) The goods or services purchased in detail, such as item description, quantity, unit price, extended price, additional charges and applicable taxes.
iv) The transaction date (including the dates of service or delivery if applicable).

c) Per diems under $500 must be supported by a FACTOR-provided Receipt for Services form signed by the payee.

d) FACTOR will not reimburse expenses paid in cash where the claim is a lease or purchase of goods and services over $500 including but not limited to: personnel costs, fees for personal services, per diems, studio and equipment rentals, travel fares, hotel rooms, and vehicle rentals. Such costs must be paid by cheque, email transfer, credit card, interbank transfer, wire transfer or money order and supported by a detailed invoice or receipt as described above.

For Tour Support, Showcase and Business Travel components, no limit will be applied to payments made in cash, provided that:

a) Incidental purchases under $100 (e.g. gas, small goods) must be supported by a cash register receipt.

b) Personnel costs, fees for personal services and per diems paid in cash to individual persons must be supported by a FACTOR-provided Receipt for Services form signed by the payee.

c) Lease or purchase of all other goods and services must be supported by a receipt issued by the payee indicating clearly all of the following:

i) The name and address of the organization or individual who provided the goods or services;
ii) The name of the individual who purchased the goods or service.
iii) The goods or services purchased in detail, such as item description, quantity, unit price, extended price, additional charges and applicable taxes.
iv) The transaction date (including the dates of service or delivery if applicable).

Receipts in all cases must be sufficiently detailed to show the purchase is connected to the expense claim. Applicants must be able to identify and describe the item(s) or service(s) purchased. FACTOR reserves the right to contact the vendor, and to reject any costs it deems, in its sole opinion, insufficiently supported.

Proof of Payment

Proof of payment documentation confirms that the vendor was paid for the services/products supplied. Proof of payment includes canceled cheques, credit card and debit card statements, money order and postal order receipts, wire transfer and online e-transfer receipts, and, where allowable, cash register and signed personal receipts.

Remember, if you are unsure of a proof of payment, check with your Project Coordinator first. Cash payments are generally not acceptable.

Note the following requirements with regard to proofs of payment:

- Canceled ("cashed out") cheques must be photocopied on both sides, so that the teller's stamp is visible. This stamp is generally on the back of the cheque. [SAMPLE].
- Credit card statements and bank statements must clearly show the account owner's name. If the account owner's name is not visible, include a scan of the credit card used with the name clearly legible. Account number and non-relevant items can be blacked out, but the costs being claimed must be shown clearly on the statement. [SAMPLE].
- Credit card and debit transaction slips must show and match the amount, date and supplier on the invoice/receipt.
- Money order and postal order receipts must be legible, dated and signed.
- Wire transfer receipts must show the name of the payee and be dated.
- Online transfer (email transfer) receipts must be sent directly from the bank and show the name of the payee, the recipient, the date, the payment amount and confirm the transfer is complete. FACTOR will accept a copy of the email confirmation of the deposited funds or proof from online banking if all required information is displayed.
- Cash register receipts may be accepted for incidental items provided that they show the information required for receipts as noted above.
- For Showcase, Tour, and Business Travel, signed personal receipts for incidental cash payments (such as per diems) will be accepted provided that they show the information required for receipts as noted above. If the receipt is generated from a blank receipt book, the seller must write in all of the required information. See Receipt for Services/Per Diems.

Whose name should be on Expense Documentation?

FACTOR funding is intended to reimburse the applicant for its out-of-pocket expenses. FACTOR expects the applicant's name to be indicated as the payee on the invoices, receipts, and proofs of payments. If the names do not match, the expense will not be considered eligible.

FACTOR acknowledges that it is not always practical for every applicant to be associated with every expense. Here are some common scenarios:

1. Bands on tour
Even though one member of the band may be the applicant for contracting purposes, FACTOR can allow eligible expenses that were incurred by the other band members or eligible travelers (such as the tour manager or driver) or the significant others of band members when the band is on the road.

Band expenses incurred by third parties (such as a record label or artist manager) are acceptable if the applicant can provide a "proof of repayment" or a charge-back. An example would be an invoice from the manager to the band with proof of payment for that invoice, or a copy of the band's account statement showing the amount to be recovered against artist revenue.

2. Bands in the studio
As on tour, eligible expenses incurred by any of the band members can be recognized. Expenses incurred by the studio owner, producer, engineer or some other third party can be allowed if they are invoiced back to the band. In that case, FACTOR needs proof of repayment by the band. For example, if a studio percussionist rents a drum kit on their own credit card, they should itemize this cost in their invoice to the band, or in a separate invoice, and include the original invoice or store receipt. FACTOR still requires proof of payment showing reimbursement to the person who incurred the expense.

3. Distributor charge-backs
Many artists will do a deal where the distributor incurs certain costs (usually marketing) and charges those back to the artist's account for deduction when revenues come in. FACTOR may allow these costs to be claimed by an artist provided that a detailed statement from the distributor is submitted that itemizes each eligible expense being claimed, including the date, the item, the seller, and the amount. FACTOR will not recognize a flat-fee charge-back (such as "20% of gross revenues") as adequate proof of payment.

Further Helpful Documents

The following forms and documents can be used to verify claims on your Cost Report spreadsheet and assist with the completion process. This information can be found on the FACTOR website, under FAQ & Resources - Recipient Resources.

- Personal Vehicle Log - used for any personal vehicle claim on Tour, Showcase, or Business Travel.
- Receipt for Services and/or Per Diems – used for any musicians or hired musician fee/ per diem claims on Live Performance projects / per diems claimed for Business Travel or Sound Recording
- Supplier's Declaration and Undertaking Form – required when claiming a third party sound recording or video producer
- Employee Time Allocation Form - used to claim in-house staff costs.
- Artist Development Completion Guide – used for completing Artist Development projects.
- Artist Donated Services Form - used to claim artists' donated services for Artist Development projects.