

## **Conditions for provision of endowment grants**

### **Call for submission of applications 2018/1**

#### **Part I. Basic provisions**

1. The Endowment Fund provides endowment grants in accordance with the purpose which it was established for.
2. The Endowment Fund provides endowment grants for the following types of projects which are intended for international distribution in cinemas, via television broadcasting, television rebroadcasting or video-on-demand services and in which the City of Prague is depicted as the City of Prague:
  - a) feature (live action), documentary and animated films
  - b) feature (live action), documentary and animated series or episodes of a series
3. The Administrative Board of the Endowment Fund announces grant proceedings for provision of an endowment grant.
4. Endowment grants are awarded solely on the basis of selection from applications submitted to the grant proceedings in the form of provision of funds in accordance with these conditions for provision of endowment grants, the statutes and the foundation charter.
5. Grant proceedings are commenced by publication of a Call for submission of applications for an endowment grant (hereinafter referred to only as "Call"). Call defines the basic parameters of the grant proceedings. Call is published on the website of the Endowment Fund.
6. The Endowment Fund keeps records of applications for an endowment grant.

#### **Part II. Submission of applications**

1. The Call in particular includes:
  - c) start and end of the deadline for submission of applications
  - d) total volume of funds for distribution in the specific Call
  - e) Application form and list of appendices required for submission of the application
  - f) method of delivery
  - g) draft contract on provision of an endowment grant
2. The Administrative Board may in particular define the following in a specific Call:
  - a) types of projects which endowment grants are intended for
  - b) type of applicant
  - c) level of endowment grant for one project
  - d) start of filming the project
3. The Administrative Board may, in justified cases, change the total volume of funds in Call which has already been announced.
4. Application for an endowment grant may be submitted on a duly completed Application for provision of an endowment grant form (hereinafter referred to only as "Application"). The compulsory appendices also constitute an integral part of the Application. The Application forms and appendices are available on the website of the Endowment Fund.

5. The applicant may be a legal person which has their registered office or place of business within the territory of the Czech Republic if such a person also meets one of the conditions of the following paragraph 7.
6. The applicant may be:
  - a) a legal person which is, on the basis of contractual arrangement, commissioned by a producer with their registered office outside of the Czech Republic with submission of an application for an endowment grant
  - b) a legal person which is a co-producer of the project being applied for, where at least one of the co-producers of this project has a registered office outside the territory of the Czech Republic
7. An application may only be submitted for a project, filming of which
  - a) began in the year preceding the year of submission of the Application
  - b) will begin in the year of submission of the Application
8. Start of filming shall be understood to mean principal photography for the film or series/series episode. Preliminary filming, tests, filming of trailers or teasers, filming for the purposes of casting or scouting etc. shall not be regarded as start of filming for these purposes.
9. Applications shall be submitted in Czech or Slovak, with the exception of those parts/appendices for which the option of submitting an English language version is explicitly specified in the Call.
10. One applicant may submit several Applications for one set of grant proceedings.
11. The Application in particular includes:
  - a) name of the project
  - b) identification of the applicant
  - c) requested level of endowment grant
  - d) detailed information about filming in Prague and about presentation of Prague in the film
  - e) synopsis, screenplay
  - f) audiovisual material
  - g) project budget and costs for filming in Czech Republic
  - h) filming schedule
  - i) information about co-producers if the applicant is an entity specified in point 6 letter b) or information about the foreign co-producer pursuant to point 6 letter a)
  - j) sources of financing the project
  - k) marketing performance proposals in relation to presentation and promotion of the City of Prague
  - l) distribution strategy
  - m) co-production contract or service contract
  - n) authorisation to submit the Application if the applicant is an entity specified in point 6 letter a)
  - o) consent to processing of personal data
  - p) affidavit by the applicant regarding public support and de minimis support
  - q) affidavit on the accuracy of information
  - r) contact details
12. Entities for which a data box is established by law shall only submit Applications via the data box. Other entities shall submit Applications via a provider of postal services. The date of sending the data message or handover for postal consignment shall be decisive for receipt and acceptance of Applications.

### **Part III. Evaluation of Applications**

1. Applications for an endowment grant shall be checked by the fund to ensure they satisfy formal requirements after the Application deadline.

2. In the event of incomplete Applications, the Endowment Fund may request supplementation of the Application by the applicant. If the Application is not supplemented by the applicant within the set deadline, the Application shall be excluded from the grant proceedings.
3. Applications which do not meet the requirements specified by the Call (including method of delivery) and Applications which are sent after the deadline shall be excluded from the grant proceedings.
4. Applications for a project with the following content shall be excluded from grant proceedings
  - a) a project which is pornographic in nature
  - b) a project which condones violence and which openly offends human dignity
  - c) a project which breaches the legal regulations valid in the Czech Republic
5. Applications for an endowment grant relating to projects which were supported by the Administrative Board in previous Calls shall be excluded from grant proceedings.
6. Applications from those applicants on whose assets bankruptcy has been declared or against which bankruptcy or similar proceedings have been commenced, or with regards to which proposal for declaration of bankruptcy has been rejected due to lack of assets of the applicant or applicants who are in liquidation shall be excluded from grant proceedings.
7. Applications from applicants which have already been allocated an endowment grant from this Endowment Fund, but the applicant was in major breach of the contract on provision of an endowment grant and their legal entitlement to the endowment grant thus expired or for whom an endowment grant was reduced in light of minor breach of the contract by more than 20% shall be excluded from grant proceedings.
8. The Endowment Fund is entitled to request other materials for evaluation of the Application.
9. Applications which meet the formal and material requirements proceed to further evaluation by the Administrative Board.
10. Applicants whose Application has been excluded from grant proceedings shall be sent information by the Endowment Fund with justification of its exclusion, this being within 30 days of exclusion.
11. The Administrative Board shall judge each project on the basis of the criteria specified in article X point 5 of the foundation charter of the Endowment Fund and shall, on the basis of these, decide to provide or not to provide an endowment grant for the specific project and the level of the endowment grant.
12. If the Administrative Board evaluates the project in a positive light with the exception of marketing performance in relation to presentation of the City of Prague, the Administrative Board may request supplementation of the Application and extension or other change to the marketing performance. The Administrative Board shall decide about the project after supplementation of the Application.
13. The Administrative Board is obliged to justify its decision for each project.
14. Decision need not be made all at once about individual projects in one Call.
15. The decision of the Administrative Board of the Endowment Fund is final and no appeal against this is possible.
16. Decision on the level of the endowment grant for individual applications is final and no request for increase in this is possible.
17. The Administrative Board is not bound by the requested level of the endowment grant.
18. Several endowment grants may be awarded to an applicant in one set of grant proceedings.

19. The endowment grant may only be awarded if it complies with the legal regulations for public support within the meaning of art. 107 et seq. Treaty on the Functioning of the European Union.
20. The Endowment Fund is entitled to cancel grant proceedings or to not award any endowment grant.
21. Grant proceedings shall be concluded on the date when decision is made about all Applications accepted into the grant proceedings
22. Materials provided together with an Application shall not be returned to applicants.
23. The Endowment Fund shall publish the decision of the Administrative Board and where applicable the level of the endowment grant within 30 days of decision on the project. The Endowment Fund shall publish an ongoing list of Applications submitted, a list of excluded Applications and the reason for their exclusion, a list of supported and not supported projects, the results of decisions by the Administrative Board, the level of the endowment grant and justification for the decision of the Administrative Board.

#### **Part IV. Contract**

1. The applicant must be informed in writing of the decision of the Administrative Board on awarding of an endowment grant or on decision to not provide an endowment grant and justification for such decision within 30 calendar days of the date the decision is made by the Administrative Board. Decision on awarding of an endowment grant also contains a deadline for submission of documents needed for conclusion of the contract on provision of an endowment grant.
2. Decisions of the Administrative Board of the Endowment Fund on provision of an endowment grant shall be implemented by the Chair of the Administrative Board of the Endowment Fund.
3. The Endowment Fund shall conclude a Contract on provision of an endowment grant with the recipient of the endowment grant (hereinafter referred to only as "Contract").
4. Before conclusion of the Contract, the recipient of the endowment grant shall be obliged, within the deadline determined by the Endowment Fund in the decision on awarding of an endowment grant, to provide the Endowment Fund
  - a) a copy of a document proving the legal existence of the applicant and authorization for the parties signing this Contract on behalf of the recipient
  - b) a copy of a document on administration of the bank account to which the endowment grant should be provided

If documents are not provided within the determined deadline, entitlement to the endowment grant shall expire.

5. The Contract must specify the following:
  - a) name and identification of the project
  - b) purpose for which the endowment grant is provided
  - c) level of the endowment grant
  - d) obligations of the recipient of the endowment grant during the course of implementation of the project and after its completion
  - e) date of completion of the project
  - f) marketing performance in relation to presentation of the City of Prague
  - g) major and minor breach of the contract
6. Minor breach of the contract shall in particular be understood to mean breach relating to
  - a) late provision of billing, the final report or other materials defined in the contract by less than 15 days
  - b) use of the Endowment Fund's logo on key materials relating to the film (with the exception of the end credits, in which failure to use the Endowment Fund's logo constitutes major breach)

7. In the case of major breach of the contract, the recipient of the endowment grant shall lose legal entitlement to the endowment grant. In the case of minor breach of the contract, the endowment grant shall be reduced on the basis of each minor breach of the contract by up to 20% of the level of the endowment grant which the Administrative Board decided on. The Administrative Board shall decide on each specific reduction of the endowment grant.
8. The Administrative Board shall determine in the contract on provision of an endowment grant which cases of breach it regards as major or minor breach of the contract.
9. If the Applicant fails to sign the draft Contract within 30 calendar days of its delivery or refuses to sign it, the draft contract shall lose its validity and entitlement to the endowment grant shall expire.
10. The recipient of the endowment grant shall be obliged to use the endowment grant only in compliance with the purpose of the Endowment Fund and shall be liable for compliance with all conditions determined in the Contract.
11. The recipient of the endowment grant shall be obliged to inform the Endowment Fund without delay of all fundamental changes which occur during implementation of the project. Certain changes defined in the Contract are subject to approval by the Administrative Board.
12. The endowment grant shall be paid out in full after a check is made on meeting of criteria, on the basis of which the applicant was chosen in view of the rules and conditions, and specified in more detail in the contract on provision of an endowment grant conclude between the selected applicant and the Endowment Fund, and on the basis of an test viewing of the work by the Administrative Board, including the end credits, containing thanks to the founders of the Endowment Fund with the content and in the visual form approved in advance, which the successful applicant is always obliged to include in the work intended for distribution.
13. Meeting of criteria shall be understood to mean submission of billing by the recipient of the endowment grant as at the date of completion of the project, a check being made on this by the Endowment Fund and visual inspection of the work by members of the Administrative Board. The Endowment Fund is obliged to perform a check on billing within 30 days of submission of billing. The Administrative Board is obliged to perform visual inspection of the work within the same deadline.

## **Part V. Checks**

1. Eligible costs are such costs which:
  - a) are incurred by the recipient of the endowment grant
  - b) are used for production of the work within the Czech Republic and especially within the City of Prague; production shall be understood to mean activities including preparation for filming, filming and finishing work (audio, visual, special effects etc.) on the cinematographic work or which are used for promotion of the work; promotion shall be understood to mean increase in awareness among the Czech and foreign public about the work and its filming within the City of Prague
  - c) are used no later than the date of billing for the project
2. The following are not eligible costs:
  - a) performance in kind provided for implementation of the project by a third-party who is a co-producer or co-organiser of the project without payment of the price for such performance by the recipient of the endowment grant;
  - b) performance in kind provided for implementation of the project by the recipient of the endowment grant, i.e. in particular use of in-house production capacities by the recipient of the endowment grant
  - c) purchase and depreciation of fixed tangible and intangible assets
  - d) operational costs of the recipient of the endowment grant which do not relate exclusively to the project
  - e) reserves
  - f) customs duty, interest on credit and loans, costs for purchase of receivables

- g) value added tax in the scope in which the recipient of the endowment grant which is a payer of VAT exercised or could have exercised entitlement to its deduction
  - h) contractual penalties, punitive interest and fees arising due to delay, redundancy pay, compensation for damage
  - i) the purchase price for real estate
  - j) income tax, road tax, property tax, gift tax, inheritance tax, real estate transfer tax
  - k) expenditure on judicial disputes which have arisen in relation to the project, including the court fee and costs for legal representation
  - l) expenditure on employees which the employer is not obliged to settle pursuant to the legal regulations (contributions towards supplementary pension insurance, life insurance etc.)
  - m) leasing instalments
  - n) scholarships or payments of a similar nature
3. The Endowment Fund is entitled to perform an ongoing check on use of the endowment grant. In the event of breach of the Contract, the recipient of the endowment grant shall be obliged to repay it, this being within a deadline of 14 calendar days from the date of delivery of demand for payment by the Endowment Fund.
  4. The recipient of the endowment grant is obliged to submit to the Endowment Fund billing for the endowment grant by the set deadline determined in the contract (hereinafter referred to only as "Billing").
  5. Billing for the project must in particular include the following:
    - a) total expenditure for implementation of the project and
    - b) a list of expenditures settled from the endowment grant
    - c) a final report on implementation of the project and description of marketing performance in relation to the City of Prague
    - d) the film or serial in such a format enabling performance of visual inspection and not differing in any fundamental parameters from the submitted Application.
    - e) a document on commencement of distribution and distribution contracts for other territory
    - f) promotional material for the film
  6. The recipient of the endowment grant is obliged to allow the Endowment Fund to verify use of the endowment grant by viewing the respective documentation or, subject to request, to prove the purpose which the endowment grant was used for.
  7. Subject to request, the recipient of the endowment grant shall be obliged to submit to the Endowment Fund all documents relating to use of the endowment grant and to allow the Endowment Fund to view its accounts.
  8. In the event of incomplete Billing, the recipient of the endowment grant shall be obliged to remedy the situation within the deadline determined in the call to do so by the Endowment Fund. If it fails to do so, its conduct shall be regarded as breach of the contractual conditions of the Contract.
  9. The purpose of visual inspection of the work by members of the Administrative Board is to check that the City of Prague is shown in the work in such a way that corresponds to the Application submitted. Decision on the result of visual inspection shall be included in the minutes.

## **Part VI. Other**

1. The Endowment Fund shall not reimburse costs and expenditure for applicants and parties connected to them relating to the proceedings or negotiations on conclusion of a contract on provision of an endowment grant.
2. Applicants and recipients of an endowment grant shall be obliged to use the forms of the Endowment Fund if available for the given case.

3. All communication between the Endowment Fund and the applicant or recipient of the endowment grant shall primarily take place via data boxes if the entity has established one. If the entity has not established a data box, communication shall take place via a provider of postal services.
4. Change to these Conditions for provision of endowment grants must be approved by the Administrative Board.
5. These Conditions for provision of endowment grants were approved by the Administrative Board on 21 December 2017.