



## What are the eligible expense categories?

The following is the list of eligible activities which can be funded by Support for Booksellers under the [Support for Booksellers program guidelines](#):

- the establishment or improvement of technological or logistical tools directly related to the sale of print books online;
- the promotion and marketing of Canadian-authored books for online sale; and,
- costs arising from the management and shipping of orders (labor, shipping/postal costs, storage, etc.).

Funding may not be used to pay dividends, bonuses or other extraordinary compensation to shareholders or owners. We also cannot fund expenses incurred before April 1, 2022. If you incur expenses before receiving written confirmation of your funding approval, you will be doing so at your own risk.

## How do I know if a specific expense is eligible?

For Support for Booksellers, the determining factor is how the relevant cash expense is linked to an **eligible activity category** supporting online sales (see above).

Capital and salary expenses are only eligible if they are directly related to one of these categories.

To be eligible, the good or service for which you paid must be delivered or performed between April 1, 2022 and March 31, 2023, even if the payment was made before or after this period. For example, if you pay for online advertising on March 15, 2023 but the advertisement will only be shown in April 2023, then this expense is not eligible since it falls outside of the program's scope.

We have provided some guidance on the eligibility of certain expenses based on questions received by booksellers or associations to date. However, if you have any questions about the eligibility of a specific expense not covered by this document, you are encouraged to contact the program at [sal-sfb@pch.gc.ca](mailto:sal-sfb@pch.gc.ca)

## To prove I spent money on an eligible expense what documentation do I need to keep?

Program guidelines require you to keep any records, documents or other information that may be required for an audit of your funding for five years. In the event of an audit, you would need to be able to provide evidence of the cash transactions that you claimed as eligible expenses.

- Invoices, contracts, purchase and shipping orders, etc.
- Salaries: timesheets, employment contracts, letters of offer, pay registry, etc.
- Proof of payment: cheques, receipts from transactions, bank statements, credit card statements, etc.
- Delegation of authority for the signing of cheques (signature cards)

## I'd like to know more about salary expenses, what costs are eligible?

Salary expenses for staff time spent on activities like fulfilling online orders, updating web content or working on marketing activities related to your online sales channel can all be considered eligible. This could include staff hours spent on online store management (curating booklists, creating original content, responding to online customers) or online promotion and outreach (planning or delivering virtual author events, managing social media, writing newsletters etc.).

Time sheets are one way to document the salary expenses for a full- or part-time employee that is working on eligible online sales activities for a portion of their time.

The other approach would be a cost allocation, demonstrated by two examples:

In the first example, full-time employee A and part-time employee B both work on online order fulfillment and other eligible activities, along with other in-store tasks. Online sales represent 20% of total annual store sales. 20% of the total salaries for both employees are claimed.

In the second example, full-time employee A spends roughly 2 days per 5 day week working on online order fulfillment. Part-time employee B works three days a week and spends roughly one of these three days on online order fulfillment. You would claim 2/5 of full-time employee A's salary and 1/3 of part-time employee B's salary.

If you have employees that only work on online sales and/or promotion, their full salary can be eligible.

Generally, if you plan to claim salary expenses, you should clearly document the tasks that an employee is undertaking related to one of the eligible activity categories. Each employee's tasks, annual salary or hourly wage, and the expected hours worked per week should also be documented in an employment contract signed by you and the employee. You should contact the program if you have questions on the approach you plan to take for keeping supporting information to document the expense.

Training costs for staff members could also be eligible, including required travel and accommodation, provided that the training is linked to an eligible activity. An example would be training on social media marketing. Any travel expenses claimed must not exceed the rates permitted for [travel on government business](#) in accordance with the [National Joint Council Travel Directive](#).

## Are all forms of order shipping and delivery eligible?

Different types of shipping or delivery to a customer that has ordered online can be considered eligible. The program interpretation of "management and shipping of orders" is not limited to postal delivery but could include all cash expenses related to getting a purchased book (or books) from the store or a fulfillment centre to the customer. Expenses for local delivery using a truck and driver or cycling within an urban area can be eligible.

When a customer orders online for in-store pick-up, if cash expenses can be identified for shipping books between stores or from a centralized warehouse used by a bookstore chain for online order fulfillment, those

can also be considered eligible. Shipping costs for larger orders to institutions (libraries, schools) can be eligible provided the order is placed online.

## **Can funding be used for shipping if the titles are not Canadian, and/or are being sent out of country?**

Yes, shipments do not need to be restricted to Canadian books or to Canada to be eligible. The program recognizes that many online orders contain multiple books or other non-book products. The program objective is the online sale of books, however, and, in the event of an audit, clients could be asked to demonstrate that shipping expenses claimed were not primarily or exclusively for the shipping of non-book products.

## **Can funding be used to offset shipping costs for phone orders?**

Yes.

## **Can website fees or service fees be eligible expenses?**

These expenses would fall under the following activity category: “the establishment or improvement of technological or logistical tools directly related to the sale of print books online”. This means that expenses for ongoing website fees or maintenance would not be eligible, but fees for website design enhancements, costs related to the addition of new features/functionalities during the funding period, improvements to back-end logistics or inventory support or the establishment of a new website could be eligible. Costs related to developing a strategic plan for enhancing a store’s online presence or making logistical improvements can also be considered.

Any client that is planning a major change to their online sales channel or supporting infrastructure and has questions about the eligibility of certain expenses before proceeding should contact the program.

## **I want to offer online discounts on Canadian books, could I be reimbursed for the difference?**

Only cash expenses are eligible, you cannot be reimbursed for foregone revenue. However, if there are cash expenses associated with the discount (ex. promotional costs in social media or newspaper advertising), they could be eligible (see below).

## **What promotional costs could be eligible?**

These expenses would fall under the following activity category in the program guidelines: “the promotion and marketing of Canadian-authored books for **online sale**”. Costs for increasing bookstore shelf space or purchasing materials for in-store promotion are not therefore eligible. Any non-digital advertising can direct customers to

your physical store but should also include a reference to your website for expenses to be eligible. Expenses for paid online ads and boosted social media posts can also be eligible, as could virtual author events.

Your promotion should primarily focus on Canadian-authored books. If you are planning a promotion that will include foreign-authored titles as well, you should be prepared to justify the portion of marketing expenses you are claiming (for example, 60% of titles are Canadian-authored and you are claiming 60% of expenses). If you are claiming expenses for this activity category, you may also be asked to provide examples of your marketing materials in final reporting.

## **I'd like to upgrade my store's facilities, what costs may be eligible?**

Under the activity category for costs arising from the management and shipping of orders, new equipment, shelving, furniture and supplies for either in-store or off-site storage and shipping areas are all eligible. Upgrades to computer equipment or software used to manage online orders or track inventory is also eligible.

## **I would like to increase my stock of French-language books to better serve a minority language community or to support the use or teaching of French in my community. I will also be selling these books online. What expenses might be eligible?**

Under the program guidelines, expenses associated with the implementation of positive measures for the development of official language minority communities and the promotion of French and English can be considered eligible.

Under this clause, the program considers the following cash expenses eligible for both bookstores that primarily stock English language books and bookstores that primarily serve a minority language community:

- Translation or interpretation costs;
- Freight fees charged by distributors to stock books in the minority language for physical and online sale;
- Costs to access to bibliographic data or other sources of information about the books in the second language; and,
- Staff time for related activities like market or title research, meetings with distributors/publishers, community outreach, sales efforts and order fulfilment.

*Note: This answer has been developed based on specific questions received from booksellers in the English language market related to making more French language books available in their communities. Any booksellers with comparable questions for stocking English language titles in predominantly French language communities can also contact the program with any questions they may have.*

## I'll be receiving funding from another organization for an eligible activity, what do I need to keep?

In your reporting, we will ask you to include revenues from other private or public sources for your online sales activities. If, for example, you receive co-op funding from a publisher for the online promotions you run on their titles, you can use that funding in conjunction with SFB program funding, but you will need to indicate that revenue in your reporting and have supporting documentation.

In terms of public funding, all clients must respect the following section in the program guidelines for the funded period: “the total financial assistance received from the CBF’s Support for Booksellers sub-component and other levels of government (federal, provincial, territorial and municipal) cannot exceed 75% of **your bookselling expenses**. This funding limit is 90% of bookselling expenses for recipients owned and controlled by a member of an official-language minority, Indigenous, or racialized community.”

This threshold applies to all bookselling expenses and not just your online expenses. So if store A has \$50,000 in eligible online expenses but \$100,000 in total bookselling expenses, the combination of funding from various levels of government could not be more than \$75,000 (or \$90,000 for a bookstore owned and controlled by a member of a community identified above).

Please also note that by signing your application, you also agreed that funds from Support for Booksellers will not be used for expenditures already funded under any other government COVID-19 support to businesses for rent and property expenses.

In final reporting for a contribution, Support for Booksellers recipients will be asked to identify total bookselling expenses for the funded period and other sources of public funding. For a grant, clients will be asked to confirm that they are in compliance with this condition.