

# COVID-19 EMERGENCY FUND TO SUPPORT CULTURE, HERITAGE AND SPORTS ORGANIZATIONS

## PHASE 2 – EMERGENCY SUPPORT FUND TO THE CANADIAN MUSIC INDUSTRY

### FREQUENTLY ASKED QUESTIONS

*Updated August 4, 2020*

**IMPORTANT UPDATE: deadline to submit your application has been extended to Wednesday, August 12, 2020.**

#### **What is the purpose of the Emergency Support Fund for the Canadian music industry?**

For the Canadian music sector, this Fund aims to ensure that the Canadian music industry continues to exist during and beyond the pandemic and that ultimately the Canadian music sector continues to i) produce and promote a diversity of Canadian content in a world of choice; ii) be competitive at home and abroad and iii) contribute to Canada's creative economy.

The financial support offered will be additional and temporary, allowing entrepreneurs and organizations to maintain jobs and support business continuity for organizations whose cash flow and short-term operational viability have been negatively impacted by the COVID-19 pandemic.

#### **How much funding is available?**

The total amount available for Phase 2 of the Fund is \$20 million for Canada's live music industry and \$5 million for recording studios, music video producers, Canadian-owned record labels and Canadian-owned music publishers that are not recipients of the Canada Music Fund (CMF) and did not receive any emergency support.

[Click here for the FAQs for Phase 2 Part 2 – Emergency Support Fund to the Canadian Music Industry targeting Canadian-Owned Recording Studios, Music Video Producers, Record Labels and Music Publishers.](#)

#### **How will Phase 2 funding be administered?**

The Department of Canadian Heritage (PCH) will deliver these funds through the Canada Music Fund (CMF). FACTOR and Musicaction will administer these resources for the English- and French-language markets respectively.

#### **How will Phase 2 funding be distributed?**

Eligible Canadian music entrepreneurs and organizations in the live music sector will be allocated a flat-rate amount that will be based on thresholds established according to the size of the company or organization. The minimum amount will be \$5,000.

This assistance must not exceed 25% of their related needs and must be used towards the eligible expenses listed below to **cover the Canadian portion of their music-related activities (i.e. related to Canadian artists).**

#### **What is the maximum amount of funding a recipient can receive under Phase 2?**

The maximum amount of funding is not currently known. Flat-rate amount levels will only be established once all funding applications will have been reviewed. These levels will be communicated through FACTOR and Musicaction.

## Who can apply for funding under Phase 2 for Canada's live music industry?

Canadian music entrepreneurs and organizations in the live music sector that do not normally receive funding from the CMF. This includes:

- artist managers that are not covered or less well covered by Phase 1<sup>1</sup>,
- booking agents,
- concert promoters,
- for-profit festivals and venues
- Canadian music industry associations

Not-for-profit festivals and venues could also be eligible if they do not receive emergency support through the Department of Canadian Heritage's (PCH) Canada Arts Presentation Fund (CAPF) or from the Canada Council for the Arts (CCA). However, venues associated with a city/municipality or an educational institution are excluded.

Presenters (or any other organizations) who are clients of the Canada Arts Presentation Fund (CAPF) are not eligible for the Emergency Fund under the Canada Music Fund (CMF). Please refer to the CAPF.

All beneficiaries must support the career development of Canadian artists and/or offer music programming by Canadian artists. The funding allocation will cover the Canadian portion of music-related activities (i.e. related to Canadian artists).

## What activities are eligible for funding under Phase 2 for Canada's live music industry?

- The Funds must be used to support the **Canadian portion of eligible music related activities** (i.e. related to **Canadian artists**), that is:
  - Activities related to the promotion of Canadian sound recordings;
  - Activities related to the touring and showcasing of Canadian artists at home and abroad; and,
  - Activities related to Canadian artist management.

## What expenses are eligible for funding under Phase 2 for Canada's live music industry

- The emergency fund can be used to cover the following expenses:
  - Salaries and benefits, professional fees as well as artists' fees (the Emergency Fund does not replace nor supplement the maximum financial aid provided through the Canada Emergency Wage Subsidy);
  - Administrative expenses;
  - Fixed operational costs (rent, electricity, etc.) for a maximum of \$ 10,000 (the Emergency Fund does not replace nor supplement the maximum financial aid provided through the Canada Emergency Business Account and/or the Canada Emergency Commercial Rent Assistance);
  - Contractual or financial obligations related to touring or other canceled music events;
  - Contractual or financial obligations arising from other music related activities (deposits for studio fees, rehearsal spaces, etc.); and
  - COVID reopening materials (e.g. floor signage, masks, gloves, keypad covers, Plexiglas barriers for cashiers, etc.).

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<sup>1</sup> Eligible recipients to the Emergency Support Fund are the Canadian music entrepreneurs and organizations that currently receive funding from the Canada Music Fund (CMF) whose main activities are central to the career development of Canadian artists, the promotion of Canadian music content and audience development.

**The funds must be spent during the current fiscal year (between April 1, 2020 and March 31, 2021).**

**What expenses are not eligible for Canada’s live music industry?**

Funding must not be used to cover expenses already funded by other COVID-19 government emergency measures including, but not limited to, the Canada Emergency Response Benefit, the Canada Emergency Wage Subsidy, the Canada Emergency Business Account and the Canada Emergency Commercial Rent Assistance.

Many applicants anticipated higher revenues and, therefore, profits during the period of the pandemic. This relief fund is not intended to replace such lost revenue, real or anticipated. It is intended to support the actual cost of running your organization during the period where normal operations were not possible.

**If I am a firm or an organization that can apply for funding, what are the specific eligibility criteria to meet?**

Eligible activities must relate to the **Canadian portion of their eligible music-related activities (i.e. related to Canadian artists)**. All applicants must meet the following eligibility criteria:

- Be an entrepreneur or organization targeted by the Emergency Fund (see the question: **Who can apply for funding under Phase 2 for Canada’s live music industry?**);
- Entrepreneurs and organizations with revenues of \$100,000 or more must have had a profit margin of less than 15 percent in their last fiscal year **OR at least since March 15, 2020**; and

<b>For artist managers and booking agents:</b>	<b>For concert promoters:</b>	<b>For festivals:</b>
<ul style="list-style-type: none"> <li>• At least 50% of revenues of their last fiscal year completed came from eligible music-related activities related to Canadian artists</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>• At least 50% of the artists on their roster must be Canadian artists</li> </ul>	<ul style="list-style-type: none"> <li>• At least 50% of revenues of their last completed fiscal year came from eligible music-related activities related to Canadian artists <b>AND/OR</b> demonstrate having been essential in the ecosystem i.e. in the development of Canadian artists</li> <li>• Be able to demonstrate that the artists have been remunerated for their performance (agreements/contracts with the artist or another party, cheques, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• At least 50% of the programming in its last edition was musical performances by Canadian artists <b>AND/OR</b> demonstrate that the festival is essential in the ecosystem i.e. in the development of Canadian artists</li> <li>• Be able to demonstrate that the artists have been remunerated for their performance (agreements/contracts with the artist or another party, cheques, etc.)</li> </ul>

<b>For venues:</b>	<b>For associations:</b>
<ul style="list-style-type: none"> <li>• A minimum of 25% of the programming during the 2019 calendar year was musical performances</li> <li>• At least 50% of the musical programming presented during the 2019 calendar year were performances by Canadian artists <b>AND/OR</b> demonstrate that the venue is essential in the ecosystem i.e. in the development of Canadian artists</li> <li>• Have infrastructure for musical performances such as a stage, a sound and lighting system, etc.</li> <li>• Be able to demonstrate that the artists have been remunerated for their performance (agreements/contracts with the artist or another party, cheques, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• At least 50% of revenues of their last completed fiscal year came from eligible music-related activities related to Canadian artists <b>AND/OR</b> demonstrate having been essential in the ecosystem i.e. in the development of Canadian artists</li> </ul>

**Note:** A Canadian artist is defined as follow: a citizen within the meaning of the Citizenship Act or a permanent resident of Canada within the meaning of the Immigration and Refugee Protection Act; The term “Artist” refers to an artist solo performer, a musical group or collective. In the case of music publishing activities, an “artist” refers to a songwriter or composer. A group or a musical collective is considered Canadian if at least 50% of its members, including the lead singer are Canadians.

### What is the deadline to submit an application for funding under phase 2 for Canada’s live music industry?

The deadline to submit an application for funding under Phase 2 for the live music industry is ~~Wednesday, August 5, 2020~~. **Wednesday, August 12, 2020.**

### How do I apply for funding under Phase 2?

Email the following documents as attachments in one email to [phase2@factor.ca](mailto:phase2@factor.ca). Save all documents as PDFs. Reference the applicant name in the file name (e.g. Applicant Name Application Form.pdf):

1. Completed **Phase 2 Attestation form** with applicant information and signed attestation:
  - a. [Click here for the Venues Attestation Form.](#)
  - b. [Click here for the Festivals Attestation Form.](#)
  - c. [Click here for the Artist Manager or Booking Agent Attestation Form.](#)
  - d. [Click here for the Concert Promoter Attestation Form.](#)
  - e. [Click here for the Associations Attestation Form.](#)

**The Attestation Form must be completed and saved using [Adobe Reader](#) (free for download online).** Ensure that you have the current version on your computer. The final PDF should not have pages added or removed, and typically should still display the fillable fields in light blue.

We find that different web browsers sometimes have problems with Adobe. We suggest using Google Chrome or Mozilla Firefox to download the form because they are fully compatible.

2. **Financial statements** (audited, or review engagement or notice to reader) **from YOUR last fiscal year completed.** If you do not have financial statements, documentation of revenues and expenses from **YOUR last fiscal year completed.**
3. **Monthly cash flow statement for March 15, 2020 – March 31, 2021**, including incurred and planned expenditures (administrative budget items and fixed operating costs such as salaries, rent, etc.).
4. Concert promoters, festivals, and venues: a list of performances promoted or presented during January 1, 2019 to December 31, 2019
5. In addition to the above, **concert promoters and associations** must include a short description on how you have been essential in the development of Canadian artists if less than 50% of revenues of your last fiscal year completed came from eligible music-related activities related to Canadian artists.
6. **Festivals and venues** must include a short description on how you have been essential in the development of Canadian artists if less than 50% of the musical programming presented during the 2019 calendar year were performances by Canadian artists.

### **How is the profit margin criterion calculated?**

The profit margin criterion is based on your earnings before income tax, depreciation and amortization (EBITDA). Note that grants and contributions are included in the revenue calculation.

### **Do I have to provide proof of artists being remunerated?**

Proof that artists have been remunerated for their performances is not required in the application, however, you must attest to meeting this criterion. Proof of meeting this criterion may be requested at a later date.

### **Do I have to demonstrate meeting criteria related to Canadian artists?**

Concert promoters, festivals and venues are not required to demonstrate which performances in 2019 were by Canadian artists in the application, however, they must attest to meeting criteria related to Canadian artists. Proof of meeting these criteria may be requested at a later date.

### **If a supporting act/opening artist is Canadian, does that performance count towards the 50% minimum criteria for performances by Canadian artists?**

Yes. When assessing whether you meet this criteria, take into account every Canadian artist that performed, regardless if they were the headliner or support.

### **How should I estimate the cash flow given the uncertainty due to COVID and what details should I include?**

Monthly cash flow expenditures must be over the period from March 15, 2020, to March 31, 2021, regardless of the applicant's actual fiscal year. The cash flow must include the expenses incurred for the period from March 15 to June 30, 2020, and the planned expenses for the period from July 1, 2020 to March 31, 2021. If you submit your application after July 31, you may include expenses incurred for July in your application.

Considering the circumstances, we understand that it is difficult to predict your activities until March 31, 2021. We suggest that you make an estimate of your expenditures to the best of your knowledge. We also understand that this estimate is dependent on the evolution of the situation relating to resumption of activities.

Monthly cash flow expenditures must include all administrative expenses, all fixed operational costs, all salaries and social charges as well as professional fees. The costs relating to the contractual and financial obligations must be for the Canadian portion of eligible activities related to the music of Canadian artists. Note that you may include expenses related to reopening materials (i.e. plexiglass, masks, sanitizer). They can be classified under administration.

### **How will applications be assessed?**

**For Phase 2**, an assessment of the needs relating to salaries and benefits and / or professional fees as well as the fixed operational costs (rent, electricity, etc), the financial obligations arising from all music related activities, including obligations related to touring and other cancelled music events in the first trimester, using the cash flow of expenses they submit.

**What are your reporting requirements for funding under Phase 2?**

Recipients may have to submit a final activity report and financial report, which will make it possible to assess the use and impact of the financial contribution received.

**Can I apply for funding from other government sources?**

Applicants may only receive Emergency Support Funds from one participating funding Department or Agency (Canadian Heritage, Canada Council for the Arts, Canada Media Fund or Telefilm Canada).

**Where can I get more information?**

Canada Music Fund:

<https://www.canada.ca/en/canadian-heritage/services/funding/music-fund.html>

FACTOR:

<https://www.factor.ca>

Musicaction:

<http://musicaction.ca>