

FACTOR Canada

COMPANY ENVELOPE: MID-TIER

Funding for Music Companies

Program Guidelines 2023-2024

Published April 2023

Program Intent

Company Envelope: Mid-Tier is intended to serve businesses between FACTOR's entry level Support for Eligible Music Companies programs and the Company Envelope: Top-Tier program. It replaces the Comprehensive Music Company program and is designed for increased flexibility for eligible activities and expenses during the program year.

Program Overview

1. Company Envelope: Mid-Tier funding is allocated once a year for recipients to undertake a suite of activities fostering the development of Canadian artists and the promotion of their music. These activities can include expenses related to the production and marketing of Canadian sound recordings, domestic and international touring, showcasing and concert production of Canadian artists, artist management, publishing of Canadian musical works, and business development – and must be central to the development of Canadian artists, the promotion of their music and the expansion of their audience. Applicant companies can only include activities for which they control the rights.
2. Funding for this program is provided by Canada's Private Radio Broadcasters and the Individual Initiatives component of the Canada Music Fund (CMF), which aims to foster an environment where a diversity of Canadian music artists connect with audiences everywhere.
3. The percentage of FACTOR's contribution is up to 50% of total eligible expenses and improves on previous program inflexibility with activity-based support, no maximums, component thresholds, or Phase 2 requirements.
4. The maximum funding level for individual companies is up to \$100,000; [affiliated companies](#) are capped at \$150,000.
5. Detailed review of applications will take up to 8 weeks from the application deadline.

Application Deadline

6. **June 1, 2023, 5:00 p.m. Eastern Time** for activities taking place from April 1, 2023 – March 31, 2024.

Who Can Apply

7. Canadian companies which invest in:
 - the production and promotion of sound recordings by [Canadian artists](#);
 - tours and showcases by Canadian artists;
 - publishing of Canadian musical works; and,
 - the management of Canadian artists

Specifically, eligible companies are record labels, music publishers, and artist managers. Artist managers must have the competencies to advise their artists on all matters related to their musical careers and are actively involved in promoting their artists' music and need to control rights if applying for recordings or publishing activities.

Companies which undertake [concert production](#) activities may be eligible if they demonstrate responsibility (i.e. artistically and financially) for all aspects related to the live activities of their artists. This relationship must be enshrined in a contract between the company and their artists.

All companies must, upon request, provide agreements confirming their control of the Canadian rights related to their planned investments. For example, sound recording production and promotion investments may only be made by the party that controls the exclusive Canadian exploitation and commercial release rights for the resulting sound recording.

8. For the 2023-2024 fiscal year, Company Envelope: Mid-Tier funding will be available to Canadian music companies that meet the following eligibility criteria, provided by the company in their FACTOR Applicant Profile.

a. Be a [Canadian-owned and -controlled company](#) that has its headquarters based in Canada.

***NOTE: the criteria to be considered a Canadian-owned and -controlled firm have been updated and can be found in the glossary of these guidelines. If a company that received support in 2022-2023 does not already meet the updated criteria, it will be given a one-year grace period to make adjustments for future eligibility.*

These changes to the definition of Canadian-owned and -controlled for companies and not-for-profit organizations and associations were informed by feedback received by Canadian Heritage, FACTOR, and Musicaction through discussions with the Canadian music industry over the past year. We welcome views on the impacts of these changes and their timelines for implementation.

- b. Have completed at least two years of continuous operations as a Canadian music company;
- c. Have a business that relates to the production and marketing of Canadian sound recordings, domestic and international touring and showcasing of Canadian artists, Canadian artist management, publishing of Canadian musical works, and business and skills development;
- d. Be able to demonstrate its financial viability and history of effective use of public funding;
- e. Have minimum eligible annual gross revenues (before royalties and fees) of \$100,000, not including public funding, in the most recent fiscal year from eligible activities related to music by Canadian artists.
i.e. sound recordings, touring and showcasing, management and publishing - as detailed in the Application Form (the program's definition of royalties and fees is found in the revenue sections of the Application Form);
- f. Have carried out eligible activities (production of sound recordings, marketing of sound recordings, tours and showcases and management) for at least two (2) Canadian artists, who are not owners of the company, and have released at least one (1) [eligible Canadian sound recording](#) within the reference period (April 1, 2021, to March 31, 2023) AND/OR for eligible publishing activities, have a minimum of four (4) Canadian songwriters, who are not shareholders or officers of the company, and have promoted at least fifteen (15) new [eligible Canadian musical works](#) within the reference period (April 1, 2021, to March 31, 2023);
- g. Prepare to make a minimum of \$30,000 in investments in eligible activities of production and promotion of sound recordings, tours and showcases, publishing, and management (not including investments in business development, administration, and capital) for the period of April 1, 2023, to March 31, 2024. Those investments should be in line with the company's investment history;
- h. Have fulfilled all its contractual obligations with respect to artist royalty payments. In the context of the funding application, the contracts with artists must be provided upon request and the applicant will have to fill out the artists remuneration attestation in the application form;
- i. Demonstrate a financial need to make the planned investments in the development of Canadian artists, the promotion of their music and the expansion of their audience. This will be assessed in three ways:
- l. Profit Margin: Must have reported a net profit margin including public funding and before interest, taxes, depreciation, and amortization (EBITDA) of less than 15% in at least one of its last three years. Companies that do not meet this criterion must demonstrate a significant portion of those profits were or will be reinvested in the further development of their Canadian artists.

- II. Revenue: Must have gross revenues (before royalties and fees and not including public funding) derived from its music activities, including activities of both Canadian and Non-Canadian artists, of less than \$20 million in at least one of its last three years.
 - III. Dividends: Companies whose total dividends and bonuses reported in their last three financial years exceed the CMF funding they received during that time must demonstrate their financial need to carry out their CMF eligible music activities. Companies which reported dividends, bonuses and other extraordinary compensation for company shareholders or owners in their most recent financial year must attest that CMF funding was not used for those payments (dividends, bonuses and other extraordinary compensation for company shareholders or owners are ineligible expenses in the Small Envelope Funding for Music Companies).
- j. Be in good standing with the Crown as a result of agreements entered into with Canadian Heritage or any other government department as well as with third-party administrators FACTOR and Musicaction; and
 - k. For Record Labels: Have the receipts from Library and Archives Canada for a "[Legal deposit](#)" for each eligible Canadian sound recording. Note that Small Envelope Funding recipients will be required to submit receipts from the past fiscal year (April 1, 2022 – March 31, 2023) in order to receive their first payment.

****Be advised that eligibility criteria may change in future fiscal years as the program is further developed****

9. Companies intending to apply for Company Envelope: Mid-Tier funding for the first time should contact the Envelope program team to be assessed for eligibility. Companies new to the FACTOR system must [create an Applicant Profile](#) **at least 5 business days prior to the program deadline**. The Envelope program team may be contacted at envelopefunding@factor.ca.
10. FACTOR welcomes and encourages applications from people with disabilities. Please contact the Envelope program team to discuss options for accommodations throughout the application process, as well as our [Application Accessibility Support Fund](#).

How This Program Works

Company Envelope: Mid-Tier is a program intended to assist entrepreneurs/companies as they continue to scale for growth and success with activities central to the development of Canadian artists, the promotion of their music and expansion of their audience.

This program is funded in part through the Individual Initiatives component of the CMF, which provides financial assistance to Canadian music artists and entrepreneurs to undertake activities that are central to the development of Canadian artists and the promotion of their music as well as the competitiveness of the music sector at home and abroad and on digital platforms.

Specifically, this component supports the production and marketing of Canadian sound recordings, domestic and international touring, showcasing, and concert production of Canadian artists, artist management, publishing of Canadian musical works, and business development.

Funding may only be provided to the party which controls the related rights in Canada. If you are unsure if you control the rights required to receive funding for the investments you plan to make, please contact the Envelope team to review your artist agreements.

How to Apply

11. To apply, applicants must submit:
 - a. [Application Form](#) (Excel spreadsheet) - Uploaded to Component Information tab in application component.
 - Affiliated groups must declare all affiliated companies and report their revenues and investments on a single application form. In cases where a shareholder has a minority interest in other companies, the

companies may submit separate applications, but will still be subject to the \$150,000 cap.

- Detailed information for live music activities is required (see "Live Performance Revenues Y1" tab).

b. Business Plan (PDF) - Uploaded to Component Information tab in application component.

- See detailed instructions in the Application Form.

c. Financial statements for the past 3 fiscal years (PDFs) - Uploaded to Gross Revenue section of Applicant Profile.

- Financial statements must be prepared by a Chartered Accountant. FACTOR will accept audited financial statements, review engagement reports, or notice-to-reader/compilation engagement reports.

- 12. FACTOR projects approved prior to April 1, 2023:** Company Envelope: Mid-Tier funding recipients for 2023-2024 will be required to declare any active project components in FACTOR's other programs with expenses incurred prior to **May 18, 2023**. These amounts will be taken into consideration for the overall offer made to successful applicants. Completions for project components in the project system must be submitted within 60 days of accepting the Company Envelope: Mid-Tier funding offer or rolled into the Company Envelope: Mid-Tier offer. No new project components will be approved after April 1, 2023.
- 13. 2023 – 2024 Small Envelope Funded recipients will not be eligible for any other FACTOR company-based programs.** The intention for this program is to streamline applications into one application for a fiscal year cycle that is flexible in eligible expenses.
- 14.** Once an applicant has received a Company Envelope: Mid-Tier funding offer, they may not opt to return to FACTOR's project- based programs.
- 15. Applicants representing both French- and English-language artists:** Applicants will be asked to identify French- and English-language artists in the Application Form. If the majority of investments relate to French-language artists, applicants will be directed to [Musicaction](#). If the majority of investments relate to English-language artists, applicants should submit their application to FACTOR. Artists should not have the same active projects in the same fiscal year at both funding bodies.
- 16. Applications from affiliated companies:** Applicants must declare all affiliated companies in their application, and affiliated groups may not receive more than \$150,000 total funding in any given program year. Affiliated companies should submit one set of application materials, including financial statements for all affiliates. The application will be submitted under one Applicant Profile and, if approved, funding will be disbursed to that Applicant. In cases where a shareholder has a minority interest in other companies, including the Company Envelope: Top Tier program, the companies may submit separate applications but will remain subject to the maximum of \$800,000.
- 17.** In cases of artists who work with multiple companies, the applicant company must clearly identify their specific rights/involvement with the artist to claim their portion of the investments.
- 18.** Recipients will be asked to complete a Mid-Year Cashflow and Narrative Report (templates provided by FACTOR) in October 2023.
- 19.** Recipients will have the ability to redirect funding between expenditure categories within certain limits, particularly if the new activities are similar to those proposed in the original application. Recipients must ensure proposed changes to activities or costs remain eligible by consulting with their Project Administrator.
- 20.** Once an application is approved, changes to the proposed activities having a budget impact of 25% or more of planned investments should be reported and discussed with the client's Project Administrator immediately.
- 21.** FACTOR restricts the transfer of ownership and control of full-length sound recordings which it funds under its sound recording programs. Recipients of funding in support of the creation of sound recordings are obliged, for a period of two years after commercial release, to notify FACTOR of their intention to sell, assign, license, or otherwise transfer the control of the sound recording to another party. In some cases, FACTOR may require the funding to be repaid when the sound recording is transferred to a non-Canadian label (including major labels).

Please see [Business Policies: Disposition of Masters](#) or speak with your Administrator for more details.

22. Recipient Accessibility Support Fund: FACTOR grant recipients are eligible for top-up support to their project funding for costs related to accessibility. FACTOR will allow applications in this fund for up to \$5,000 each fiscal year, not to exceed \$5,000 per project. Eligible costs claimed under this fund will be reimbursed at 100%. This fund is open to artists and staff of music companies associated with the project Artist or Applicant. Support for this fund is provided exclusively by Canada's Private Radio Broadcasters. See more details on [FACTOR's Accessibility page](#).

How Applications are Assessed

23. The funds in this program are awarded competitively among eligible applicants depending on the available budget in the fiscal year (April 1 – March 31).
24. Contributions to Canadian music companies will be determined on two main criteria:
 - a. The companies' ability to reach audiences (assessed based on the applicant's recent revenues and recent investments); and,
 - b. The companies' efforts to develop the careers of Canadian artists, to promote and develop audiences (based on an assessment of the business plan, including planned investments across CMF priority areas and the feasibility of the investment strategy).
25. As Envelope: Mid-Tier funding provides financial support for companies' investment plans towards their Canadian artists in the upcoming fiscal year, a significant portion of the budget is allocated via assessments of those plans. Specifically, the budget is divided across the three assessment steps [erased] as follows: 40% on revenue, 30% on recent investments and 30% for planned investments.

Assessment Steps:

- **Revenues (30% of the total Company Envelope: Mid-Tier budget):** the allocated portion of the contribution for this step is based on each company's eligible net revenue (i.e. net of royalties and fees - see definition in the Application Form) in the last three years as a percentage of the total eligible net revenue in the last three years of ALL companies in the program applicant pool.

For example, if a company has \$200,000 in eligible revenues net of royalties and fees, and the eligible revenue net of royalties and fees for all companies is \$5M, that company would receive 4% (\$200K/\$5M) of the envelope budget allocated to this step. With an envelope budget of \$1M, \$200,000 would be allocated to the revenue assessment, resulting in that company receiving \$8,000 in this step.
- **Recent investments (20% of the total Company Envelope: Mid-Tier budget):** the portion of the contribution for this step is allocated based on each company's total eligible investments in eligible Canadian artists from the most recently completed program fiscal year (April to March, as submitted in their final report) Each recipient's amount is based on their portion of total eligible investments of all recipients.
- **Business Plan/Planned investments (50% of the total Company Envelope: Mid-Tier budget):** An assessment of each applicant's business plan allows the amount determined during the ranking to be weighted. The business plan and planned investments must provide detail for each artist. These elements will be assessed according to the following elements:
 - Applicability of the proposed activities to the objectives of the Individual Initiatives Component, including;
 - Investments in new artists – to account for the CMF's objective to help ensure the continued development of new Canadian artists ([see definition in Glossary](#)).
 - Investments in artists from CMF priority groups – in support of diversity and inclusion policy priorities, incentivizing investments in **Indigenous Artists**, as well as artists from official language minority

communities and artists (**OLMC**), **Racialized Artists** and artists identified as part of the **LGBTQ2+** community, **Disabled Artists**, and **Women Artists**. For **Women Artists**, the incentive targets those who meet the definition of **New Artists** ([see definition in Glossary](#)), as is the case for English-language artists born in, and currently living in, Quebec.

- International investments – in support of the CMF's objective to develop audiences for Canadian artists outside of Canada.
- Relevance and scope of the proposed activities;
- Feasibility of the investment strategy (funding history, organizational and financial capacity, feasibility regarding planned expenses, risk, etc.)
- Expected results.

Eligible Activities

26. Activities must foster the development of Canadian artists, promote their music and expand their audience. Activities that support Canadian artists in aggregate (i.e., through the development of shared infrastructure) may be eligible in the business development or administration categories. Only revenues and expenses related to the activities listed below can be reported.

Note: Although the maximum an individual company can receive in support is up to \$100,000, **affiliated groups** may not receive more than \$150,000 all together in funding in any given program year. Affiliated groups must report their revenues and expenses in one application. In cases where a shareholder has a minority interest in other companies, the companies may submit separate applications but will still be subject to the maximum of \$150,000.

27. Eligible activities are related to the following functions:

- Production of sound recordings (main activity – sound recordings)
- Marketing of sound recording
- Concert Production (main activity – touring and showcasing)
- Publishing (main activity – publishing of musical works)
- Managing (main activity – management)

Activities Related to the Production and Promotion of Eligible Sound Recordings

28. Production and promotion activities for sound recordings (tracks) are eligible if the recordings meet the following requirements:

- They are Canadian (see definition of [eligible Canadian sound recording](#));
- They are clearly and publicly attributed to an artist (solo performer, group, or collective); and
- They meet legal deposit requirements

29. Sound recordings of various formats and lengths are recognized by the program (e.g. singles, EPs, mini albums, full-length albums, downloads, streaming, vinyl records, CDs, DVDs, etc.). Sound recordings commercially released must be accompanied by a marketing plan.

30. You must own Canadian copyright for the Canadian sound recordings you produce and release or co-produce and release or hold an exclusive license assigned by the Canadian copyright owner to release the Canadian sound recordings in the Canadian market.

31. In cases of co-production, revenues must be reported in keeping with the distribution set out in the co-production agreement.

32. The following activities are ineligible:

- Sound recordings produced for fundraising, advertising, or promotional campaigns; and
- Sound recordings produced for educational purposes.

Activities Related to Touring and Showcasing

33. Activities related to the touring and showcasing of Canadian artists are eligible provided that they are central to the career development of the artist and meet the following requirements:
- Feature a Canadian artist that has released at least six eligible Canadian sound recording tracks no more than two years prior to the start of the tour or plan to release within six months of the performance.
 - Are planned in support of an eligible sound recording where rights are held by the applicant for the Canadian exploitation and commercial release, or;
 - Are planned by a concert production company which can demonstrate responsibility (i.e. artistically and financially) for all aspects related to the live activities of their artists. This relationship must be enshrined in a contract between the company and their artists.
34. The following activities are ineligible:
- Tour-related activities that are not for a particular artist and their career development. This includes musicals, retrospective/tribute shows, large scale shows (shows that have different programming compared to the tour), charity or corporate shows, etc.
 - Tour-related activities that are not intended to promote an artist's new sound recordings (album or multiple tracks).
 - Related revenues cannot be accounted for in the funding request:
 - Activities related to booking (booking agent and concert promoter)
 - Activities related to distribution (festival, presenter, concert venue)
 - Activities related to ticketing.

Activities Related to the Publishing of Eligible Musical Works

35. Funding will be given to projects that aim to develop the career of artists and promote their works across multiple platforms. Canadian musical works are eligible if they meet the following requirements:
- They are central to the career development of an eligible Canadian artist; and
 - All of the works are registered with a collective rights management company.
36. The following activities are ineligible:
- Publishing activities related to commissions works for the audiovisual sector; and
 - Other activities aimed at the creation of musical works intended solely as soundtracks or background music.

Eligible Artist Management Activities

37. Eligible activities must support the career development of Canadian artists. These may be related to eligible activities in sound recordings, touring and showcasing, as well as music publishing – or be more directly related with the development of artists, such as training, creative assistance activities, etc.

Eligible Business Development Activities

38. Business development activities such as identifying new eligible artists and developing the market for Canadian artists are eligible.

Eligible Business Travel

39. Business travel relating directly to roster artists can be claimed under Artist Development investments. Business travel on behalf of the overall company, A&R, or otherwise seeking new opportunities can be claimed under Business Development investments.

Ineligible Activities

40. Any activity related to the production and promotion of Canadian musical works that, in FACTOR's opinion, contain or promote any of the following is deemed ineligible:

- material that is hate propaganda, obscene or child pornography, or any other illegal material, as defined in the Criminal Code;
- pornography or other material having significant sexual content unless it can be demonstrated that there is an overriding educational or other similar purpose;
- material that contains excessive or gratuitous violence;
- material that is denigrating to an identifiable group; or
- any other similarly offensive material.

Eligible Expenses

Eligible expenses are those related to **Canadian artists** for eligible activities undertaken between April 1, 2023, and March 31, 2024. The eligible expenses may include:

41. Sound recording expenses:

- Salaries and benefits and/or professional fees (specific professional services provided through contracts)
- Artist, musician and backing vocals fees
- Arrangers
- Artistic Director
- Music Producer
- Executive Producer (associate producer)
- Studio charges
- Mastering
- Cover art
- Manufacturing expenses
- Participation expenses (co-production with producers or artists)
- Equipment rental
- Travel expenses (transportation, accommodation and meals, etc.) as per the [Government of Canada's Travel Directive](#)

42. Touring and showcasing expenses

- Salaries and benefits and/or professional fees (specific professional services provided through contracts) *
- Artist, musician, and technician fees
- Equipment rentals
- Production expenses
- Promotion expenses
- Travel expenses (transportation, accommodation and meals, etc.) as per the [Government of Canada's Travel Directive](#)

*Note on professional fees for booking agent activities:

- Revenue from booking agent activities must not be included in the Application Form.
- Booking activities undertaken by contracts to a third-party organization are eligible.
- For applicants who act as booking agents, only salaries and benefits for booking activities related to artists on their label or management roster are eligible. Salaries and benefits related to other artists are ineligible.

Detailed information for live music activities is required ("Live Performance Revenues Y1 Tab on form).

43. Musical works publishing expenses:

- Salaries and benefits and/or professional fees (specific professional services provided through contracts)
- Music placement activities expenses (song plugging)
- Coordination fees (i.e. subcontracted coordination [management])

44. Artist development expenses (these expenses may be included in any of the activities mentioned above):
- Salaries and benefits and/or professional fees (specific professional services provided through contracts)
 - Premiums, bonuses, or any other forms of advances. Recipients may NOT recoup the portion of the advance used with the Government of Canada's contribution; however, they may recoup the portion they used with their money.
 - Promotional material
 - Media (advertising and press)
 - Printing of not for sale promotional recordings
 - Stylists
 - Press photos
 - Translation fees (website, promotion, contracts)
 - Artist showcases
 - Trade shows (fairs) and professional days
 - Workshops and training (e.g. writing workshop or co-writing session)
 - Rental of creative space
 - Rental of creative activity-related equipment
 - Production of audiovisual music content for the web other than music videos (sessions, video lyrics, live performance recordings, studio recording clips)
 - Other web- and social media-related artist expenses (e.g. designing and updating artist website, producing multimedia content, etc.)
 - Travel expenses (transportation, accommodation and meals, etc.) as per the [Government of Canada's Travel Directive](#)
45. Promotion Expenses:
- Salaries and benefits and/or professional fees (specific professional services provided through contracts)
 - Release expenses
 - Promotional tour
 - Posters and graphic design
 - Media (advertising and press)
 - General promotional expenses (e.g. radio tracking)
 - Music video production
 - Distribution expenses (e.g. expenses incurred by a record label for the distribution of its recordings)
 - Costs related to platforms and computer tools. These expenses are eligible only when they are directly related to the development of Canadian artists, audience development and promotion (purchasing and processing metadata, social media, etc.)
46. Travel expenses (transportation, accommodation, and meals, etc.) as per the [Government of Canada's Travel Directive](#)
47. **Business development expenses:** In the Application Form, include all planned business development expenses. However, these cannot exceed 15% of the contribution amount.
- Salaries and benefits and/or Professional fees (meaning specific professional services provided through contracts).
 - Expenses related to finding new artists / new contracts (including travel expenses – transportation, accommodation, and meals, etc.) as per the [Government of Canada's Travel Directive](#).
 - Market development related expenses (including travel expenses – transportation, accommodation, and meals, etc.) as per the [Government of Canada's Travel Directive](#).
48. **Administrative expenses:** In the Application Form, include all planned administrative expenses. However, FACTOR will cap these at 15% of the contribution amount.
- Salaries and benefits and/or professional fees (professional services provided through contracts)
 - Business website

- E-commerce website
 - Data and asset management software and tools
 - Subscriptions (databases, SoundScan, Broadcast Data Systems [BDS], Buzzangle, etc.)
 - Management and administration of musical works
 - Subcontractor
 - Conferences and training
 - Business representation
- 49. Capital expenses:** Up to a maximum of 10% of the contribution may be used for capital expenditures related to the eligible activities. Eligible capital expenditures must be directly related to the development of Canadian artists, promotion, and audience development. Expenses such as the purchase of buildings, vehicles, IT equipment, catalogs, etc. are ineligible.
- 50. Ineligible expenses:** Funding provided through Envelope programs cannot be used on the following expenses:
- Recoverable advances (Recipients may NOT recoup the portion of the advance covered by FACTOR funding; however, they may recoup the portion covered by their contribution)
 - Salaries/benefits and overhead costs not directly related to the eligible activities
 - Expenses related to concert presentation (festival production, programming series, etc.)
 - Expenses relating to compilations and reeditions are ineligible. However, revenues could be considered to the extent that the sound recording meets the Canadian content requirements.
 - Merchandising
 - Grant application writing services
 - Capital expenditures that are not directly related to the development of Canadian artists, audience promotion and development (this includes the purchase of buildings, vehicles, computers, etc. including depreciation or amortization)
 - Acquisition of catalogues
 - Exchange of services
 - Audit, legal (for example, during a legal dispute), and infringement costs
 - Recoverable taxes and similar charges
 - Interest on late payments
 - Suppliers' administration fees
 - Hospitality expenses
 - Dividends, bonuses, and other extraordinary compensation for company shareholders or owners.

Funding and Payments

- 51. Schedule of payments for 2023-2024:** After the funding offer is accepted by the applicant, FACTOR will issue 50% of the contribution amount as an advance payment. The next installment of up to 40% of the contribution amount will be issued when the Mid-Year Cashflow Report has been received, reviewed, and accepted by FACTOR. The remainder of the funding is paid out when the completion has been received, reviewed, and accepted by FACTOR.
- 52.** To receive FACTOR funding, you must submit banking information for [direct deposit](#).

Completion

- 53.** As part of completion reporting, recipients will be required to submit:
- A completion report to confirm that the activities proposed for each of their artists in the business plan have been or are being completed, including a description of any changes that occurred;
 - A final Cashflow Report (form provided by FACTOR)
 - Small Envelope Supported Artists and Releases List
 - Completion Report Narrative Survey
 - Financial statements prepared by a Chartered Accountant, submitted for review no later than six months following the end of your fiscal year. FACTOR will accept audited financial statements,

review engagement reports, or notice-to-reader/compilation engagement statements. You are required to submit audited financial statements if your 2023-2024 contribution exceeds \$250,000.

- 54.** Recipients may be asked to include specific information in the completion report to assess the use and impact of the funding and the recipient's fair and transparent payments to artists, such as:
 - A breakdown of the funding per activity;
 - Activities in international markets and on digital platforms;
 - Success stories for some artists on the recipient's roster; and
 - A clear explanation of artists' share of download and streaming revenues in recording agreements and royalty statements.
- 55.** All Company Envelope: Mid-Tier recipients must submit their policy on gender equality, diversity, and inclusion for their management positions and/or Board of Directors including the representation of various equity-deserving groups in those leadership positions.
- 56.** FACTOR reserves the right to audit recipient accounts and records to ensure compliance with the terms and conditions of the funding agreement. FACTOR and the Department of Canadian Heritage also conduct periodic program evaluations, during which recipients may be required to present documentation.
- 57.** You must provide the appropriate Logo and Acknowledgment on any press and promotional material and any digital assets you create with the funding. You do not have to commercially release any of the material you record with this grant, but you can choose to do so if you wish. If you do release it, you must credit FACTOR on all physical and digital copies of the release, and/or wherever production credits for the track are listed, such as in the artwork and the metadata of the digital file. Please see FACTOR's Logo and Acknowledgment Guide.
- 58.** Once submitted to FACTOR, the Completion will be deemed by FACTOR to be your true, accurate, and final accounting, and may not be unsubmitted, amended, or deleted.
- 59.** Applicants should retain all their invoices, receipts, and proofs of payment for seven years for FACTOR and Revenue Canada taxation purposes. Demonstrated failure to maintain such records may result in the repayment of amounts previously received.

Glossary

G1. **Affiliated group:** A group of companies in which the same person, group of persons, or entity holds the majority of shares with full voting rights or has control in fact of these companies.

More specifically, members of a group of companies with the following legal, economic, and factual links:

- Links by way of inter-company holdings, i.e. links by way of shareholding (parent companies, subsidiaries, satellites, companies with portfolio investment, and joint ventures).
- Related party as per section 3840 of the CICA Handbook defined as follows:
 - Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control, or common significant influence. Related parties also include management and immediate family members.
- Links between individuals who are linked by blood, marriage, common-law relationship, or adoption, insofar as they have the capacity to exercise, directly or indirectly, control, joint control or significant influence over another or other companies.

G2. **Canadian:** 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*.

G3. **Canadian artist:** 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. In the case of an orchestra featuring no principal artist, the orchestra must be based in Canada.

G4. **Canadian-owned and controlled company:** A company

- that is a sole proprietorship, partnership, cooperative, or corporation established under the laws of Canada or a province or territory;
- whose activities are based primarily in Canada;
- whose company headquarters is based in Canada; and
- whose chairperson or presiding officer and at least 75 percent of whose executives, directors and other similar officers of its Board are Canadian or permanent residents within the meaning of the *Immigration and Refugee Protection Act* (hereinafter called “Canadians”). Any sub-group of the Board of Directors with decision-making powers (i.e. Executive Committees) that act on behalf of the Board must also consist of at least 75 per cent Canadians. Companies employing employees located abroad must ensure that decision-making and control remain in Canada.

Corporation with share capital: Canadians beneficially own or control, other than by way of shares held only as security, directly or indirectly, in the aggregate at least 75 percent of all the issued and outstanding votes.

Corporation without share capital: Canadians beneficially own or control, directly or indirectly, interests representing in monetary value at least 75 percent of the total value of the assets.

Partnership, trust or joint venture: a Canadian or Canadian corporation or any combination of the two, beneficially own or control, directly or indirectly, interests representing in value at least 75 percent of the total value of the assets of the partnership, trust or joint venture, as the case may be, and at least 75 percent of the executives, directors, or other similar officers are Canadian.

If at any time one or more persons that are not Canadian have any direct or indirect influence through a trust, an agreement, an arrangement or otherwise that, if exercised, would result in control in fact of the firm, the company is deemed not to be Canadian-owned-and-controlled.

- G5. **Concert production:** Activities related to the conception and the realization of live performances for the public. It includes both technical (i.e. sound, lighting, stage set-up) and performance aspects (i.e. development of the performances, musician fees).
- G6. **Disability:** A person with a disability has any impairment whether permanent, temporary, or episodic in nature, or evident or not, that, in interaction with a barrier, hinders a person's full and equal participation in society.
- G7. **Employee:** Full- and part-time paid staff working directly for the firm. Owners are considered employees unless they have no active role in the firm. Independent contractors are not considered employees.
- G8. **Eligible Canadian sound recording:** To meet Canadian content requirements, any recording of an individual track (i.e. a song) or a collection of tracks (i.e. an EP or an album), must meet the following requirements:
- Be performed by a Canadian artist.
 - Have at least 50% of the music and lyrics written by Canadians.
 - Exception for music "repertoire":
 - The music and lyrics criterion does not apply to the repertoire of classical music, traditional jazz, world music, or traditional music. The sound recording must, however, be performed by Canadian artists.
- G9. **Eligible Canadian content for touring and showcasing:** Activities related to touring and showcasing of eligible Canadian artists are eligible, provided they are central to the career development of the artist and meet the following requirements:
- Feature a Canadian artist that has released at least six eligible Canadian sound recordings (individual tracks or collection of tracks) no more than two years prior to the start of the tour or plan to release within six months of the latest scheduled tour or showcase date.
- G10. **Eligible Canadian musical works:** To meet Canadian content requirements, any musical work must meet the following requirements:
- Consist of any work of music or musical composition, with or without words, and includes any compilation thereof (ref. Copyright Act) that has been authored by a Canadian and registered to a Collective Rights Management Society.
 - At least 50% of a musical work (i.e. music and lyrics or music only in case of an instrumental work) must have been written by Canadians.
- G11. **Full-length album:** A full-length album has a minimum of 6 tracks, or at least 20 minutes of recorded music.
- G12. **Indigenous person:** An Indigenous person is a North American Indian or a member of a First Nation, a Métis, or an Inuit. North American Indians or members of First Nations include 'status', 'treaty' and 'registered' Indians, as well as non-status and non-registered Indians.
- G13. **Key management personnel:** The term "key management personnel" includes the chairperson, directors and senior employees who have financial decision-making power over the company.
- G14. **Legal deposit:** Legal deposit is the means by which a comprehensive national collection is gathered together as a record of the nation's published heritage and development. Recipients are required, in compliance with the Legal deposit provisions of the [Library and Archives of Canada Act](#), to send a copy of the sound recordings they produce to Library and Archives Canada.

Library and Archives Canada staff would be pleased to provide more detailed information or answer any questions you may have.

Legal Deposit
Library and Archives Canada
395 Wellington Street
Ottawa ON
Canada K1A 0N4

Telephone: 819-997-9565
Toll free (Canada): 1-866-578-7777 (Select 1+7+1)
Toll free (TTY): 1-866-299-1699
Fax: 819-997-7019

Email: BAC.Depotlegal-LegalDeposit.LAC@canada.ca (Physical or Analogue Legal Deposit)
Email: BAC.Depotlegalnumerique-DigitalLegalDeposit.LAC@canada.ca (Digital Legal Deposit)
Email: bac.archivesweb-webarchives.LAC@canada.ca (Web Harvesting)

- G15. **LGBTQ2+:** A person who identifies as part of the LGBTQ2+ community is someone who identifies as lesbian, gay, bisexual, transgender, queer, two-spirit, intersex and/or non-binary.
- G16. **New artist:** For 2023-2024, an artist will be considered 'new' if their first track was commercially released and actively supported by a promotion team after April 1, 2021 (or in the case of a songwriter, if their first track was copyrighted after April 1, 2021).
- G17. **Official-language minority community (OLMC):** Official-language minority communities are Francophone communities outside Quebec and Anglophone communities in Quebec. For the purpose of the program, a French-language artist will be considered for this definition if they live and pursue their career outside of Quebec, or, if they identify as belonging to a francophone community, but live and pursue their career in Quebec. For an English-language artist to meet the program's definition, they must have been born in Quebec, currently live in Quebec and meet the program's definition for "new" artist.
- G18. **Racialized person:** The term "racialized" acknowledges that race is a social construct and that racialization is a process through which groups come to be socially constructed as races, based on characteristics such as ethnicity, language, economics, religion, culture, politics. It can be applied to people and attributed to them as a group in ways that negatively impact their social, political, and economic life (e.g., Black, Asian, Muslim).
- G19. **Traditional jazz/blues music:** Jazz and blues works that were copyrighted prior to 1955.