

## Company Envelope: Mid-Tier Program Guidelines 2024-2025

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### Program Overview

1. Company Envelope: Mid-Tier is allocated once a year for a recipient to undertake a suite of activities fostering the development of Canadian artists and the promotion of their music so they can build sustainable careers. This 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. The activities must be central to the development of several Canadian artists, the promotion of their music and the expansion of their audience.
2. Funding for this program is provided by Canada's Private Radio Broadcasters, and the Department of Canadian Heritage's Canada Music Fund's Individual Initiatives Component. The Canada Music Fund (CMF) aims to foster an environment where a diversity of Canadian music artists connect with audiences everywhere.
3. The CMF is the main financial support program for commercially driven Canadian music providing up front support and sharing the risk with Canadian-owned music entrepreneurs. Ultimately, the Company Envelope: Mid-Tier program aims to invest in commercially viable music companies that invest in the activities that build audiences for several Canadian artists and remunerate them fairly.
4. The percentage of FACTOR's contribution is up to 50% of total eligible expenses.
5. The maximum funding level for individual companies is up to \$100,000; [affiliated companies](#) are capped at \$150,000.
6. Detailed review of applications will take up to 16 weeks from the application deadline.

### Application Deadline

7. **February 16, 2024, 5:00 p.m. Eastern Time** for activities taking place from April 1, 2024 – March 31, 2025.

### Who Can Apply?

8. 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.

Companies which undertake [concert production](#) activities may be eligible to the program if they demonstrate that they are responsible (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 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. Please note that for Artist Managers, FACTOR requires you to provide the full agreement with each artist –deal memos on FACTOR letterhead are not sufficient. If you have questions regarding this requirement, please contact the Program Administrator directly.

9. For the 2024-2025 fiscal year, Company Envelope: Mid-Tier 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.

*\*\*The 2022-23 Company Envelope guidelines signaled proposed changes to the CMF's definition of an eligible Canadian-owned and -controlled firm, which were to come into effect on April 1, 2024. In June 2023, FACTOR and Musicaction sought additional feedback from recurring recipients on these proposed changes, receiving differing and compelling perspectives from a wide variety of respondents. As the CMF continues to balance the reality of limited funds with its objectives of supporting and helping the Canadian music industry grow, the program will maintain its current definition, which still requires recipients to be majority -owned and -controlled by Canadians (see the Glossary of this document for the definition).*

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 its 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 & showcases, publishing and management (not including investments in business development, administration and capital) for the period of April 1<sup>st</sup>, 2024, to March 31<sup>st</sup>, 2025. Those investments should be in line with the company's investment history, and the majority should be directed toward artists who are not company owners or related parties;

h) Have fulfilled all its contractual obligations with respect to artist royalty payments; In the context of your funding application, the contracts with artists must be provided upon request and you 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:

- i. **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 that criterion must demonstrate that 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 that 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 Company Envelope programs).
- 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 – this must apply to all companies in an affiliated group; 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 Company Envelope recipients will be required to submit receipts from the past fiscal year (April 1, 2023 – March 31, 2024) in order to receive their first payment.

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

10. Companies that intend to apply for the Company Envelope program for the first time should contact the Envelope program team to be assessed for eligibility. Companies that are 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](mailto:envelopefunding@factor.ca).
11. 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 funded in part through the Individual Initiatives Component of the Canada Music Fund (CMF). The CMF’s Individual Initiatives Component provides financial assistance to Canadian music artists and entrepreneurs to undertake activities that are central to the development of Canadian artists, 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. The activities must be central to the development of Canadian artists, the promotion of their music and the expansion of their audience.

12. To apply, applicants must submit:

- **Application Form** - [An excel version of the application form is available here for reference](#), but please note that this information **must** be submitted through the form in FACTOR’s portal for your application to be eligible for review.

- 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.
  - **Business Plan (PDF)** - Uploaded to Component Information tab in portal application form.
    - Please refer to the [Business Plan Guidelines](#) for further detail on the required contents of this document.
  - **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.
    - You are required to submit audited financial statements if you have received more than \$250,000 in payments from FACTOR in the 2023-2024 program year. If you are not certain if you have hit this threshold, please contact the Envelope program team to discuss.
13. **FACTOR projects approved prior to April 1, 2024:** Company Envelope recipients for 2024-2025 will be required to complete any active project components in other programs with expenses incurred on a cash basis prior to **April 1, 2024**. Completions for project components in the project system must be submitted within 60 days of accepting the Company Envelope offer. No new project components will be approved after April 1, 2024.
14. Applicants to FACTOR's programs are streamlined into the correct suite of programs according to their revenues and business activities. 2024 – 2025 Company Envelope recipients will not be eligible for FACTOR's project-based company laneway programs.
- Recipients of Mid-Tier funding in the Company Envelope program may apply for juried programs on behalf of their artists if they meet all other eligibility criteria.
15. Recipients of a 2024-2025 Company Envelope offer of funding may not opt to return to FACTOR's project-based programs.
16. **Applicants representing both French- and English-language artists:** Applicants are asked to submit their investments in artists whose active sound recordings do not contain 51% or more French language lyrics. Any activities related to artists whose active sound recordings contain 51% or more French language lyrics should be directed to the programs at MusicAction.
17. **Applications from affiliated companies:** Applicants must declare all affiliated companies in their application, and affiliated groups may not receive more than \$150,000 all together in 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. It is then up to the companies to divide the envelope funding. In cases where a shareholder has a minority interest in other companies, the companies may submit separate applications, but the companies will still be subject to the maximum of \$150,000.

**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 total 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.

18. In cases of artists who work with multiple companies, the applicant company must clearly identify their specific involvement with the artist to claim their portion of the investments.
19. Recipients will be asked to complete a Mid-year Cashflow and Narrative Report (templates provided by FACTOR) in October 2024.
20. 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 that proposed changes to activities or costs remain eligible by consulting with their Program Administrator.
21. Once the application is approved, changes to the proposed activities having a budget impact of 20% or more of planned investments should be reported and discussed with their Program Administrator immediately.  
*\*\*Please note that material reduction of investments from the submitted application budget, particularly in response to the offer presented by FACTOR, may result in a reduction to your offer of funding.*
22. FACTOR restricts the transfer of ownership and control of full-length sound recordings which it funds under its sound recording programs. Recipients of full-length sound recording funding 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 Project Coordinator or Program Administrator for more details.
23. 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

24. The funds in this program are awarded competitively among eligible applicants depending on the available budget.
25. Contributions to Canadian music companies will be determined on two main criteria:
  - The companies' ability to reach audiences (assessed based on the applicant's recent revenues and recent investments); and,
  - 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).
26. As the Company Envelope program provides financial support for companies' investment plans in their Canadian artists in the upcoming fiscal year, the bulk of the budget is allocated via assessments of those plans. Specifically, the budget is divided across the three assessment steps listed below as follows: 30% on revenue, 20% on recent investments and 50% for planned investments.
27. Assessment Steps:  
**Revenues (30% of the total Company Envelope: Mid-Tier budget):** the portion of the contribution for this step is allocated 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.

As an 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 via this revenue step, 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**.
    - 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 [2SLGBTQIA+](#) community, [Disabled Artists](#), and **Women Artists. For Women Artists**, the incentive targets those who meet the definition of [New Artists](#) 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

28. Your activities must, as related to the creation of a new master, 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.

29. Eligible activities are related to the following functions:

- Production of sound recordings which meet FACTOR's definition of "[Active](#)" (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.**

30. 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.
31. 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.
32. You must own the 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.
33. Co-production: Co-production revenues must be reported in keeping with the distribution set out in the co-production agreement.
34. 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.**

35. Activities related to the touring and showcasing of eligible 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, the Canadian exploitation and commercial release rights for which are held by the applicant, or;
  - Are planned by a concert production company if they demonstrate that they are responsible (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.
36. 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 involving the publishing of eligible musical works.**

37. 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.

38. The following activities are ineligible:

- Publishing activities related to commissioned works for the audiovisual sector; and
- Other activities aimed at the creation of musical works intended solely as soundtracks or background music.

### **Eligible management activities**

39. 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**

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

### **Eligible business travel**

41. 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.

42. **Ineligible activities:** Any activity related to the production and promotion of Canadian musical works that, in our 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, 2024, and March 31, 2025. The eligible expenses may include:

43. **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](#)



**44. 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.

**45. 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])

**46. Artist Management expenses:**

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

**47. Artists' development expenses:** (These expenses may be included in any of 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](#)

**48. 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.)
- Travel expenses (transportation, accommodation and meals, etc.) as per the [Government of Canada's Travel Directive](#).

**49. 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](#)

**50. 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

**51. 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. Please notify the Program Administrator if you intend to incur capital expenses.

**52. Ineligible expenses:** Funding provided through the Company Envelope program 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 project
- 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 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 (food, alcohol, etc.)
- Dividends, bonuses and other extraordinary compensation for company shareholders or owners.

## Funding and Payments

53. **Schedule of payments for 2024-2025:** 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.

54. To receive FACTOR funding, you must submit banking information for [direct deposit](#).

## Completion

55. 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)
  - Envelope Supported Artists and Releases List
  - Completion Report Narrative Survey
  - Financial statements prepared by a Chartered Accountant. FACTOR will accept audited financial statements, review engagement reports, or notice-to-reader statements. You are required to submit audited financial statements if your 2024-2025 contribution exceeds \$250,000.

56. 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.

57. All Envelope 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.

58. 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.
59. 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](#).
60. 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.
61. 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.

FACTOR is committed to reflecting the diversity of the Canadian population in its programs and operations while also promoting inclusiveness within the broader Canadian music sector.

# Glossary

- G1. **2SLGBTQIA+** A person who identifies as part of the 2SLGBTQIA+ community is someone who identifies as Two-Spirit, lesbian, gay, bisexual, transgender, queer and/or questioning, intersex, asexual or other.
- G2. **Active Sound Recording:** A sound recording is considered by FACTOR to be Active when it has been released within two years prior to the first day of the current program year or will be released within six months of the first day of the following program year.
- G3. **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.
- G4. **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*.
- G5. **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.

- G6. **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 more than half of whose directors and other similar officers are Canadian;

**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 50 per cent plus 1 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 50 per cent plus 1 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 50 per cent plus 1 of the total value of the assets of the partnership, trust or joint venture, as the case may be, and at least 50 per cent plus 1 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.

- G7. **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).
- G8. **Disability** A person with a disability has any impairment including a physical, mental, intellectual, cognitive, sensory, learning, communication, or sensory impairment – or a functional limitation – 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.
- G9. **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.
- G10. **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.
- G11. **Eligible Canadian content for touring and showcasing:** Activities related to touring and showcasing of eligible 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 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.
- G12. **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.
- G13. **Full-length album:** A full-length album has a minimum of 6 tracks, or at least 20 minutes of recorded music.
- G14. **Indigenous person:** An Indigenous person is a person who belongs to one of the three Indigenous Peoples in Canada, namely, First Nation, a Métis or an Inuit.
- G15. **Key management personnel:** Key management personnel includes the chairperson, directors and senior employees who have financial decision-making power over the company.
- G16. **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	Telephone: 819-997-9565
Library and Archives Canada	Toll free (Canada): 1-866-578-7777 (Select 1+7+1)
395 Wellington Street	Toll free (TTY): 1-866-299-1699
Ottawa ON	Fax: 819-997-7019
Canada K1A 0N4	

Email: [BAC.Depotlegal-LegalDeposit.LAC@canada.ca](mailto:BAC.Depotlegal-LegalDeposit.LAC@canada.ca) (Physical or Analogue Legal Deposit)

Email: [BAC.Depotlegalnumerique-DigitalLegalDeposit.LAC@canada.ca](mailto:BAC.Depotlegalnumerique-DigitalLegalDeposit.LAC@canada.ca) (Digital Legal Deposit)

Email: [bac.archivesweb-webarchives.LAC@canada.ca](mailto:bac.archivesweb-webarchives.LAC@canada.ca) (Web Harvesting)

- G17. **New artist:** For 2024-2025, an artist will be considered ‘new’ if their first track was commercially released and actively supported by a promotion team after April 1, 2020 (or in the case of a songwriter, if their first track was copyrighted after April 1, 2020).
- G18. **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.
- G19. **Racialized person** A racialized person is categorized according to ethnic or racial characteristics and subject to discrimination on that basis. Ethnic characteristics include culture, language and religion. Racial characteristics include skin colour, hair texture and facial features. The term “racialized” acknowledges that race is a social construct that negatively impacts a person’s social, political, and economic life.
- G20. **Traditional jazz/blues music:** Jazz and blues works that were copyrighted prior to 1955.

## COMPANY ENVELOPE – Program FAQs

- F1. **I want to submit the most ambitious application possible, but if I don't receive the full amount I am expecting from FACTOR, I won't be able to undertake everything I've planned for. If I receive an offer that is less than I was expecting, can I reduce my planned investments so I'm spending 50/50 what FACTOR offers me?**

*No - while FACTOR's project-based programs specify that 50% funding of all eligible expenses, subject to program and annual caps, this is not the case in the Company Envelope program.*

*Rather, Company Envelope offers are calculated on a competitive basis. Applicants' revenues and investments are compared against the other applicants in the same tier-pool, and against FACTOR's annual budget, to determine offers that may be up to 50% of planned eligible investments.*

**Capacity to fulfill the suite of planned investments is key to this program**, and applicants should present, at application, realistic and accurate plans that they will undertake in full regardless of receipt of federal funding. Though it is understood that from time to time a reduction of planned investments may be necessary due to unforeseen circumstances, not receiving as much federal funding as expected is not considered unforeseen in this context, as such funding is never guaranteed.

*Additionally, large in-year, and year-on-year variances indicate that a recipient does not have the capacity to undertake the planned investments as presented in their applications. Such variance will have a negative impact on a recipient's offer calculation over time.*

*We encourage all applicants to not take for granted that investments can be reduced, at will, to twice the annual offer of funding when preparing applications and reporting for this program.*

- F2. **Can I include projects I expect to sign, but that haven't been finalized, in my application?**

*Yes, budget for these potential expenditures – with all possible realism.*

*This means if you allocated a portion of your budget for a new signing and don't find one in the time period, that investment amount still needs to be spent inside the year on another project or artist. Otherwise, you may be asked to repay a portion of the funding.*

- F3. **Where can I find the Company Envelope application?**

*If you have the required rating to apply to the Company Envelope program, you can find the application in FACTOR's portal.*

*Please note that this year the financial part of the application will be filled out in-portal – you can still access the Excel spreadsheet version of the application form [here](#), if you would like to work in Excel and then transcribe your final numbers to the portal form. You should also be prepared to upload a PDF business plan (per the [Business Plan Guide](#)) and all relevant financial statements to the portal form.*

- F4. **My company doesn't have the rating needed to access the application, but I believe we qualify. How do I get rated to start my application?**

*If you believe your company is eligible for the Company Envelope program, please request a profile review through the [envelopefunding@factor.ca](mailto:envelopefunding@factor.ca) inbox.*

*Prior to requesting review, please go through your applicant profile, and those of any affiliate companies, to ensure that you have all the correct information and documents in place, and that they meet the eligibility criteria outlined in the Company Envelope program guidelines.*



**F5. I have existing company laneway or juried projects that will still be generating new expenses after April 1. Will the costs be honored or lost?**

*FACTOR will work with you to transition eligible expenses from active projects to Envelope. Please see the Company Envelope program guidelines for detail.*

*Recipients in the Mid-Tier of the Company Envelope program may apply for juried programs on behalf of their artists if they meet all eligibility criteria.*

**F6. Do I include all expenses (flight, accommodations, per diem, registration fees) when attending a conference?**

*Yes, include all expenses as the travel costs normally put through the Support for Eligible Music Companies program are now included in your annual Envelope funding plan.*

**F7. I am a manager; I don't control the rights to or invest in sound recordings or tours. What can I include in my Company Envelope?**

*Managers applying to the Company Envelope program should include their time and their staff time, as well as your travel, in your Envelope. FACTOR expects staff salaries to be allocated based on work performed, not on a pro-rata basis. Additionally, time spent on general A&R, business development, and administration should not be allocated as direct artist investments but can be included in the business development or administration categories.*

**F8. I don't understand how to decide which of my fiscal years to recognize in the application form. What year should I use as Y1?**

*You should use your most recently completed fiscal (where the financial statement is already available) as Y1.*

*Companies whose fiscal year ends in the last quarter of the calendar year should use their fiscal year ending in 2022 on the 2024-2025 application.*

*Because FACTOR requires progressive financial statements for each year's application (for example if Y1 is 2022 this year, next year's application should use 2023 as Y1, and FACTOR would expect financial statements to be completed and available the date the application is submitted), using the fiscal that ended 3 months or more prior to the end of the calendar year will be the most sustainable practice moving forward. It will ensure you have time to close your books and prepare your financial statements each year and will keep you roughly on-cycle with the majority of other program recipients.*

**F9. I'm launching a new company – can I submit that company as an affiliate on my Envelope application? Can it be its own applicant?**

*New affiliated companies should have new applicant profiles set up in FACTOR's system (if they are separately registered/incorporated from existing companies) and should be declared on your application form.*

*Expenses related to these new companies can and should be included in your Company Envelope application, once the new entity itself meets the eligibility criteria for the program.*

**F10. If I can't include my new company in my Company Envelope application because it hasn't been in business long enough, can I apply for JSR funding while I wait?**

*If the affiliate group is in receipt of funding in the Mid-Tier of the Company Envelope program, then the new company may apply to FACTOR's juried programs on behalf of their artists (subject to all other program eligibility criteria).*

*Affiliates of a Top-Tier Company Envelope recipient only have access to the Company Envelope program (once they met the eligibility criteria). This is to ensure that all Top-Tier Company Envelope recipients are streamlined into the correct program for their level of revenue and activity.*

*The goal of having new companies wait until they have been in operation for the full period required by their affiliate group's tier is to allow business to properly spin up before being held to assessment. A part of the offer assessment process compares each company's revenue reference years, and if we don't have information for all three years then the calculation is incomplete.*

*FACTOR must also confirm that new endeavors meet the mission statement in point 3 of the [Top-Tier program guidelines](#), "Ultimately, the Company Envelope: Top-Tier program aims to invest in **commercially viable music companies**..." Viability can be challenging to assess in the first year or two of operation.*

**F11. I'm struggling to fit the applicant description of my business plan into 4 pages – I've even used a smaller font size, but it's not all fitting. Do you really need this to be so short?**

*Some business plans provided to FACTOR in past application years contained a great deal of information that was not necessary for the assessment of the company's application. By setting a firm page count, we challenge applicants to present only the information necessary to assess their plan for the year.*

*FACTOR encourages you to be as light and agile as possible when preparing the Applicant Description of your business plan. Your brief Company Background should be a short elevator pitch/biography – prose in excess of 250 words will in most cases be too much. Full biographies for executive staff members are not a requirement in the HR Overview section. You are welcome to use charts, graphs, bullet point lists, and links to outside sources, if it helps you condense and clarify your company story. And remember, we already have access to your Applicant Profile (and previous years' reporting, if you are a return recipient), and all the information held therein.*