



# Music Distributor

## Profiles and Ratings

### 2017–2018

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FACTOR supports Music Distributors who are engaged in the wholesale distribution of music released by multiple labels and artists through to physical and digital retailers.

If you wish to be eligible for funding as a Music Distributor, you must create and submit for review an Applicant Profile for your music distribution business. FACTOR staff will review the information provided and will give you a **Company Rating**. The Company Rating indicates the Program(s) you can apply for as a Music Distributor.

FACTOR has two designated ratings for Music Distributors: Music Distributor 2 and Music Distributor 3.

## Music Distributor 2

To achieve this rating, your record label must be designated an Eligible Music Company, per FACTOR's Business Policies. To do so, the business must meet all of the following criteria:

1. It must be a Canadian-owned business. It must be incorporated and have a CRA Business Number.
2. The business must have been operating continuously for at least two years, and you must be able to demonstrate this through documentation such as your company financials or corporate registration;
3. The business and its owner(s) must be in good standing with FACTOR;
4. The business must be engaged in the primary activities of a Record Label, Music Distributor, Music Publisher, Artist Manager, or some combination of the foregoing;
5. All the Qualifying Criteria information (including catalogue, company documentation and financial information) must be updated and submitted on or before the Annual Review deadline;
6. You must provide financial statements for the past three years and update those on an annual basis within 6 months of the company's fiscal year-end. Businesses that have only been in operation for two consecutive years must provide the past two years' financial statements. Financial statements must have been prepared in accordance with generally accepted accounting principles and must include a balance sheet and an income statement/statement of profit and loss.
7. You must have a catalogue of at least 25 Qualifying Releases (full-length albums by Canadian artists) including at least five Qualifying Releases within the following reference periods: (a) to qualify at the Annual Review, the five Qualifying Releases must have been released within the 14 months preceding April 1; or (b) to qualify at the Semi-Annual Review, the five Qualifying Releases must have been released within the 14 months preceding either April 1 or October 1 of the current fiscal year. A catalogue of distributed albums along with CD or label copies of the most recent five Qualifying Releases must be submitted with the Application.

There is no minimum revenue threshold for this rating. With a Music Distributor 2 rating, you can apply to:

**Support for Eligible Music Companies:** There are two components in this program, Business Development and Business Travel. **The total program funding limit per fiscal year across both components is \$7,500.**

- Business Development Component: contributes to the cost of business development activities
- Business Travel Component: contributes to the cost of your business travel to conferences, sales trips, etc.

## Music Distributor 3

To achieve this rating, your company must be incorporated. It must meet all of the other criteria of Music Distributor 2. In addition:

The revenue information and financial statements must show minimum annual gross revenues of \$100,000 in your most recent fiscal year, of which at least \$75,000 is derived from music-related activities in the categories of artist management, record label/master exploitation, music publishing, and music distribution.

With a Music Distributor 3 rating, you can apply to:

**Support for Eligible Music Companies:** There are two components in this program, Business Development and Business Travel. **The total program funding limit per fiscal year across both components is \$20,000.**

- Business Development Component: contributes to the cost of business development activities
- Business Travel Component: contributes to the cost of your business travel to conferences, sales trips, etc.