

## Record Label Profiles and Ratings 2018-2019

*Published October 1, 2018*

FACTOR provides funding to Canadian record labels of every kind. From start-up one-person labels operating out of the garage, to the biggest, long-established indies, FACTOR funding can help pay for a range of label activities including sound recording production, licensing, marketing and promotion, tour and showcase support for the artists, video production, business travel, and business development.

If you wish to be eligible for funding as a Record Label, you must create and submit for review an Applicant Profile for your record label 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 Record Label.

FACTOR has five designated Company Ratings for Canadian record labels: Approved, Record Label 2, Record Label 3, Record Label 4, and “Other” (which denotes a MEC-supported label).

**To apply to any sound recording or marketing programs, the record label must have a Company Rating, and must have access to an approved Artist Profile for the artist.** For full-length sound recording programs, the amount of funding is indicated by the **Artist Rating**.

### Approved

Any Canadian person or company that releases a sound recording may receive an Approved applicant rating. There is no minimum revenue threshold, no minimum discography nor length of time in business required. To receive the Approved rating, you must fill out the Applicant Profile noting “Record Label” as a business activity. You will need to provide information regarding the ownership of the business, and any discography and financial information that is available. With an Approved rating, you can apply to:

- **Juried Sound Recording Program:** if the label has signed or licensed a full-length sound recording from a Canadian artist, you may receive first phase funding of up to \$47,500 (General Artist stream) or \$57,500 (Artist 2 stream) for sound recording production, marketing and promotion, touring, showcasing, and music video production, with additional amounts available in a second phase, based on the success of the project. Approved record labels cannot apply for license fees; only production costs.
- **Marketing and Promotion for Non-FACTOR-Funded Sound Recordings:** contributes to the cost of marketing, tour and showcase support for the artist, and video production of up to \$20,000 per project.
- **Comprehensive Artist Program:** if the label has signed or licensed a full-length sound recording from a Canadian artist rated Artist 3, you may receive up to \$62,500 in project funding in Phase I and an additional \$40,000 in Phase II.
- **Video Program:** up to \$5,000 (Artist 2) or \$20,000 (Artist 3) in funding for viral and broadcast quality music videos for qualifying releases on the label.

### Record Label 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 in the primary activities of a Record Label, Music Distributor, Music Publisher, Artist Manager, or some combination of the foregoing, 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. All the Qualifying Criteria information (including discography, company documentation and financial information) must be updated and submitted on or before the Annual Review deadline;
5. 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.
6. The record label must have a Canadian distribution agreement in place with a FACTOR-recognized distributor, unless the FACTOR Board of Directors has waived this requirement in advance;
7. The record label must control the exclusive Canadian exploitation rights for at least four Qualifying Releases that it has created or licensed, including at least two Qualifying Releases from different Canadian Artists within the following reference periods: (a) to qualify at the Annual Review, the two Qualifying Releases must have been released within the 14 months preceding April 1; or (b) to qualify at the Semi-Annual Review, the two Qualifying Releases must have been released within the 14 months preceding either April 1 or October 1 of the current fiscal year. Note that Record Labels may only qualify for a company rating of 4 or higher at the Annual Review.

With a Record Label 2 rating, you can apply to:

- **Juried Sound Recording Program:** if the label has signed or licensed a full-length sound recording from a Canadian artist, you may receive first phase funding of up to \$47,500 (General Artist stream) or \$57,500 (Artist 2 stream) for sound recording production, marketing and promotion, touring, showcasing, and music video production, with additional amounts available in a second phase, based on the success of the project. Approved record labels cannot apply for license fees; only production costs.
- **Marketing and Promotion for Non-FACTOR-Funded Sound Recordings:** contributes to the cost of marketing and promotion, touring, showcasing, and music video production of up to \$25,000 per project.
- **Comprehensive Artist Program:** if the label has signed or licensed a full-length sound recording from a Canadian artist rated Artist 3, you may receive up to \$62,500 in project funding in Phase I and an additional \$40,000 in Phase II.
- **Comprehensive Music Company Program (Lower Tier):** up to \$35,000 in annual funding for one or more projects of up to \$35,000 in Phase I and an additional \$35,000 in Phase II. The Artist Rating has no bearing on eligibility for this Program. Record Labels hoping to be eligible for the lower tier of this Program may submit their Company Profile for review at any time.
- **Video Program:** up to \$5,000 (Artist 2) or \$20,000 (Artist 3) in funding for viral and broadcast quality music videos for qualifying releases on the label.
- **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.**

## Record Label 3

To achieve this rating, your record label must meet all of the Record Label 2 criteria. In addition:

1. In the first year that the business qualifies, 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; and
2. For the second and subsequent qualifying years, the revenue information and financial statements must show annual gross revenues of \$100,000 averaged over the two preceding fiscal years, including a two-year average of at least \$75,000 in annual revenues from music-related activities in the categories of artist management, record label/master exploitation, music publishing, and music distribution.

With a Record Label 3 rating, you can apply to:

- **Juried Sound Recording Program:** if the label has signed or licensed a full-length sound recording from a Canadian artist, you may receive first phase funding of up to \$47,500 (General Artist stream) or \$57,500 (Artist 2 stream) for sound recording production, marketing and promotion, touring, showcasing, and music video production, with additional amounts available in a second phase, based on the success of the project. Approved record labels cannot apply for license fees; only production costs.
- **Marketing and Promotion for Non-FACTOR-Funded Sound Recordings:** contributes to the cost of marketing and promotion, touring, showcasing, and music video production of up to \$25,000 per project.
- **Comprehensive Artist Program:** if the label has signed or licensed a full-length sound recording from a Canadian artist rated Artist 3, you may receive up to \$62,500 in project funding in Phase I and an additional \$40,000 in Phase II.
- **Comprehensive Music Company Program (Lower Tier):** up to \$35,000 in annual funding for one or more projects of up to \$35,000 in Phase I and an additional \$35,000 in Phase II. The Artist Rating has no bearing on eligibility for this Program. Record Labels hoping to be eligible for the lower tier of this Program may submit their Company Profile for review at any time.
- **Video Program:** up to \$5,000 (Artist 2) or \$20,000 (Artist 3) in funding for viral and broadcast quality music videos for qualifying releases on the label.
- **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.**

## Record Label 4

FACTOR only assigns Rating 4 once annually during the Annual Review. The review deadline is on the last business day in February, and the rating goes into effect on April 1. To achieve this rating, you must meet all of the Record Label 3 criteria (including the minimum revenue threshold of \$100,000 in revenue in your most recent fiscal year). In addition:

1. Your gross revenue information and financial statements must show that the company earned a minimum of \$100,000 in gross revenue from exploitation of its sound recording masters, averaged over the preceding three years;
2. You must have been in business continually as a record label for at least 5 years; and
3. You must release a minimum of five Qualifying Releases by at least two different Canadian Artists over the five years preceding the Annual Review deadline. You must own or control the exclusive Canadian exploitation rights and/or copyright for at least five years from date of execution of the license/recording agreement.

With a Record Label 4 rating, you can apply to:

- **Juried Sound Recording Program:** if the label has signed or licensed a full-length sound recording from a Canadian artist, you may receive first phase funding of up to \$47,500 (General Artist stream) or \$57,500 (Artist 2 stream) for sound recording production, marketing and promotion, touring, showcasing, and music video production, with additional amounts available in a second phase, based on the success of the project. Approved record labels cannot apply for license fees; only production costs.
- **Marketing and Promotion for Non-FACTOR-Funded Sound Recordings:** contributes to the cost of marketing and promotion, touring, showcasing, and music video production of up to \$25,000 per project.
- **Comprehensive Artist Program:** if the label has signed or licensed a full-length sound recording from a Canadian artist rated Artist 3, you may receive up to \$62,500 in project funding in Phase I and an additional \$40,000 in Phase II.
- **Comprehensive Music Company Program (Upper Tier):** Up to \$62,500 in project funding in Phase I and an additional \$40,000 in Phase II. The Artist Rating has no bearing on eligibility for this Program.
- **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.**
- **Video Program:** up to \$5,000 (Artist 2) or \$20,000 (Artist 3) in funding for viral and broadcast quality music videos for qualifying releases on the label.

## Other – MEC Labels

MEC Labels are select Canadian record labels that receive funding support from the Music Entrepreneur Component of the Canada Music Fund, which is administered directly by the Department of Canadian Heritage. MEC Labels cannot apply to FACTOR in any program that distributes funding from the New Musical Works Component of the Canada Music Fund. However, MEC Labels can apply to the FACTOR programs that are funded solely by private radio contributions.

To achieve this Company Rating, you must complete and submit your Applicant Profile for review. FACTOR will verify the company's MEC status with the Department of Canadian Heritage. Provided that the company and its owner(s) are in good standing with FACTOR, MEC Labels can apply to:

- **Marketing and Promotion for Non-FACTOR-Funded Sound Recordings:** which contributes to the cost of marketing, tour and showcase support for the artist, and video production of up to \$20,000 per project, provided that FACTOR did not fund the production or license costs of the sound recording.
- **Comprehensive Artist Program:** if the label has signed or licensed a full-length sound recording from a Canadian artist rated Artist 3, you may receive up to \$62,500 in project funding in Phase I and an additional \$40,000 in Phase II.