

Sound Recording Component Guidelines 2018-2019

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Eligible Artists

1. To be eligible for funding under the Sound Recording Component in any Program, the Artist must be Canadian. See [Business Policies: Canadian Citizenship and Company Criteria](#).

Funding Limits

2. The funding limit for the Sound Recording Component varies by each Program. Please see the [Program Guidelines](#).

Eligible Sound Recordings

3. Funding under the Sound Recording Component must always be used to produce a [Qualifying Album](#), and under some Programs, to license an already-produced but unreleased [Qualifying Album](#). To be considered a [Qualifying Album](#), the final sound recording must:
 - a. Be performed by a Canadian Artist and meet FACTOR's MAPL criteria for Canadian content (see [Business Policies: MAPL Certification](#));
 - b. Be a full-length album or [track equivalent album](#) of at least six tracks, or run over 20 minutes in duration;
 - c. Be comprised of all new sound recording masters that, as of the date of application, have not been previously [Commercially Released](#);
 - d. Have lyrics that are at least 50% English or any language other than French, (French-language sound recordings may be supported by [Musicaction](#)).
4. It is a condition of funding in all full-length sound recording programs that the funded sound recording must be commercially released according to the terms of the General Agreement, subject to any extensions explicitly approved by FACTOR.
5. You are obligated as a condition of funding to include the appropriate logos and acknowledgment in all materials created in a FACTOR-funded project. Please review the [Logo and Acknowledgment Guide](#) for specific instructions. Remember, the failure to provide appropriate logos and acknowledgment could result in a loss of some or all of your funding.
6. Please see the [Specialized Information tip sheet](#) if you are working in a genre such as HIP HOP, DANCE, ELECTRONIC, REGGAE and the music production involves samples, beats, riddims, dubplates, multiple producers or guest artists - for more information regarding eligible projects and costs.

Eligible Costs – Sound Recordings

7. The Eligible Costs in this section are specific to the Sound Recording Component. Please also review [Eligible Costs – General Terms](#) as well as the Eligible Costs – This Program in the [Program Guidelines](#) for the Program under which you are applying. Applicants are strongly advised to read and understand these sections, and to contact FACTOR prior to submitting an Application to ensure eligibility of the proposed costs.
8. FACTOR funding under the Sound Recording Component will cover either 50% or 75% of the Total Eligible Budget, to the Program maximum. Please see the Program Guidelines for the Program under which you are applying.
9. In all Programs, FACTOR will only recognize the costs which it deems Eligible Costs in the budget. FACTOR will remove ineligible costs from the budget, and the FACTOR contribution may be reduced accordingly.
10. Sound Recording Component funding can be used to pay for the cost of recording and producing a high-quality Qualifying Album. Eligible costs can include, for example:
 - Studio time
 - Hiring an engineer, producer and musicians
 - Renting recording equipment
 - Mixing and mastering
 - Graphic design for album artwork
11. Under some Programs, Record Label Applicants rated 2 or higher may use the Sound Recording Component funding to license an already-produced Qualifying Album. Please see the [Program Guidelines](#).
12. Generally, costs must be paid to Canadian companies located in Canada or paid to Canadian citizens/permanent residents for work performed within Canada, the exception being non-Canadian members of the Artist group. (See [Business Policies: Eligible Costs – General Terms](#)).
13. If the production is approved to take place outside of Canada, FACTOR may allow Artist fees, travel costs and per diems for Canadian musicians (including non-Canadian Artist members) and personnel traveling outside of Canada, on a case-by-case basis. If you intend to record outside of Canada, you are encouraged to discuss it with your Project Coordinator in advance of making an application, and provide a thorough explanation in your application.
14. FACTOR may allow, on a case-by-case basis, the costs of a non-Canadian producer coming to work in a Canadian recording studio located in Canada, and provided that the majority of tracking and production occurs in Canada in a Canadian studio. Such costs may include travel, accommodation and producer fees. If you intend to request non-Canadian costs, you are encouraged to discuss it with your Project Coordinator in advance of making an application, and provide a thorough explanation in your application.
15. Costs to complete partially finished productions and remixes will be considered. Recorded but unfinished masters may qualify for funding to finish production of the sound recording, such as mixing, mastering, and artwork.
16. FACTOR will not recognize any costs related to songwriting or composition of music and lyrics, or any other costs related to the underlying copyrights in the compositions. Arranger fees may be recognized when they are paid to a third party (not the artist) who is hired on a fee-for-service basis to create an arrangement specifically for the funded sound recording and where that arranger does not have ownership in any of the resulting copyrights.
17. Pre-production costs, such as rehearsal space fees or rentals, must be paid to third parties and may not exceed 25% of Eligible Costs in the Sound Recording Component. FACTOR does not recognize any in-house costs for pre-production. Please note that FACTOR will only recognize pre-production costs incurred after the date of application.

18. Producer fees for projects produced by Related Parties will be capped to 25% of total eligible costs and a maximum producer fee of \$20,000/FACTOR contribution of \$10,000. For example: where the Applicant is a Record Label and the Producer is an owner of the Record Label, FACTOR will contribute a maximum of \$10,000 to the producer fee.
19. Session musicians' rates will be recognized at the maximums set out at in the Program Guidelines at Eligible Costs – General.
20. FACTOR will recognize a maximum number of sessions per musician equal to the number of tracks on the final project (one track equals one session).
21. Generally, and unless otherwise explicitly allowed by FACTOR, In-house and/or Related Party Transactions are capped at a maximum of 25% of the total Eligible Costs. Applicants must disclose all In-house, Related Party and non-arm's length transactions in the Expense Details section of both the Application Budget spreadsheet and Completion Cost Report spreadsheet.
22. In general you should avoid paying for expenses in cash, as FACTOR does not reimburse all cash expenses. Please see the Program Guidelines under Eligible Costs – General Terms or the [Business Policies: Eligible Costs – General Terms](#), for detailed information on cash payments.
23. **Self-Production Allowance:** If the Artist is the Applicant, FACTOR will not allow a producer fee to the Artist who self-produces or takes a co-producer credit. Producer fees will only be recognized when paid to a third party. However, FACTOR will allow the Artist who self-produces to claim a Self-Production Allowance.
24. To claim the Self-Production Allowance, the Artist or a member of the Artist band must perform at a minimum all of the engineering/tracking. The Self-Production Allowance may also include studio rental, mixing and mastering (see below). The Self-Production Allowance is:
 - **Full Length Sound Recording:** up to \$500 per track for a maximum of 10 tracks (production costs for tracks over 10 can be claimed separately if done by a third party provider)/\$5,000 total for the project.
25. Studio rental, if provided by the Artist or a member of the Artist band, will be included in the Self-Production Costs. However, if the Artist claims the Self-Production Allowance and third party studio rental, the studio rental cost will be deducted from the Self-Production Allowance to the maximum of 10 tracks/\$5,000 for the full-length recording. Additional third-party studio time will be allowed as a third-party cost.
26. Mixing, if performed by the Artist or a member of the Artist band, will be included in the Self-Production Costs. However, if the Artist claims the Self-Production Allowance and a third party mixing engineer's fees, the mixing cost will be deducted from the Self-Produced Allowance, to the maximum of 10 tracks/\$5,000 for the full-length recording. Additional third-party mixing fees will be allowed as a third-party cost.
27. Mastering, if performed by the Artist or a member of the Artist's band, are included in the Self-Production Allowance. However, if mastering is performed by a third-party mastering engineer, the cost will be allowed separately as a third-party cost (and will not be deducted from Self-Production Allowance).
28. In the event that the Artist claims the Self-Production Allowance, but then also claims third-party studio time and/or mixing fees that, when deducted from the Self-Production Allowance, then bring the Self-Allowance to zero, then no Self-Production Allowance will be available but all third-party costs will be allowed (subject to the Program Guidelines).
29. Applicants are expected to spend a majority of funds on third-party, out-of-pocket costs. In-house and Related Party costs (including payments to the Artist or members of the Artist band) may not exceed 25% of the Total Eligible Costs. Any amount of Self-Production Allowance will be considered In-House Costs. In some cases, if the amount of third party expenditures is comparatively low, the Self-Production Allowance will be adjusted down. See Examples.

TIP: To find the amount of in-house costs the Applicant can claim, where the maximum is 25% of Total Eligible Costs, add up the total eligible third party costs and divide that number by 3. The result is the total allowable In-House amount.

30. EXAMPLES:

- a. This band got a Juried Sound Recording loan worth up to \$10,000 for the sound recording component. The guitar player has a home studio in her basement. Her band lays down 12 tracks in the basement studio. Then they decide to hire a mixing engineer and a mastering engineer. The mixing cost is \$200/track (\$2,400) and the mastering is a flat fee of \$2,000 for the album. This band can claim:
 - i. The Self-Production Allowance of \$5,000, less \$2,000 for the mixing (maximum of 10 tracks x \$200/track – the other two tracks can be claimed separately as third party costs) for a total of \$3,000 ****to be reduced by overall program cap, see below**
 - ii. Third party mixing fees of \$2,400
 - iii. Third party mastering fees of \$2,000

The band has spent a total of \$4,400 on Third party costs (ii + iii). Therefore the band can claim a maximum of \$1,466 in in-house costs (see [Tip](#), above). Because the Self-Production Allowance is considered an in-house cost, it will be reduced to \$1,466. Therefore, the Total Eligible Costs for this project will be \$5,866 (ii + iii + \$1,466 maximum eligible in-house costs).

- b. This band (Artist Rated 2) got a Juried Sound Recording loan worth up to \$15,000 for the sound recording component. They rent a studio at a cost of \$300/day (no engineer) for 7 days. They hire a third-party producer at a flat fee of \$5,000 for the album. They do their own tracking and mixing for 8 songs, and hire a mastering engineer separately at a cost of \$1,500. This band could claim:
 - i. The Self-Production Allowance of \$4,000 (8 tracks x \$500/track), less the studio rental of \$2,100, for a total of \$1,900
 - ii. Third party studio rental of \$2,100
 - iii. Third party producer fee of \$5,000
 - iv. Third party mastering fees of \$1,500

This band spent \$8,600 on third party costs (ii + iii + iv); therefore, the band can claim a maximum of \$2,866 in in-house costs (see [Tip](#), above). The Self-Production Allowance of \$1,900 is considered in-house, so they are allowed up to \$966 additional in-house costs. If they claim those additional in-house costs (on, for example, Artist's performer fees), the Total Eligible Costs for this project will be \$11,466.

31. Ineligible Costs for Sound Recordings include, but are not limited to:

- a. Most expenses paid for in cash (see [Business Policies: Cash Payments](#)).
- b. Duplication and manufacturing expenses.
- c. Management and legal fees.
- d. Purchases of equipment, musical instruments and related supplies.
- e. Transportation, per diem, food, hotel and hospitality expenses for local recording activities. These costs may be considered for out-of-town personnel (i.e. personnel based more than 300 km/3 hours ground travel from artist's home city) on a case-by-case basis. When approved by FACTOR, per diems for out-of-town personnel are capped at \$50/day.
- f. Any [In-Kind or Donated Services](#).
- g. Except as noted for members of the Artist group, non-Canadian musicians and personnel may participate in recording sessions but their fees and expenses will not be considered Eligible Costs.
- h. Distribution costs, including fees and set-up costs.
- i. Mechanical royalties and associated costs.
- j. Vocal lessons and instrument training.

32. Administration Fees for the Sound Recording Component are calculated automatically in the online system. See [Business Policies: Schedule A – Administration Fees](#) for the maximum amounts.

Component Completion

Please review the [Completion Guide](#) for detailed instructions.

33. For every component of the project, Applicants must compile and organize all invoices, receipts and Proofs of Payment, then enter the amounts being claimed into the FACTOR Cost Report which can be downloaded from the Budget page of the Completion component. Applicants must then upload the Cost Report and all related expense documentation, then complete and submit all other sections of the online Completion (including Budget, Goals and Results, Component Information, Public Funding). Please be aware that if there is a discrepancy between amounts in the Cost Report and the online Budget, FACTOR will defer to the Cost Report.
34. Once submitted to FACTOR, the Completion will be deemed by FACTOR to be the Recipient's true, accurate, and final accounting, and may not be unsubmitted, amended or deleted.
35. In addition to the Program completion requirements, to complete the Sound Recording Component the Applicant must:
 - a. Submit a copy of the finished sound recording in MP3 format, along with lyrics, songwriting and production credits. MP3s should be uploaded to the Component Information section of the online Completion Report. Please see [Business Policies: Completions and Delivery of Completion Documentation](#) for details.
 - b. Upload a copy of the album artwork. This should be the finished graphics for the Commercial Release, and must include the required acknowledgement and logo(s). Please see [Business Policies: Logo and Acknowledgment](#) for details.
 - c. Submit a [Supplier's Declaration and Undertaking](#) signed by the Producer of the sound recording.
 - d. Submit a Studio Work Log for each production studio involved in the project. You may use the [FACTOR Studio Work Log Template](#), or any form of studio log as long as it includes: Studio Name, Studio Address, Recording Date(s), Start and End Time(s), a description of the work done, Artist Signature, Studio/Producer/Engineer Signature.
 - e. Submit [Letters of Direction to Pay](#) (maximum three per Project). These Letters are voluntary on the part of the Applicant, who may prefer to have FACTOR pay certain suppliers directly.
 - f. After Completion and no later than 30 days after Commercial Release of the funded sound recording (this the Product Submission deadline) you must also deliver to FACTOR via email, as a Zip file or by providing a link to a preferred file sharing site (e.g. Dropbox): a digital copy in MP3 format of the final, as-released version of the funded sound recording, including the final, required metadata [thumbnail artwork, FACTOR logo and acknowledgement text (where possible), Canada wordmark (if applicable, where possible), Government of Canada acknowledgement (if applicable, where possible), track artist, track title, track time/duration, track number]; and a digital copy of the final, as-released album artwork clearly showing the required logos and acknowledgments. If manufacturing physical copies for sale, a finished, retail-ready copy in any physical format may also be required.