

FACTOR Canada

Support for Eligible Music Companies

Program Guidelines

2021-2022

Published July 2021

Program Overview

1. The Support for Eligible Music Companies program provides funding for business development initiatives that support the marketing and promotion of the company and its services, domestic and international travel to support the company's development objectives through two components: [Business Travel](#) and [Business Development](#). **Please note that the Songwriter Support for Music Publishers component is currently on hold and will be launched at a separate time.** All expenses and activities must serve to promote and benefit the growth of the company as a whole and must relate to the company's work on behalf of its Canadian artists and songwriters.

For Business Development and Business Travel: FACTOR may provide a grant of 75% of the total eligible budget to an annual maximum of \$7,500 per Applicant companies rated 2 and up to an annual maximum of \$20,000 per Applicant companies rated 3 and higher, per FACTOR fiscal year, across both components.

2. Review of applications takes six to eight weeks from the application deadline, or date of application (for Business Travel).
3. Funding for this program is provided by Canada's Private Radio Broadcasters and the Department of Canadian Heritage via the Canada Music Fund's Individual Initiatives Component.

Application Deadlines

4. For Business Development, applications can be submitted at any time prior to **October 21, 2021**.
5. Note that FACTOR will only approve one Business Development component application per Applicant per FACTOR fiscal year. Applicants must submit a [Business Development Plan](#) with the template provided by FACTOR, outlining the nature and scope of the project. FACTOR will only recognize expenses related to eligible activities occurring within the FACTOR fiscal year (April 1, 2021 to March 31, 2022).
6. Business Travel has a rolling deadline. Applications must be submitted to FACTOR at least one calendar day before departure, and no earlier than six months in advance.

Who Can Apply?

7. Only Eligible Music Companies that have an approved Applicant Profile with a company rating of 2 or higher are eligible to apply for this program:
 - **Record labels rated 2, 3, 4**
 - **Artist managers rated 2, 3**
 - **Music distributors rated 2, 3**
 - **Music publishers rated 2, 3**
8. Envelope Funding recipients are ineligible.

How This Program Works

9. The funding provided under the Support for Eligible Music Companies program is intended to assist the development and travel through two components: Business Travel and Business Development. The details of eligible costs for each category are set out in the Component Guidelines below.
10. Upon first application for the year, Applicants will be given a project number and may add additional components under that project number. For the Business Development component, eligible companies may make only one application for the FACTOR year, requesting up to the program maximum for that company rating. Any balance of funding remaining after the Business Development offer can be used for one or more Business Travel applications. Neither component is mandatory.

11. The [Business Development Plan](#) is mandatory and must be uploaded in the template provided at the time of application for the Business Development component. Applications that do not include the Business Development Plan in the template provided will be rejected as ineligible.
12. Eligible companies may apply for multiple Business Travel components throughout the FACTOR fiscal year, up to the program maximum available for the company rating.
13. The travel, projects, events, and other activities undertaken with FACTOR funding in this program must relate to the company's Canadian artists. Expenses related to non-Canadian artists will not be supported with FACTOR funding in this or any other program.
14. **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 to Apply

15. Before you can apply, you must have a reviewed and rated Applicant Profile. Go to the [How to Apply page on the FACTOR website](#) for instructions on creating and sharing profiles, followed by how to submit an application.
16. Only Eligible Music Companies rated 2 or higher can apply for this program. Please see [Business Policies: Applicant Profiles and Company Ratings](#) for more information.
17. FACTOR welcomes and encourages applications from people with disabilities. Please contact your Project Coordinator or our [general information account](#) to discuss options for accommodations throughout the application process, as well as our [Application Accessibility Support Fund](#).

Eligible Costs

18. Please see the Component Guidelines below for the details of eligible and ineligible costs in each component.
19. Only those costs identified by the applicant in the application and approved by FACTOR will be deemed eligible costs.
20. For each Business Travel and Business Development component, Applicants must submit a detailed budget. Once the application is approved, changes to the proposed activities having a budget impact of 25% or less of eligible costs may be made without FACTOR pre-approval, subject to the cap, if any. All other changes must be approved by FACTOR.
21. Generally, eligible costs must be:
 - a. Incurred after the application has been submitted and paid before the final completion deadline*;
 - b. Bona fide costs paid out-of-pocket by the applicant to providers that are not employed by or related parties to the applicant; and
 - c. Paid to Canadians and Canadian owned and controlled companies, for goods and services delivered in Canada. Goods and services purchased from individual Canadians living outside of Canada or Canadian-owned businesses physically located outside of Canada are eligible costs.
22. **Ineligible costs** include, but are not limited to:
 - a. Equipment purchases and purchases of capital assets;
 - b. Taxes that are subject to rebate to the recipient (such as VAT, HST);
 - c. Musicians' union dues, penalties, fines, pension contributions and any other union-mandated payments;
 - d. CD, vinyl or other music media manufacturing and duplication costs, except where allowed within the allowance for promotional, not-for sale costs.
 - e. Donated services for musicians' fees.
23. Where FACTOR allows eligible costs to be expended in-house, those costs must be charged, in FACTOR's sole opinion, at verifiable fair market value with no mark-up. For in-house services, the party providing the services must be in the business of, or professionally employed to provide such services. Likewise, allowable costs paid to related parties must also be charged at verifiable fair market value with no mark-up. Please see the Component Guidelines below for details.

24. Costs must be verifiable with invoices, receipts and proof of payment. Unless otherwise noted or explicitly allowed by FACTOR, proof of payment must be submitted upon Completion, as a condition of funding.
- a. Receipts must include:
 - i. The name and address of the organization or individual who provided the goods or services
 - ii. The name of the individual who purchased the goods or service.
 - iii. The goods or services purchased in detail, such as item description, quantity, unit price, extended price, additional charges and applicable taxes.
 - iv. The transaction date (including the dates of service or delivery if applicable).
 - b. Examples of eligible proof of payment include cheque, email transfer, credit card, interbank transfer, wire transfer, and money orders.
25. **Cash payments**
- a. Business Travel expenses
 - i. Incidental purchases under \$100 are eligible when supported by a cash register receipt
 - ii. Personnel fees for services are eligible with a signed [Receipt for Services form](#)
 - iii. Lease or purchase of goods and services must be supported by a detailed receipt issued by the payee.
 - b. For all other eligible activities
 - i. Incidental purchases under \$100 (e.g. gas, small goods) must be supported by a cash register receipt; and
 - ii. Lease or purchase of goods and services under \$500, must be supported by a detailed receipt issued by the payee.
 - iii. Per diems under \$500 must be supported by a FACTOR-provided [Receipt for Services form](#) signed by the payee.
26. **Travel costs** — travel costs follow the rates specified in the [Government of Canada Travel Directive](#).
- a. Accommodations are eligible to a maximum of \$300 per room, per night. Other caps may apply—see [Business Policies: Eligible Costs - General Terms](#).
 - b. Flight costs at economy rate only.
 - c. No dollar value will be attributable to air miles, frequent flyer points or similar programs. However, FACTOR may recognize a cash fee charged by the points provider.
 - d. Applicants are urged to ensure that each person traveling is covered by trip cancellation, health/medical and accident insurance appropriate to the length and location of the visit to the country in which any funded travel occurs. If a trip or any portion thereof is canceled such that all or any portion of approved eligible costs is forfeit, the Applicant is required to recover the maximum amount available under its travel insurance. FACTOR will cover the standard percent of any remaining non-refundable costs.
27. An administration fee is offered in all components of this program.
- a. Business Development: 15% of total eligible costs to a maximum of \$3,000. This administration fee should be considered a contribution toward the company's overhead costs including media subscriptions, professional affiliation fees, software upgrades, ongoing maintenance of company-owned website, social media properties and related server and ISP costs, occupancy costs (rent, heat, lights), equipment maintenance, printing and photocopying, couriers, postage, and staffing costs not related to the business development project.
 - b. Business Travel: 15% of total eligible costs to a maximum of \$300.
 - c. Costs covered by the administration fee do not need to be submitted on Completion; however, FACTOR reserves the right to request such documentation for up to seven years.
 - d. The administration fee is not required by FACTOR to be paid to a grant writer, administrator, or any other supplier. The amount and method of payment due to a grant writer or any other supplier is a matter of contract between the recipient and such supplier.
28. FACTOR always reserves the right to allow, disallow, or modify costs. It is advisable to discuss any significant changes to your budget before Completion. If you are uncertain about the eligibility of a cost, please contact FACTOR before incurring that cost. For a project and costs to remain eligible, Applicants must notify FACTOR immediately of any significant change to the original application or budget submitted. A significant change would be one that impacts more than 25% of the budget.

Funding and Payments

29. Applicants to every FACTOR program must declare any other public funding received or expected to be received toward the same project costs they are claiming to FACTOR. FACTOR's contribution plus any other public funding cannot exceed 100% of the project's total eligible budget. See [Glossary: Public Funding](#).
30. FACTOR may award the full amount requested in the application but reserves the right to award a lesser amount based on its assessment of the applicant's proposed expenses, or based on the total amount of funding available, or for any other reason.
31. FACTOR funding for Business Travel will be paid out in full upon receipt, review and approval of the Completion. No advances will be paid for this component.
32. FACTOR funding for Business Development is paid out in two stages: (1) an advance equal to 50% of the amount of approved funding is paid out once the application is approved and the funding agreement has been executed by FACTOR and the Applicant; and (2) the remainder of the funding is paid out when the Completion has been received, reviewed and accepted by FACTOR.
33. FACTOR may remove any ineligible expenses from the final Completion budget. This may lead to a reduction in the final payment, and in some cases, it may result in the Applicant having to return a portion of the advance.
34. To receive FACTOR funding, you must submit banking information for [direct deposit](#).
35. Please note that the funding received from the Support for Eligible Music Companies program counts toward the annual funding cap. See [Glossary: Annual Funding Cap](#).

Project Completion

36. Please see the Component Guidelines below for the detailed Completion requirements of each component.
37. For every approved 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 along with all related expense documentation, then complete and submit all other sections of the Completion for the component.
38. 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.
39. Applicants should retain all their invoices, receipts and proofs of payment for seven years for FACTOR and Revenue Canada taxation purposes.
40. Logo and Acknowledgment Requirements: all recipients of funding from this program must acknowledge FACTOR on all physical and digital materials, all press releases and promotional material funded by this program, and on the company's website. See [FACTOR's Logo and Acknowledgment Guide](#).

With funding and services designed to assist the spectrum of musical expressions and talent, 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.

Included in this PDF:

[Business Travel component](#)

[Business Development component](#)

Resources:

[Business Development Plan](#)

FACTOR Canada

Business Travel

Component Guidelines 2021-2022

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Funding Limits

1. The total program funding limit per FACTOR fiscal year across the Business Development and Business Travel components of the Support for Eligible Music Companies program is:
 - \$7,500 for companies rated 2, and
 - \$20,000 for companies rated 3, 4

There are no further requirements as to how much can be spent in the Business Travel or Business Development components.

Eligible Activities

2. Business travel can be undertaken on behalf of the company's whole business or be specific to one artist or release. However, release-specific and artist-specific expenses of the kind that are normally eligible to be supported under another FACTOR program or component (including Marketing, Sound Recording, Tour Support, Showcase, Video, and Radio Marketing) are not eligible for the Business Travel component.
3. The travel must relate to the business of the Canadian artist(s) on the roster.
4. Only company owners, employees and contractors of the Applicant company are eligible for travel costs, to a maximum of two people per trip. Proof of full-time employment or contract may be requested by FACTOR staff. If an Applicant's contract employee is also engaged to attend the same event by another company, FACTOR will allow only one application per contractor per trip.
5. Business Travel applications must be submitted one calendar day in advance of departure. Generally, intended travel dates should take place no more than six months from the date of application. An exception may be allowed with permission from FACTOR. For a virtual initiative, applications must be submitted at least one calendar day before the event start date.
6. You may make multiple Business Travel component applications throughout the year, subject to the program funding limits less any funding you have been offered in the Business Development component.

Eligible Costs – Business Travel

7. The costs set out here are specific to this component. Please see the [Program Guidelines](#) under Eligible Costs for general rules. 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. Due to the impact of the COVID-19 pandemic on the music industry, eligible activities in the Business Travel component have been expanded. In addition to the travel costs outlined below, the funding can be used for virtual conferences.
9. Travel funding in this component is intended to cover the costs of domestic and international business activities undertaken at trade shows, conferences, industry events, or business travel supporting company development activities. It may also be used to pay for some of the costs of production of promotional materials and activities associated with attendance.
10. Except for costs which are captured by the Administration Fee set out below, Business Travel funding may not be used toward company overhead and occupancy costs.
11. Eligible costs in this component are subject to the spirit and intent of the federal government [Travel Directive](#). Please see the Eligible Costs section of the Program Guidelines for additional rules and limits on travel costs.

12. Eligible costs for Business Travel include:
- a. Travel fares (air, train, bus, etc.);
 - b. Transportation using a privately-owned vehicle. The eligible cost will be tallied at an all-in gas and mileage rate of \$0.58/km. Applicants will be required to submit odometer readings taken before and after the travel. If the all-in private vehicle rate is claimed, then gas receipts will not be eligible. Please use FACTOR's [Vehicle Log](#);
 - c. Local ground transportation (such as taxis and public transit costs) and parking costs to a maximum of \$300 per trip;
 - d. Hotel and other public rental accommodations;
 - e. Long distance mobile phone charges incurred during the business trip;
 - f. Travel insurance for the trip;
 - g. Registration fees for eligible travelers to attend virtual, domestic and international music industry conferences or trade fairs if approved by FACTOR in the original application;
 - h. Company promotional materials such as printed material (to a maximum of \$400), CDs and other music media (to a maximum of \$400), and t-shirts/soft goods (to a maximum of \$400) if they are not specific to any one artist;
 - i. Per diems to a maximum of \$100 per person, per day, for no more than nine days
13. For virtual conferences, only the following costs will be eligible: Registration Fee and promotional materials.
14. For conferences and events taking place in an Applicant's home city, only the following costs will be eligible: Registration Fee, local ground transportation to a maximum of \$100, and promotional materials. "Applicant's home city" means a 100-km radius around the head office or primary business address of the Applicant.
15. For each event or trip, FACTOR will recognize a maximum of seven days attendance, plus two days of travel; and a maximum of eight night's hotel accommodations.
16. Corporate overhead and occupancy costs such as: staffing and personnel costs, rent, heat, lights, phone/fax, office equipment rental and office supplies (including stationery and business cards), ISP costs, ongoing website maintenance, general personnel costs, professional memberships, streaming music subscriptions and all other day-to-day costs will be covered by the 15% Administration Fee. These costs do not have to be set out in detail in the application and completion budgets.
17. Travel fares, registration and accommodation expenses that are booked and paid reasonably prior to the application being submitted may be recognized, provided that those costs must be clearly connected to the purpose of the travel.
18. Ineligible costs for the Business Travel component include:
- a. Any in-house or related party costs. All costs claimed must be out-of-pocket costs paid to bona fide third parties;
 - b. Client entertainment and hospitality costs (e.g. lunch, drinks, dinner) for persons other than the eligible traveler(s). Meal costs for the eligible travelers are covered under per diems;
 - c. Rental costs for vehicles privately owned by someone other than the Applicant;
 - d. Monetary value for tickets purchased with airline points or the purchase of points for tickets or upgrades; however, the airline's ticket fees and surcharges may be eligible;
 - e. Event tickets not included in the cost of registration;
 - f. Annual membership fees;
 - g. Repeat trips within a three-month period to the same city unless one of the repeat trips is to attend a conference, or by special advance permission of FACTOR. Interoffice travel is generally ineligible;
 - h. Any costs related to a person who
 - i. is designated as an eligible traveler in a Tour or Showcase application for the same event or trip;
 - j. Release-specific and artist-specific expenses of the kind that are normally eligible to be supported under another FACTOR program or component are not eligible; and
 - k. Company overhead costs exceeding the 15% administration fee.

Component Completion

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

19. 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. Applicants must upload the Cost Report and all related expense documentation, then complete and submit all other sections of the Completion (including Budget, Results, Component Information and Public Funding).
20. 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.
21. Logo and Acknowledgment Requirements: all recipients of funding from this component must acknowledge FACTOR on all physical and digital materials, all press releases and promotional material funded by this component, and on the company's website. See [FACTOR's Logo and Acknowledgment Guide](#).

FACTOR Canada

Business Development

Component Guidelines 2021-2022

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Funding Limits

1. The total program funding limit per FACTOR fiscal year across the Business Development and Business Travel components of the Support for Eligible Music Companies program is
 - \$7,500 for companies rated 2, and
 - \$20,000 for companies rated 3, 4

There are no further requirements as to how much can be spent in the Business Travel or Business Development components.

Eligible Activities

2. The Business Development component is intended to support the costs of outward-facing development projects that are incremental to and expand the existing business of the company. Such projects must have a beginning and an end; they cannot go on indefinitely. Some examples might be
 - a. design and build of a new online property;
 - b. first acquisition of, or a major upgrade to royalty-reporting software,
 - c. launch of business in a new territory,
 - d. addition of a new division of the company, and
 - e. other projects that represent a significant expansion of the company's capacity and activities.
3. Applicants are required to submit FACTOR's [Business Development Plan](#), outlining the nature and scope of the business development projects. You are advised to discuss your proposed business development projects in advance with your Project Coordinator.

Eligible Costs – Business Development

4. The costs set out here are specific to this component. Please see the [Program Guidelines](#) under Eligible Costs for general rules. 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.
5. Except as specifically set out below, Business Development funding is intended to contribute toward the company's third-party, out of pocket costs.
6. Other than costs which are captured by the Administration Fee set out below, Business Development funding may not be used toward company overhead and occupancy costs.
7. A Business Development application can be submitted at any time prior to October 21, 2021. FACTOR will only recognize expenses related to eligible activities occurring within the FACTOR fiscal year (April 1, 2021, to March 31, 2022).
8. Eligible costs for the Business Development component may include, but are not limited to:
 - Design and development services for new online and digital properties;
 - Graphic design of new company branding materials;
 - Acquisition costs of new royalty-reporting software;
 - Personnel costs and contractor fees for persons who are not regular employees of the company, and who are engaged to work on the development project on a term basis. Such costs must be accompanied by a deal memo directly related to the provision of services for the project. The deal memo must set out the scope and

nature of the services to be rendered, along with the fee. Such payments must also be supported by an invoice related to the fee set out in the deal memo;

- Personnel and salary costs for existing/regular employees and contractors of the company working on an approved business development project. Claims for salaried employees must be supported by a detailed [Employee Time Allocation Form](#). Claims for contractors must be supported by a detailed invoice setting out the project name, nature of services, hours and rate;
 - Sales and chart reporting subscriptions (e.g. SoundScan, Nielsen Music Connect, BuzzAngle, Mediabase), where those reports are used as strategic and analytical tools for new market development. If the company maintains an annual subscription, then such costs should be allocated in proportion to the amount of time the company has allocated to new market and new business development;
 - Consultants' costs provided that the person is engaged to help the company create or execute an approved new development project; and
 - Professional development costs, provided that such development is related to the business of the company. These could include workshops and seminars related to the music business, and courses to enhance general business management, software and programming skills, provided that these must be related to the development of the company and its services.
9. Corporate overhead and occupancy costs such as: rent, heat, lights, phone/fax, office equipment rental and office supplies (including stationery and business cards), ISP costs, ongoing website maintenance, general personnel costs, professional memberships, streaming music subscriptions and all other day-to-day costs will be covered by the 15% Administration Fee. These costs do not have to be set out in detail in the application and completion budgets.
10. If the business development project takes place in Canada and largely concerns the domestic presence of the company, non-Canadian costs will be capped at 50% of total eligible costs. If the business development project takes place outside of Canada and develops the company's international presence, there will be no cap on international costs.
11. Ineligible costs for the Business Development component include
- a. Costs incurred by or on behalf of a specific artist including artist registration fees, artist showcase fees, per diems, travel costs, accommodations, marketing expenses, etc.;
 - b. Subscriptions to digital music services or administrative cloud services such as DropBox, Soundcloud, MailChimp, Spotify, Hightail, etc.;
 - c. Company overhead costs exceeding the 15% Administration Fee;
 - d. Any costs related to a person who is also being claimed as an eligible traveler in a Showcase or Tour Support application;
 - e. Legal fees;
 - f. Travel and registration costs for industry events. Those should be claimed in a Business Travel component;
 - g. Costs associated with company parties or receptions; and
 - h. All donated services and in-kind transactions.

Component Completion

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

12. 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. Applicants must upload the Cost Report and all related expense documentation, then complete and submit all other sections of the Completion (including Budget, Results, Component Information and Public Funding).
13. 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.
14. Logo and Acknowledgment Requirements: all recipients of funding from this component must acknowledge FACTOR on all physical and digital materials, all press releases and promotional material funded by this component, and on the company's website. See [FACTOR's Logo and Acknowledgment Guide](#).