



# Business Development Program Guidelines 2016-2017

*Version 4.0 | Published April 1, 2016*

## Program Overview

1. The Business Development Program supports Eligible Music Companies by funding corporate development projects. Funding is available for initiatives that are not artist-specific, but that support the marketing and promotion of the company and its services.
2. FACTOR may provide a Grant of 50% of the Total Eligible Budget to a maximum of **\$10,000** per Applicant per FACTOR fiscal year. Please note that the funding received from the Business Development Program counts toward the New Musical Works portion of the Annual Funding Cap (see [Business Policies: Annual Funding Cap](#)).
3. Review of Applications takes six to eight weeks from the date of Application.
4. Funding for this program is provided by Canada's Private Radio Broadcasters and the Department of Canadian Heritage's Canada Music Fund's New Musical Works Component.

## Application Deadline

5. **April 28, 2016**

## Who Can Apply?

6. Only Eligible Music Companies that have an approved Applicant Profile with a Company Rating of 3 or higher are eligible to apply for this Program:
  - Record Labels Rated 3, 4, 5
  - Artist Managers Rated 3
  - Music Distributors Rated 3
  - Music Publishers Rated 3
7. MEC-supported companies are ineligible.

## How This Program Works

8. The funding provided under the Business Development Program is intended to assist Eligible Music Companies in paying for a wide range of corporate development activities in the areas of web and social media development and company-branded marketing initiatives. Funding may be used to purchase media subscriptions, professional affiliation fees, royalty and sales reporting software and upgrades, and towards certain trade show and company promotional costs.
9. Applicants must submit a detailed budget, including projected revenue and expenses. 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, provided that the funding offer and any annual caps or set maximums may not be exceeded. All other changes must be approved by FACTOR.
10. Applicants are advised to discuss their proposed project in advance with their Project Coordinator.
11. For this Program, FACTOR will only recognize expenses incurred in the fiscal year of application (April 1, 2016 - March 31, 2017).

## How To Apply

12. Before you can apply, you must have an Applicant Profile with a Company Rating of 3 or higher. Please go to the [Application Details page on the FACTOR website](#) for instructions on creating and sharing Applicant Profiles, followed by how to submit an application.
13. All Applicants should read FACTOR's [Glossary of Standard Terms and Business Policies](#) before starting an application.

## Eligible Costs – General Terms

14. These terms apply to all FACTOR Programs. Please see [Eligible Costs - This Program](#) (below) for details related to the Business Development Program. Applicants are strongly advised to read and understand both sections, and to contact FACTOR prior to submitting an Application to ensure eligibility of the proposed costs.
15. Only those costs identified by the Applicant in the Application and approved by FACTOR will be deemed Eligible Costs.
16. As a general rule, Eligible Costs must be bona fide third-party costs paid out-of-pocket by the Applicant. However, FACTOR makes allowances on a program basis for a percentage of Eligible Costs to include Donated Services, In-Kind, and/or other non-cash transactions. Applicants are advised to discuss the eligibility of any and all non-cash costs with FACTOR in advance. Please see [Eligible Costs - This Program](#) (below) for eligibility and cost caps related to Donated Services, In-Kind and/or non-cash transactions.
17. 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. Likewise, allowable costs paid to Related Parties must also be charged at verifiable fair market value with no mark-up. Please see [Eligible Costs - This Program](#) (below) for eligibility and cost caps related to In-House and Related- Party expenses for this specific program.
18. Generally, and unless otherwise explicitly allowed by FACTOR, Eligible Costs are those paid to Canadians and Canadian owned and controlled companies, for goods and services delivered in Canada. Notwithstanding the foregoing, FACTOR will recognize eligible costs related to non- Canadian Artist Members.

18.1 Goods and services purchased from individual Canadians living outside of Canada will be deemed Eligible Costs. Goods and services purchased from Canadian-owned businesses physically located outside of Canada will be deemed Eligible Costs provided that the business continues to have significant commercial activity or maintains a head office in Canada.

19. Generally, and unless otherwise explicitly allowed by FACTOR, Eligible Costs will begin to be deemed eligible after the Application has been received at FACTOR. For clarity: as soon as your application has been received by FACTOR, you may begin incurring Eligible Costs. Costs incurred and paid prior to the submission of an Application are generally deemed ineligible. FACTOR may allow certain earlier costs on a case-by-case basis.

20. 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.

20.1 Except for specific costs as noted in the Program Guidelines or the Business Policies, costs will only be deemed Eligible if they are incurred and paid prior to the date of submission of the Completion Report, or prior to the final Completion Deadline, whichever is earlier. Costs that are incurred after the expiration of a Completion Deadline and any FACTOR-approved extensions to the Completion Deadline will not be allowed, except by express permission of FACTOR.

21. **Cash payments**— Costs paid in cash may be accepted for purchases under \$500. Purchases of \$100-\$500 must be accompanied by a detailed store or cash register receipt showing the items purchased, along with the name, address, vendor number and/or tax number of the supplier. Incidental purchases under \$100 (e.g. gas, small goods) may be accompanied by a cash register receipt. In addition:

- a) For personnel costs (including contractors and service suppliers), payment by cheque, email transfer, credit card, interbank transfer, wire transfer or money order is preferable. If traveling in a Tour, Showcase, or Business Travel component, suppliers such as Hired Musicians or Eligible Crew may be paid in cash, but payments will only be considered eligible when accompanied by a signed [Receipt for Services form](#).
- b) Per diems paid in cash must be supported by a signed [Receipt for Services form](#).
- c) Larger purchases over \$500 including but not limited to studio and equipment rentals, travel fares, hotel rooms and vehicle rentals will not be eligible if paid in cash. Such purchases must be supported by a third-party verifiable means such as canceled cheque, credit card or debit card receipt or statement, bank statement, money order or postal order receipt, wire transfer or e-transfer receipt.

22. **Travel costs**—Travel costs in all Programs must follow the spirit and intent of the Treasury Board Guidelines, namely that these costs do not exceed the rates specified in the [Government of Canada Travel Directive](#). In addition to the limits proposed by the Treasury Board guidelines, travel costs in all Programs are subject to the following:

- a) Hotel accommodations costs, where eligible, to a maximum of \$300 per night;
- b) Flight costs, where eligible, will be recognized by FACTOR for economy-rate tickets only (business and first class tickets are not eligible);
- 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. In the event that 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 50% of any remaining non-refundable costs;
- e) In the event of a discrepancy between a maximum reimbursable cost published by FACTOR and the same cost published by the Treasury Board Guidelines, the lesser cost shall be applied.

23. Ineligible costs in all Programs 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.

24. FACTOR reserves the right at all times 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. In order 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.

25. In some Programs, FACTOR allows an Administration Fee to be added to the Total Eligible Costs, calculated as a set percentage of those costs. The current schedule of Administration Fees is set out in Schedule A of the Business Policies, and also in the Component Guidelines. The Administration Fee is intended to contribute to overhead costs such as occupancy, staffing, and other day-to-day costs of running a business, which costs cannot be claimed elsewhere in the budget. The Administration Fee is not required to be documented on Completion.

26. 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.

27. **Musicians' fees** - Where applicable, fees paid to musicians will be recognized as follows:

- a) For sound recording work, musicians' fees will be capped at a rate of \$400 per studio session, to a maximum of one session per track. The day rate includes overtime pay for the session, if any.
- b) "Leader fees" paid to third-parties will be eligible at up to double the day rate, but only if the session is contracted pursuant to a musician's union contract, and that contract is submitted to FACTOR. Royalty players (i.e. the artist and its members) may not claim a leader fee to FACTOR.
- c) For live performances, musicians' fees will be capped at a show rate of \$300 per show. The show rate includes all paid performances in one calendar day.
- d) Excepting touring musicians, FACTOR will not recognize musicians' fees paid in cash. Musicians' fees must be paid by cheque, email transfer, or wire transfer. For reimbursement by FACTOR, the musician's fee must be supported by an invoice from the musician to the applicant, along with proof of payment showing the invoice was paid.
- e) Per diems paid to musicians will be recognized in addition to the above rates, to a maximum of \$50 per person per day. Claims to FACTOR for reimbursement of per diems paid in cash must be accompanied by a Receipt for Services.
- f) Additional union-mandated payments such as dues, fines, pension contributions, etc. are not eligible for FACTOR reimbursement.
- g) FACTOR does not recognize Donated Services in the Sound Recording component. However, when the Artist is the applicant, FACTOR will recognize donated services for live performances in a Tour or Showcase component, to a maximum of \$150 per Artist member, per show. Applicants may not claim Donated Services in respect of Hired Musicians or Hired Crew.

## Eligible Costs – This Program

28. The Eligible Costs in this section are specific to the Business Development Program. Please also review [Eligible Costs - General Terms](#) (above). Applicants are strongly advised to read and understand both sections, and to contact FACTOR prior to submitting an Application to ensure eligibility of the proposed costs.

Eligible Costs for this Program include, but are not limited to:

- a) In-House and Related Party costs to a maximum of 50% of the Total Eligible Costs. Applicants must disclose all In-House and Related Party (non-arm's length) transactions in the Project Application Budget and in the Completion Report.
- b) Web maintenance costs that are not Artist-specific at a maximum FACTOR contribution of \$500 per month.
- c) Various types of consulting fees will be considered on a case-by-case basis but must be approved in advance by FACTOR.

29. Ineligible costs include:

- a) Any Artist-specific costs or costs incurred by or on behalf of a specific Artist.
- b) Corporate overhead costs such as: staff salaries, day-to-day office, equipment and supplies costs, rent and occupancy costs.
- c) Any costs related to a person who is also being claimed as an Eligible Traveler in a Showcase or Tour Support application.
- d) Legal fees.
- e) General or administrative training courses.
- f) Travel and registration costs for industry events (see: [Business Travel Program](#)).
- g) Costs associated with company parties or receptions.
- h) Subscriptions to music streaming services such as Spotify, Rdio etc.
- i) All Donated Services and In-Kind Transactions.

30. No Administration Fees are available for this Program.

## Funding and Payments

31. Funding under the Business Development Program is a Grant. 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.

32. 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 [Business Policies: Glossary - Public Funding](#).

33. FACTOR funding is paid out in two stages: (1) a FACTOR 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 Report has been received, reviewed and accepted by FACTOR.

34. 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 FACTOR Advance. Please be sure that your costs are eligible!

35. To receive FACTOR funding, you must submit banking information for [Direct Deposit](#).

36. Please note that the funding received from the Business Development Program counts toward the New Musical Works portion of the Annual Funding Cap (see [Business Policies: Annual Funding Cap](#)).

## Project Completion

37. **\*NEW\*** 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 Report. Applicants must then upload the Cost Report along with all related payment documentation, then complete and submit all other sections of the online Completion Report for the project component.

38. Applicants should retain all their invoices, receipts and Proofs of Payment for seven years for FACTOR and Revenue Canada taxation purposes.