

Demo Program Guidelines 2016–2017

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THIS PROGRAM HAS BEEN RETIRED. THESE GUIDELINES ARE PUBLISHED FOR THE CONVENIENCE OF RECIPIENTS WHO ALREADY HAVE A FUNDED DEMO PROJECT.

Program Overview

1. The Demo Program is FACTOR's entry-level sound recording program. This program subsidizes the production of a high quality, professional sound recording which may be used as a demo and/or released commercially. It is worth up to 75% of your final eligible costs to a maximum of \$1,500.
2. Review of Applications takes up to 12 weeks from the Application Deadline.
3. 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 Deadlines

- N/A

Who Can Apply?

- **All Artists (General, 2, 3)**
- **Professional Songwriters**

4. For this Program, a Professional Songwriter means someone who writes songs for sale to other artists and is a member of a Performing Rights Organization. If you write songs for yourself or your band to perform, you should apply as an Artist. Note that Songwriters also require an Artist Profile. The Artist Profile should reflect their career as a professional songwriter.
5. Other parties such as artist managers, recording studio owners, producers and music publishers may fill out the Application on behalf of an Artist or Professional Songwriter; however, the Artist or Songwriter must be the named Applicant.
6. Applicants under 18 years of age must submit a signed Parental Consent form with the application. The form is available [here](#).

7. There can be only one Application per Artist submitted to any of the juried sound recording programs (including Demo and Juried Sound Recording Program) per deadline. Once the Applicant has been notified of the outcome of the first application, another application can be submitted to these programs.

8. An Artist or Songwriter may receive a maximum of **two Demo Grants** in the lifetime of the Program.

How This Program Works

9. There is only one component to this Program: the [Sound Recording Component](#).

10. As part of your application, you must submit an MP3 and, if applicable, the lyrics of a song you intend to record. This is called an Assessment Track. Your Assessment Track should be (a) an original song or composition that has never been Commercially Released, and it must meet FACTOR's MAPL requirements for Canadian content. See [Business Policies: MAPL Certification](#); (b) if you are in the jazz or classical genre, a new arrangement of a work previously recorded and released by another artist(s); or (c) a previously self-released version of your own song or composition, but only if your intention is to re-record, remix, and re-master it, in which case this track must appear on the finished funded album.

11. This is a juried program, meaning that all eligible Applications will be sent for evaluation to a FACTOR jury that will assess the commercial and artistic merit of the Assessment Track and the project. Please see [Business Policies: Assessment Process – Juried Program](#).

12. If your application is successful, you must enter into a Funding Agreement which sets out the terms of the grant. You must also provide your banking information to receive your grant via [Direct Deposit](#).

13. You must use the funds to produce one or more professional, commercial-quality tracks.

14. You may decide to record a different track than the Assessment Track, which is acceptable as long as the final track conforms to the same requirements in paragraph 10 as the Assessment Track. In that event you will be required to update all the information when you fill out the Completion report.

15. 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.

16. Recording must begin within six months of the date of approval or the Offer may be withdrawn. Please see the Business Policies: Deadlines & Extensions.

How To Apply

17. Before you can apply, you must have a reviewed and rated Applicant Profile, as well as access to the reviewed and rated Artist Profile in the FACTOR system. 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.

18. If you do not have an Artist Profile and/or Applicant Profile, you must submit your new Artist Profile and at the latest **one week before the application deadline (see the dates above)**. If you submit your new Profiles too late, you will not be able to apply.

19. All Applicants should read FACTOR's [Glossary of Standard Terms and Business Policies](#) before starting an application.

How Applications are Assessed

20. Please see [Business Policies: Assessment Process – Juried Program](#) and the [Jury Assessment Preparation Guide](#) for tips on how to better prepare your application. Your application must include the following mandatory information and documents (you will be prompted to enter the information or upload the documents as you fill out the online Application):

- Goals & Expected Results
- Recording Start Date
- Detailed information for each track you intend to record, including composers' names and nationality, and commercial release information if applicable
- Lyrics (where applicable)
- One MP3 Assessment Track for one of the tracks you intend on recording
- A description of the changes you intend to make to the MP3 Assessment track

21. This table shows how elements of the project are weighted and scored by the Jury:

Songs (Writing, Arrangement, Composition, etc.)	/ 25
Vocals/Lyrics (style, range, *musical dynamic, *emotional impact of song, etc.)	/ 25
Musicality (performance, skill, technique, *interpretation, etc.)	/ 25
Bio/Presentation (including additional material submitted)	/ 25
TOTAL	/100

**Jurors reviewing Assessment Tracks of Instrumental music or Jazz/Classical “standards” will consider these elements.*

22. The Jury will also consider the Goals section of your Application.

23. You are invited to submit additional material that you feel enhances your Application. Much of this material may already be included in your Artist Profile. It should be uploaded at the time of Application to this Program, under Additional Information in the Component Information tab. Such material may include:

- Professional Photo
- Producer Biography and/or Credits
- Up to five press clippings
- Chart History
- Awards and Accolades
- Videos – provide URL/hyperlink to a site where the video is hosted. Do NOT upload any videos.
- Tour Dates (past and upcoming)
- Up to five letters of support from agents, labels, distributors, promoters, radio DJs, etc.

Eligible Costs – General Terms

24. These terms apply to all FACTOR Programs. Please see [Eligible Costs – This Program](#) (below) for details related to the Demo 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.
25. Only those costs identified by the Applicant in the Application and approved by FACTOR will be deemed Eligible Costs.
26. 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.
27. 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.
28. 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.
- 28.1 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.
29. 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.
30. 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.
- 30.1 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.
31. **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.

32. **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.

33. 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.

34. 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.

35. 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.

36. 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.

37. **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

38. Please see the [Component](#) rules for the details of eligible and ineligible costs.

39. No Administration Fees are available for this Program.

Funding and Payments

40. 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](#).

41. Funding under the Demo Program is a Grant and is paid in advance. However, FACTOR reserves the right to remove any ineligible expenses from your final cost report. This may lead to a reduction in the amount of funding for which you are eligible, and in some cases it may result in you having to return a portion of the advance. Please be sure that your costs are eligible! 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.

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

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

Project Completion

44. If approved, you will be given a completion deadline to finish your recording. On or before that deadline, you must login to the Online System and fill out the Completion Report. As part of your Completion Report, you must upload MP3(s) of the finished recording(s) along with lyrics, songwriting and production credits to FACTOR.

45. The Completion Report includes an online Completion Budget that sets out the details of how you spent your money. This grant only covers 75% of the Total Eligible Budget. You are required to spend at least 25% of the costs out of your own pocket. For example, in order to achieve the maximum funding of \$1,500, you must have spent and be able to show receipts and proofs of payment for at least \$2,000 in expenditures.

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

47. You do not have to commercially release any of the material you record with this grant, but you can choose to do so if you wish. You can release it as a single, or as part of an EP or Album. If you do release it, you must acknowledge FACTOR on all physical and digital copies of the release, and/or wherever production credits for the track are listed, such as in the artwork and the metadata of the digital file. Please see [Business Policies: Completion Reports and Delivery of Completion Materials](#) and [Business Policies: Logo and Acknowledgment](#).

Included in this PDF:

[Sound Recording Component](#)

Sound Recording Component Guidelines 2016–2017

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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. Excepting the Demo Program, 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:
 - Be performed by a Canadian Artist and meet FACTOR's MAPL criteria for Canadian content (see [Business Policies: MAPL Certification](#));
 - Be a full-length album of at least six tracks, or run over 20 minutes in duration. (For the Demo Program, you are expected to produce only one track but may produce more if you wish);
 - Be comprised of all new sound recording masters that have not been previously [Commercially Released](#);
 - 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.

Eligible Costs – Sound Recordings

6. 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.

7. 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.

8. 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.

9. Sound recording program funding provided under any FACTOR Sound Recording Program can be used to pay for the cost of recording and producing a high-quality Demo or 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

10. 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.

11. 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](#)).

12. 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.

13. 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.

14. 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.

15. Pre-production costs may not exceed 25% of Eligible Costs in the Sound Recording Component.

16. Producer fees for projects produced by Related Parties will be capped at 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.

17. Session musicians' rates will be recognized at the maximums set out at in the Program Guidelines at Eligible Costs – General.

18. 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).

19. 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 Details section of both the Application and Completion Budgets.

20. Costs paid in cash may be accepted only for incidental purchases and must be supported by a store receipt. "Incidental" generally means goods or services costing under \$100. In addition:

- a) Personnel costs (including contractors and service suppliers) must be paid by cheque, email transfer, credit card, interbank transfer, wire transfer or money order.
- b) Per diems paid in cash must be supported by a signed Receipt for Services available [here](#).
- c) Larger purchases 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.

21. **Self-Production Allowance:** Applicant Artists may "self-produce" their own sound recordings. However, when the Artist is the Applicant, FACTOR will no longer 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. Instead, FACTOR will allow the Artist to claim a Self-Production Allowance.

22. 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.
- **Demo Grant:** up to two tracks/\$1,000 total for the project.

23. 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 and 2 tracks/\$1000 for Demo. Additional third-party studio time will be allowed as a third-party cost.

24. 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 and 2 tracks/\$1000 for Demo. Additional third-party mixing fees will be allowed as a third-party cost.

25. 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).

26. 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).

27. 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.

28. 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.

c) This artist got a Demo grant and recorded a four track EP/mixtape in his home studio. He hires outside producers to remix all 4 of the tracks and pays them \$500 per track. The artist then does the mastering himself. This artist could claim:

- i. The Self-Production Allowance of \$1,000 (Demo maximum)*** *but to be reduced, see below*
- ii. Third party producer fees of \$2,000

This artist paid only \$2,000 in third party costs, so he can claim a maximum of \$666 in in-house costs (see Tip, above). The Self-Production Allowance is considered in-house, so it will be reduced to \$666. The Total Eligible Costs for this project will then be \$2,666 (\$2,000 eligible third party costs + \$666 maximum eligible in-house costs).

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

- a) Most expenses paid for in cash (see above).
- b) Duplication and manufacturing expenses.
- c) Management and legal fees.
- d) Purchases of equipment, musical instruments and related supplies.
- e) Transportation, food, hotel and hospitality expenses for local recording activities. These costs may be considered for out-of-town personnel on a case-by-case basis.
- 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

30. Administration Fees for the Sound Recording Component are calculated automatically in the online system as follows:

- Comprehensive Artist Program: 15% of total Eligible Costs to a maximum of \$5,000
- Comprehensive Music Company Program: 15% of total Eligible Costs to a maximum of \$5,000
- Demo Program: N/A (No Administration Fees available)
- Juried Sound Recording Program: 15% of total Eligible Costs to a maximum of \$3,000

Component Completion

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.

31. In addition to the Program completion requirements, to complete the Sound Recording Component the Applicant must:

- Complete the online Completion Report: Goals (Results), Component Information, Public Funding, and Budget.
- 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: Completion Reports and Delivery of Completion Materials](#) for details.
- 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.
- Submit a [Supplier's Declaration and Undertaking](#) signed by the Producer of the sound recording.
- 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.
- 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.

- 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.