

# Music Entrepreneur Component - Aid to Canadian Music Industry National Service Organizations - Application Guide 2013-2014

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## 1. Introduction and How to Apply

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### 1.1 Objectives of the Music Entrepreneur Component

The Music Entrepreneur Component (MEC) is one of five components of the Canada Music Fund (CMF). It aims to ensure that established Canadian music entrepreneurs:

- contribute to the Canadian musical experience over the long term through the creation of a diverse range of compelling musical choices;
- become increasingly competitive nationally and internationally; and
- position themselves for success in a digitized global economy.

Canadian Heritage administers the MEC. For more information on the CMF and its components, visit our [Web site](#).

## 1.2 Music Entrepreneur Component – Aid to Canadian Music Industry National Service Organizations

The objective of the *MEC — Aid to Canadian Music Industry National Service Organizations (Aid to National Service Organizations)* sub-component is to increase collective promotional activities for Canadian artists and music content, as well as services to the Canadian music industry. This sub-component will expand the exposure of Canadian music and develop industry expertise both at home and abroad, as well as on digital platforms.

Only recognized national organizations that meet the requirements detailed in this guide will be eligible for funding under the *MEC — Aid to National Service Organizations*. Funding is provided through annual contributions to assist recognized national organizations in implementing a business plan consisting of activities (or projects) that support the objective of the sub-component.

## 1.3 Eligibility for other Canada Music Fund Components

The recipients and activities funded under the *MEC — Aid to National Service Organizations* are ineligible for any other funding under the CMF, including federal funds administered by third-party administrators like Musicaction and FACTOR.

## 1.4 Requirements for a complete application

Application forms (see the Department's [Web site](#)) must be filled out in full and all supporting documentation must be provided by the deadline as indicated in subsection 1.5 of this guide. Words in **bold** are defined in the Definitions section of this guide (see section 7).

Applicants must use **financial statements** from the most recently completed fiscal year to complete the application form. A copy of those **financial statements** must be provided.

The duly completed form must be returned to:

*MEC — Aid to Canadian Music Industry National Service Organizations*  
Department of Canadian Heritage  
25 Eddy Street, 8th floor, 25-8-S  
Gatineau, Quebec  
K1A 0M5

For more information about *MEC—Aid to National Service Organizations*, contact us by telephone at 1-866-811-0055 (toll-free), 1-819-997-5848 (direct access to the program) or by e-mail.

## 1.5 Deadline

Applications must be submitted by April 11, 2013.

We consider your application to be submitted on time if a printed and signed version of the application form, accompanied by all supporting documentation, is mailed or sent by courier and is postmarked on or before the deadline of April 11, 2013.

**Applications received after the deadline will be automatically rejected.**

## 2. Eligibility Criteria: Applicants

- 2.1 Number of years in operation
- 2.2 Recognized national organization
- 2.3 Other organizations
- 2.4 Ineligible applicants

To be eligible, an applicant must meet all the criteria in subsections 2.1 and 2.2.

### 2.1 Number of years in operation

At the date of application, the applicant must have completed at least two years of continuous operation as a recognized national organization under the terms of this guide.

### 2.2 Recognized national organization

At the date of application, the applicant must:

- be a non-profit **Canadian organization** (registered in Canada with a majority **Canadian** board of directors);
- manage an annual budget of at least \$300 000, excluding government grants and contributions (based on the form and the financial statements submitted with the application);
- serve Canadian artists and entrepreneurs working in the music industry, namely, as sound recording companies, distributors, artistic agents and agents of the music industry;
- be engaged in activities at the national level;
- deliver activities involved in at least two segments of Canada's music industry chain, such as production, distribution or marketing/promotion of artists or artistic works;
- demonstrate its capacity to manage the proposed projects.

## 2.3 Other organizations

Organizations that meet the eligibility criteria of FACTOR and Musicaction's programs must apply to them at [FACTOR](#) or [Musication](#) (French only).

## 2.4 Ineligible applicants

- Organizations, and their affiliates, predominantly representing a specific musical genre;
- Organizations, and their affiliates, whose main purpose relates to the undertaking of galas and award shows or conferences;
- Copyright collectives and funding organizations;
- Organizations, and their affiliates, representing persons predominantly involved in technical activities related to the music industry;
- Organizations, and their affiliates, that are in default with the Crown from agreements entered into with Canadian Heritage or any other government department.

## 3. Business Plan Eligibility

- [3.1 Business plan activities](#)
- [3.2 Business plan content](#)

### 3.1 Business plan activities

The business plan submitted under the MEC — Aid to National Service Organizations sub-component must directly support the objective of the sub-component to increase collective promotional activities for Canadian artists and music content, as well as services to the Canadian music industry. Activities under this sub-component include collective promotion activities for Canadian artists and content, both at home and abroad, as well as on all platforms (including digital), training activities and the development of tools to benefit music entrepreneurs.

All proposed activities submitted in the applicants' business plan must be linked to one of the two categories set out below and must benefit a group of Canadian artists and/or music entrepreneurs. (The list of activities described under each category is by no means exhaustive, but is provided as an example.)

#### **Promotion and increased visibility for Canadian artists/music content and Canada's music industry**

- Music showcases;
- Artist recognition events;
- Promotion and marketing of artists and music content;
- Positioning of Canadian music content, including on digital platforms.

#### **Development of services for the Canadian music industry**

- Training, professional development and conferences;
- Analysis and monitoring of evolving industry trends and issues;
- Development of communication tools;
- Web site development and digital adaptation;
- Organization, management and operation of kiosks (stands) at trade shows.

## 3.2 Business plan content

The business plan submitted with the application form must respect the following content requirements:

- a brief history of the association and its achievements;
- a profile of the members represented;
- a description of the applicant's activity sector: range of services offered;
- an overview of collaborations and partnerships with other organizations or entities;
- **a description of the applicant's strategic priorities for the music industry and specific activities that he wishes to undertake in 2013-2014 (between April 1, 2013, and March 31, 2014) and for which the financial assistance of the MEC — Aid to National Service Organizations is required. The activities must be clearly linked to the strategic priorities of the applicant and the objective of the sub-component;**
- a detailed budget stating revenues and expenses related to the implementation of each activity in the business plan for 2013-2014 for which funding is requested (please use the template provided with the application form);
- changes in the applicant's financial situation over the past two years and short- and medium-term financial forecasts (one to three years).

## 4. Expenses

- 4.1 Eligible expenses
- 4.2 Ineligible expenses

### 4.1 Eligible expenses

Recipients must allocate their contribution to eligible expenses related to the implementation of the activities in their business plan, as approved by the Department. Expenses must be incurred between April 1, 2013, and March 31, 2014. In all cases, the amount paid to a recipient will not exceed the lesser of:

- the approved amount of the contribution; and
- 75% of total eligible expenses incurred between April 1, 2013, and March 31, 2014.

Eligible expenses are limited to those required for the implementation of the applicants' business plan. They must be detailed in the budget submitted by the applicant and factor in the following elements:

- To be considered eligible, salaries and benefits must be directly related to the implementation of the business plan activities.
- Expenses and revenue sources set out in the budget of the business plan must be realistic.
- Overhead costs related to the implementation of the business plan activities, e.g. long-distance charges, photocopying, couriers, project management fees, must not represent more than 15% of the total eligible expenses related to the implementation of the applicant's business plan.

## 4.2 Ineligible expenses

- Members' representations expenses;
- Hospitality expenses;
- Salaries/benefits and overhead costs not directly related to activities detailed in the business plan;
- Capital expenditures, depreciation, amortization;
- Taxes on goods and services for which the recipient is eligible to claim reimbursement;
- In-kind expenses;
- Legal fees and interest charges.

The specific conditions for the use of funds will be detailed in a **contribution agreement** between the recipients and Canadian Heritage.

## 5. Assessment of Funding Request

- [5.1 Business plan assessment](#)
- [5.2 Allocation of funds](#)
- [5.3 Maximum contribution](#)
- [5.4 Limits on government assistance](#)

### 5.1 Business plan assessment

The business plan submitted by the applicant will be assessed using the following criteria:

- the degree to which the business plan's activities contribute to the strategic priorities of the organization and meet the objective of the sub-component;
- the organization's capacity to implement the business plan within the allotted timeframe, e.g. experience, human and financial resources;
- the degree to which outcomes are measurable.

Special consideration will be given to business plan activities that:

- target a large community of artists, music content and Canadian music entrepreneurs;
- aim to develop new niches and increase visibility in existing or new territories or on new platforms;

- target probative opportunities that will generate revenues for artists;
- are related to current and/or priority issues in the Canadian music industry.

## 5.2 Allocation of funds

Funding under the sub-component is provided as an annual contribution to support the business plan activities of a national organization serving the Canadian music industry.

All funds will be awarded on a competitive basis, based on the quality of the business plan submitted.

The Department reserves the right to establish funding priorities and to allocate financial assistance accordingly. The fact that an applicant meets all eligibility requirements outlined in the guide or that the applicant received previous assistance from the Canada Music Fund does not mean that it will automatically be provided financial assistance.

## 5.3 Maximum contribution

The maximum annual contribution is \$650 000 per applicant. However, the amount of the contribution cannot exceed 75% of eligible expenses.

## 5.4 Limits on government assistance

For MEC — Aid to National Service Organizations, **total government assistance** (federal, provincial/territorial and municipal) cannot exceed 90% of the total eligible expenses presented in the budget submitted by the applicant. This includes tax credits for the same eligible expenses.

## 6. Government Assistance: General Conditions

- 6.1 Reporting and payment schedule
- 6.2 Repayment of government assistance
- 6.3 Acknowledgement of support
- 6.4 Audit

### 6.1 Reporting and payment schedule

Funding recipients will be required to report on the use of funds received and on outcomes. The reporting requirements, the payment schedule and specific conditions for the use of funds will be described in the **contribution agreement** between the recipient and Canadian Heritage.

### 6.2 Repayment of government assistance

The contribution is non-reimbursable when paid to a non-profit organization that does not generate enough revenue to repay the contribution or when there is no quantifiable advantage to the recipient as a direct result of the contribution. Specifications in this regard are set out in the **contribution agreement**.

## 6.3 Acknowledgement of support

All funding recipients must recognize the financial support provided by the Government of Canada by including the acknowledgement text on any promotional material, press release, Web site home page, or any other form of written communications related to any activities funded under the sub-component. The conditions for the acknowledgement will be specified in the **contribution agreement** between the recipient and Canadian Heritage.

All recipients must be prepared to assist Canadian Heritage as necessary in preparing public announcements or promotional events related to their contribution.

## 6.4 Audit

Canadian Heritage reserves the right to conduct audits of funding recipients. In such cases, recipients must make available any records, documents or other information that may be required to perform the audit.

## 7. Definitions

### Canadian

- a) A "Canadian citizen" within the meaning of the *Citizenship Act*; or
- b) A "Canadian permanent resident" within the meaning of the *Immigration and Refugee Protection Act*.

### Canadian organization

An organization registered or incorporated in Canada under federal or provincial statutes.

A non-profit organization, whose activities are based primarily in Canada and in which over half of the members and administrators are Canadians.

"Canadian organization" excludes any organization controlled by a non-Canadian person or entity, such that there is direct de facto control, by virtue of stock ownership, or indirect de facto control, through a trust, agreement, accord or other instrument.

### Contribution agreement

A signed agreement between a recipient and Canadian Heritage that describes the obligations of both parties. Among other provisions, the contribution agreement sets out the purpose of the contribution and the expected outcomes, the duration of the agreement, the reporting requirements, and the financial and/or non-financial conditions attached to the contribution, as well as the consequences of failing to adhere to these conditions.



**Financial statements**

Applicants must submit audited financial statements, a review engagement report or a notice to reader.

Total government assistance

All financial assistance provided by the various levels of government (federal, provincial/territorial and municipal) toward the same eligible costs expenses.