

Ontario Music Fund

Music Futures Guidelines: 2016-17

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To receive further information on the OMF please contact the Program Coordinator, Ontario Music Office:

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 www.omdc.on.ca

Ontario Music Fund – Music Futures

NEW! This program stream now has two deadline dates as follows:

Application Deadline #1: Wednesday, May 18, 2016, by 5:00 pm

Note: The May 18 deadline is ONLY for eligible Domestic Record Labels, Artist-Entrepreneurs, Music Managers, and Music Publishers

Eligible Timeline for Activities and Costs for Application Deadline #1:
August 1, 2016 – July 31, 2017

Application Deadline #2: Tuesday, October 4, 2016

Note: The October 4 deadline is ONLY for eligible Domestic Music Promoters/Presenters and Booking Agents

Eligible Timeline for Activities and Costs for Application Deadline #2:
June 1, 2016 - December 31, 2017

IMPORTANT INFORMATION: 2016-17 ONLY

To transition the Music Futures deadline from spring to fall (for Promoters/Presenters and Booking Agents only), applicants seeking funding for annual music festivals, music series or events that exceed a 12-month window may choose to apply for:

- a) 2016 activities retroactively,
- b) 2017 activities proactively, or
- c) A combination of 2016 & 2017 events, presented as two separate activities (with corresponding budgets).

Note:

For the 2016-17 program year only, applicants applying for two consecutive years of support (option c) may apply for up to \$75,000 (rather than the usual Futures program cap of \$50,000) provided that the intent to do so is registered with the OMDC at least 2 weeks in advance of the application deadline. Such applicants must not have received OMF funding for 2016 activities in the previous year.

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Interested applicants are strongly encouraged to attend the upcoming OMF Music Futures Information Sessions.

Webinar Date #1: Wednesday July 20, 2016
Time: 2:30 pm – 4:00 pm

Webinar Date #2: Wednesday August 24, 2016
Time: 2:30 pm – 4:00 pm

Information Session Date: Wednesday September 7, 2016
Time: 2:00 pm – 3:30 pm

Registration is required. Registration is required. [Click here to register for Webinar #1](#), [click here to register for Webinar #2](#) or [click here to register for the Information Session](#).

Please note that all applications must be submitted through OMDC's Online Application Portal (OAP) at <https://apply.omdc.on.ca>. There is flexibility for completing the application form online – you may begin it at any time and can save information as it is entered, and can go back to edit and/or add information up until the time the application is actually submitted.

Applicants are strongly encouraged to begin the application process early to allow for ample time to complete the necessary information.

All OMF guidelines can be found on the OMDC website at <http://www.omdc.on.ca/music/>

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Introduction: Ontario Music Fund Overview

*The following general information is applicable to **all** program streams of the OMF. Specific Music Futures program stream guidelines and eligibility requirements are detailed later in this document.*

The Ontario Music Fund (OMF) provides \$15M annually Ontario's music industry. The OMF was made permanent in the 2015 Ontario Budget. The Ontario Music Office (OMO) is responsible for delivering the OMF. The OMO is located within the Ontario Media Development Corporation (OMDC), an agency of the Government of Ontario.

The OMF is aimed at strengthening and stimulating growth in Ontario's music companies and supporting this key culture industry sector. The Fund is designed to drive activity and investment and to support Ontario's music companies and organizations in expanding their economic and cultural footprints within Canada and around the world.

The OMF is structured to complement other public funding programs and address investment gaps at key phases of company and industry development cycles.

Goals of the Ontario Music Fund

The OMF is based on the following four key goals:

- Increasing music production activity in Ontario and building strong, competitive and sustainable music companies;
- Strengthening Ontario's music industry by supporting institutions, organizations and initiatives that develop artists, drive revenue growth and attract audiences and increase tourism;
- Strategically advancing Ontario's Live Music Strategy and increasing opportunities for new/emerging Canadian artists to perform in Ontario, in Canada and internationally; and
- Creating opportunities for emerging artists and music businesses in francophone, aboriginal and culturally diverse communities and musical genres.

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OMF Program Streams

Four program streams have been developed to support the overall OMF program goals:

1. Music Company Development
2. Music Industry Development
3. Live Music
4. Music Futures

Each program stream has specific eligibility and application requirements as set out in the individual program stream guidelines.

Beyond these program streams, the OMF will consider strategic support for non-conforming projects that are time-limited and have a high impact on the broader Ontario music industry. Interested applicants should contact the OMO to determine if their project is eligible.

OMF General Applicant Eligibility Requirements

The OMF is open to Ontario-based music companies and organizations, including independent domestic record companies and foreign owned record companies (multinationals), music promoters and presenters, music managers, booking agents, festivals/industry conferences, not-for-profit music organizations, industry associations, music industry training organizations, artist entrepreneurs, and other not-for-profit organizations with a planned music-related activity. Eligibility is determined via membership base (in the case of the Music Industry Development stream) and/or primary business activity which must be oriented towards the music industry.

The individual program stream guidelines indicate the specific sub-set of eligible applicants for the stream.

In order to be eligible, applicants must demonstrate the following general criteria:

- Be incorporated in Canada, or in the process of incorporating;
- Have a permanent establishment in Ontario which serves as head office and base of operations (i.e. applicant is eligible to pay corporate income taxes in Ontario; and Ontario address is listed as head office in T2 filing) ;

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- Have key management personnel who are Canadian citizens or permanent residents of Canada living in Ontario;
- Be financially solvent and an ongoing entity;
- Be in operation for at least two years prior to application*; and
- Be in good standing with OMDC at time of application.

* Companies with less than two years of operation may be considered eligible if they are managed/controlled by individuals with at least three years of experience in a senior role in the music industry. Companies in this situation should contact the OMO at least 3-4 weeks ahead of the application deadline to discuss their eligibility.

Exceptions

Exceptions to the eligibility requirements above may be considered for applications from culturally diverse, Aboriginal, and Franco-Ontarian companies or organizations. If applicable, please contact the Ontario Music Office at least 3-4 weeks prior to the application deadline to discuss.

Other exceptions are noted within the specific program stream guidelines.

Note: In addition to these general requirements, applicants must also meet specific eligibility criteria by program stream, as outlined in the program stream guidelines.

Ineligible Applicants

Applicants who do not meet the criteria outlined above are ineligible. The OMF will also not accept applications from the following:

- Festivals, except where music is the primary activity and the festival promoter/presenter meets the requirements outlined above
- Federal, provincial, municipal governments and/or their agencies
- Universities or Colleges
- Unincorporated or unregistered artists and organizations
- Venues and Clubs (unless acting in capacity of promoter for more than one venue)

Eligible Costs

Each of the program stream guidelines includes a section on eligible program costs. OMF contributions will be directed towards project plans.

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Associated Corporations

Associated Corporations must apply to the fund under a single application. The annual eligible revenue from each company must be combined to establish an aggregate annual eligible revenue figure for the group of Associated Corporations. Please see glossary in Appendix 2 for the definition of an Associated Corporation.

As demand for funding may be high in this program, Applicants must demonstrate – using metrics and year-over-year comparisons – clear, sustainable project outcomes which align with OMF Goals and the Objectives of the specific stream in which the application is made.

Applicants are required to demonstrate that their primary business is music-related and sources of revenue are derived from music-related activities. The OMO reserves the right to deem ineligible any applicant that does not sufficiently demonstrate this in their application.

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Music Futures Stream Guidelines

Eligible companies and their affiliates may submit only one application per funding cycle. This section outlines the eligibility requirements and application details for the Music Futures stream.

Objectives

The Music Futures stream of the Ontario Music Fund is aimed at stimulating entrepreneurship and providing support to develop businesses in Ontario's diverse and emerging music industry, particularly music companies and artist-entrepreneurs that demonstrate the potential to grow professionally if provided with mentoring, skills development and/or working capital to expand their business activities.

The objectives of the Music Futures stream are to:

- Increase the business capacity of small music companies with strong potential;
- Support Ontario's musical diversity, particularly with respect to music from culturally diverse, Aboriginal, and Franco-Ontarian communities; and
- Support and strengthen Ontario's production of music from under-represented but high-potential genres.

Funding Assistance Available

Funding is provided in the form of direct grants towards a share of the costs of eligible activities. Contributions are non-refundable except in the case of recipient default. Funding may not exceed 75% of the total eligible costs of activities. For specific information, please see the Budget and Financing Requirements section.

Total funding to a single company (or companies associated by ownership or control) may not exceed **\$50,000** per funding cycle.

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Applicant Eligibility

To be eligible for the Music Futures stream, an Applicant must meet all General Applicant Eligibility Requirements as described in the introduction section of this document, and be a Canadian-owned record label, music publisher, music manager, music promoter/presenter, booking agent or artist-entrepreneur (definitions below) with annual eligible revenues between \$30,000 and \$100,000. Exceptions to this eligible revenue threshold requirement may be considered. Applicants in this situation are advised to contact the Ontario Music Office at least 3-4 weeks in advance of the application deadline to determine their eligibility.

While incorporation is encouraged, a Master Business License (official Government of Ontario business registration documentation) will be accepted for Music Futures applicants.

Exceptions may be granted for emerging companies without a business history longer than two years that can demonstrate high growth potential. Such applicants may wish to obtain and submit letters of endorsement from recognized music industry leaders, mentors, educators, established entrepreneurs or community leaders with direct knowledge of the Applicant's history and business activities. Letters of endorsement will be considered by the OMO for the Music Futures stream as evidence of the Applicant's potential for success. Letters should clearly state the credentials of the writer, their relationship to the Applicant, and should include contact information.

Eligible Applicants for Deadline #1 (May 18, 2016): Record Labels, Artist-Entrepreneurs, Music Managers, and Music Publishers

Record Labels

A record label is a company that is primarily engaged in record production. These establishments contract with musical artists, and arrange and finance the production of original master recordings. Establishments hold the copyright to the master recordings and derive most of their revenue from the exploitation of these recordings. Record labels may also produce master recordings themselves, or obtain reproduction and/or distribution rights to master recordings produced by record production companies or other integrated record companies.

Eligible Revenue

- Revenue from physical products (CD/DVD/merchandise) sold net of trade discounts for returns and allowances
- Revenue from digital sales and streaming services

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- Revenue from licensing and sale of rights and permissions (domestic and international)
- Revenue from commissions and fees from related activities

Artist-Entrepreneurs

Artist-entrepreneurs are in control of their career and hold and control the majority of their copyright and intellectual property. Artist-entrepreneurs manage their day-to-day business, including but not limited to contract negotiations, managing or organizing financial affairs, and arranging and financing the production of original master recordings. Artist-entrepreneurs derive revenue from the exploitation of their recordings, and from live performance, licensing, royalties, merchandise or other product sales and other fees paid to them. Artist-entrepreneurs may be individuals or groups of individuals, (e.g. solo act or group).

Eligible Revenue

- Revenue from physical products (CD/DVD/merchandise) sold net of trade discounts for returns and allowances
- Revenue from digital sales and streaming services
- Revenue from licensing and sale of rights and permissions (domestic and international)
- Revenues from commissions, fees and performances

Music Managers

Music managers are primarily engaged in representing or managing musicians and musical groups. These establishments represent their clients in contract negotiations, manage or organize the client's financial affairs, and generally manage the careers of their clients.

Eligible Revenue

- Revenue from physical products (CD/DVD/merchandise) sold net of trade discounts for returns and allowances
- Revenue from digital sales and streaming services
- Net revenue from licensing and sale of rights and permissions (domestic and international)
- Net revenue from commissions and fees from related activities

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Music Publishers

Music publishers are primarily engaged in acquiring and registering copyrights in musical compositions, and promoting and authorizing the use of these compositions in recordings, on radio and television, in motion pictures, live performances, print, multimedia or other media. These companies represent the interests of songwriters or other owners of musical compositions by exploiting such works, generally through licensing agreements. Music publishers may own the copyright or act as administrator of the music copyrights on behalf of copyright owners.

Eligible Revenue

- Revenue from licensing and sale of rights and permissions (international and domestic)
- Revenue from commissions and fees from related activities

Eligible Applicants for Deadline #2 (October 4, 2016):

Music Promoters/Presenters and Booking Agents

Music Promoters/Presenters

Music promoters/presenters are primarily engaged in the development and delivery of live music events, concerts and tours in more than one venue in Ontario, for which they have primary responsibility for music programming. They take the primary risk of programming, promoting and producing live music performances. They contract with musical artists and owners of performance venues, arrange for marketing, promotion and ticketing, and stage the events, either supervising directly or through subcontractors.

Eligible Revenue

- Net earned revenue from the staging of live music events
- Any other earned revenue from music-related business activities, including sponsorships, commissions and fees

Booking Agents

Companies and businesses whose primary business activity is representing and promoting musical acts and artists, under a contractual agreement, for the purpose of engaging and negotiating live performance bookings for tours, concerts and festivals.

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Eligible Revenue

- Net earned revenue from the staging of live music events (in any location)
- Any other earned revenue from music-related business activities, including sponsorships, commissions and fees

Eligible Activities and Costs (by Applicant Type)

Eligible Activities and Costs for Domestic Record Labels, Artist-Entrepreneurs, Music Managers, and Music Publishers:

Recording and Production

Recording, editing, mixing and mastering of music performances by a Canadian artist signed to an Ontario-based, Canadian-controlled music company in an Ontario facility, including professional services of Canadian sound engineers, producers and session musicians*.

- Eligible costs: studio rental (in Ontario only); remuneration to Canadian staff, recording engineers and session musicians (all of whom must be employed in Ontario); recording supplies; mixing, mastering, art and copy costs; costs of preparing music recordings for digital distribution; and cost of manufacturing physical units of recorded music (CDs and vinyl). All sound recording costs must be incurred in Ontario.

Video Production

Production of a music video, shooting/editing of video footage for a blog, company/artist website, YouTube channel, or for other online marketing purposes, and video recording of live performance for promotion or sale.

- Eligible costs: direct expenses related to the production of video content including: crew costs (e.g., director, producer, videographer, editor, talent), location costs, post-production expenses, and equipment. All video production costs must be incurred in Ontario.

Marketing and Promotion

Activities to promote an artist or recording for which the applicant company has the rights. This can include advertising, point-of-sale promotion (on a fixed cost basis), social networking services, special events and appearances, publicity services, and radio tracking.

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- Eligible costs: advertising; creation and production of promotional materials; online and mobile marketing; and event costs (e.g., facility rental, permits, fees, signage, technical services) for events that are solely intended to market the company, its artists or its releases.

Touring and Showcasing

Artist touring activities where the Applicant takes the financial risk and participates financially in the tour. Note: touring and showcasing activities and costs supported through the Music Futures stream will not also be eligible for funding under the Live Music stream.

- Eligible costs: direct tour costs for an artist signed to the applicant, including marketing, promotion, audio/visual and stage design, technical services, travel, transportation, and crew employed by the artist or applicant company (excluded: hospitality and accommodation).

Business Development

Activities that contribute to the expansion of a company's capacity to sign/work with more artists (A&R development), obtain financial and business administration services or training, mentoring and other professional development activities. Activities may also support developing new revenue streams related to music, acquiring market research/intelligence, attracting investment and innovating in digital services or other technology-enabled areas.

- Eligible costs may include, but are not limited to: direct, external costs paid to consultants or other vendors/suppliers for goods and services that enhance the capacity of the company. Such costs may include industry conference attendance and business travel, IT and digital resources, or marketing data or analysis services. Such costs are eligible when they are directly related to activities which develop artists, expand marketing/promotional/export activities, gain better financial control and business planning capability, or form partnerships with other businesses in order to lower costs or expand sales.

All labour and goods must be supplied in Ontario by Ontario-based companies, and must be directly related to the new or expanded activities. Certain costs incurred outside Ontario, such as marketing and promotion in national and international

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markets, and showcasing outside Ontario, may be eligible where a business case exists to show necessity of the costs and the benefits to the applicant.

Eligible Activities and Costs for Domestic Music Promoters/Presenters and Booking Agents:

Live Music Performances and Programming

Activities including the direct costs of developing, producing, programming, rehearsing, and promoting live music events.

- Eligible costs may include, but are not limited to: negotiating and signing artist and venue agreements; artist fees; venue or site rental and related event costs; creating video and multimedia stage shows/onsite signage; hiring Ontario-based tech, security and other crew; and advertising and promotional activity directly related to eligible performances.

Business Development

Activities that contribute to the expansion of a company's capacity to develop artists and programming ; expand marketing & promotional activities; and obtain financial and business administration services or training, mentoring and other professional development activities. Activities may also support developing new music-related revenue streams, acquiring market research/intelligence, attracting investment and innovating in digital services or other technology-enabled areas.

- Eligible costs may include, but are not limited to: direct, external costs paid to consultants or other vendors/suppliers for goods and services that enhance the capacity of the company. Such costs may include industry conference attendance and business travel, IT and digital resources, or marketing data or analysis services. Such costs are eligible when they are directly related to activities which develop artists, expand marketing/promotional/export activities, gain better financial control and business planning capability, or form partnerships with other businesses in order to lower costs or expand sales.

All labour and goods must be supplied in Ontario by Ontario-based companies, and must be directly related to the activities. Certain costs incurred outside Ontario, such as marketing and promotion in national and international markets, may be eligible where a business case exists to show necessity of the costs and the benefits to the applicant.

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Ineligible Expenses

The following expenses are ineligible:

- expenses incurred outside of the eligible activity period;
- recoupable expenses*;
- expenses to be incurred after the completion date as set out in your timeline;
- expenses incurred over the course of the activity that were not in the original budget and which did not receive pre-approval by OMO;
- recording costs incurred outside Ontario;
- salaries and wages of staff not directly related to the project;
- staff benefit costs;
- in-kind costs for staff;
- occupancy costs, unless otherwise stated in these guidelines;
- real estate and leasehold improvement costs;
- capital costs related to permanent structures;
- cost of alcoholic beverages;
- cost of commercial General Liability insurance (however, the cost of event insurance for specific performances is eligible);
- fees relating to the compilation (notice-to-reader), review, or audit of applicant financial statements; and
- Sales Taxes: Taxes that are recoverable by the recipient may not be claimed as an eligible cost on the Activity Budget. Examples of taxes that are recoverable include GST/HST, PST, and VAT.

*Note: The OMO requires that any amount of OMF grant funds provided for recoupable recording and production costs be deducted by the recipient record label from the recording artist's recoupable account. No OMF funds will be used to recoup recording and production costs from an artist "in deficit" for past activity. Please see the "Obligations of Successful Applicants" section of these Guidelines for further detail.

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Budget and Financing Requirements

Budgets

Applicants are required to submit two distinct sets of financial information:

- Company Budget - an overall company financial plan outlining all corporate revenue and expenditures for a specified fiscal period. For comparative purposes, the budget must include both actual revenues and expenses for the previous fiscal period as well as a forecast of revenues and expenses that correspond to the activity period; and
- Activities Budget – includes cost breakdowns for each of the new and expanded eligible activities in the request for funding, along with a summary of sources of financing for those activities (“Financing Plan”).

The Company Budget will allow OMO to review overall expenditures and revenue, including government funding, within the eligible time period.

The Activities Budget will allow the evaluation of the OMF funding request in relation to the overall budget of the company. The Activities Budget must be completed using the template provided by the OMO.

For budgeting purposes, please note the following cost guidance for travel and accommodation:

Travel Costs - Air travel should be budgeted at economy rates and should reflect the costs of booking at least 30 days in advance of travel.

Accommodation Costs - Hotel expenses should be at moderate per night rates and should reflect the average for the travel destination/activity.

Per Diems - Capped at C\$75/day. Including daily meals and incidentals.

OMDC will cover arrival the day prior to and departure the day after an event. Any additional time at an event must be addressed in the application and a rationale provided.

Related Party Transactions

All Related Party Transactions (RPTs) must be declared on the Related Party Transaction template and denoted on the activity budget at the time of application. Any Related Party Costs (cash or in-kind) not approved at the time of application

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may be deemed ineligible. The OMO reserves the right to request supporting documentation for all RPTs. Note re: Related Party Personnel: The allocation of time devoted to the activity must be reasonable and appropriate and must be supported by documents such as T4s, employment contracts, timesheets, specifying the activity, etc.

Please see Appendix 2 for the definition of a RPT. For accounting and reporting rules on RPTs, please refer to the Final Cost Report Guidelines.

Financing Plan Parameters

- Applicants are required to fund a minimum of 25% of the total eligible activity/project costs using non-government sources (e.g. Applicant and partner contributions, sponsorships, donations, earned revenues and/or fees).
- Up to 60% of the Applicant's contribution may be in the form of In-Kind contributions, provided that these are reasonably valued.
- OMF funding through the Music Futures stream will not exceed \$50,000 per Applicant in any given year. Minimum project budgets must be \$10,000 per Applicant per year.

The Activities Budget must contain complete information as to how the company will pay for the new or expanded activities. The total amount of financing must match the total cost of all eligible activities. Specifically, the financing component of the Activities Budget will indicate all sources and amounts from corporate investment (cash in the bank), financed investment (e.g., line of credit, investors), projected revenue derived from execution of the activity, confirmed funding from government or other private funding bodies, and anticipated funding from government or other funding bodies – including the request for OMF-Music Futures stream funding.

If an Artist is contributing in any way to the financing of a company's Activities Budget (e.g., as a partner or participant in cost-sharing), the company must declare that contribution. For example, if an artist receives FACTOR or Ontario Arts Council (OAC) funding for a recording, and the company requests funding for the same recording through the Music Futures stream, then that artist's funding must be declared as part of the Financing Plan, and will be a factor in determining the total government cap.

Financing from other public/private funding agencies does not need to be confirmed at the time of application. However, unconfirmed funding from other sources

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should be supported by information and documentation to substantiate the likelihood of receiving such funding. For example, an artist or company with a history of receiving FACTOR funding would indicate what programs have been applied to at FACTOR, the projected amount of funding and the date by which the company expects to be notified of the decision.

Administration and Capital Cost Limitations

- Administrative/Overhead Costs are capped at 35% of the total budget for all eligible activities. Administrative costs should be attributed to and included in the cost breakdowns of each individual activity.
- A business rationale and detailed breakdown showing specific costs and shares of personnel time must be submitted. If new employment positions or ongoing company activities are being created which are intended to be permanent, the application should show how they will be sustained after the initial OMF-supported period (e.g. through increased sales).
- The cost of new equipment, materials and software where necessary and appropriate may be included as outlined below:
 - Equipment and Materials – if purchased, amortization expense using the straight-line method with a prescribed useful life of 24 months; if rented, actual rental cost.
 - Software – 50% of cost or amortization expense using the straight-line method with a prescribed useful life of 12 months (whichever is less).

Other Important Information

- Companies and businesses and their related entities may submit only one application per fiscal year to the Music Futures stream.
- To be eligible, costs must be incurred between August 1, 2016 and July 31, 2017 (for Domestic Record Labels, Artist-Entrepreneurs, Music Managers, and Music Publishers) **or** between June 1, 2016 - December 31, 2017 for Domestic Music Promoters/Presenters and Booking Agents.
- **Note:** the amount claimed under the Ontario Sound Recording Tax Credit may be reduced for activities that are funded through the Music Futures stream.

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Application Process

The deadlines for applications are as follows:

Application Deadline #1: Wednesday, May 18, 2016 by 5:00 pm

For eligible Domestic Record Labels, Artist-Entrepreneurs, Music Managers, and Music Publishers

Application Deadline #2: Tuesday, October 4, 2016 by 5:00 pm

For eligible Domestic Music Promoters/Presenters and Booking Agents

Late applications will not be considered.

All applications must be submitted electronically through the OMDC Online Application Portal (OAP) at <https://apply.omdc.on.ca>.

Business Plans

A Business Plan is required for all applicants. Business Plans should include forward-looking information on plans for company growth, supported by a discussion of competitive strengths, artist development strategies, human resources, corporate financing and other key details.

Business Plans must provide a case for OMF funding and its contribution to company investment, growth and long-term potential. The OMO recommends a 12-18 month time horizon for Business Plans. If an applicant has submitted a Business Plan to the OMO in a prior year that covers multiple years, applicants need only to re-submit the plan in the case of material updates. If a business plan's timeframe has expired by the time of application, a new plan must be submitted.

While applicants have the flexibility to structure their plans on the basis of their individual activities and business profiles, Business Plans submitted for review must contain, at minimum, the following components:

- Applicant profile including profile of key personnel;
- Company strategy;
- Overview of general business activities and short/long-term goals;
- Company SWOT analysis;
- Budget for the overall business; and

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- Revenue, expense and profit projections going forward for the next 12 - 18 months, compared with actual results for the most recently ended fiscal years.

Applicants must also include an Activity Plan (using the OMDC-provided template) detailing each specific activity for which the applicant is seeking OMF Music Futures funding. Applicants are encouraged to submit proposals that make sense given the size, capacity and potential of their business. Activity plans should provide a case for the long-term benefits that OMF funding would deliver.

Financial Statements

The Applicant's Financial Statements must be submitted as part of the application. Financial statements for **two** fiscal years are required and at a minimum, must include a Balance Sheet and an Income Statement. For applicants eligible to apply to the May 18 deadline, we require your 2015 and 2014 financial statements regardless of your fiscal year-end.

Important note for applicants eligible to apply to the October 4 deadline: If your fiscal year-end falls between January and March, we require your 2016 and 2015 financial statements. If your fiscal year-end falls between April and December, we require your 2015 and 2014 financial statements.

Review engagement and audited financial statements are preferred; however, Notice-to-Reader financial statements will be accepted. Exceptions may be considered for companies with less than two years of operations. Companies in this situation should contact the OMO in advance of the application submission deadline. Applicants must also include a breakdown of eligible revenue along with their financial statement submission (using the OMDC-provided template provided in the application).

Summary of Application Requirements

A complete list of required application materials is outlined in the application form on the Online Application Portal (OAP). For the Music Futures stream, the following application components are required:

- Activities Budget Template (sections to be completed for each eligible activity in order of priority);
- Activity Plan (for each eligible activity);
- Company Budget;
- Business Plan;

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- Articles of Incorporation or Master Business License (official Government of Ontario business registration documentation);
- Financial Statements for the 2014 and 2015 fiscal year ends;
- Revenue Breakdown template (providing a breakdown of eligible revenue sources);
- Artists' contracts/certificate and undertaking (if applicable);
- Back up confirmation to support confirmed or pending financing;
- Copy of Insurance listing OMDC as additional insured;
- Documentation indicating that eligibility requirements have been met (e.g., proof of release dates, proof of sales, management or recording/licensing agreements);
- Signed Related Party Transaction form; and
- Signed Applicant Declaration.

Applicants should refer to the application form in the OMDC Online Application Portal for other required application materials.

Note: Companies applying to the Music Futures stream of the OMF must designate a **Key Contact** who is a full-time key decision maker of the applicant. This individual will act as the activity manager and oversee the applicant company's participation in the program. The Key Contact will be the point of contact for all communications with Ontario Music Office (OMO) during application adjudication and, if the application is successful, for the duration of the activity. OMO will not discuss potential or actual applications with external grant writers or practitioners.

All applications must be submitted electronically through the Online Application Portal (OAP) at <https://apply.omdc.on.ca/>. Applicants that do not have a user account on OAP, should go to <https://apply.omdc.on.ca> and click on "Register". For assistance, please see OMO's website for the "OAP Quick Start Guide".

Applicants are encouraged to register on the OAP well in advance of submitting an application to the stream.

Applicants that are already registered will see the OMF program stream deadline in their dashboard. To start the application, click on "Start New Application" and

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follow the directions through the five step wizard to access the application form. For technical assistance, please contact the OAP Helpdesk at applyhelp@omdc.on.ca.

Application Assessment

Applications will be reviewed and evaluated by OMO. Some evaluation functions may be outsourced to experts as appropriate.

In some cases, Applicants may be required to provide clarification or to make changes to their activities before a decision is made. OMO is not obligated to provide Applicants with the opportunity to include additional information or to adjust their application after it has been submitted.

All OMO decisions are final. OMO reserves the right to alter program guidelines with general public notice to all potential Applicants and to refuse any application for any reason. The OMO is not required to make any minimum number of awards. Subject to the Freedom of Information and Protection of Privacy Act, all information contained in the application will remain strictly confidential. All inquiries pertaining to the Ontario Music Fund are to be directed to OMO staff only.

Decision Criteria

This is a competitive program. Applicants are advised to ensure that they meet all eligibility requirements before submitting an application. Applicants should also ensure that their application material clearly conveys the strengths of their application with respect to the program guidelines. The number of Applicants who will receive funding and the amount of funding received is dependent on the quantity and quality of the applications selected and the individual needs of each Applicant.

Once Applicant and activity eligibility have been confirmed, applications will be assessed according to the following criteria:

Economic & Cultural Impact: Return on Investment for the province and a demonstration of the net impact of the applicant's activities on Ontario's music industry and economy, as measured by core program objectives (i.e. job creation, critical success and commercial success).

Activities/Proposal: Applicant's ability to clearly explain and provide adequate documentation to support their proposed activities, including the presentation of feasible budgets, achievable activities and demonstrating innovation and creativity in the business plan and activity plan(s).

Organizational Impact: Return on Investment for the company and a demonstration of net benefits to the company as a result of OMF funding.

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Operational Capacity: Applicant's demonstrated track record, financial stability and organizational capacity (financial, human resources) to undertake and execute the activities.

Sustainability: The ability of the applicant to leverage OMF funding to build on success and strengthen its profile/capital/human resources pool for future investment and growth.

Obligations of Successful Applicants

Successful Applicants will receive a non-refundable contribution to be paid out at intervals during the course of the term of activities, triggered by meeting pre-determined milestones and deliverables. The OMO will determine the deliverables and payment schedule based on the company's activities and timelines. At minimum the following will trigger payments:

- Execution of the OMDC agreement;
- Delivery of an interim report(s); and
- Delivery of the completed activities and all deliverables outlined in the contract.

Funding Agreement

On acceptance into the program, the participating company will be required to sign an agreement covering the terms of their participation in the program including authorizing OMO to publicly release the name of the Applicant and a description of the funded activities and deliverables. The agreement will outline payment dates based upon business/project milestones and deliverables (see below) set-out in the application.

Insurance

Participating companies will be required to carry Commercial General Liability Insurance on an occurrence basis for Third Party Bodily Injury, Personal Injury and Property Damage, to an inclusive limit of not less than \$1,000,000 per occurrence, \$1,000,000 products and completed operations aggregate. OMDC should be named as additional insured on all policies. Please budget accordingly. Additional information on insurance requirements is available on request. Note: Commercial General Liability Insurance is not an eligible expense under the OMF.

Weeks of Work

Successful Applicants will be required to provide an estimate of the jobs created or retained for Ontario residents in total paid weeks of work (35-hour week).

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Reporting and Deliverables

Successful Applicants will prepare interim reports on the progress of their activities (if applicable) and a final report upon conclusion of their activities.

Recoupable Recording Costs

In cases where costs that are ordinarily recoupable are being claimed, the participant must supply either a) artists contracts including a clause indicating that expenses funded by the OMF will not be recouped from the artist or another source, or b) where artist contracts are not available, the OMO will accept a “certificate and undertaking” signed by the company principals, confirming that the artist is being compensated and undertaking that expenses funded by the OMF will not be recouped from the artist or any other source. A signed acknowledgement must be provided by the artist, or his or her legal representative, attesting that artist and management are aware of the terms of OMF participation in their recording activities.

Cost Report

A final cost report and financing statement will be required for all activities supported by the Ontario Music Fund.

Financial Statements

Successful applicants will be required to have Notice-to-Reader financial statements for the applicant’s next fiscal year prepared and signed by an accountant who is a member in good standing of a provincial branch of the Chartered Professional Accountants (CPA), Chartered Accountants (CA), Certified General Accountants (CGA) or Certified Management Accountants (CMA). These financial statements must be submitted on an annual basis within six months of the company’s fiscal year-end (as part of the interim or final reporting stage). Depending on the applicant’s fiscal year, this may be required throughout the term of the funding agreement with the OMDC.

Changes to the Activities

OMO must be notified of any significant changes to the activities as defined in the contract and will require consent of OMO.

Confirmation of Additional Government Funding

Successful Applicants will be required to inform OMO immediately in writing of any government funding decisions made after the OMO funding decision. Notification must be submitted for unconfirmed funding that was included in the original financing plan of the application and any new applications made to funding bodies not included in the financing plan.

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Credit

The Ontario Music Fund support is to be acknowledged with an OMDC credit and logo on suitable elements and all related publicity and promotional materials. Other acknowledgement of the support of the Government of Ontario may be required.

These guidelines are current for this deadline only. This document is subject to change for future deadlines.

For more information email: OMF@omdc.on.ca

Applicants are advised to consult the OMO website for any relevant documents and Ontario Music Fund Bulletins for clarifications and alterations to these guidelines.

Ontario Media Development Corporation

An agency of the Ontario Ministry of Tourism, Culture and Sport, OMDC facilitates economic development opportunities for Ontario's cultural media industries including book and magazine publishing, film and television, music and interactive digital media industries.

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Appendix 1

Ontario Music Fund Anticipated Outcomes

Anticipated outcomes for the four OMF streams may include any of the following, depending on the type of activity/project undertaken. **It is not expected that each applicant will address all the outcomes listed for their program stream.** Applicants should, however, provide a list all anticipated outcomes they intend to track and report on in their interim and final reports, should their funding request be successful.

Measurable Outcomes	Music Company Development	Music Industry Development	Live Music	Music Futures
# of jobs created and/or retained	x	x	x	x
Company growth: Increased gross revenue	x	x	x	x
Company growth: Increased net revenue	x	x	x	x
Return on Investment of OMF funding	x	x	x	x
Sustainability of project outcomes	x	x	x	x
Number of artists supported	x	x	x	x
Sales success of supported projects	x	x	x	x
Critical success of supported projects	x	x	x	x
Fees paid to artists	x	x	x	x
Online and social media impact (metrics)	x	x	x	x
Traditional media impact (metrics): radio spins, video plays, interviews, articles, reviews, etc.	x	x	x	x
Number of new artists being represented by professional companies: management, label, booking agent, publisher, promoter	x	x	x	x
Number of new recordings supported - domestic artists	x			x
Number of international artists recording in Ontario	x			
Amount of international investment in Ontario recording studios	x			

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Measurable Outcomes	Music Company Development	Music Industry Development	Live Music	Music Futures
Promote Ontario as a Live Music centre		x	x	
# of international markets targeted	x	x		x
Increased revenue from international sales	x	x		x
Number of new performance opportunities for artists	x	x	x	x
Number of tickets sold for performances	x	x	x	x
Number of shows/tours developed	x	x	x	x
Revenue for companies involved in developing Shows/tours	x	x	x	x
Number of business connections/leads by participants	x	x	x	x
Number of Ontario attendees/participants at events		x	x	
Activities that stimulate knowledge transfer and business opportunities		x		
Professional development opportunities created for Ontario participants		x		

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Appendix 2

Glossary

Activities Budget	The total of Eligible Costs within a Business or Project Plan. The Activities Budget must outline all sources of project financing and expenditures pertaining to the application.
Administrative/Overhead Costs	Currently-incurred, ongoing expenditures that support the corporate and administrative operations of the applicant company and are not directly attributable to specific activities or functions.
Annual Funding Cap	Maximum funding that an applicant can receive per Ontario Government fiscal year – April 1 – March 31. The Annual Funding Cap is based on all OMF funding paid out to an Applicant in the fiscal year. The Annual Funding Cap may also apply to other sources of government funding (see: Total Government Contribution and specific OMF Stream guidelines).
Applicant	The business entity making the application for funding. The Applicant is the entity who will enter into a binding agreement with OMDC and is responsible for fulfilling the obligations and outcomes specified in the Applicant Agreement. Upon approval of funding, the Applicant becomes the Recipient, and is the sole party responsible for fulfilling the funding agreement.
Applicant Agreement	The legal agreement between the OMDC and an Applicant that sets out the terms of the funding, deliverables, milestones and general requirements with respect to administration of funding and results.
Applicant Contribution	A direct financial contribution, investment or payment by an eligible music company towards eligible expenditures in its business plan.
Artist	One or more persons performing as a solo singer/musician, musical group or band.
Associated Corporation	One corporation is associated with another in a taxation year if, at any time in the year: One of the corporations controlled, directly or indirectly in any manner whatever, the other;

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Audit Engagement

Audited Cost Report

Both of the corporations were controlled, directly or indirectly in any manner whatever, by the same person or group of persons;

Each of the corporations was controlled, directly or indirectly in any manner whatever, by a person and the person who so controlled one of the corporations was related to the person who so controlled the other, and either of those persons owned, in respect of each corporation, not less than 25% of the issued shares of any class, other than a specified class, of the capital stock thereof;

One of the corporations was controlled, directly or indirectly in any manner whatever, by a person and that person was related to each member of a group of persons that so controlled the other corporation, and that person owned, in respect of the other corporation, not less than 25% of the issued shares of any class, other than a specified class, of the capital stock thereof; or

Each of the corporations was controlled, directly or indirectly in any manner whatever, by a related group and each of the members of one of the related groups was related to all of the members of the other related group, and one or more persons were members of both related groups, either alone or together, owned, in respect of each corporation, not less than 25% of the issued shares of any class, other than a specified class of the capital stock thereof.

[This definition is quoted directly from Subsection 256(1) of the Income Tax Act (Canada)].

An audit engagement is the process of engaging an independent public accountant to examine the accounting records and other evidence supporting the financial statements; and to render a professional opinion that the financial statements present a fair picture of the organization's financial position and its activities during the period in which the audit was carried out.

Successful applicants in receipt of \$150,000 or more must provide an audited cost report as part of the final

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Business Plan

deliverable. The audit is to include revenue and expenses for OMF-funded activities or projects. The audit of the applicant's cost report is to be conducted by an independent public accountant.

A document that outlines the short (12 months) and long-term business goals (variable – subject to Project) and revenue and expenditure projections. The Plan also documents the business entity's strategic priorities, including an overview of competitive strengths, artist development strategies, human resources, corporate financing and other key details.

Company Budget

An overall company financial plan outlining all corporate revenue and expenditures for a specified fiscal period.

As the OMDC would like to provide as much flexibility as possible to companies, we do not have a prescribed template for the company budget and allow companies the opportunity to provide information in their preferred format. These documents, however, should provide a clear basis for the OMDC to assess the eligibility of the company, the feasibility of the activities as they pertain to the goals and objectives of the Ontario Music Fund, and how the activities relate to the company budget and business plan.

Consortium

An association between two or more Eligible Music Companies that join together for the purposes of a project. The consortium must be represented by an Applicant which will take on financial responsibility for the project.

Financial Statements

At minimum, an Applicant's Financial Statements must include a Balance Sheet and Income Statement for the two most recently completed fiscal years.

Direct Costs

A direct payment by an eligible music company to a third party towards eligible expenditures in its business or project plan.

Eligible Cost/Expenditure

Each and every cost that is eligible to be supported by the OMF, as determined by the OMF guidelines.

Eligible Music Companies/Organizations

The OMF is accessible to Ontario-based music companies, including independent domestic record companies and foreign-owned labels (majors), music promoters, music managers, agents, festivals, and not-for-profits, including

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Financing Template	music education organizations and industry associations. A section of the Activities Budget outlining all sources of project financing. Financing sources include government and non-government funding.
Ineligible	An activity or entity that the OMF will not approve nor reimburse. See detailed program guidelines for a list of ineligible applicants and activities.
In-House	Goods or services that are provided, or an activity that is undertaken, by the Applicant itself rather than outsourcing to a third party. In-house expenditures must be booked at market rates or lower.
In-Kind	A non-cash item identified in the budget. In kind costs are limited to a maximum percentage of the total Eligible Budget. Please consult the OMF guidelines for details on financing requirements.
Key Contact	The individual at the applicant company responsible for the delivery and day-to-day operations of the project. This person will be the key contact with OMO staff.
License	An agreement by which a party (the licensor) who controls certain exploitation and other rights in a sound recording and/or its underlying composition, grants limited rights to another party (the licensee) in exchange for a license fee and other consideration.
Master	The primary recording that serves as the basis from which other copies are made. The owner of the Master Recording holds the copyright for that particular recording over its legal life.
Net Revenue	Typically refers to a company's revenue net of discounts and returns. It is advised to consult generally accepted accounting principles (GAAP) and industry standards to determine whether your organization should report revenue at net or gross.
Notice-to-Reader (Compilation) Engagement	The compiling of unaudited financial information into financial statements, based on information provided by the accountant's client.
Own or Control	Refers to control of the exclusive exploitation rights flowing from copyright in a sound recording.
Permanent Establishment	Generally refers to a fixed place of business. However,

whether a fixed place of business is a “permanent establishment” is a question of fact which must be determined on a case-by-case basis.. Further information on what constitutes a permanent establishment can be found at Subsection 400(2) of the Income Tax Act (Canada).

Project Plan

A document that outlines an Applicant’s project for a specific initiative or a slate of activities over a given year. Projects include all of the eligible activities intended to be undertaken by the Applicant and that are proposed under the eligible expenditures for a particular OMF stream.

Public Accountant

A person with the following qualifications:

- is a member in good standing of a provincial branch of the Chartered Professional Accountants (CPA), Chartered Accountants (CA), Certified General Accountants (CGA) or Certified Management Accountants (CMA);
- has any provincial licenses required to conduct an audit or review engagement in the province where the engagement will take place; and
- is independent of the applicant corporation.

Recipient

An applicant receiving OMF funding as the result of an approved Application.

Recoupable

An amount of money, and/or the cost of goods or services that is offered to an artist in a recording, license, publishing, performance or any service agreement; the recoupable amount is then paid back to the record label or publisher, usually at the rate of the artist’s share of royalties and/or other form of earnings. Recoupable amounts are generally paid back to the offerer in first position, meaning that the artist receives no royalties until recoupment.

Applicants will be required to clearly state recoupable expenditures where applicable. OMF funding provided to eligible Applicants for artist expenditures and investment may be non-recoupable in certain cases.

Related Party Transaction

Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint or common significant influence. Related parties also include

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management and immediate family members.

A related party transaction is a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related party, regardless of whether any consideration is exchanged. The parties to the transaction are related prior to the transaction. When the relationship arises as a result of the transaction, the transaction is not one between related parties.

Control of an enterprise is the continuing power to determine its strategic operating, investing and financing policies without the cooperation of others.

Joint control of an economic activity is the contractually agreed sharing of the continuing power to determine its strategic operating, investing and financing policies.

Significant influence over an enterprise is the ability to affect the strategic operating, investing and financing policies of the enterprise.

[This definition is quoted directly from the CICA Standards & Guidance Collection paragraph 3840.03.]

Review Engagement

A review engagement is the process of engaging an independent public accountant to prepare financial statements on a review basis. The accountant will not express an opinion on the fairness of the financial statements, but will provide a limited assurance that the financial information is plausible and conforms to generally accepted accounting principles.

Showcase

A performance for a target audience of music industry professionals more so than the general public; the goal of a Showcase is to attract interest of potential industry partners and buyers such as booking agents, music managers, record labels, publishers. A showcase can be a component of a tour or event.

Tour

A Tour is a continuous series of public engagements, taking place at different venues, for a contracted performance fee.