

annual report **FONDS RADIOSTAR**

**0405**



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# **FONDS RADIOSTAR**

Annual report 2004-2005



## PARTNERS

ASTRAL MEDIA RADIO

BLACKBURN GROUP

CHUM

CKMW RADIO

COGECO DIFFUSION

CORUS ENTERTAINMENT

GOLDEN WEST BROADCASTING

HALIBURTON BROADCASTING GROUP

HDL INVESTMENTS

H.F. DOUGALL COMPAGNY

JIM PATTISON BROADCAST GROUP

LABBE MEDIA

MARITIME BROADCASTING SYSTEM

NEWCAP

RADIO-NORD COMMUNICATIONS

RAWLCO COMMUNICATIONS

ROGERS BROADCASTING

STANDARD RADIO

WESTMAN MEDIA COOPERATIVES





## PRESIDENT'S MESSAGE

This past year was characterized by openness. Whether in extending the program to self-producing artists from outside Quebec, allowing music DVDs for funding, or recognizing the contribution of partners such as show producers, talent agents and managers, Fonds RadioStar's aim was to widen and simplify access to its marketing program.

Fonds RadioStar is approaching cruising speed: we approved nearly 75% of funding applications for first and second albums. Widening accessibility to emerging labels yielded results, as the vast majority of approved projects in this category involved emerging artists. We hope to increase this percentage in the coming years, as well as diversify the music genres we fund to include musicals, for instance.

Despite extending the program to artists living outside Quebec, few applied for funding. This year, we plan to work even harder to get the word out to this segment of prospective applicants, by rolling out campaigns promoting and raising awareness about Fonds RadioStar's indispensable nature.

We can state unequivocally that the fund is fulfilling its primary mission: making possible for emerging artists to achieve popular acclaim. We will continue to keep our ears open to the ever-changing marketing needs and strategies of the music industry.



**Denis Wolff**  
*Chairman*





est passé d'alliés à ennemis  
à même d'la mise à faire danser notre vie  
s'acharne d'activités pour réussir à s'éviter  
à même abandonnée de s'engueuler  
tu penses que c'est trop pour toi descend  
suis pas là pour te faire perdre ton temps  
je vois comme ta fin du monde va t'en  
monde autrement

# FONDS RADIOSTAR

## BACKGROUNDER

During the CRTC's 1997 Commercial Radio Policy Hearing, the Canadian Association of Broadcasters (CAB) recommended, as part of their proposal regarding concrete benefits resulting from transfers of ownership or control of radio undertakings, the establishment of a new Canadian music marketing and promotion fund. The proposal was entrenched in the CRTC's 1998 Policy on Commercial Radio (Public Notice CRTC 1998-41), allowing for 3% of the transaction value to be allocated to that fund when such transfers occur.

As requested by the CRTC, the CAB tabled, in September 2000, a proposal developed jointly with ADISQ outlining the structure and procedures of such a marketing fund, i.e. Fonds RadioStar, which was approved on November 9 of the same year. A similar process was followed by the CAB and industry representatives in regard of the English-speaking market and resulted in the creation of the Radio Starmaker Fund in March 2001.

Since August 2001, Fonds RadioStar has been supporting by way of financial contributions the marketing of French-language sound recordings in Canada. From the outset, the fund has been managed by Fondation MUSICTION, under the direction of Fonds RadioStar Board of Directors. The fund's program and rules, which are completely separate from those of MUSICTION, are managed independently.

## OBJECTIVES

The fund's objectives are as follows:

- The purpose of the fund is to promote Canadian French-language music. Projects in a language other than French as well as instrumental music projects are referred to Radio Starmaker Fund.
- Funding is reserved for national marketing endeavours, i.e. aimed at the Canadian market.
- Designed primarily for emerging artists, the fund is intended "to advance the careers of Canada's rising stars producing popular Canadian content."
- Funding is allocated to artists through their record labels, provided these are Canadian owned and controlled, with the exception of Canadian artists residing outside Quebec, who are entitled to receive funding directly.
- Fonds RadioStar funding must constitute additional support, designed to complement existing funding from record labels as well as various public and private sources earmarked for the initial marketing phases.
- The fund's goal is to supply private radio broadcasters with quality, diversified francophone music.



Alexandre Belliard



Danny Boudreau



Luce Dufault



Exode



Loco Locass

## BOARD OF DIRECTORS

Chairman	<b>Denis Wolff</b>	Vice-president, Artistic Development Disques Audiogramme
Vice-president	<b>Jacques Papin</b>	Vice-president, Montreal French-Language Radio Stations CORUS
Treasurer	<b>Paul Dupont-Hébert</b>	Vice-president Zone 3
Secretary	<b>Lilianne Randall</b>	Music Director Rythme FM and 105,7 FM
Director	<b>Charles Benoît</b>	Vice-president, Programming Astral Radio
Director	<b>Mathieu Drouin</b>	President Tacca Musique
Director	<b>Claude Laflamme</b>	Vice-president, Corporate and Regulatory Affairs Astral Radio
Director	<b>Claude Larivée</b>	CEO Compagnie Larivée Cabot Champagne
Director	<b>Jacques Primeau</b>	President Productions Jacques K. Primeau
Director	<b>Pierre Rodrigue</b>	Vice-president, Distribution Groupe Archambault

## FUND MANAGEMENT

General Management	Andrée Ménard
Program Coordination	Louise Chenail
Information	Jérôme Tremblay
Administration	Nicole Rouabah
External Auditor	Denis Thérien, CA



# CHANGES MADE TO THE PROGRAM

## ARTISTS LIVING OUTSIDE QUEBEC

After being extended to emerging labels in 2003-2004, the program became accessible in 2004-2005 to a new segment of applicants. Fonds RadioStar relaxed its eligibility requirements to make it easier for artists living outside Quebec who have secured distribution, and therefore acting as their own record label, to access the program. Because self-production is more the rule than the exception outside Quebec, this meant that until now very few artists residing in other Canadian provinces were eligible for funding. In addition to a distribution contract, artists must also provide proof that they have been residing outside Quebec for at least one year, and demonstrate their Significant Investment via receipts and proofs of payment, at the time of application.

## SIGNIFICANT INVESTMENTS AND PARTNERSHIPS

The fund recognizes that securing co-investors for a recording project is a growing practice. It is why it now considers expenses made by a partner alongside those of the label as Significant Investment, under the condition that the label has invested at least \$10,000 and that third-party financial support never represents more than 33% of the total amount of the Significant Investment.

## ELIGIBILITY REQUIREMENTS FOR MUSIC DVDS

During the course the year, the fund opened its doors to applications for music DVD projects, subject to the following conditions:

- The music DVD must contain images that are synchronized with an artist's musical performance.
- Documentary and film DVDs are ineligible.
- DVDs derived from or based on television shows are ineligible.

The advent of DVD raises the issue of expenses related to visual production. Fonds RadioStar has responded by modifying its rules in order to adapt to this new reality. The amended rules come into effect in the 2005-2006 financial year:

- In terms of Significant Investment, the maximum amount entitlement for visual production (video clip and DVD) is \$35,000.
- In terms of funding, a maximum of \$25,000 can be allocated to visual production (video clip, DVD, Internet, TV ads, etc.). There is, however, a \$20,000 limit for the initial marketing phase.

## ELIGIBILITY REQUIREMENTS FOR LIVE ALBUMS

The rules for live projects have been modified as follows:

- A live project (album or music DVD) is eligible provided it is marketed at least 12 months after the artist's previous album release and contains 2 new songs.
- Eligibility for funding is limited to one live project (album or DVD) following the release of a studio album.

## TOURING

Funding for live shows can now be administered directly by the show's producer or agent, if the record label authorizes it in writing and notifies the fund.

Eligible expenses in this category, formerly limited to 20% of total expenses for both Significant Investment and funding awarded, were modified during the course of year as follows:

- For Significant Investment purposes, the maximum amount for touring is \$10,000.

- In terms of funding, the touring entitlements are:

- a maximum sum of \$10,000 for an opening phase of up to \$50,000
- a maximum supplement of \$5,000 for a second phase of up to \$25,000 of expenses totalling up to \$75,000
- a maximum supplement of \$5,000 when expenses total more than \$75,000

## INCREASE IN MAXIMUM FUNDING PER APPLICANT

On April 5, 2005, the Board of Directors adopted a resolution entitling recognized labels and emerging labels access to an additional \$50,000 during the 04-05 financial year, raising the maximums to \$250,000 and \$150,000, respectively.

Mes Aïeux



Pierre Lapointe



Marc-André Niquet

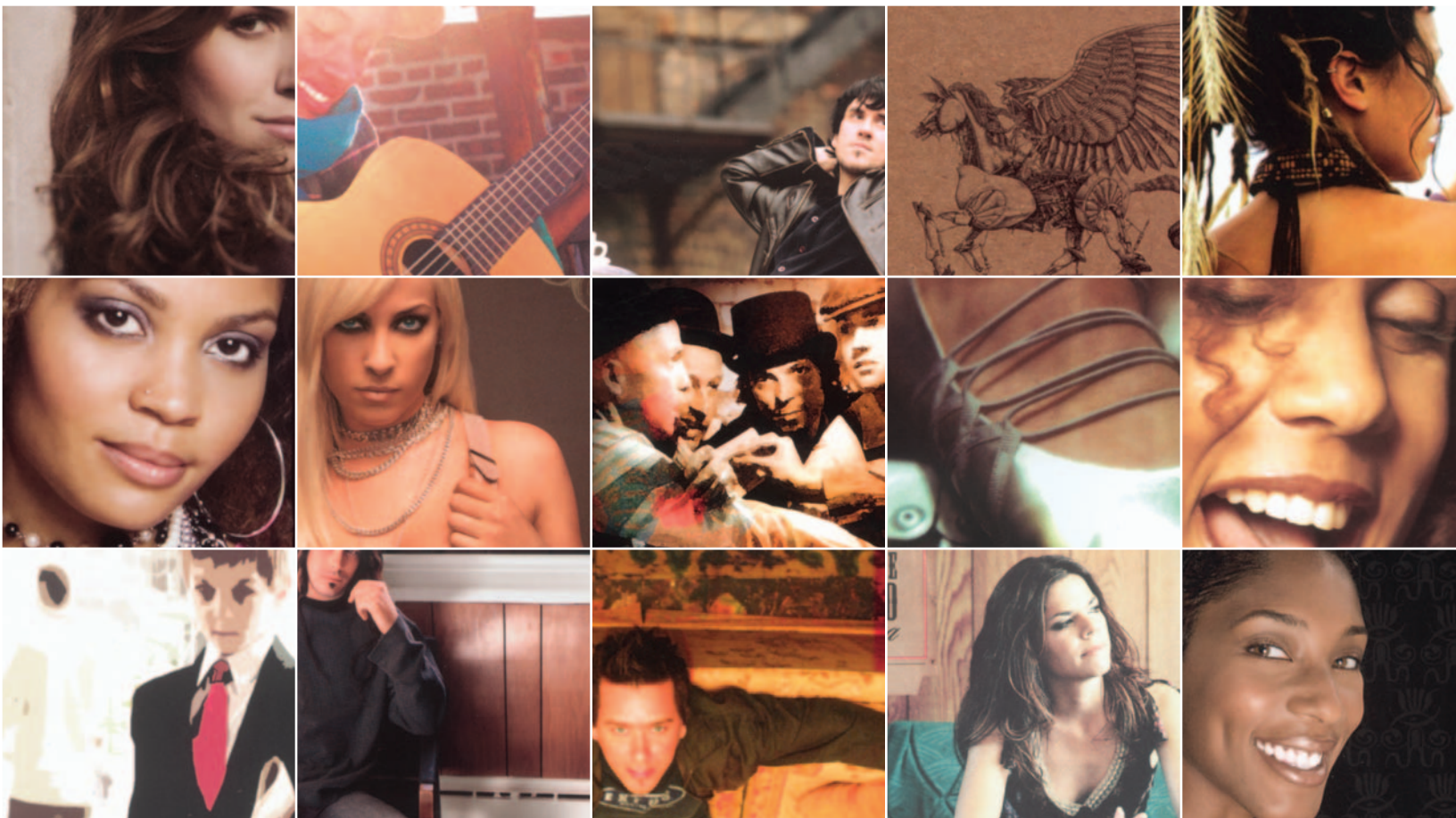


Cornéliu Montano



Trois Accords





Gabrielle Destroismaisons  
Maritza  
Karkwa

Senaya  
Marie-Mai Bouchard  
Dany Bédar

Sam  
Tomas Jensen  
et les faux-monnayeurs  
Charles Dubé

Martin Deschamps  
et Offenbach  
Ariane Moffatt  
Catherine Durand

Dobacaracol  
Sylvie Desgroseilliers  
Mélanie Renaud

# FINANCIAL RESULTS

## FINANCIAL RESOURCES

Monies for Fonds RadioStar and Radio Starmaker Fund come primarily, but not exclusively, from broadcaster contributions resulting from radio acquisition transactions, as required by the CRTC. A minimum of 3% of the value of such transactions must be disbursed to both of these two Canadian music marketing funds. For francophone market transactions, 80% of the 3% is directed to Fonds RadioStar. In the case of transactions affecting the English-language market, Fonds RadioStar receives 20% of this percentage.

The CAB collects the 3% of the value of the transactions, and then redistributes these monies to both funds as per CRTC approved payment methods. Each year, the CAB contributes funds earmarked for the advancement of French-language music to Fonds RadioStar.

These contributions totalled \$3,961,205 in 2004-2005. The combined total since 2001-2002 is \$9,966,297. Contributions to Fonds RadioStar are expected to top \$20M by 2010.

## FUND MANAGEMENT

The administration fees for this fourth financial year have been set at 5.4%. The administration fees for the fund's initial three years were 8.2% on average. As outlined in the document the CRTC approved in November 2000, by the end of the fund's existence, administration fees will not exceed more than 10% of broadcaster contributions.

## COMMITMENTS AND DISBURSEMENTS

Since the program's inception, 216 projects have been received and 175 projects have been accepted, for a approval rate of 81%. With regard to applications received, the percentage of approved applications is higher this year, at 98%, compared with 81% the previous year. Since August 2001, 72% amounts requested have been approved.

In 2004-2005, Fonds RadioStar's financial commitments amounted to \$2,848,958 compared with \$2,013,175 the previous year and \$1,506,415 in 2002-2003. This constitutes an increase of 42% over the previous year and 89% in comparison to 2002-2003. Average funding per project was \$45,222, as opposed to \$46,818 in 2003-2004 and \$45,649 in 2002-2003.

In 2004-2005, Fonds RadioStar disbursed \$2,413,981, raising the total since the program's inception to \$5,264,981. Applicants refunded \$94,917 in 2004-2005.

## APPLICATIONS AND APPROVALS

	2004-2005	2003-2004	2002-2003	2001-2002	Total
Applications Submitted	64	53	46	53	216
Amount Requested	3,021,311	3,171,982	2,158,990	2,153,585	10,505,868
Applications Approved	63	43	33	36	175
Amount Offered	2,848,958	2,013,175	1,506,415	1,236,314	7,604,862
Amount Disbursed	2,413,981	1,311,619	1,038,105	501,276	5,264,981



#### RESIDUAL BALANCE OF FUNDING COMMITMENTS

Disbursements carried out during a financial year generally represent initial funding for projects approved during the year and final rounds of funding for projects approved in the past. Given the time required to market sound recordings, much like the approval period required by Fonds RadioStar, few projects are begun and finalized in the same financial year. This results in a residual balance of funding commitments at the end of each financial year. For the 2004-2005 financial year, that balance is \$1,396,813.

Project cancellations totalled \$31,336, to which were added \$63,581 in sums unused by applicants as projects were nearing completion.

#### RADIO PUBLICITY ALLOCATIONS

The proposal accepted by the CRTC stated that since Fonds Radiostar funds are strictly sourced from radio broadcasters who are actively involved in promoting Canadian talent, a portion of sums received by the fund could be used to buy airtime on Canadian radio stations. Consequently, a modest incentive was rolled out this year in relation to radio ad placements. The evaluation chart calls for projects that obtain the minimal score of 50% or above, and that involve a radio placement expense of \$5,000 or more, receive an additional five grade points.

The expense report for files closed in 2004-2005 shows radio advertising expenses totaling \$222,446, or 12.2% of disbursements for files closed during the course of the year.

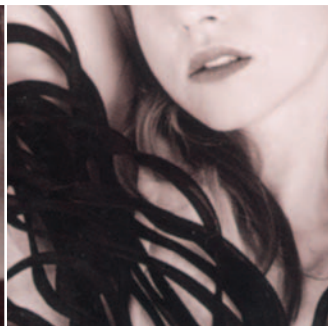
Gino Quilico



Ima



Elle



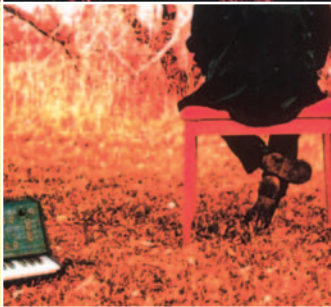
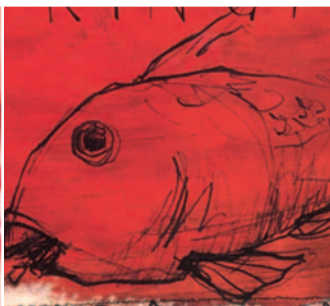
Nico Lelièvre



France d'Amour







Caroline Marcoux-Gendron  
Luc de Larochelière  
Maryse Letarte

Annie Villeneuve  
Béluga  
Yves Marchand

Les Cowboys Fringants  
Catherine Major  
Louis et le voyageur

Ariane Gauthier  
Laurence Jalbert  
Fred Fortin

Jérôme Minière  
Stefie Shock  
Boom Desjardins

# EVALUATION OF RESULTS

## SUPPORTING NEW ARTISTS

In keeping with its objectives in the first four years of existence, Fonds RadioStar has been primarily funding emerging artists. Fifty-four percent (54%) of funding approved was for first albums from Canadian francophone artists, and 19% of funding was allocated to second releases, adding up to a total of 73% of monies earmarked for young artists.

	2004-2005		2003-2004		2002-2003		2001-2002			
	Applications Approved	Amount Offered	Applications Approved	Amount Offered	Applications Approved	Amount Offered	Applications Approved	Amount Offered	Total	%
1 <sup>st</sup> album	35	1,578,369	23	1,094,726	17	865,326	16	568,896	4,107,317	54
2 <sup>nd</sup> album	8	354,936	9	405,775	6	291,309	11	362,621	1,414,641	19
3 albums and above	20	915,653	11	512,674	10	349,780	9	304,797	2,082,904	27
<b>Total</b>	<b>63</b>	<b>2,848,958</b>	<b>43</b>	<b>2,013,175</b>	<b>33</b>	<b>1,506,415</b>	<b>36</b>	<b>1,236,314</b>	<b>7,604,862</b>	<b>100</b>

Making the program accessible to emerging record labels in 2003-2004 yielded compelling results. In fact, in the last 2 years, the fund approved 18 projects from this applicant segment, representing 17% of approved projects. This year, 7 out of 10 projects approved in this category, or 70%, involve a first or second album.

Measures have been rolled out since the program's inception favouring access to emerging artists:

- A project is eligible the moment the album is released. The album is not required to sell a predetermined number of copies to have access to funding.
- An evaluation chart based on objective-driven criteria enables projects to be ranked by priority. Higher scores are awarded for first or second releases.

## REGIONAL ALLOCATIONS

In order to make this program even more accessible to artists living outside Quebec, the Board of Directors introduced new rules to offset the shortage of independent labels. Many artists outside the province produce and market their albums themselves. Artists interested in obtaining Fonds RadioStar funding must supplement their application with a distribution contract, proof that they have been residing outside Quebec for at least one year, and proof of their Significant Investment.

The positive consequences of the new rules will be more tangible in the next financial year, as efforts to promote the program to this new applicant segment will intensify.

## RESULTS 2004-2005

Applicant	Artist	Region	Amount \$
C4 Productions	Karkwa	Several Regions	50,000
C4 Productions	Fortin Fred	Saguenay-Lac-St-Jean	50,000
Cie Larivée Cabot Champagne	Béluga	Several Regions	50,000
Cie Larivée Cabot Champagne	Cowboys Fringants	Lanaudière	30,000
Cie Larivée Cabot Champagne	Minière Jérôme	Montreal	50,000
Diffusion YFB	Gauthier Ariane	Outaouais	50,000
Diffusion YFB	Lapointe Éric	Lanaudière	30,000
Disques Atlantis	Shock Stefie	Montreal	35,000
Disques Atlantis	St-Clair Martine	Montreal	30,000
Disques Atlantis	Dédé Traké	Montreal	50,000
Disques Audiogramme	Lapointe Pierre	Outaouais	50,000
Disques Audiogramme	Lapointe Pierre	Outaouais	25,000
Disques Audiogramme	Loco Locass	Several Regions	50,000
Disques Audiogramme	Moffatt Ariane	Quebec	30,000
Disques Audiogramme	Marchand Yves	Abitibi-Témiscamingue	25,000
Disques Audiogramme	Jalbert Laurence	Gaspésie	30,000
Disques Audiogramme	Senaya	Montreal	40,000
Disques Indica	Trois Accords	Central Quebec	42,525
Disques Indica	Dobacaracol	Several Regions	52,130
Disques Justin Time	Morissette Miranie	Bas-Saint-Laurent	49,988
Disques La Québécoise	Toupin Marie-Chantal	Montreal	30,000
Disques Lunou	Dufault Luce	Outaouais	30,000
Disques Musicor	Bégin Émilie	Laurentides	44,000
Disques Musicor	Bouchard Marie-Mai	Montréal	44,000
Disques Musicor	Montano Corneliu	Montreal	44,000
Disques Musicor	Thibert Marie-Hélène	Montreal	24,000
Disques Musicor	Villeneuve Annie	Saguenay-Lac-St-Jean	44,000
Disques Musicor	Belliard Alexandre	Montréal	25,000
Disques Musicor	Niquet Marc-André	Central Quebec	25,000
Disques PNM	Destroimaisons Gabrielle	Lanaudière	30,000
Disques Rococo	Letarte Maryse	Montréal	58,000
Disques Tox	Marabu	Quebec	50,000
DKD Disques	Desjardins Boom	Abitibi-Témiscamingue	50,000
DKD Disques	Bédar Dany	Abitibi-Témiscamingue	30,000
DKD Disques	Desjardins Boom	Abitibi-Témiscamingue	50,000
Gestion Son Image	Lelièvre Nico	Laurentides	50,000
Gestion Son Image	Jensen Tomas	Montreal	50,000
Gregg Musique	Arthur l'aventurier	Estrie	100,000
Intertalent	Sam	Saguenay-Lac-St-Jean	30,000
Jajou Productions	Louis et le voyageur	Montréal	46,502
Konfit Music	Elle	Montreal	50,000
LCQ Productions	Desgroseilliers Sylvie	Montreal	65,473
MP3	Pelchat Mario	Saguenay-Lac-St-Jean	30,000
Novem Communications	Gaudet Mathieu	Lanaudière	50,000
Novem Communications	Ima	Montreal	78,642
Prodat	Provençal Mathieu	Lanaudière	50,000
Prodat	Mes Aïeux	Several Regions	75,653
Prodat	De Larochellière Luc	Montreal	30,000
Productions Bros	Plastic Lite	Quebec	42,672
Productions Byc	Vallières Vincent	Cantons-de-l'Est	50,000
Productions de l'Onde	Major Catherine	Montreal	55,844
Productions Lalalère	Petite Jacinthe	Abitibi-Témiscamingue	50,898
Productions Louis Michel	Marcoux-Gendron Caroline	Montréal	56,774
Sphère Musique	Bossé-Pelchat Maritza	Quebec	45,575
Sphère Musique	Renaud Mélanie	Montréal	50,000
Sphère Musique	Respectables	Quebec	50,000
Tacca Musique	Dubé Charles	Laurentides	49,988
Tacca Musique	D'Amour France	Laurentides	50,000
TNT Productions	Boudreau Danny	New Brunswick	43,294
Zone 3	Exode	Lanaudière	50,000
Zone 3	Deschamps Martin et Offenbach	Several Regions	50,000
Zone 3	Durand Catherine	Montreal	50,000
Zone 3	Quilico Gino	Montreal	50,000

## RESULTS 2003-2004

Applicant	Artist	Region	Amount \$
Cie Larivée Cabot Champagne	Ahier Ginette	New Brunswick	50,000
Cie Larivée Cabot Champagne	Cowboys fringants	Lanaudière	67,859
C-Show Productions	Polly-Esther	Saskatchewan	90,000
Diffusion YFB	Funkafones	Several Regions	50,000
Diffusion YFB	Lapointe Hugo	Lanaudière	50,000
Disques Artiste	Perreault Marie-Pier	Lanaudière	50,000
Disques Atlantis	Shock Stefie	Montreal	65,000
Disques Audiogramme	Bélanger Daniel	Montreal	16,125
Disques Indica	Capitaine Révolte	Montréal	31,500
Disques Kappa	Butler Édith	New Brunswick	30,000
Disques Musicor	Le Bouthillier Wilfred	New Brunswick	50,000
Disques Musicor	Le Bouthillier Wilfred	New Brunswick	50,000
Disques New Rock	Pistolets roses	Several Regions	50,000
Disques Passeport	Kaïn	Central Quebec	50,000
Disques Passeport	Veille Amélie	Chaudière-Appalaches	50,000
Disques Star	In Motion	Montreal	70,704
Disques Tox	Philosonic	Chaudière-Appalaches	50,000
DKD Disques	Corneille	Montreal	41,600
Foulespin Musique	Perreau Yann	Lanaudière	51,368
Gestion Son Image	Lavoie Daniel	Manitoba	50,000
Guy Cloutier Communications	Don Juan	Several Regions	30,000
Konfit Music	Thomson	Lanaudière	48,533
Let Artists Be	Karlof Orchestra	Montreal	33,040
Octant Musique	Dumais Nancy	Saguenay-Lac-Saint-Jean	35,690
Octant Musique	Guimont Nicolas	Chaudière-Appalaches	43,906
Octant Musique	Ste-Marie Chloé	Central Quebec	78,368
Orange Music	Krevé Yvon	Manitoba	38,297
Prodat	Archambault Benoît	Montreal	29,764
Productions Bennanah	Brocoli Annie	Montréal	50,000
Productions Byc	Vallières Vincent	Estrie	50,000
Productions Divine Angel	Ima	Montreal	50,000
Productions Jacques K. Primeau	Les Denis Drolet	Laurentides	67,061
Productions Mille-Pattes	Bottine souriante	Several Regions	30,000
Productions Mille-Pattes	Fontaine Théodore	Outaouais	32,671
Productions Pierre Tremblay	Chorales du Québec	Several Regions	50,000
Productions Pierre Tremblay	Drouin Marc	Montreal	43,000
Productions Pierre Tremblay	Laforest Christine	Montreal	50,000
Tacca Musique	Dumas	Central Quebec	29,570
Tacca Musique	Gratton Antoine	Montreal	29,119
Zone 3	François Alain	Central Quebec	50,000
Zone 3	Mix Mania Live	Several Regions	30,000
Zone 3	Pied de Poule	Several Regions	50,000
Zone 3	Quilico Gino	Montreal	50,000

Éric Lapointe

Mathieu Provençal

Plastic Lite

Miranie Morissette

Marie-Élaine Thibert



## FUNDING BY MUSIC CATEGORY

### Alternative

Used here in the sense of an emerging genre

### Country

Genre that groups together country and western music styles

### Contemporary Folk

Musical genre covering the full range of new trends in folk music

### Hip Hop

Musical genre derived from new music trends that include rap and hip hop

### Children's

Musical genre mostly geared toward kids

### Urban

Musical genre derived from new music trends namely rooted in techno, house/ dance, drum'n bass, jungle, tribal, ambient/trance/chill, trip hop, acid jazz and all electronica related genres

### Worldbeat

Musical genre that groups together styles derived from, but not limited to, South America, Central America, Asia, Africa, the Middle East and Caribbean as well as aboriginal music

### Pop rock

Musical genre that covers a wide range of styles, including acoustic rock, contemporary folk and folk rock

### Pop

Over and above vocal performances, mainstream musical genre that covers easy listening to adult pop

### Rock

Musical genre that covers music with a heavier, more accentuated beat

### Traditional

Musical genre that houses roots music

In the last two years, the vast majority of applications received and approved have revolved around pop and pop rock projects. Nevertheless, over 25% of funding was granted to genres that reflect today's musical diversity, such as alternative, contemporary folk, rock, Hip Hop, traditional, world-beat and music for children.

## FINANCEMENT PAR CATÉGORIE MUSICALE

	2004-2005					2003-2004				
	Applications Submitted	Montants Requested	Applications Approved	Montants Offered	%	Applications Submitted	Montants Requested	Applications Approved	Montants Offered	%
Alternative	2	100,000	2	100,000	3.5	3	180,040	2	117,859	5.8
Contemporary Folk	1	50,000	1	50,000	1.8	3	198,002	3	161,039	8.0
Hip Hop	1	66,435	1	50,000	1.8	3	129,936	1	38,297	1.9
Children's	2	155,604	2	150,898	5.3	3	186,349	2	79,764	4.0
Worldbeat	2	115,000	2	92,130	3.2	0	0	0	0	0
Urban	1	53,004	1	50,000	1.8	0	0	0	0	0
Pop rock	11	490,525	11	490,525	17.2	13	707,766	11	496,690	24.7
Pop	38	1,708,128	38	1,617,080	56.7	23	1,564,811	20	976,486	48.5
Rock	4	176,962	4	172,672	6.1	2	83,040	2	83,040	4.1
Traditional	2	105,653	1	75,653	2.6	3	122,038	2	60,000	3.0
	64	3,021,311	63	2,848,958	100	53	3,171,982	43	2,013,175	100



SUCCESS STORIES

Fonds RadioStar funded many 2004-2005  
Juno, ADISQ and Mimi award winning  
projects.

PRIX

Trois Accords	Show 2004	Mimi
Thibert Marie-Élaine	Album of the Year – Best Selling Album	ADISQ
	Best Female Artist	ADISQ
	Francophone Album of the Year	Juno Awards
Shock Stefie	Album of the Year - Pop rock	ADISQ
Loco Locass	Song of the Year	Mimi
	Spoken Word	Mimi
Fortin Fred	Feng Shui	Mimi
Don Juan	Live Show of the Year - Female Artist	ADISQ
Dobacaracol	Cosmopolitan	Mimi
Denis Drolet	Live Show of the Year - Humour	ADISQ
Cowboys Fringants	Group of the Year	ADISQ
Bottine souriante	Album of the Year - Traditional	ADISQ
Bélanger Daniel	Album of the Year – Electronic or Techno Music	ADISQ

Martine St-Clair



Mario Pelchat



Respectables



Marie-Chantal Toupin



Mathieu Gaudet



Some of these artists were also certified by the Canadian Recording Industry Association (CRIA), many for their first releases.

<b>Gold</b>	50,000
<b>Platinum</b>	100,000
<b>Double Platinum</b>	200,000
<b>Triple Platinum</b>	300,000
<b>Diamond</b>	1,000,000

#### CERTIFICATIONS

Bédar Dany	Fruits de ma récente nuit blanche	<b>Platinum</b>	2004
Bédar Dany	Écoute-moi donc	<b>Platinum</b>	2005
Bélanger Daniel	Rêver mieux	<b>Platinum</b>	2002
Chicane	Ent'nous autres	<b>Gold</b>	2003
Corneille	Parce qu'on vient de loin	<b>Platinum</b>	2005
Cossette Sylvain	Rendez-vous	<b>Platinum</b>	2002
Cowboys Fringants	Break syndical	<b>Gold</b>	2002
Cowboys Fringants	La Grand-Messe	<b>Platinum</b>	2005
Desjardins Boom	Boom Desjardins	<b>Gold</b>	2004
Don Juan	Don Juan	<b>Double Platinum</b>	2004
Lapointe Éric	Adrénaline	<b>Platinum</b>	2002
Lapointe Éric	Coupable	<b>Platinum</b>	2004
Lapointe Pierre	Pierre Lapointe	<b>Gold</b>	2005
Le Bouthillier Wilfred	Wilfred Le Bouthillier	<b>Double Platinum</b>	2004
Leloup Jean	La vallée des réputations	<b>Gold</b>	2002
Loco Locass	Amour oral	<b>Gold</b>	2005
Mes Aïeux	En famille	<b>Gold</b>	2004
Mix Mania	Mix Mania	<b>Double Platinum</b>	2003
Moffatt Ariane	Aquanaute	<b>Platinum</b>	2005
Parent Kevin	Les vents ont changé	<b>Platinum</b>	2002
Pelchat Mario	Noël avec Jireh Gospel	<b>Gold</b>	2004
Quilico Gino	Noël	<b>Gold</b>	2003
Shock Stefie	Le décor	<b>Gold</b>	2004
Thibert Marie-Élaine	Marie-Élaine Thibert	<b>Triple Platinum</b>	2005
Toupin Marie-Chantal	Maudit bordel	<b>Platinum</b>	2004
Toupin Marie-Chantal	Non négociable	<b>Gold</b>	2005
Trois Accords	Gros mammouth album trio	<b>Platinum</b>	2004
Villeneuve Annie	Quand je ferme les yeux	<b>Gold</b>	2005

ans alliance et sans  
ans contrat, sans détour  
oute ma vie te dit oui  
sans église, sans discours  
sans alliance et sans cérémonie  
sans contrat, sans détour  
Tout ce que j'suis te l'ai dit...

Ma peau  
est mon seul drapeau  
notre lit est mon pays  
et demain  
dans nos mains  
nous verrons naître la vie



# financial statements

## AUDITOR'S REPORT

To the directors of  
FONDS RADIOSTAR

I have audited the balance sheet of Fonds RadioStar as at August 31, 2005 and the statements of earnings, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. These standards require that I plan and perform an audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit involves examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also involves assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at August 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Denis Thérien  
Chartered Accountant  
September 15<sup>th</sup>, 2005

# STATEMENT OF EARNINGS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED AUGUST 31, 2005

	2005	2004
<b>REVENUE</b>		
Radio broadcaster contributions	\$ 3,961,205	\$ 2,285,722
Interest	102,704	54,155
	4,063,909	2,339,877
<b>EXPENDITURES</b>		
Management fees, rent and other charges	80,187	213,967
Salaries and benefits	82,456	
Professional fees	12,946	5,025
Communications	35,558	
Insurance	2,540	
Meeting expenses	4,328	
	218,015	218,992
<b>SURPLUS AVAILABLE FOR ASSISTANCE CONTRIBUTIONS</b>		
Assistance contributions	3,845,894	2,120,885
	2,331,725	1,268,077
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	1,514,169	852,808
<b>UNRESTRICTED NET ASSETS, BEGINNING OF YEAR</b>	2,677,312	1,824,504
<b>UNRESTRICTED NET ASSETS, END OF YEAR</b>	\$ 4,191,481	\$ 2,677,312

The accompanying notes are an integral part of the financial statements.



# BALANCE SHEET

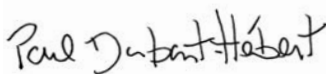
AUGUST 31, 2005

	2005	2004
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 749,374	\$ 1,363,104
Term and demand deposits (note 4)	3,400,000	1,250,000
Accounts receivable (note 5)	55,568	65,793
Prepaid expenses	1,629	1,315
	<b>\$ 4,206,571</b>	<b>\$ 2,680,212</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accrued liabilities	\$ 15,090	\$ 2,900
<b>NET ASSETS</b>		
Unrestricted net assets	<b>4,191,481</b>	<b>2,677,312</b>
	<b>\$ 4,206,571</b>	<b>\$ 2,680,212</b>

APPROVED ON BEHALF OF THE BOARD



**Denis Wolff**  
Chairman



**Paul Dupont-Hébert**  
Treasurer

The accompanying notes are an integral part of the financial statements.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2005

	2005	2004
<b>OPERATING ACTIVITIES</b>		
Contributions received from radio broadcaster	\$ 3,961,205	\$ 2,285,722
Interest received	122,315	53,247
Sales taxes paid	(9,390)	(14,430)
	4,074,130	2,324,539
Assistance contributions paid	(2,331,725)	(1,268,077)
Purchase of goods and services paid	(129,551)	(209,900)
Employee salaries paid	(76,584)	
	(2,537,860)	(1,477,977)
	1,536,270	846,562
<b>INVESTING ACTIVITY</b>		
Term deposit	750,000	
	750,000	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,286,270	846,562
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,863,104	1,016,542
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (note 6)</b>	\$ 4,149,374	\$ 1,863,104

The accompanying notes are an integral part of the financial statements.



# NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2005

## 1- ORGANIZATION'S PURPOSE AND STATUTES

Fonds RadioStar was incorporated on February 16, 2001 under Part II of the Canada Business Corporation Act.

Designed primarily for emerging artists, Fonds RadioStar provides significant funding for the marketing initiatives of Canadian record labels likely to have a discernible effect on the careers of Canadian French-language performers. The support it provides is complementary to existing assistance programs, and adds momentum to marketing efforts. Fonds RadioStar pays non-refundable contributions to eligible label companies.

## 2- FOUNDATION FINANCING

Fonds RadioStar revenue is generated by financial contributions made by broadcast companies to the Canadian Association of Broadcasters (CAB).

## 3- SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the following significant policies:

### Revenue Recognition

Fonds RadioStar uses the deferral method for recording its contributions. Contributions to Fonds RadioStar and its Anglophone counterpart, Radio Starmaker Fund, originate from financial contributions required of broadcast companies by the Canadian Radio-television and Telecommunications Commission (CRTC) during transactions involving the acquisition of broadcast companies. A minimum of 3% of these transactions must be paid to the two new Canadian music marketing funds.

Generally speaking, in transactions involving Francophone stations, 80% of the 3% is paid to Fonds RadioStar; while in transactions involving Anglophone stations, 20% of the 3% is paid to Fonds RadioStar. The Canadian Association of Broadcasters (CAB) is responsible for collecting 3% of the transaction value, which it redistributes to the two funds in accordance with the payment terms accepted by the CRTC. These financial contributions are reported using a cash-based accounting system.

### Income Taxes

Pursuant to the Income Tax Acts (Canada and Quebec), Fonds RadioStar is classified as a non-profit organization and is, therefore, not subject to income tax.

### Contributed Services

Members of the organization's Board of Directors attend Board meetings without monetary compensation. The value of the time donated by these individuals is not recorded in the financial statements, as it would be difficult to measure its fair market value.

### Cash and cash equivalents

For the purpose of cash flows, cash and cash equivalents include cash and cash equivalents that are not restricted as to their use. Cash includes cash. Cash equivalents include term deposits held for short-term cash requirements but not those held for investment purpose. More specifically, they include term deposits whose values are unlikely to incur significant changes, and which mature no later than three months after they are issued.

### Use of estimates

The presentation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2005

### 4- TERM AND DEMAND DEPOSITS

	2005	2004
Term deposit, 3.85%, maturing November 22, 2004		\$ 750,000
Term deposit, 1.9%, maturing September 9, 2004		500,000
Demand deposit, 2.6%, maturing August 16, 2006	\$ 3,400,000	
	\$ 3,400,000	\$ 1,250,000

### 5- ACCOUNTS RECEIVABLE

Accrued interest	\$ 4,204	\$ 23,819
Sales taxes	51,364	41,974
	\$ 55,568	\$ 65,793

The treatment of these sales taxes is currently being reviewed by Revenu Québec, which is contesting the refund entitlement of 50% of sales taxes paid (GST and QST). As at August 31, 2005, a decision was still pending. If the decision is unfavourable, these sales taxes will have to be reported as operating expenses.

### 6- CASH AND CASH EQUIVALENTS AT END OF YEAR

	2005	2004
Cash	\$ 749,374	\$ 1,363,104
Term and demand deposits	3,400,000	500,000
	\$ 4,149,374	\$ 1,863,104

### 7- RELATED PARTY TRANSACTIONS

During the year, the organization disbursed contributions and/or grants totalling \$570,994. The parties are related due to the fact that their representatives are company directors. These related companies satisfy all the criteria established by Fonds RadioStar and as such, do not benefit from any one statute or privilege over another through their representation on the Board of Directors.

Management states that these transactions were executed under the same terms as transactions with non-related parties.

### 8- COMMITMENTS

#### Contributions

Fonds RadioStar is contractually committed to advance contributions totalling \$1,396,813 (2004, \$1,274,201). Of this amount, \$383,994 (2004, \$256,911) represents commitments to related companies.



Un beau matin  
Je suis parti au loin  
Aller mener mon trou  
En Ontario  
J'ai laissé ma femme  
En Saskatchewan  
Je lui ai dit bientôt  
Tu vois un chapeau  
Cava être le mien  
Au bout du chemin  
Et tu diras voilà mon  
Qui arrive de la prairie  
Mais à mon retour  
Mon belle amour  
M'avait sacré la  
Pour en gars de Regina  
J'ai pris mon chapeau  
Et mon lasso  
Je me



# 2005-2006 Program

## ELIGIBILITY REQUIREMENTS

The purpose of Fonds RadioStar is to support Canadian record companies in their promotion and marketing of French-speaking sound recordings. Funding is earmarked for initiatives subsequent to an album's initial marketing phase. The artists must be Canadian citizens (as defined in the Citizenship Act) or permanent residents (within the meaning assigned by the Immigration Act).

### GENERAL ELIGIBILITY REQUIREMENTS

A record label must comply with the following conditions:

- Be Canadian
- Have an active distribution agreement for the project cited on the application with a distributor recognized by MUSICACTION
- Have an active recording contract with the artist in question
- Invest at least \$15,000 (\$25,000 if a video clip is involved) in the opening phase of the marketing of the project. These minimum amounts represent the Significant Investment required from record labels. See the appropriate section for an explanation of how a Significant Investment is determined, and its impact on funding entitlements.
- Comply with the record label related requirements outlined in the Specific Eligibility Requirements section
- Comply with the album related requirements outlined in the Specific Eligibility Requirements section

### BEING CANADIAN MEANS:

1. A "citizen" as defined in the Citizenship Act.
2. A "permanent resident" within the meaning assigned by the Immigration Act.
3. An eligible corporation:
  - a) incorporated under the Canada Business Corporations Act, or under the business corporation act of one of its provinces or territories;
  - b) whose principal place of business is Canada;
  - c) whose chairperson or equivalent is a citizen or permanent resident of Canada;
  - d) where, at all times, more than half of its directors or equivalent are citizens or permanent residents of Canada;
  - e) where, at all times, more than half of its directors or equivalent – according to the number of members required for the board to achieve quorum – are citizens or permanent residents of Canada;
  - f) for stock companies, where Canadians directly or indirectly constitute 50% plus one of voting shareholders or beneficial owners with a controlling interest other than stocks (majority control);
  - g) for privately-owned corporations, where at least 51% of the total monetary value of the company's assets is directly or indirectly held by Canadian beneficial owners or Canadians with a controlling interest (majority control).
4. A partnership, trust or co-ownership in which an individual or a group of individuals previously referred to in 1, 2 or 3 holds, directly or indirectly, as either a beneficial or controlling owner, 51% of the total monetary value of the assets of the partnership, trust or co-ownership, depending on the case, and for which the chairperson or equivalent and more than half of the directors or equivalent are individuals as defined in 1 and 2.
5. A non-profit organization, where more than half its members and directors are individuals as defined in 1 and 2.

**Note:** An eligible person or corporation who/that is controlled in any manner by another person or entity that is not Canadian, and where this results in control in fact, whether directly through the ownership of securities or indirectly through a trust, an agreement, an arrangement or otherwise, is deemed not to be Canadian for the purposes of this program.

## SPECIFIC ELIGIBILITY REQUIREMENTS

### Recognized record labels

A recognized record label must also meet the following conditions:

- Be in business for at least two years
- Have marketed, in the regular retail circuit, a minimum of three new albums in the 36 months preceding the application's submission, including re-recordings, but excluding re-releases and compilations. The distribution of the said albums must have had to have been carried out by a MUSICTION-recognized distributor.

### Emerging record labels

An emerging record label must also meet the following conditions:

- A record label is ineligible if the sole artist it represents also holds half (50%) or more of the company's voting and participatory shares
- When a record label represents an artist holding half (50%) or more of the company's voting and participatory shares, it may be entitled for funding if it also represents a second artist with whom/which it has a recording contract, and whose album is a new release, having been marketed no more than 18 months from the time of the application's submission

- Have an organizational structure that is operational, i.e. have at least one full-time employee or a team under contract (radio promotion, media relations, artist management, publishing, etc.)
- Demonstrate its Significant Investment by providing receipts and proofs of payment for expenses related to the project

### Artists living outside Quebec

Artists who meet the following conditions can apply for Fonds RadioStar funding:

- Be Canadian
- Support their claim that they have been residing outside Quebec for at least one year with 2 of the following proofs of residence: income tax return, residential lease or public utility bill
- Have a distribution deal in effect for the album they are applying for with a MUSICTION-recognized distributor
- Demonstrate their Significant Investment by providing receipts and proofs of payment for expenses related to the album

### Eligibility requirements for albums and music DVDs

- An album is eligible provided its initial release is within the predetermined period, i.e. 18 months prior to the application round deadline and up to 4 months thereafter
  - Over 50% of the tracks on the album must be designated as Canadian content, as per the CRTC's MAPL system. To qualify as Canadian content, a musical selection must fulfill at least two of the following conditions:
    - M**: the music is composed entirely by a Canadian
    - A**: the music is, or the lyrics are, performed principally by a Canadian
    - P**: the musical selection consists of a live performance that is either recorded wholly in Canada, or performed entirely in Canada and broadcast live in Canada
    - L**: the lyrics are written entirely by a Canadian
  - 70% of the master recording's content must be in the French language (either 70% of the tracks or 70% of the total album time)
  - The album must contain at least 8 different songs or music content 30 minutes long
  - The music DVD must contain images that are synchronized with an artist's musical performance
  - A live project is eligible provided it is marketed at least 12 months after the artist's previous album release and contains at least 2 new songs. Eligibility for funding is limited to one live project (album or DVD) following the release of a studio album
  - The original master recording of the album being marketed must be owned by a Canadian company
  - Album projects related to musicals are eligible provided they involve a significant number of emerging artists. This will be reviewed for 06-07 based on the availability of funds
- The following projects are ineligible:
- Re-releases and compilations. Re-recordings, however, are eligible
  - Albums associated with television shows
  - Theme compilations, such as two or more artists who are not generally recognized or reputed as a duo or group reuniting for the purpose of a theme, concept or cause
  - Albums for which the artists cannot be identified
  - Documentary and film DVDs
  - DVDs derived from or based on television shows

## SIGNIFICANT INVESTMENT

- As a general rule, "Significant Investment" refers to the marketing budget a record label earmarks for a recording. It does not include funding from Fonds RadioStar, MUSICACTION, MaxFACT, VideoFACT and PromoFACT.
- The fund will consider a portion of eligible promotional expenses incurred by other partners in conjunction with the record label as a Significant Investment, under the condition that the label has invested at least \$10,000 and that third-party financial support never represents more than 33% of the total sum of the Significant Investment.

The Significant Investment is the prevailing factor in the application process, as it ascertains the Applicant's eligibility and determines the level of funding the Applicant is entitled to for additional marketing related expenses. The following is considered when establishing the Significant Investment amount:

- Internal media relation budget set at \$3,500
- Internal radio tracking budget set at \$2,500
- Fees related to the production of video clips or the visual component of a music DVD are limited to \$35,000
- Fees related to live tours are limited to \$10,000
- Fees related to the production of a music DVD are ineligible
- Refunds carried out under MUSICACTION's marketing equity loan program are excluded
- Recoupable expenses are excluded

A recognized record label can show proof of its Significant Investment after the agreement is signed. In this case, a maximum initial commitment of \$50,000 is authorized, and the first disbursement constitutes a maximum of \$25,000.

Emerging labels and artists living outside Quebec must present proof of their Significant Investment at the time of application. The initial disbursement is 50% of the funding approved.

## DISTRIBUTORS RECOGNIZED BY MUSICACTION

- DEP Distribution
- Distribution APCM
- Distribution Bros
- Distribution Fusion III
- Distribution Plages
- Distribution S.R.I.
- Distribution Sélect
- EMI Music Canada
- Festival Distribution
- Interdisc Distribution (2003)
- Local Distribution
- Outside Music
- Sony BMG Music (Canada)
- Unidisc Music
- Universal Music Group
- Warner Music Canada

# APPLYING FOR FUNDING

All promotion and video related funding applications must include the following documents:

- Application, Significant Investment Budget and Video Promotion Budget sections of the form
- Detailed marketing project (see the Evaluating Applications section)
- Production related agreements (artist's contract, licensing)
- Distribution contract
- Sound recording reproduction license if album not financed by MUSICACTION
- Artist's discography (title, producer, label, release date, copies sold), if applicable
- Agent/Manager sign-off letter, unless the applicant is self-managed
- If applicable, copy of radio placement agreement if the cost is \$5,000 or more
- Itemized price quote from company hired or subcontracted to shoot the video
- Formal estimate of visual production costs for a DVD

All live touring related funding applications must include the following documents:

- *Application* section of form if Applicant is not the record label
- *Tour Budget* and *Tour Plan* sections of the form
- Show production contract
- Live show contract and venue rental agreement (when available)

Recognized record labels must also provide the following information:

- MAPL sales for the previous three years, per year, along with distributor reports
- List of Top 100 BDS spins for the previous two years

Emerging record labels must also provide the following information:

- MAPL sales for the year preceding the submission of the application along with distributor reports, if applicable
- Complete list of Top 100 BDS spins for the year preceding the submission of the application, if applicable
- List of Canadian artists under contract, if applicable
- Résumés of shareholders

Artists living outside Quebec must also provide the following items:

- Career MAPL sales along with distributor's reports
- Proof of citizenship and residence

Fonds RadioStar opens a master file on the companies that receive funding. For the purpose of reviewing and evaluating projects, the following documents are required:

- Constitutive documents
- Reports submitted to the *Inspecteur général des institutions financières*
- Audited financial statements or review engagement report for the label and related companies involved in the application in the last 12 months



# FUNDING

## NATURE AND PURPOSE OF FUNDING

Fonds RadioStar funding constitutes a grant for the purpose of promoting and marketing a specific album.

## DETERMINING THE LEVEL OF FUNDING

In addition to the Significant Investment budget, the record label must also present a separate budget for the new marketing expenses the funding would help cover, and for which Fonds RadioStar has been created. Also considered when determining the level of funding are the quality of the marketing plan, the record company's solvency, and the availability of funds.

- Funding may be matched to a maximum of 200% of the Significant Investment. Example: if the Significant Investment is \$25,000, the fund can potentially grant up to \$50,000.
- Financial aid to a recognized record label is limited to \$100,000 per project and \$200,000 per year for the combined projects.
- Financial aid to an emerging record label is limited to \$100,000 per project and \$100,000 per year for the combined projects.
- Funding for artists living outside Quebec is capped at \$100,000 per project. Access is limited to one project at a time.
- Since Fonds RadioStar is primarily intended for emerging artists, funding is capped at \$30,000 if the artist who is the subject of the request has already earned a platinum record (100 000 copies of the same album sold in Canada) during the course of his or her career.

## ELIGIBLE EXPENSES

- Expenses incurred from the date the application is submitted
- Expenses carried out in Canada only
- Album launch, promotional tour, showcases
- Media relations
- Radio promotions
- Promotional material (press kit, photographs, album giveaways, posters, radio clip, CD-ROM presentation of the artist, merchandising)
- Contests
- Advertising (media buying, retail posters and shelf placement)

These expenses are eligible but carry the following restrictions:

- Internal media relations: \$5,000
- Radio promotions:
  - Internal tracking: maximum 2 singles at \$2,500 per
  - External tracking: maximum 2 singles at up to \$2,500 per
- Visual production (video clip, DVD, Internet advertising and TV ads):
  - Maximum amount of \$25,000
  - There is, however, a \$20,000 limit for the initial marketing phase
- Website: \$5,000

- Touring:
  - Maximum sum of \$10,000 for an opening phase of up to \$50,000
  - Maximum supplement of \$5,000 for a second phase of up to \$25,000 of expenses totaling up to \$75,000
  - Maximum supplement of \$5,000 when expenses total more than \$75,000
- A budget item cannot represent more than 50% of eligible expenses, with the exception of radio placement

#### INELIGIBLE EXPENSES

- Equipment purchases
- Expenses incurred prior to the application's submission
- All expenses paid for in cash
- Auditing fees, legal fees, fines
- Recoverable taxes, income taxes, contributions or similar fees of any kind
- Interest charges on late/overdue payments
- The same expense cannot be submitted for Fonds RadioStar and MUSICACTION funding

#### APPLICATIONS FOR FUNDING AND MARKETING PHASES

No more than \$100,000 in funding can be approved per marketing project. This financial aid can be issued in three separate phases over a maximum two-year period following the album's release and upon presentation of the supporting documentation required for the immediately preceding phase. Upon signing a binding agreement with Fonds RadioStar, the label has nine months to complete the project.

The record label is entitled to delegate the handling and management of the touring funding to the show producer. This arrangement requires the show producer to fill out the Application, Tour Budget and Tour Plan sections of the form, and have the label sign in the appropriate box.

#### DISBURSEMENT OF FUNDS

- If the label has demonstrated having made a Significant Investment, 50% of approved funding is released once the agreement is signed
- If the label cannot demonstrate having made a Significant Investment, funding cannot exceed \$50,000, and the initial disbursement cannot be more than \$25,000
- With proof of Significant Investment, a second disbursement representing 25% of funding is released upon presentation of receipts and proofs of payment for expenses related to the amount previously disbursed

- A final disbursement is made after a review of a user report that includes the following elements:

- *Report, Significant Investment Statement, Video Promotion Statement and Completion Phases* sections of the form
- *Tour Statement* and *Tour Plan* sections when touring funding granted
- Detailed chart of expenses must be provided (see Phase Completion Report section)
- Receipts and proofs of payment substantiating the Significant Investment, if applicable
- Receipts and proofs of payment related to the approved funding

The applicant is required to send us 20 copies of the album having received Fonds RadioStar funding, either at the time the application is approved or once the album is released.

## ELIGIBLE PROOFS OF PAYMENT

Below are the payment methods accepted and supporting documentation that can be used to substantiate a payment:

- Cleared cheque
- Credit card: monthly statement and cleared cheque
- Debit card: transaction stub and monthly bank statement
- Expenses paid by the distributor: distributor monthly statement on which appears the transaction
- Internet: transaction confirmation and bank statement

### LOGO

The Recipient agrees to recognize the financial support obtained by Fonds RadioStar by including the fund's logo on the CD cover, video clip opening credits, and any advertising related to the project's funded marketing efforts. The logo can be downloaded from the Fonds RadioStar website.



Failure to comply with this condition carries a 7.5% penalty or the cancellation of the project's administrative fees.

# EVALUATING APPLICATIONS

Applications are approved by the Board of Directors, on the recommendation of the program's General Manager and Coordinator. An evaluation chart is used to rate eligible projects by priority. It is available upon request. Three factors are considered: the track record of the Applicant, the track record of the artist, and the marketing plan.

- Projects that fail to obtain a score of 50% are immediately rejected and not submitted to the board
- A project's approval is based on its ranking and the availability of funds
- Projects that obtain the minimal score of 50% or above, and that involve a radio placement expense of \$5,000 or more, receive an additional five grade points

## APPLICANT TRACK RECORD

Recognized record labels are evaluated on the basis of their MAPL sales over the last three years and the number of Top 100 BDS spins in the previous two years.

Emerging record labels are evaluated on the basis of their MAPL sales over the previous year and the number of Top 100 BDS spins in the previous year. Also factored in are the Applicant's years of experience in the sound recording industry as a producer, manager, publisher or distributor, as well as the number of Canadian artists it represents.

Since priority is given to emerging artists, the evaluation of artists living outside Quebec factors in the number of albums and career sales.

Said Canadian artist(s) is one who is legally bound to the Applicant by way of a recording contract that is in effect (exclusive recording contract, joint production agreement, license). For a contract to be deemed in effect, or active, the deadlines for completing the main project and any resulting subsequent options must be complied with. This contract must be submitted along with the application.

## ARTIST TRACK RECORD

The artist's track record is evaluated on the basis of his combined career sales and the number of Top 100 BDS spins from his latest album. Emerging artists are given priority.

The artist's latest album refers to his latest new release, not including the following: Christmas album, compilation, live album, children's album, double or triple album, album on which the artist for whom the request is being made is not the principal performer.

Artists previously belonging in a band and applying for funding as solo artists for the first time cannot use their previous track record as part of their evaluation requirements.

## MARKETING PLAN

All of the following elements are factored into the evaluation of a project:

- Presentation of artist and exposure acquired, if applicable
- Presentation of album and target market
- Description of project, conditions proper to its rollout based on musical genre and its capacity to be redirected on the basis of the success it achieves
- Definition of marketing strategy and orientation:
  - Promotional campaign (launch, media presence, contests, video clip)
  - Radio strategy plan and schedule (radio format and tracking)
  - Advertising campaign
  - Retailer exposure and shelf placement
  - Concert tour plan and schedule
- Production schedule per stage (specific objectives, activities, duration)
- Description of work to be undertaken by promotion and media relation staff (approaching towns/regions, approaching media, etc.)
- Demonstrate that Fonds RadioStar funding constitutes a complementary investment that would allow for a more significant marketing endeavour



# EVALUATION CHART

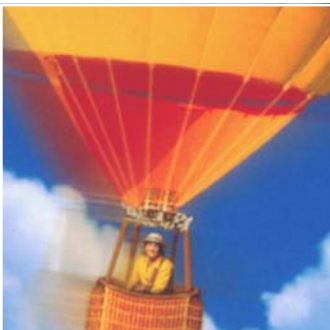
## RECOGNIZED RECORD LABEL

<b>1. APPLICANT TRACK RECORD</b>	<b>20</b>
<b>1.1 Sales for the previous three years (MAPL)</b>	<b>7.5</b>
Over 200,000 copies	7.5
150,000 to 200,000 copies	4.5
100,000 to 150,000 copies	3
50,000 to 100,000 copies	1.5
<b>1.2 Sales in the year preceding the application (MAPL)</b>	<b>5</b>
Over 100,000 copies	5
50,000 to 100,000 copies	3
25,000 to 50,000 copies	2
Under 25,000 copies	1
<b>1.3 Top 100 BDS spins in the previous two years</b>	<b>7.5</b>
100 points and over	7.5
70 to 99 points	4.5
40 to 69 points	3
Under 40 points	1.5
<b>2. ARTIST TRACK RECORD</b>	<b>30</b>
<b>2.1 Artist's career sales</b>	<b>5</b>
Over 50,000	5
20,000 to 50,000	4
10,000 to 20,000	3
5,000 to 10,000	2
3,000 to 5,000	1
<b>2.2 Number of albums by the artist</b>	<b>15</b>
1 <sup>st</sup> album	15
2 <sup>nd</sup> album	10
3 <sup>rd</sup> album	6
More than 3 albums	3
<b>2.3 Chart position of the artist's previous album</b>	<b>5</b>
70 points and over	5
55 to 69 points	4
40 to 54 points	3
25 to 39 points	2
3 to 24 points	1
<b>2.4 Supporting structure</b>	<b>5</b>
Agent/Manager	2
Producer	1
Publisher	1
Touring	1

## EMERGING RECORD LABEL

<b>1. APPLICANT TRACK RECORD</b>	<b>20</b>
<b>1.1 Sales in the year preceding the application (MAPL)</b>	<b>5</b>
Over 40,000 copies	5
20,000 to 40,000 copies	4
10,000 to 19,999 copies	3
4,000 to 9,999 copies	2
Under 3,999 copies	1
<b>1.2 Top 100 BDS spins in the previous year</b>	<b>5</b>
50 points and over	5
35 to 49 points	4
20 to 34 points	3
Under 20 points	2
<b>1.3 Number of Canadian artists represented</b>	<b>5</b>
5 and over	5
4	4
3	3
2	2
1	1
<b>1.4 Applicant's years of experience</b>	<b>5</b>
15 years and over	5
12 to 14 years	4
8 to 13 years	3
5 to 7 years	2
2 to 4 years	1
<b>3. MARKETING PLAN</b>	<b>50</b>
<b>3.1 Artist and project presentation</b>	<b>5</b>
Artist presentation	1
Exposure acquired to date	1
Album presentation	1
Target market/audience	1
Project's intrinsic difficulties and their solutioning	1
<b>3.2 Elements of the marketing plan</b>	<b>30</b>
Promotional campaign	6
Radioplay tracking	6
Advertising campaign	6
Retail shelfspace/exposure	6
Live show tour plan and schedule	6
<b>3.3 Adaptability of promotinal plan and reorientation</b>	<b>5</b>
<b>3.4 Step-by-step production/ rollout schedule</b>	<b>5</b>
<b>3.5 Radio promotion team (city centres/regions, strategy)</b>	<b>2.5</b>
<b>3.6 Media relations team (city centres/regions, media strategy)</b>	<b>2.5</b>

Arthur l'aventurier



Vincent Vallières



Dédé Traké



Émily Bégin



Petite Jacinthe





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