



Table of Contents

- President's message
- **FONDS RADIOSTAR**
- Backgrounder
- Objectives
- **Partners**
- Board of directors
- Fund management
- Renewing the program
- Financial results
- 6 Financial resources
- Administration fees
- Commitments and disbursements
- Residual balance of funding commitments
- Disbursements by expenses

Evaluation of results

- Supporting new artists
 - Regional allocations
- Approved projects

9

12

- Funding by music category
 - Success stories

2007-2008 Financial statements



President's message



Subsequent to a major review, the 2007-2008 Fonds RadioStar program reflects now more than ever the guiding principles on which it was originally founded.

Changes such as refocusing mainly on emerging artists, relaxing sales requirements for first albums, and declining funding to artists with album sales of 300,000 copies or more have made it possible to dedicate 88% of the financial aid to new and rising artists. What's more, the funding is going to a wider variety of music genres, reflecting the growing diversity of recording artists.

Replacing the initial investment requirement with an entry-level prerequisite based on sales performance has resulted in fewer applications and an increase in the number of approvals. The fund's resources are being managed more effectively, and applicants have a clearer and more consistent understanding of what is expected of them.

Also, by requiring more innovative and bolder strategies from music promoters, the fund is positioning itself as a leading supporter of creative marketing ideas and original solutions capable of meeting the challenges of today's music industry. The fund will provide aid to initiatives "that would otherwise never get off the ground without funding." This should give you an indication of the extent to which we will no longer consider the requisite basic and standard promotional initiatives covered by other funding programs and included in the company's regular business plan.

Finally, the fund must continue to be flexible and responsive to changes in the music world as they arise. We must think about how the funding can support digital production and promotion strategies so instrumental to developing the careers of young artists.

As my two-year mandate as President comes to a close, I am as convinced as ever that the Fonds RadioStar must serve as a catalyst for innovation on the part of record labels, so they can promote music careers more effectively, and more imaginatively.

Pierre Rodrigue

President

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.

November 9, 2000, the CRTC approved a CAB and ADISQ joint proposal outlining the Fonds RadioStar's terms and structure. A similar proposal was ultimately tabled for the English-speaking market, giving rise to the Radio Starmaker Fund in March 2001.

Since August 2001, the 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 the Fondation MUSICACTION, under the direction of the Fonds RadioStar Board of Directors. The fund's program and rules, which are completely separate from those of MUSICACTION, are managed independently.

In December 2006, the new CRTC Policy on Commercial Radio recommitted the allocation of 3% of the value of radio acquisition transactions to the Fonds RadioStar and its English-language counterpart, the Radio Starmaker Fund.

OBJECTIVES

- The purpose of the fund is to promote Canadian French-language music, referring requests for projects in a language other than French as well as instrumental music projects to the Radio Starmaker Fund.
- The fund's goal is to supply private radio broadcasters with quality, diversified francophone music.
- 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 Canadian owned and controlled record labels, 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.



Pamela, 120 milles à l'heure (detail

PARTNERS

629112 SASKATCHEWAN LABBE MEDIA
ASTRAL MEDIA RADIO NEWCAP

CHUM R.B. COMMUNICATIONS

COGECO DIFFUSION RADIO DIFFUSION SOREL-TRACY

CORUS ENTERTAINMENT RNC MEDIA

CTVGLOBEMEDIA ROGERS BROADCASTING

GOLDEN WEST BROADCASTING STANDARD RADIO

H.F. DOUGALL COMPAGNY VISTA BROADCAST GROUP

HALIBURTON BROADCASTING GROUP WESTMAN MEDIA COOPERATIVES

HDL INVESTMENTS XM CANADA

JIM PATTISON GROUP













BOARD OF DIRECTORS

President Pierre Rodrigue Vice-president, Sales & Marketing Astral Media Radio Vice-president Yves-François Blanchet President, Diffusion YFB Treasurer Stéphanie Moffatt President, Mo'fat Management Sylvie Courtemanche Vice-president, Governmental Relations CORUS Secretary Director Richard Lachance Vice-president Radio Cogeco Director Claude Laflamme Vice-president, Corporate and Regulatory Affairs Astral Media Radio Director Marc Ménard Professor École des médias UQAM Director Mark Lazarre President, Productions Benannah Director Michel Normandeau Independent Director Michel Sabourin President, Disques Atlantis Director

FUND MANAGEMENT

General Management Andrée Ménard
Program Coordination Louise Chenail
Information Jacinthe Roy
Administration Nicole Rouabah
External Auditor Denis Thérien CA

Renewing the program

On June 8, 2007, the Board of Directors adopted a significantly redefined Fonds RadioStar program, which came into effect the financial year of 2007-2008. The changes were major, and were made in compliance with the guiding principles of the program, which are:

- Promoting diversified Canadian French-language music
- Supporting eligible Canadian emerging artists
- Reserving funding for second marketing phases following the applicant's own initial marketing spending
- Serving as complementary funding to the applicant's own investment

















The new criteria respecting the 2007-2008 program are as follows:

- Access to funding is now primarily governed by minimum sales requirements, which are based on music category and career album sales. The requirements for a first album are lower than for a second release, and so on. This criterion makes it possible to guarantee an applicant is in a position to make a significant initial investment and to determine a project's real potential for success.
- Receiving additional funding for a second marketing phase is also conditional upon achieving the required sales requirements, which are of course higher than for the first phase.
- Funding is limited to 2/3 of the budget for eligible expenses, not including all initial marketing related spending.
- In keeping with the program's mission to support emerging artists, performing artists with album sales of 300,000 copies or more are no longer eligible for the program.





















Financial results

FINANCIAL RESOURCES

Monies for the 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 the Fonds RadioStar. In the case of transactions affecting the English-language market, the Fonds RadioStar receives 20% of benefits.

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 the Fonds RadioStar.

These contributions totalled \$2,743,551 in 2007-2008. The combined total since the fund's creation in 2001-2002 is \$18M. Contributions to the Fonds RadioStar are expected to reach \$32M by 2015.

ADMINISTRATION FEES

The administration fees for this seventh financial year have been set at 7.9%. The fund's average administrative fees since inception is 9.1%. 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, 449 projects have been received and 384 projects have been accepted, for an approval rate of 86%. The approval rate, which was 78% in 2006-2007 due to the record number of applications received, was 100% this year. This was largely the result of the program's extensive review and the new funding application criteria.

The expected scaled back contributions from radio broadcasters prompted the Board to spread the available sums over a greater number of years, thus extending the life of the fund and guaranteeing a steady availability of funding each year. In 2007-2008, the Fonds RadioStar's financial commitments amounted to \$1,949,849, compared with \$3,315,015 the previous year and \$3,104,566 in 2005-2006.



Anik Jean, Le ciel saigne le martyre (detail)

	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	Tota
Application Susmitted	51	103	79	64	53	46	53	449
Amount Requested	\$2,018,033	\$4,773,602	\$3,321,515	\$3,021,311	\$3,171,982	\$2,158,990	\$2,153,585	\$20,619,018
Applications Approved	51	80	78	63	43	33	36	384
Amount Offered	\$1,949,849	\$3,315,015	\$3,104,566	\$2,848,958	\$2,013,175	\$1,506,415	\$1,236,314	\$15,974,292
Amount Disbursed	\$1,990,583	\$2,827,781	\$2,316,105	\$2,331,725	\$1,311,619	\$1,038,105	\$ 501,276	\$12,317,194

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 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. In 2007-2008, the fund disbursed \$1,990,583, compared with \$2,827,781 the previous year, bringing the balance of funding commitments to \$1,043,082.

DISBURSEMENTS BY EXPENSES

A review of the applicants' expense reports for projects completed in 2007-2008 shows that most of the spending is reserved for image production, totalling 15.2%, as opposed to 9.9% the previous year. In 2006-2007, live shows accounted for most of the spending with 14.9%, compared with 10.7% this year.

Television advertising disbursements rank second with 14.5%, same as the previous year. Radio advertising slips from fourth to eighth, dropping from 11.4% to 7.5% of expenses.

EXPENSES

	2007-2008		2006-200)7
	Amount	%	Amount	%
Image Production	\$ 381,960	15.2	\$ 267.277	9.9
Promotion	233,489	9.3	342,970	12.8
Media Relations	266,040	10.6	246,601	9.2
Radio promotions	153,985	6.2	143,599	5.3
Web	104,733	4.2	82,405	3.1
Television	362,928	14.5	390,151	14.5
Radio	188,808	7.5	305,420	11.4
POS displays	219,608	8.8	175,219	6.5
Print	206,983	8.3	215,045	8.0
Billboard	30,525	1.2	68,873	2.6
Tour support	87,867	3.5	50,265	1.9
Live shows	269,162	10.7	401,761	14.9
Total	\$2,506,088	100.0	\$2,689,586	100.0



Evaluation of results

SUPPORTING NEW ARTISTS

In keeping with its objectives, the Fonds RadioStar has been primarily funding emerging artists. In 2007-2008, 46% of funding approved was for first albums from Canadian francophone artists, 23% was allocated to second releases, and 19% went to third releases, for a total of 88% of monies earmarked for emerging artists. Artists having released 4 or more albums represented only 12% of approved funding, compared with 22% in 2006-2007.

NEW ARTISTS						
		2007-2008			2006-2007	
	Applications Approved	Amount offered	% amount approved	Applications Approved	Amount offered	% amount approved
1 st album	22	\$ 900,818	46	30	\$1,354,106	41
2 nd album	12	449,613	23	22	903,111	27
3 rd album	11	375,000	19	8	340,000	10
4 albums and above	6	224,418	12	20	717,798	22
Total	51	\$1,949,849	100	80	\$3,315,015	100

NEW ARTISTS						
		2005-2006			2004-2005	
	Applications Approved	Amount offered	% amount approved	Applications Approved	Amount offered	% amount approved
1 st album	33	\$ 1,226,281	39	35	\$ 1,578,369	55
2 nd album	27	1,136,609	37	8	354,936	12
3 rd album	8	327,706	11	8	405,653	14
4 albums and above	10	413,970	13	12	510,00	18
Total	78	\$ 3,104,566	100	63	\$ 2,848,958	100

REGIONAL ALLOCATIONS

In 2007-2008, four artists from francophone communities in Canada obtained funding, compared with five in 2006-2007 and 2005-2006. Two are from New Brunswick and two are from Ontario.



Jorane, Vers à soi (detail)

Approved projects

Artist	Applicant	Region A	mount \$
3 gars su'l sofa	Productions Pixelia	Several regions	50,000
Alfa Rococo	Tacca Musique	Montreal	14,675
Arthur l'Aventurier	Gregg Musique	Quebec	54,732
Arthur l'Aventurier	Gregg Musique	Quebec	25,268
Béland Marie-Luce	Disques Passeport	Mauricie	60,000
Bernier Francis	Christal Musique	Quebec	50,000
Blanchard Annie	Disques Musicor	New Brunswick	50,000
Brassée	Déjà Musique	Abitibi	50,000
Breastfeeders	Disques Blow the Fuse	Montreal	25,410
Cobna	Disques 13 Deep	Montreal	36,401
Damien	Gestion Ace	Eastern Townships	48,382
D'Astous Mathieu	À l'Infini Communications	New Brunswick	50,000
Désilets Alexandre	Gestion Denis Wolff	Montreal	35,868
Desjardins Boom	Entourage Musique	Abitibi	30,000
Dubé Charles	Tacca Musique	Laurentides	28,090
Dufresne Diane	Productions Jean-Pier Doucet	Montreal	60,000
Dumas	Tacca Musique	Central Quebec	15,000
Dupré Marc	Disques Musicor	Laval	50,000
Fortin Marc-André	Disques Musicor	Saguenay- Lac-St-Jean	15,000
Fréres Cheminaud	Productions New Rock	Montreal	22,373
Gaële	Productions de l'Onde	Montreal	49,866
Gagnon Audrey	Disques Musicor	Laval	50,000
Gatineau	C4 Productions	Gatineau	52,495
Imposs	Groupe K Pone	Montreal	50,000
Jean Anik	Tacca Musique	Bas-Saint-Laurent	48,660
Jorane	Tacca Musique	Quebec	21,247
Jordane	Disques Tox	Montreal	50,000
Kaïn	Disques Passeport	Central Quebec	30,000
Karkwa	Disques Audiogramme	Gaspésie	50,000
Lacroix Stage	Productions Pierre Tremblay	Montreal	32,627
Lacroix Stage	Productions Tram	Montreal	10,000
Léon Martin	Cie Larivée Cabot Champagne	Quebec	23,455
Lépine Marie-Annick	Cie Larivée Cabot Champagne	Lanaudière	29,087
Lindsay Andréa	Gestion Son Image	Ontario	34,752
Major Catherine	Productions de l'Onde	Montreal	46,767

Artist	Applicant	Region A	Amount \$
Marie-Mai	Disques Musicor	Montérégie	50,000
Marie-Mai	Disques Musicor	Montérégie	15,000
Marie-Mai	Productions J	Montérégie	15,000
Minière Jérôme	Cie Larivée Cabot Champagne	Montreal	18,505
Moffatt Ariane	Disques Audiogramme	Quebec	30,000
Montano Corneliu	Gestion Son Image	Montreal	17,790
Navet Confit	Gestion Son Image	Québec	41,122
Painchaud Jonathan	Sphère Musique	Îles-de-la-Madeleine	60,000
Pamela	Productions Fly Décibels	Lanaudière	57,674
Pelletier Claire	Studio Oule-Dire	Bas-Saint-Laurent	44,666
Rocheleau Linda	Déjà Musique	Abitibi	50,000
Samian	Disques 7 ^e Ciel	Abitibi	50,000
Sans Pression	Disques 13 Deep	Montreal	50,000
Shock Stefie	Productions Alain Dupuis	Montreal	30,000
Yves Lambert et le Bébert Orchestra	Prûche Libre	Mauricie	60,000
ZPN	Muipatayi David	Ontario	9,937

1,949,849



Alexandre Désilets, Escalader l'ivresse (detail)

Funding by music category

Alternative

Country

Contemporary Folk

Hip hop

Children's

Urban

Worldbeat

Pop rock

Pop

Rock

Traditional

Used here in the sense of an emerging genre

Genre that g. together country and western music styles

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

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

Musical genre mostly geared toward kids

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

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

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

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

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

Musical genre that houses roots music



Damien, Plus que jamais (detail)



Cobna, Garde un œil ouvert (detail)

Marie-Mai, Dangereuse attraction (detail)

Pop and pop rock projects continue to account for the vast majority of the applications received and approved this year, at 60.8%. Nevertheless, this represents a decline for a third consecutive year, i.e. from 66% in 2006-2007, 69.2% in 2005-2006 and 77.8% in 2004-2005. Hence, year after year the funding increasingly reflects the trend for the growing diversity of music genres.

A sign of the times, hip hop projects rose this year to 14.7% from 6.1% last year. Until 2005-2006, hip hop funding accounted for less than 2% of the sums approved. Funding for alternative music also increased, to 6.5%, thus regaining a share of funding similar to the levels it enjoyed during the fund's first three years.

Funding for contemporary folk and rock music projects dropped significantly compared with 2006-2007. The year-to-year gap for the former category was within the norm. As for rock music projects, they received the lowest level of financial aid in the history of the fund, i.e. 2.8%.



Les fréres Cheminaud, Les hommes des tavernes (detail)



FONDING BY MUSIC CATEGORY										
			2007-2008					2006-2007		
CAO.	Applications Submitted	Amount Requested	Applications Approved	Amount Offered	%	Applications Submitted	Amount Requested	Applications Approved	Amount Offered	%
Alternative	3	\$ 131,310	3	\$ 126,990	6.5	4	\$ 179,741	3	\$ 156,925	4.7
Country	2	72,373	2	72,373	3.7	2	63,000	2	62,500	1.9
Contemporary Folk	1	31,897	1	29,087	1.5	8	301,517	6	238,166	7.2
Hip hop	6	288,513	6	287,278	14.7	4	213,682	4	200,906	6.1
Jazz	0	0	0	0	0.0	0	0	0	0	0.0
Children's	2	85,268	2	80,000	4.1	3	230,000	2	80,564	2.4
Worlbeat	1	27,009	1	21,247	1.1	2	79,980	2	76,875	2.3
Urban	2	33,591	2	28,442	1.5	2	84,269	1	30,090	0.9
Pop rock	8	269,379	8	265,000	13.6	15	758,819	13	574,852	17.3
Pop	23	949,050	23	924,022	47.4	53	2,354,039	40	1,574,547	47.5
Rock	2	69,643	2	55,410	2.8	7	346,611	7	319,590	9.7
Traditional	1	60,000	1	60,000	3.1	3	161,944	0	0	0.0
Total	51	\$2,018,033	51	\$1,949,849	100	103	\$4,773,602	80	\$3,315,015	100

Success stories

The Fonds RadioStar funded many 2007-2008 ADISQ award winning projects.

ARTIST AWARDS-ADISQ

Bélanger Daniel

Boulay Isabelle

De Grandpré Frédérick

Dubois Claude

Lapointe Pierre

Mes Aïeux

Perreau Yann

Tricot machine

Trois Accords

Album of the Year – Pop rock

Songwriter of the Year

Female Performer of the Year

Album of the Year - Country

Live Show of the Year - Performer

Soundman of the Year

Album of the Year – Jazz Performance

Album of the Year – Pop

Live Show of the Year – Singer-Songwriter

Music Video of the Year

Song of the Year

Musical Group of the Year

Album of the Year – Best selling Album

Album of the year – Contemporary Folk

Stager of the Year

Best new artist

Album Cover of the Year

Album of the year – Rock

Website of the Year





Certifications

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

CERTIFICATIONS

	CD	DVD
Gold	50,000	5,000
Platinum	100,000	10,000
Double Platinum	200,000	20,000
Triple Platinum	300,000	30,000
Diamond	1,000,000	100,000



Linda Rocheleau, Je suis qui je suis (detail

ALBUM CERTIFICATIONS

Year	Artist	Album	Certification
2007	Artistes variés	Duos Dubois	Double Platinum
2006	Artistes variés	Quand le country dit bonjour	Gold
2005	Bédar Dany	Écoute-moi donc	Platinum
2004	Bedar Downy	Fruits de ma récente nuit blanche	Platinum
2007	Bela ge Paniel	L'échec du matériel	Gold
2007	Boulay Isabelle	De retour à la source	Platinum
2003	Chicane	Ent'nous autres	Gold
2005	Corneille	Parce qu'on vient de loin	Platinum
2006	Cowboys Fringants	La Grand-Messe	Double Platinum
2004	Desjardins Boom	Boom Desjardins	Gold
2006	Dobacaracol	Soley	Gold
2004	Don Juan	Don Juan	Double Platinum
2006	Dumas	Le cours des jours	Gold
2008	Kaïn	Les saisons s'tassent	Gold
2006	Kaïn	Nulle part ailleurs	Platinum
2004	Lapointe Éric	Coupable	Platinum
2006	Lapointe Pierre	Pierre Lapointe	Platinum
2006	Lapointe Pierre	La forêt des mal-aimés	Platinum
2004	Le Bouthillier Wilfred	Wilfred Le Bouthillier	Double Platinum
2005	Loco Locass	Amour oral	Gold
2008	Marie-Mai	Dangereuse attraction	Gold
2005	Marie-Mai	Inoxydable	Gold
2006	Mes Aïeux	En famille	Double Platinum
2003	Mix Mania	Mix Mania	Double Platinum
2005	Moffatt Ariane	Aquanaute	Platinum
2004	Pelchat Mario	Noël avec Jireh Gospel	Gold
2003	Quilico Gino	Noël	Gold
2004	Shock Stefie	Le décor	Gold
2007	Thibert Marie-Élaine	Comme ça	Platinum
2005	Thibert Marie-Élaine	Marie-Élaine Thibert	Triple Platinum
2006	Toupin Marie-Chantal	Non négociable	Platinum
2004	Toupin Marie-Chantal	Maudit bordel	Platinum
2007	Trois Accords	Grand champion international de course	Gold
2004	Trois Accords	Gros mammouth album trio	Platinum
2005	Villeneuve Annie	Quand je ferme les yeux	Platinum

DVD CERTIFICATION

2007	Respectables	Live au Centre Bell	Gold
2001	Поороставнос	Elvo da Contro Bon	adia



2007-2008 FINANCIAL STATEMENTS



To the directors of FONDS RADIOSTAR,

I have audited the balance sheets of Fonds RadioStar as at August 31, 2008 and 2007, as well as the statements of earnings and changes in net assets and the statements of cash flow for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion concerning 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 in such a way as to obtain reasonable assurance that the financial statements are free of material misstatements. An audit involves examining evidence supporting the amounts and disclosures that are contained in the financial statements, on a test basis. An audit also involves assessing the accounting principles used and the significant estimates made by management, and evaluating the overall presentation of the financial statements.

In my opinion, these financial statements present the financial position of the Organization as at August 31, 2008 and 2007 and the results of its operations and cash flow for the years then ended fairly in all material respects, in accordance with Canadian generally accepted accounting principles.

Denis Thérien

Chartered Accountant September 9, 2008

Statements of Earnings and Changes in Net Assets

For the years ended August 31

	2008	2007
REVENUE		
Contributions from radio broadcasters	\$2,743,551	\$2,863,343
Management fees - CAB	(21,000)	(21,200)
	2,722,551	2,842,143
Interest	231,590	218,080
	2,954,141	3,060,223
EXPENDITURES		
Salaries and benefits	139,199	177,278
Legal and management fees	4,156	39,352
Professional fees	6,358	11,047
Rent and other charges	39,506	39,883
Communications	40,337	51,785
Insurance	2,543	2,536
Meeting expenses	1,695	5,781
	233,794	327,662
Write-off of sales taxes from previous years		58,390
	233,794	386,052
SURPLUS AVAILABLE FOR ASSISTANCE CONTRIBUTIONS	2,720,347	2,674,171
Assistance contributions	1,990,583	2,827,781
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	729,764	(153,610)
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	4,053,151	4,206,761
UNRESTRICTED NET ASSETS, END OF YEAR	\$4,782,915	\$4,053,151

Balance Sheets

As at August 31

	2008	2007
ASSETS		
CURRENT		
Cash	\$ 776,600	\$ 24,055
Demand deposit, 3.12%, maturing June 26, 2009	4,000,000	4,000,000
Accounts receivable (Note 4)	29,791	39,369
Prepaid expenses	1,592	1,797
	\$4,807,983	\$4,065,221
LIABILITIES		
LIABILITIES		
CURRENT		
Accrued liabilities	\$ 25,068	\$ 12,070
NET ASSETS		
Unrestricted net assets	4,782,915	4,053,151
	\$4,807,983	\$4,065,221

Approved on behalf of the board

Pierre Rodrigue President Stéphanie Moffatt Treasurer

Statements of Cash Flow

For the years ended August 31

	2008	2007
OPERATING ACTIVITIES		
Contributions received from radio broadcasters	\$2,722,551	\$2,842,143
Interest received	238,803	215,860
	2,961,354	3,058,003
Assistance contributions paid	(1,988,218)	(2,821,781)
Purchase of goods and services paid	(80,358)	(147,854)
Employee salaries paid	(140,233)	(185,251)
	(2,208,809)	(3,154,886)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	752,545	(96,883)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,024,055	4,120,938
CASH AND CASH EQUIVALENTS, END OF YEAR (note 5)	\$4,776,600	\$4,024,055

Notes Accompanying the Financial Statements

For the years ended August 31, 2008 and 2007

1. STATUTES AND PURPOSE OF THE ORGANIZATION

Fonds RadioStar was incorporated on February 16, 2001 pursuant to Part II of the Canada Business Corporations Act.

The primary mandate of Fonds RadioStar, which is a non-profit organization, is to assist promising new talent by providing significant financial support for projects involving the promotion of recording companies that are likely to have a considerable impact on the careers of French-Canadian artists. The support that the Organization provides is complementary to existing assistance programs, and adds momentum to marketing efforts. Fonds RadioStar pays non-refundable contributions to eligible recording companies.

2. FINANCING OF THE ORGANIZATION

Fonds RadioStar products are generated by financial contributions from 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:

Recognition of Revenue

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 that are required of broadcast companies by the Canadian Radio-television and Telecommunications Commission (CRTC) in connection with 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, for transactions involving Francophone stations, 80% of the 3% is paid to Fonds RadioStar; and for transactions involving Anglophone stations, 20% of the 3% is paid to Fonds RadioStar. The Canadian Association of Broadcasters (CAB) collects 3% of the value of the transactions, which it redistributes to the two funds in accordance with the payment terms that are approved by the CRTC. These financial contributions are reported using a cash-based accounting system.

Notes Accompanying the Financial Statements (cont'd)

For the years ended August 31, 2008 and 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Taxes

Pursuant to the Income Tax Acts of Canada and Quebec, Fonds RadioStar is classified as a non-profit organization, and therefore, is 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, because it would be difficult to measure its fair market value.

Cash and cash equivalents

For cash flow purposes, cash and cash equivalents include cash and cash equivalents that are not restricted as to their use. Cash includes cash. Cash equivalents include term or demand deposits investments that are held for short-term cash requirements, but not those that are held for investment purposes. More precisely, they include investments for which the value will not change significantly and for which the maturity does not exceed three months from the date of acquisition.

Use of estimates

The presentation of the 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, the disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and assumptions.

4. ACCOUNTS RECEIVABLE

	2008	2007
Applicant – assistance contributions	\$ 5,000	\$ 7,365
Accrued interest	24,791	32,004
	\$29,791	\$39,369

5. CASH AND CASH EQUIVALENTS AT END OF YEAR

	2008	2007
Cash	\$ 776,600	\$ 24,055
Demand deposit	4,000,000	4,000,000
	\$4,776,600	\$4,024,055

6. RELATED PARTY TRANSACTIONS

During 2008, the Organization disbursed assistance contributions totalling \$ 3,044 (2007, \$ 385,932). The parties are related due to the fact that their representatives are directors of the Organization. These related companies satisfy all of the criteria established by the Organization, and as such, they do not benefit from any particular statute or privilege over another through their representation on the Board of Directors.

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

7. COMMITMENTS

Contributions

Fonds RadioStar is contractually committed to advance contributions totalling \$1,043,082 (2007: \$1,880,564). Of this amount, \$19,854 (2007: \$240,733) represents commitments to related companies.

8. FINANCIAL INSTRUMENTS

Fair value

The carrying amount of financial instruments is equivalent to their fair value because of their short-term nature.



4385, Saint-Hubert Street, Suite 2 Montréal, Québec H2J 2X1

Telephone: 514 861-8444 / 1 800 861-5561

514 861-4423 Fax:

www.fondsradiostar.com