

fondsradiostar.com

2012-2013 ANNUAL REPORT



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FINANCIAL PARTNERS

Thanks to the **25** private
broadcasters, in 2012-2013
FONDS RADIOSTAR has:

 BellMedia

Accompanied **71** projects
from different **56** artists;

 COGECO
Diffusion

Financially contributed
to development of said artists
careers to the amount
of **\$2,212,012**;

 RNC
MEDIA
la passion de communiquer

Supported **37** Canadian
businesses in their marketing
efforts;

 ROGERS[®]

Accompagnied **1** collective
project.

 stingray
Digital Group



BOARD OF DIRECTORS, FUND MANAGEMENT AND RADIO PARTNERS

The Board of Directors is made up of 10 voting members and two observers. They consist of four broadcaster representatives appointed by The Canadian Association of Broadcasters (CAB), four industry representatives appointed by ADISQ and two individuals with knowledge of the Canadian recording industry.

BOARD OF DIRECTORS

President	François Bissoondoyal	Recordings Director, Spectra Musique
Vice-President	Martin Tremblay	Operations and Programming Director, NRJ 94.3 and Rouge FM Bell Media
Treasurer	Sandy Boutin	President, Simone Records
Secretary	Raymond Du Berger	President, Disques Artic
Director	Philippe Archambault	Communications Manager, Audiogram
Director	Guy Brouillard	Music Director, CKOI Cogeco
Director	David Dufresne	President, Bandzoogie
Director	Sylvain Langlois	President, PineMedia
Director	Lilianne Randall	Music Director, Réseau Rythme FM Cogeco
Director	Marilou Robert	Assistant Content Director, NRJ 94.3 Bell Media
Observer	Solange Drouin	Vice-President of Public Affairs and General Manager ADISQ
Observer	Pierre-Louis Smith	Consultant Media Regulations

FUND MANAGEMENT

Executive Management	Louise Chenail
Controller	Nicole Rouabah
Program Director and Regulation	Thomas Jolicoeur
Coordinator	Jacinthe Roy
Communications Officer	Martine Bourassa
Project Manager	Gwenaëlle Sartre
Chief Analyst	Jérôme Tremblay
Analysts	Doris Aguilar
	Philippe Berthiaume
Independant Auditor	Monique Beaulieu CPA, CGA

PARTNERS

Acadia Broadcasting	Muskoka-Perry Sound Broadcasting
Andy McNabb	My Broadcasting Corporation
Attraction Radio	Mz Media
Bell Media	Newcap
Cogeco Diffusion	Northern Lights Entertainment
Corus Entertainment	Northwoods Broadcasting
Evanov Communications	Radio Diffusion Sorel-Tracy
Golden West Broadcasting	Radio Sept-Îles
Groupe Stingray Digital	RNC Media
Harvard Broadcasting	Rogers Broadcasting
Jim Pattison Group	Sonème
Larche Communications	Vista Radio
Leclerc Communication	



PRESIDENT'S MESSAGE



Last August 31 marked the close of Fonds RadioStar's 12th financial year. As always, we remained true to our fundamental purpose of supporting the music careers of Canada's French-language artists. This year, this support manifested itself primarily through the funding of 71 album marketing projects, elevating the number of applications we've approved since inception to 672. We also supported the second phase of a collective initiative we started in 2012 aimed at providing our applicants, i.e. the record labels, a range of tools to help them enhance the strategies they employ to market French-language music albums.

Strategies that must rely on innovation and creativity like never before to reach an increasingly fragmented consumership that obtains its music from a growing number of sources and is exposed to more and more musical products of unparalleled quality from all over the world. And it's all because of the multiple ways in which we can reach our audience via the web, including the surge of advertising and transactional platforms we can tap into, not to mention the host of other advances being triggered by the latest technological developments. The relentless progress of digital tools, and especially their growing use by the public, means that simply having a presence on the web is no longer enough. You now have to be proactive and constantly interface with web users. Essentially, you have to be 100% interactive!

Despite this proliferation and the web's constant evolution, the results of our 12th financial year confirm that the recording industry is embracing 2.0 solutions in an effort to adapt their business models to the new realities of the marketplace. For one, on the basis of album sales according to musical category and overall career album sales, a record number of projects benefitted from funding this year since we revamped the program in 2007-2008 – a 37% increase over the combined average of the five previous years. Among these projects, including the budgets earmarked for image production, generally at the core of digital advertising strategies, overall web related funding reached an all-time high, accounting for over 26% of spending for approved projects. Web related funding was eclipsed only by live show funding, albeit marginally, which represented a larger slice of project expenses.

Finally, during the course of current year we've just entered, the fund will be receiving significantly higher revenues from recent transactions in the radio broadcasting industry. These will not only assure us greater resources so we may continue to fulfill our primary mission for a longer period, but they will also make it possible to begin the process of rethinking and reevaluating our funding orientations right away — a process that will continue to honour the objective of ensuring that the tools developed and rolled out for the benefit of our applicants are always in lockstep with the pace of their needs as they evolve.

As this is my first year at the helm of the Board, I would like to thank all the members and the entire fund management team for their passion and drive, and for their commitment to supporting the careers of our local artists, and by extension, the consolidation of our wonderful industry.

François Bissoondoyal
President

FONDS RADIOSTAR

BACKGROUNDER

In 1998, the CRTC authorized as part of its Policy on Commercial Radio (Public Notice CRTC 1998-41) the establishment of a new Canadian music marketing and promotion fund, toward which would be allocated 3% of the transaction value of radio broadcasting acquisitions. In November 2000, the CRTC approved a CAB and ADISQ joint proposal outlining the Fonds RadioStar's terms and structure. In December 2006, the aforementioned allocation was renewed under the CRTC's new Policy on Commercial Radio.

The Fonds RadioStar began operating in August 2001, and it has since been supporting by way of financial assistance 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.

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 French-language 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 Québec, 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.



ABOUT THE PROGRAM

The main qualifying criterion of the Fonds is the achievement of a minimal Soundscan sales threshold. It is established according to the musical category and the number of albums in the artist's career, the required threshold for a first album is less than it is for a second one. This criterion gives the insurance of a previous investment made by the applicant and of the real success potential of the project. The initial help is limited to \$60,000 by project of which \$10,000 is solely reserved for live shows.

An access to an additional maximal amount of \$20,000, of which \$5,000 is for shows, is also given according to the reaching of sales threshold, enhanced for a second phase.

In accordance to the support of emerging artists, those who have sold more than 300,000 copies in their career are not eligible. Also, the Fonds RadioStar being intended in priority for developing artists, the total given aid can not exceed \$30,000 if the artist who is the object of the application has already obtained a platinum record (80,000 copies sold in Canada for an album) in his/her career.

A Collective Promotion component was added in 2012 to support French-language music sectoral projects capable of benefitting the fund's overall users. To be eligible, projects must present new or improved marketing strategies by Canadian record labels, and ultimately have a decisive impact on French-language Canadian artists. In its first year, the funding made it possible to conduct a study on consumer habits, new trends and how French-language Québec music is being purchased. Based on the findings, the component helped fund in 2013 the creation of a music marketing guide. This practical, easily searchable guide will provide useful information on target markets and ways of fine-tuning one's marketing strategy. It will highlight the main features of the topics surveyed, and present consumer profiles by music genre, age group and geographic location.



AWARDS

Fonds RadioStar has accompanied numerous award winning projects in 2012-2013:

ARTIST	AWARDS
Andrea Lindsay and Luc De Larochelière	Prix Radio-Canada for winning song "C'est d'l'amour ou c'est comme " – Prix Trille Or
Avec pas d'casque	Album of the Year – Critic's Choice – ADISQ
Avec pas d'casque	Folk Album of the Year – GAMIQ
Avec pas d'casque	Songwriter of the Year – GAMIQ
Avec pas d'casque, Stéphane Lafleur	Songwriter of the Year – ADISQ
Canailles	Country Album of the Year – GAMIQ
Canailles	Show of the Year – GAMIQ
Cœur de Pirate	Pop Album of the Year – ADISQ
Cœur de Pirate	Quebec artist achieving the most success outside the Province of Quebec – ADISQ
Cœur de Pirate	Femal Performer of the Year – ADISQ
Damien Robitaille	Solo Artist or Franco-Ontarian group achieving the most success outside the Province – Prix Trille Or
Damien Robitaille	Favorite Male Performer – Prix Trille Or
David Brunet for Patrice Michaud	Director of Record of the Year for "Le triangle des Bermudes" – ADISQ
Elizabeth Gasseldorfer (Audiogram) for Damien Robitaille	Best website – Prix Trille Or
Fanny Bloom	Alternatif Album of the Year – ADISQ
Francis Collard and Nelson Minville for Brigitte Boisjoli	Pop Song of the Year "Fruits défendus" – SOCAN
Frédéric Baron and Céline Dion for Marc Dupré	Pop Song of the Year "Entre deux mondes" – SOCAN
Galaxie	Video of the Year "Camouflar" – ADISQ
Henri Godon	Youth Album of the Year – Canadian Folk Music Awards
Karim Ouellet	Prix Félix-Leclerc 2013
Keith Kouna	Prix de la chanson – SOCAN
Koriass	Prix Écho de la chanson – SOCAN
Les Sœurs Boulay	New Artist with the Most Potential – GAMIQ
Lisa LeBlanc	Best Artist of the Year – GAMIQ
Lisa LeBlanc	Best Song of the Year "Aujourd'hui, ma vie c'est d'la marde" – GAMIQ
Lisa LeBlanc	Breakthrough Artist of the Year – ADISQ
Lisa LeBlanc	Breakthrough Artist of the Year – GAMIQ
Lisa LeBlanc	Discovery of the Year – Éloizes
Louis-Jean Cormier	Francophone Album of the Year – JUNO
Marc Pérusse for Andrea Lindsay and Luc De Larochelière	Best Music Director/Arranger – Prix Trille Or
Marie-Mai	Pop Song of the Year "Sans cri ni haine" – ADISQ
Marie-Mai, Fred St-Gelais and Rob Wells for Marie-Mai	Pop Song of the Year "Comme avant" – SOCAN
Marie-Pierre Arthur	Prix Félix-Leclerc 2012
Martin Bachand, Marc Dupré, Marie-Mai and Fred St-Gelais for Marc Dupré	Pop Song of the Year "Si on changeait" – SOCAN
Patrice Michaud	Writer show of the Year "Le triangle des Bermudes" – ADISQ
Philippe B	Video of the Year "Petite leçon de ténébres" – GAMIQ
Radio Radio	Hip-Hop Album of the Year – ADISQ
Radio Radio	Hip-Hop Album of the Year – ECMA
Salomé Leclerc	Prix André "Dédé" Fortin – Scène émergente – SPACQ
Le Vent du nord	Grand Prize Records 2012 – World Music – Académie Charles Cros
Vincent Vallières	Pop Song of the Year "On va s'aimer encore" – SOCAN
Vincent Vallières	Male Performer of the Year – ADISQ
Willian Deslauriers	Pop Song of the Year "Je lève mon verre" – SOCAN

CERTIFICATIONS

Congratulation to the artists helped by Fonds RadioStar whom, for the past 6 years, have obtained a certification by the Canadian Recording Industry Association (CRIA) depending on the number of copies sold according to the following ranking:

CERTIFICATIONS

	CD	DVD	Song Downloads
Gold	40,000	5,000	20,000
Platinum	80,000	10,000	40,000
Double Platinum	160,000	20,000	80,000
Triple Platinum	240,000	30,000	120,000
Diamond	800,000	100,000	400,000

CERTIFICATION CD

YEAR	ARTIST	ALBUM	CERTIFICATION
2013	Bernard Adamus	Brun	Gold
2013	Paul Daraïche	Mes amours, mes amis	Platinum
2012	Marie-Mai	Miroir	Gold
2012	Cœur de pirate	Blonde	Gold
2012	Lisa LeBlanc	Lisa LeBlanc	Gold
2011	Karkwa	Les chemins de verre	Gold
2011	Marie-Mai	Version 3.0	Platinum
2011	Maxime Landry	L'avenir entre nous	Platinum
2011	Nadja	Noël	Gold
2011	Vincent Vallières	Le monde tourne fort	Platinum
2010	Annie Villeneuve	Noël chez moi	Gold
2010	Maxime Landry	Vox Pop	Double Platinum
2010	William Deslauriers	Un pied à terre	Gold
2009	Annie Villeneuve	Annie Villeneuve	Gold
2009	Cœur de pirate	Cœur de pirate	Gold
2009	Ima	A la vida	Gold
2009	Lost Fingers	Rendez-vous rose	Gold
2009	Marc Hervieux	Après nous	Gold
2008	Ariane Moffatt	Tous les sens	Gold
2008	Kain	Les saisons s'tassent	Gold
2008	Marie-Mai	Dangereuse attraction	Gold

CERTIFICATION DVD

2011	Arthur L'Aventurier	L'aventure de Noël	Triple Platinum
2011	Arthur L'Aventurier	La course aux trésors	Double Platinum
2008	Marie-Mai	La tournée	Gold



FINANCIAL RESULTS

FINANCIAL RESOURCES

Monies for the Fonds RadioStar and its English-language music marketing counterpart, the Radio Starmaker Fund, come primarily 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 funds. For transactions affecting the French-speaking market, 80% of the 3% is directed to the Fonds RadioStar. In the case of transactions affecting the English-speaking market, the Fonds RadioStar receives 20% of that 3%.

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, earmarking the appropriate contributions intended for the advancement of French-language music to the Fonds RadioStar. In 2012-2013, these contributions amounted to \$2,354,496, bringing the total since the fund's creation in 2001-2002 to \$32,835,160. By the end of 2020, funding will have reached \$52M.

ADMINISTRATION FEES

The administration fees for this 12th financial year were set at 7.9%, which happens to coincide with the 7.9% in administration fees the fund has averaged since inception. As always, this was carried out as per the CRTC regulations approved in November 2000 requiring administration fees to never exceed more than 10% of broadcaster contributions throughout the lifetime of the fund.

COMMITMENTS

The fund has approved 672 of the 741 applications it has received since its inception for Component 1, representing an approval rate of 91%. This rate, which was 78% in 2006-2007 due to the number of applications, is now 97%. The increase stems directly from the 2007 revamping of the program and its funding application criteria.

The management direction adopted by the Board is intended to spread the available sums over several years, thus extending the life of the fund and guaranteeing a steady availability of funding each year. In 2012-2013, the fund directly committed \$2,212,012 toward album marketing initiatives (Component 1), up from the two previous financial years (\$1,868,137 in 2011-2012, \$1,813,942 in 2010-2011) due to increased demand. It also added \$50,000 in funding for collective promotion related projects (Component 2), raising the amount of total financial commitments for 2012-2013 to \$2,262,012.

APPLICATIONS AND APPROVALS

Component 1: Artists	2012-2013	2011-2012	2010-2011	2009-2010
Applications Submitted	73	56	56	55
Amount Requested	\$2,500,933	\$1,925,529	\$1,880,852	\$1,911,982
Applications Approved	71	56	56	54
Amount Offered	\$2,212,012	\$1,868,137	\$1,813,942	\$1,831,140
Amount Disbursed	\$1,586,391	\$1,270,983	\$1,629,255	\$1,354,493
Component 2: Collective Projects				
Applications Submitted	1	1	–	–
Amount Requested	\$50,000	\$229,950	–	–
Applications Approved	1	1	–	–
Amount Offered	\$50,000	\$229,950	–	–
Amount Disbursed	\$141,574	\$98,051	–	–
TOTAL Components 1 and 2				
Applications Submitted	74	57	56	55
Amount Requested	\$2,550,933	\$2,155,479	\$1,880,852	\$1,911,982
Applications Approved	72	57	56	54
Amount Offered	\$2,262,012	\$2,098,087	\$1,813,942	\$1,831,140
Amount Disbursed	\$1,727,965	\$1,369,034	\$1,629,255	\$1,354,493

DISBURSEMENTS AND RESIDUAL BALANCE OF FUNDING COMMITMENTS

Disbursements generally represent initial funding for projects approved during the year and the final rounds of funding for projects approved in the previous year. Few projects are begun and finalized in the same financial year. Disbursements amounted to \$1,727,965 in 2012-2013, compared with \$1,369,034 in 2011-2012, bringing the residual balance of funding commitments as at August 31, 2013 to \$1,413,986, compared to \$1,087,826 in 2011-2012.

DISBURSEMENTS BY EXPENSES

A review of the projects completed in 2012-2013 states as follows:

- Live show funding has been rising quickly since 2010-2011, accounting for a record 28.5% of disbursements this year;
- Image production funding now ranks second with 17.3%, compared to 12.9% in 2011-2012. Spending is mostly focused on videoclips, up from 63% in 2011-2012 to 78% in 2012-2013;
- Web related funding ranks third, totalling 12.1% of disbursements. This is virtually unchanged from last year;
- Television advertising funding dropped from second to seventh, accounting for 5.5% of spending, from 15.2%.

EXPENSES

Categories	2012-2013		2011-2012		2010-2011		2009-2010	
	Amount	%	Amount	%	Amount	%	Amount	%
Image production*	\$206,226	17.3	\$157,115	12.9	\$227,934	13.1	\$236,618	16.2
Promotion	45,407	3.8	44,704	3.7	68,547	3.9	60,584	4.2
Media relations	86,147	7.2	103,385	8.4	152,198	8.7	119,037	8.1
Radio promotions	62,217	5.2	54,434	4.5	108,099	6.2	77,191	5.3
Web	144,100	12.1	152,058	12.4	205,784	11.8	133,670	9.1
Television	65,199	5.5	185,495	15.2	182,454	10.5	146,472	10.0
Radio	37,468	3.2	40,860	3.3	54,958	3.2	59,977	4.1
POS displays	76,467	6.4	47,156	3.9	74,249	4.3	53,232	3.6
Print	72,535	6.1	87,166	7.1	146,577	8.4	92,906	6.4
Billboard	20,068	1.7	12,951	1.1	56,395	3.2	25,359	1.7
Tour support	35,406	3.0	42,973	3.5	84,346	4.8	59,902	4.1
Live shows	339,241	28.5	293,589	24.0	381,445	21.9	397,882	27.2
TOTAL	\$1,190,481	100	\$1,221,886	100	\$1,742,986	100	\$1,462,830	100

* In 2012-2013, \$160,099 were spent on music videos and \$46,127 for the production of other images in comparison to \$98,391 and \$58,724 the previous year, and \$130,780 and \$97,154 in 2010-2011.



EVALUATION OF RESULTS

SUPPORTING NEW ARTISTS

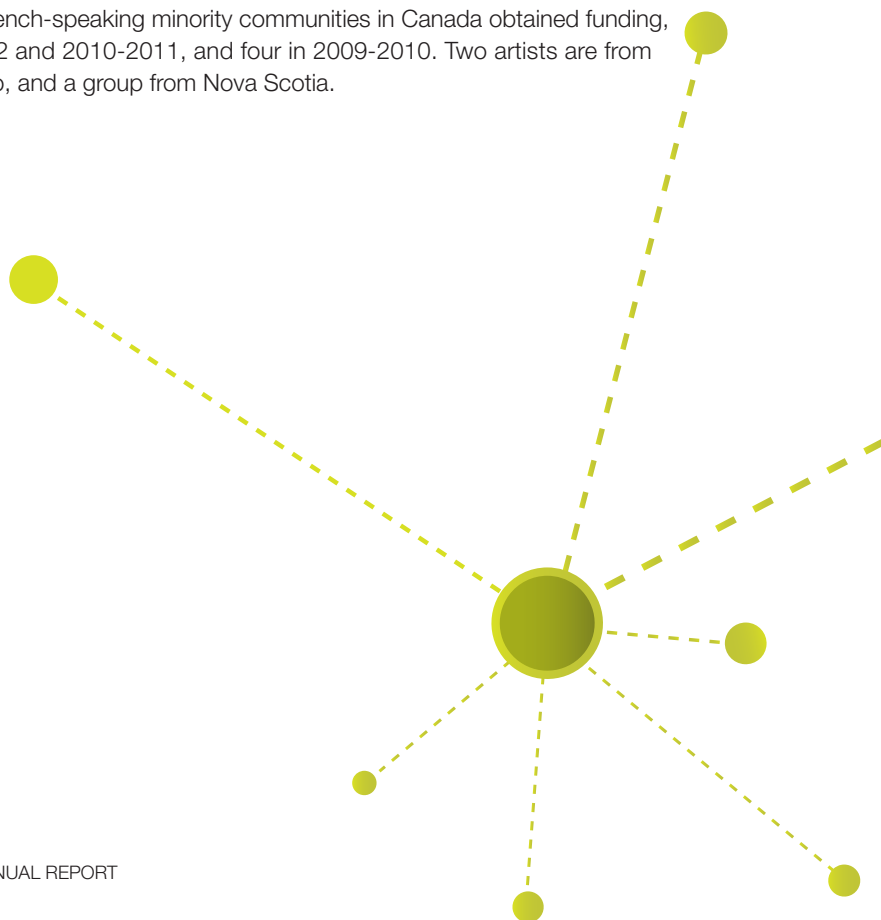
The fund continues to remain true to its mission of funding developing artists first and foremost. In 2012-2013, 34% of approved funding went to first albums, 30% to second albums and 13% to third albums, accounting for a combined 77% of total commitments. The number of artists recording upwards of four career albums represents 23% of approved sums compared with 10% in 2011-2012, 21% in 2010-2011 and 31% in 2009-2010.

	2012-2013			2011-2012		
	Applications Approved	Amount offered	% Amount offered	Applications Approved	Amount offered	% Amount offered
1st album	26	\$755,139	34	31	\$1,096,435	59
2nd album	21	666,713	30	8	264,948	14
3rd album	8	294,062	13	10	323,946	17
4th and more	16	496,098	23	7	182,808	10
TOTAL	71	\$2,212,012	100	56	\$1,868,137	100

	2010-2011			2009-2010		
	Applications Approved	Amount offered	% Amount offered	Applications Approved	Amount offered	% Amount offered
1st album	18	\$585,377	32	20	\$641,408	35
2nd album	14	427,353	24	12	374,222	20
3rd album	12	422,730	23	9	257,691	14
4th and more	12	378,482	21	13	557,819	31
TOTAL	56	\$1,813,942	100	54	\$1,831,140	100

REGIONAL ALLOCATIONS

In 2012-2013, five artists from French-speaking minority communities in Canada obtained funding, compared with two in 2011-2012 and 2010-2011, and four in 2009-2010. Two artists are from New Brunswick, two from Ontario, and a group from Nova Scotia.



2011-2012 APPROVED PROJECTS

Component 1 : Artists

Artist	Applicant	Region	\$ Amount
8 babs	Kay Productions Musique	Several regions	25,000
Adamus Bernard	Disques Dare to care	Montréal	56,775
Amylie	Disques Audiogramme	Québec	53,703
Amylie	Disques Audiogramme	Québec	15,000
Ari cui cui	S7 Productions	Outaouais	41,925
Arthur L'Aventurier	Gregg Musique	Québec	60,000
Arthur Marie-Pierre	Bonsound	Gaspésie	25,000
Arthur Marie-Pierre	Opak Productions	Gaspésie	15,000
Baxter Dexter	High Life Music	Montréal	26,597
Cormier Louis-Jean	Simone Records	Sept-Îles	56,054
Couture Jean-Marc	Productions J	Nouveau-Brunswick	58,700
Daraïche Paul	MP3 Disques	Gaspésie	59,601
Deslauriers William	Productions J	Montréal	41,054
Dupré Marc	Productions J	Laval	49,517
Eli et Papillon	Gestion Denis Wolff	Montréal	7,980
Forêt	Simone Records	Montréal	50,550
Giguère David	Disques Audiogramme	Québec	10,000
Giguère David	Disques Audiogramme	Québec	3,680
Godon Henri	Coop services artistiques Faux-Monnayeurs	Mauricie	38,687
Goulet Éric	Disques Nomade	Montréal	15,066
Gros mené	Disques Dare to care	Saguenay	46,013
Hudson Dominique	Disques Musicor	Québec	50,000
Hudson Dominique	Disques Musicor	Québec	15,000
Isabeau et les chercheurs d'or	Disques Nomade	Québec	1,858
Ivy	Ad Litteram	Chaudière-Appalaches	8,931
Ivy	Productions de l'Onde	Chaudière-Appalaches	37,205
Jacques Clément	Sphère Musique	Saguenay	20,000
Jalbert David	Productions Alain Dupuis	Montréal	60,000
Jalbert David	Productions Alain Dupuis	Montréal	20,000
Keith Kouna	Ambiances Ambiguës	Québec	10,000
Keith Kouna	L-A Be	Québec	39,614
Koriass	Disques 7ième Ciel	Laurentides	5,000
Krieger Bia	Productions Folle Avoine	Montréal	14,405
LeBlanc Lisa	Bonsound	Nouveau-Brunswick	25,000
LeBlanc Lisa	Bonsound	Nouveau-Brunswick	15,000
Léon Martin	Cie Larivée Cabot Champagne	Québec	16,746
Léon Martin	Musique Celestone	Québec	15,000
Lévesque Émilie	Disques Musicor	Cantons-de-l'Est	10,325
Lindsay – De Larochellière	Gestion Son Image	Ontario et Montréal	60,000
Loco Locass	Disques Audiogramme	Montréal et Québec	50,778
Maïa Leïa	Cie Larivée Cabot Champagne	Montréal	40,924
Malajube	Disques Dare to care	Monterégie	10,804
Manu Militari	Disques 7ième Ciel	Québec	60,000

Artist	Applicant	Region	\$ Amount
Marie-Mai	Disques Musicor	Montréal	30,000
Mauvais Acte	Productions Silence d'or	Montréal	25,569
Michaud Patrice	Équipe Spectra	Gaspésie	5,000
Orange Orange	High Life Music	Québec	17,344
Ouellet Karim	Productions Abuzive Muzik	Québec	39,254
Paquin Laurent	Tandem.mu	Montréal	45,275
Perreau Yann	Bonsound	Lanaudière	50,000
Perreau Yann	Bonsound	Lanaudière	15,000
Peter Peter	Disques Audiogramme	Québec	49,841
Peter Peter	Disques Audiogramme	Québec	13,152
Philippe B	Bonsound	Rouyn-Noranda	20,059
Placard Dany	Simone Records	Saguenay	40,733
Radio Radio	Bonsound	Nouvelle-Écosse	65,000
Radio Radio	Bonsound	Nouvelle-Écosse	9,003
Robitaille Damien	9° Vague	Ontario	10,000
Robitaille Damien	Disques Audiogramme	Ontario	50,000
Rouge pompier	Slam Disques	Montréal	16,677
Sœurs Boulay	Disques Dare to care	Gaspésie	34,447
St-Pierre Ingrid	Cie Larivée Cabot Champagne	Bas-Saint-Laurent	53,827
Taktika	Explicit Productions	Chaudière-Appalaches	9,363
Tocadéo	Productions Serge Paré	Montréal	60,000
Tocadéo	Productions Serge Paré	Montréal	15,000
Tremblay	Sphère Musique	Mauricie	49,820
Vaillancourt Sophie	Productions J	Montréal	19,807
Vent du nord	Borealis recording compagny	Several regions	34,151
Vent du nord	Productions Le Vent du nord	Several regions	10,000
Villeneuve Annie	Entourage Musique	Saguenay-Lac-St-Jean	30,000
Violet Pi	L-A Be	Montréal	51,198
Sub-total			2,212,012
Component 2: Collective Project	ADISQ – ACR		50,000
TOTAL COMPONENTS 1 AND 2			\$2,262,012

FUNDING BY MUSIC CATEGORY

In 2012-2013, pop music has reclaimed the pole position in the number of accepted proposals and given monies. Indeed, 26 projects share \$850,612 that is 38.5% of allocated sums. It is followed by alternative music with 19.9% and Hip Hop in third place with 13.5%.

	2012-2013			2011-2012			2010-2011			2009-2010		
	Applications Approved	Amount Offered	%	Applications Approved	Amount Offered	%	Applications Approved	Amount Offered	%	Applications Approved	Amount Offered	%
Alternative	14	\$440,069	19.9	13	\$410,002	21.9	9	\$192,296	10.6	8	\$265,793	14.5
Country	3	115,400	5.2	1	43,622	2.3	2	80,608	4.4	0	0	0
Contemporary Folk	8	217,359	9.8	7	195,305	10.5	9	278,666	15.4	13	352,417	19.3
Hip Hop	10	297,446	13.5	8	314,402	16.8	5	179,334	9.9	5	234,901	12.8
Jazz	0	0	0	0	0	0	0	0	0	1	30,000	1.6
Children's	4	155,017	7.0	0	0	0	2	98,981	5.5	1	60,000	3.3
Urban	1	17,344	0.8	2	48,278	2.6	1	24,837	1.4	2	63,875	3.5
Pop rock	1	25,000	1.1	3	48,012	2.6	4	181,760	10.0	7	215,986	11.8
Pop	26	850,612	38.5	20	738,818	39.5	19	635,048	35.0	10	414,170	22.6
Rock	2	49,614	2.2	1	23,685	1.3	2	55,000	3.0	5	102,411	5.6
Traditional	2	44,151	2.0	1	46,013	2.5	3	87,412	4.8	2	91,587	5.0
Total	71	\$2,212,012	100	56	\$1,868,137	100	56	\$1,813,942	100	54	\$1,831,140	100



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INDEPENDENT AUDITOR'S REPORT

To the Directors of Fonds RadioStar

We have audited the accompanying financial statements of **Fonds RadioStar**, which comprise the balance sheet as at August 31, 2013, and the statements of earnings, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Fonds RadioStar** as at August 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

INDEPENDENT AUDITOR'S REPORT

Comparative Information

Without modifying our opinion, we draw attention to note 15 to the financial statements which describes that **Fonds RadioStar** adopted Canadian accounting standards for not-for-profit organizations on September 1st, 2012 with a transition date of September 1st, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheets as at August 31, 2012 and September 1st, 2011, and the statements of earnings, changes in net assets and cash flows for the year ended August 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

1



Anjou,
October 10, 2013

¹ Monique Beaulieu, CPA Auditor, CGA

FONDS RADIOSTAR**STATEMENT OF EARNINGS****FOR THE YEAR ENDED AUGUST 31, 2013****18**

	2013	2012
REVENUE		
Contributions from radio broadcasters	\$ 2,354,496	\$ 2,913,285
Management fees – CAB	(9,450)	(9,450)
	2,345,046	2,903,835
Interest	247,015	218,594
	2,592,061	3,122,429
OPERATING EXPENSES		
Salaries and fringe benefits	141,563	140,374
Professional fees	10,923	8,523
Rent	35,000	39,874
Communication	12,631	10,907
Insurance	2,180	2,450
Meeting expenses	1,381	1,482
	203,678	203,610
EXCESS AVAILABLE FOR ASSISTANCE CONTRIBUTIONS	2,388,383	2,918,819
Assistance contributions	1,727,965	1,369,034
EXCESS OF REVENUE OVER EXPENSES BEFORE AMORTIZATION	660,418	1,549,785
Amortization of other asset	2,257	2,257
EXCESS OF REVENUE OVER EXPENSES	\$ 658,161	\$ 1,547,528

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

FONDS RADIOSTAR**STATEMENT OF CHANGES IN NET ASSETS****FOR THE YEAR ENDED AUGUST 31, 2013****19**

	<u>2013</u>	<u>2012</u>
UNRESTRICTED NET ASSETS		
BALANCE - BEGINNING OF YEAR	\$ 10,392,380	\$ 9,107,532
EXCESS OF REVENUE OVER EXPENSES	658,161	1,547,528
Internal restrictions	<u>(326,160)</u>	<u>(262,680)</u>
BALANCE - END OF YEAR	<u>\$ 10,724,381</u>	<u>\$ 10,392,380</u>
INTERNALLY RESTRICTED NET ASSETS (note 4)		
BALANCE - BEGINNING OF YEAR	\$ 1,087,826	825,146
Internal restrictions	<u>326,160</u>	<u>262,680</u>
BALANCE - END OF YEAR	<u>\$ 1,413,986</u>	<u>\$ 1,087,826</u>

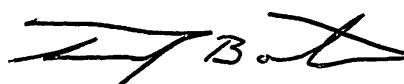
The accompanying notes are an integral part of these financial statements.

FONDS RADIOSTAR**BALANCE SHEET****AS AT AUGUST 31, 2013****20**

	<u>August 31, 2013</u>	<u>August 31, 2012</u>	<u>September 1st, 2011</u>
ASSETS			
CURRENT			
Cash	\$ 725,104	\$ 1,029,379	\$ 746,622
Accrued interest receivable	125,616	107,968	79,120
Term deposits		600,000	3,600,000
Redeemable demand deposits, interest rate ranging from 1.36% to 2.24%, maturing on September, 2013 and June, 2014	7,200,000	250,000	1,500,000
Prepaid expenses	1,129	1,128	12,686
	<u>8,051,849</u>	<u>1,988,475</u>	<u>5,938,428</u>
LONG-TERM INVESTMENTS			
Redeemable demand deposits, interest rate ranging from 1.60% to 2%, maturing on September, 2014 and December, 2014	4,100,000	9,500,000	4,000,000
OTHER ASSET (note 5)	<u>3,011</u>	<u>5,268</u>	<u>7,525</u>
	<u>\$ 12,154,860</u>	<u>\$ 11,493,743</u>	<u>\$ 9,945,953</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities (note 7)	\$ 16,493	\$ 13,537	\$ 13,275
NET ASSETS			
Unrestricted net assets	10,724,381	10,392,380	9,107,532
Internally restricted net assets (note 4)	1,413,986	1,087,826	825,146
	<u>12,138,367</u>	<u>11,480,206</u>	<u>9,932,678</u>
	<u>\$ 12,154,860</u>	<u>\$ 11,493,743</u>	<u>\$ 9,945,953</u>

APPROVED ON BEHALF OF THE BOARD


François Bissoondoyal
 President



Sandy Boutin
 Treasurer

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

FONDS RADIOSTAR**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED AUGUST 31, 2013****21**

	2013	2012
OPERATING ACTIVITIES		
Contributions received from radio broadcasters	\$ 2,345,046	\$ 2,903,835
Interest received	229,367	189,746
	2,574,413	3,093,581
Assistance contributions paid	1,727,965	1,369,034
Purchase of goods and services paid	62,115	51,791
Employee compensations paid	138,608	139,999
	1,928,688	1,560,824
	645,725	1,532,757
INVESTING ACTIVITIES		
Term deposits	(1,200,000)	(2,500,000)
	(1,200,000)	(2,500,000)
DECREASE IN CASH AND CASH EQUIVALENTS	(554,275)	(967,243)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,279,379	2,246,622
CASH AND CASH EQUIVALENTS - END OF YEAR (note 6)	\$ 725,104	\$ 1,279,379

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

1. STATUTES AND PURPOSE OF THE ORGANIZATION

Fonds RadioStar was incorporated as a non-profit organization without share capital on February 16, 2001 pursuant to Part II of the Canada Business Corporations Act.

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

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

2. FUNDING OF THE ORGANIZATION

Fonds RadioStar revenues are generated by financial contributions from broadcast companies through the Canadian Association of Broadcasters (CAB).

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

Revenue recognition

Fonds RadioStar uses the deferral method of accounting to recognize its contributions. Contributions to Fonds RadioStar and its Anglophone counterpart, Radio Starmaker Fund, come from financial contributions that are required from 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 those two new Canadian music marketing funds.

Generally speaking, for transactions involving Francophone stations, 80% of the 3% is paid to Fonds RadioStar; 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.

Financial instruments*Measurement of financial instruments*

Fonds RadioStar initially measures its financial assets and liabilities at fair value, except for certain related party transactions which are measured either at the carrying amount or the exchange amount. They are subsequently measured at amortized cost. Changes in fair value are recognized in the statement of earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Other asset**

The other asset is recognized at cost. Amortization is calculated according to the straight-line method over a four-year period.

Contributed services

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

Cash and cash equivalents

According to the presentation policy of Fonds RadioStar, cash and cash equivalents include cash, term and demand deposits with maturity dates not exceeding three months from the date of acquisition.

4. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors allocated net assets in the amount of \$1,413,986 (\$1,087,826 in 2012) in order to cover the payment of commitments related to financial contributions for which Fonds RadioStar was committed as at August 31, 2013.

5. OTHER ASSET

			2013	2012
	Cost	Accumulated amortization	Net book value	Net book value
Website	\$ <u>9,030</u>	\$ <u>6,019</u>	\$ <u>3,011</u>	\$ <u>5,268</u>

6. CASH AND CASH EQUIVALENTS, END OF YEAR

Cash and cash equivalents include the following:

	2013	2012
Cash	\$ 725,104	\$ 1,029,379
Redeemable demand deposit	<u>-</u>	<u>250,000</u>
	<u>\$ 725,104</u>	<u>\$ 1,279,379</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2013</u>	<u>2012</u>
Accrued salaries	\$ 11,039	\$ 8,269
Deductions at source	<u>5,454</u>	<u>5,268</u>
	<u>\$ 16,493</u>	<u>\$ 13,537</u>

8. RELATED PARTY TRANSACTIONS

The Organization concluded the following related party transactions: contributions received from radio broadcasters of \$2,032,659 (\$1,279,967 in 2012) and assistance contributions paid of \$253,913 (\$168,924 in 2012).

The parties are related due to the fact that their representatives are directors of the Organization. These related entities meet all the criteria established by Fonds RadioStar, and as such, they do not benefit from any particular statute or privilege over another through their membership on the Board of Directors.

These transactions were made in the normal course of business and are measured at the exchange amount for which management declares that they were carried out under the same terms and conditions as transactions with parties dealing at arm's length.

9. COMMITMENTS**Assistance contributions**

Fonds RadioStar is contractually committed to make contributions totalling \$1,413,986 (\$1,087,826 in 2012). Of this amount, \$255,929 (\$96,152 in 2012) represents commitments to related entities.

10. FINANCIAL INSTRUMENTS**Interest rate risk**

Fonds RadioStar is exposed to interest rate risk regarding its financial instruments with fixed interest rates. Financial instruments with fixed interest rates expose Fonds RadioStar to a fair value risk. As at August 31, 2013, Fonds RadioStar holds term deposits with short-term and long-term maturities.

11. CONTRIBUTIONS FROM RADIO BROADCASTERS

As at August 31, 2013, radio broadcasters are committed to pay the Organization contributions totalling \$135,644 (\$29,897 in 2012) in compliance with the Canadian Radio-Television and Telecommunications Commission (CRTC) requirements.

12. OPERATING EXPENSES

Under the terms of the proposal to establish a marketing and promotional fund for French language Canadian music, called « Fonds RadioStar », which was presented by the Canadian Association of Broadcasters (CAB) to the Canadian Radio-television and Telecommunications Commission (CRTC) in September 2000, and approved by the latter on November 9, 2000, the operating expenses cannot exceed 10% of broadcaster contributions made during the Fund's existence. Between August 2001 and August 31, 2013, expenses represent 7.9% of the contributions.

13. PENSION PLANS

Fonds RadioStar has a defined contribution pension plan providing pension to its employees with at least three months of service. Contributions to the pension plan represent 7% of the basic salary and are subject to the employee's voluntary contribution of 3.5%. The pension plan costs of \$8,153 (\$7,997 in 2012) are included within salary expenses in the statement of earnings.

14. COMPARATIVE FIGURES

Certain figures for the prior year have been reclassified to make their presentation identical to the one adopted in the current year.

15. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

These financial statements are the first financial statements prepared using Canadian Accounting Standards for Not-For-Profit Organizations (ASNFPPO).

The financial statements for the year ended August 31, 2013 were prepared in accordance with the accounting principles and provisions set out in Section 1501, FIRST-TIME ADOPTION BY NOT-FOR-PROFIT ORGANIZATIONS, in Part III of the CICA Handbook. Fonds RadioStar did not elect any of the exemptions allowed by this Section.

First-time adoption of the ASNFPPO did not have any impact on Fonds RadioStar excess of revenues over expenses for the year ended August 31, 2012 nor on its net assets at the date of the transition, thus September 1, 2011.