

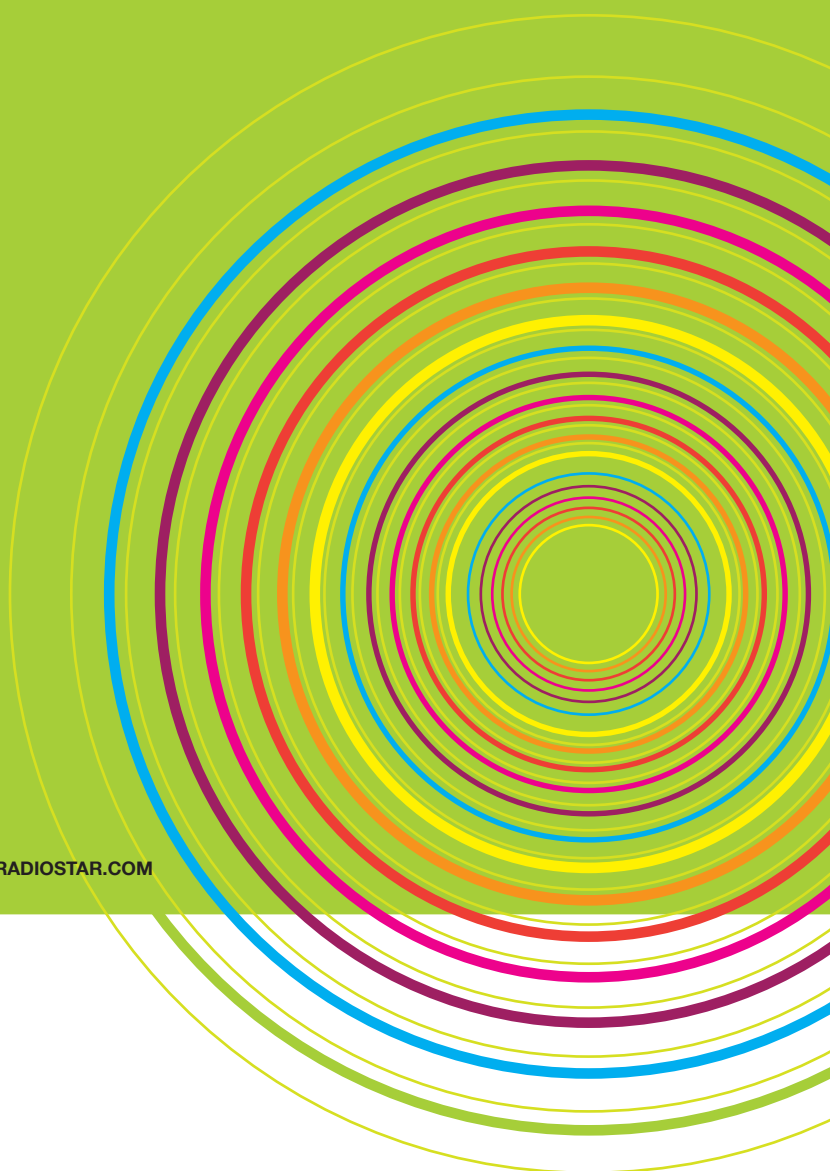


**fonds|radio|star** : 2013-2014 annual report – [fondsradiostar.com](http://fondsradiostar.com)

# SUMMARY

- 2 FINANCIAL PARTNERS
- 3 BOARD OF DIRECTORS  
FUND MANAGEMENT AND RADIO PARTNERS
- 4 PRESIDENT'S MESSAGE
- 5 FONDS RADIOSTAR  
BACKGROUND  
OBJECTIVES
- 6 ABOUT THE PROGRAM
- 7 THE MQF QUEBEC FRENCH-LANGUAGE  
MUSIC MARKETING GUIDE
- 8 AWARDS
- 9 CERTIFICATIONS
- 10 FINANCIAL RESULTS  
FINANCIAL RESOURCES  
ADMINISTRATION FEES  
COMMITMENTS  
DISBURSEMENTS AND RESIDUAL BALANCE  
OF FUNDING COMMITMENTS  
DISBURSEMENTS BY EXPENSES
- 12 EVALUATION OF RESULTS  
SUPPORTING NEW ARTISTS  
REGIONAL ALLOCATIONS  
APPROVED PROJECTS  
FUNDING BY MUSIC CATEGORY
- 16 2013-2014 FINANCIAL STATEMENTS

VERSION FRANÇAISE DISPONIBLE SUR [WWW.FONDSRADIOSTAR.COM](http://WWW.FONDSRADIOSTAR.COM)





# FINANCIAL PARTNERS

Thanks to the **23** private  
broadcasters, in 2013-2014  
FONDS RADIOSTAR has:

Accompanied a record number  
of **91** projects from **73** artists,  
a **28%** increase over the  
previous year;

Financially contributed  
to development of said  
artists careers to the amount  
of **\$3,095,714**;

Supported **33** Canadian  
businesses in their marketing  
efforts.

**Bell**Media

**COGECO**  
Diffusion

**RNC**  
MEDIA  
*la passion de communiquer*

**ROGERS**<sup>TM</sup>

  
**stingray**  
Digital Group

**VISTA** Radio

# BOARD OF DIRECTORS, FUND MANAGEMENT AND RADIO PARTNERS

The Board of Directors is made up of ten 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 | Recording Director, Spectra Musique                        |
| Vice-President | Yves Bombardier       | Vice-President Programs and Information, RNC Media         |
| Treasurer      | Sandy Boutin          | President, Simone Records                                  |
| Secretary      | Guy Brouillard        | Music Director CKOI Cogeco Diffusion                       |
| Director       | Philippe Archambault  | Communications Manager, Audiogram                          |
| Director       | Chloé Boissonnault    | General Manager Communications-Marketing, Bell Media       |
| Director       | David Dufresne        | President, Bandzoogie                                      |
| Director       | Pierre Gladu          | Executive Vice-President, Instinct Musique                 |
| Director       | André Lallier         | Brand Director NRJ 94,3 and CHOM 97,7 Bell Media           |
| Director       | Sylvain Langlois      | President, PineMedia                                       |
| Observer       | Solange Drouin        | Vice-President of Public Affairs and General Manager ADISQ |
| Observer       | Pierre-Louis Smith    | Consultant Media Regulations                               |

## FUND MANAGER

|                                 |                           |
|---------------------------------|---------------------------|
| Executive Management            | Louise Chenail            |
| Program Director and Regulation | Thomas Jolicoeur          |
| Corporate and Legal Affairs     | Anne-Karine Tremblay      |
| Controller                      | Nicole Rouabah            |
| Coordinator                     | Jacinthe Roy              |
| Project Manager                 | Nathalie Parent           |
| Chief Analyst                   | Jérôme Tremblay           |
| Analyst                         | Doris Aguilar             |
| Independent Auditor             | Monique Beaulieu CPA, CGA |

## PARTNERS 13-14

|                               |
|-------------------------------|
| Acadia Broadcasting           |
| Attraction Radio              |
| Bell Media                    |
| Cogeco Diffusion              |
| Corus Entertainment           |
| Evanov Communications         |
| Golden West Broadcasting      |
| Groupe Stingray Digital       |
| Harvard Broadcasting          |
| Jim Pattison Broadcast Group  |
| Larche Communications         |
| Leclerc Communications        |
| My Broadcasting Corporation   |
| Mz Media                      |
| Newcap                        |
| Northern Lights Entertainment |
| Perth FM Radio                |
| Radio Diffusion Sorel-Tracy   |
| Radio Sept-Îles               |
| RNC Media                     |
| Rogers Broadcasting           |
| Sonème                        |
| Vista Radio                   |

# PRESIDENT'S MESSAGE

Filled with movement, another important year has ended for Fonds Radiostar. 2013-2014 was a year of firsts, starting with an undertaking of more than 3 M \$, the fund's biggest commitment since its major reform in 2007-2008. It is on average 1 M \$ more than the six previous fiscal years. Within a business context where needs are huge and because of the new revenues generated this year's Bell/Astral Media transaction, the board quickly proceeded to adopt a series of measures enhancing the available support while continuing to set aside a part of its revenues to extend the life span of the program.

Thus, many measures specifically aimed at helping artists who have recorded a first or second album in their career were created, amongst them the enhancing of the support's percentage and the implementation of a faster submission when the projects are undertaken by well performing businesses. Furthermore, taking in consideration the importance of live shows, the sums dedicated to scenic activities were increased for all projects. Including the expansion of the annual limit per companies, we can claim that everything has been set to accompany our community in the industrial changes taking place all over the world.

Another first, a tool aiming to help record labels in the development and the improvement of their marketing strategies was launched: le Guide de mise en marché de la musique québécoise francophone. Building on the market study focusing on the buying habits of francophone music products, financed by the fund in 12-13, this ergonomic web guide allows a better understanding of the potential markets in relation to the profiles of consumers defined by the musical genres, the age group or the geographical situation.

In May of this year, RadioStar was invited to take part in the study of the Canadian music industry by the Standing Committee on Canadian Heritage. Other than highlighting its own accomplishments, the exercise allowed the Fund to present some observations regarding the issues faced by the industry, amongst them, the need for adequate marketing budgets in order to face global competition and the importance of a long term support for artists due to the now longer period needed to develop new careers.

Our commitment remains: being there for you, with you. Thank you to all of the administrators and the team who make Fonds RadioStar an essential partner within the music industry. An audit requested by the CRTC has shown once more that RadioStar can be proud of its management. I would like to end by saying that working with you for the last few years has been a real pleasure. Long live RadioStar.

Chairman of the board



François Bissoondoyal



# FONDS RADIOSTAR

## BACKGROUNDER

In 1998, the CRTC authorized as part of its Policy on Commercial Radio (Public Note 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 and show producers, with the exception of Canadian artists residing outside Quebec, who are entitled to receive funding directly and organizations eligible to the *Collective Projects* component.
- 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

Several key changes to the fund were adopted by the Board of Directors in December 2013 and subsequently approved by the CRTC. While the main qualifying criterion for funding remained attaining a minimal Soundscan sales threshold based on the musical category and the number of albums the artist released in his career, new rules were introduced regarding applications towards funding for first and second albums, including a new recognized record label status predicated on the label's increased focus on developing new artists. To benefit of this status a record label eligible for funding must:

- Have obtained Fonds RadioStar funding three times in the last two full financial years, for three separate projects;
- Have marketed at least four albums during that same period by artists having released two or fewer albums during their career;
- 75% of these albums had to have attained the sales thresholds required for funding eligibility.

The labels granted this status in this first year during which the new rules came into effect are:

- Bonsound
- Dare To Care Records
- Disques Audiogramme
- Disques Musicor
- Productions Abuzive Muzik
- Productions J
- Simone Records

Applications for funding for a first or second release within a career with a recognized record label could be submitted a month prior to launch, without having to had attain the mandatory sales thresholds. Applications had to list the initiatives that had been or will be taken leading up to the album launch, and also specify how much will be invested in said initiatives.

As with recognized record labels, labels that recorded higher than expected sales for an artist's first album could enjoy this same fast-tracked application process for the artist's sophomore album, subject to the same initial investment prerequisite being met, along with the following terms:

- The applicant was the same party that marketed the artist's first album;
- The first album achieved the sales thresholds required to be eligible for supplementary funding (2<sup>nd</sup> round);
- The first album scored a return ratio of 5 or under. The Fonds RadioStar ratio is determined by dividing the funding granted by the sales recorded during the period for which the first album funding applied.

Further to these major changes to the funding application process, and always in keeping with the objective of assisting emerging artists, the refundable portion of eligible expenses for an artist's first and second albums was raised to 75%. We also made adjustments to the metrics used to calculate downloads, to the musical categories, to the sales threshold requirements, and to the maximums for certain budget items.

Initial funding could now reach \$65,000 per project for the opening round since the portion earmarked exclusively for live show funding increased from \$10,000 to \$15,000. Therefore, total funding for a project could now potentially reach \$85,000 including the \$20,000 in additional financial support possible in the second round, including \$5,000 strictly for shows, once the second sales threshold was attained.

All these adjustments resulted in the annual ceiling of \$250,000 per label being maxed out a lot faster, hence the decision during the course of the financial year to raise the ceiling to \$350,000 per label.

A reminder that in the spirit of supporting emerging artists, artists with career album sales of over 300,000 copies were ineligible for funding, and total funding could not exceed \$30,000 if the artist the funding was intended for had sold a platinum album during their career (80,000 copies of an album sold in Canada).



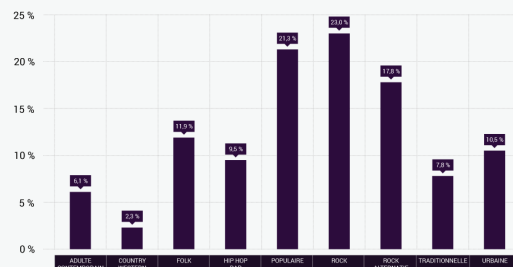
# THE MQF QUEBEC FRENCH-LANGUAGE MUSIC MARKETING GUIDE

A *Collective Projects* component was added in 2012 to support French-language music sectoral projects capable of benefitting the fund's overall users. To be eligible, projects had to 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 Quebec French-language music is being purchased. The findings paved the way for a second component in 2013, i.e. the creation of a music marketing guide.

The MQF guide was officially launched on November 14, 2013 within *Rendez-vous de l'ADISQ*. A web-based guide, its purpose is to help record labels gain a better understanding of their potential markets so they may subsequently fine-tune their marketing strategies accordingly. It provides useful information on target markets, highlights the main features of the topics surveyed, and presents consumer profiles by music genre, age group and even geographic location.

## ASSISTANCE À DES SPECTACLES DE MQF CHEZ LES 25 À 34 ANS

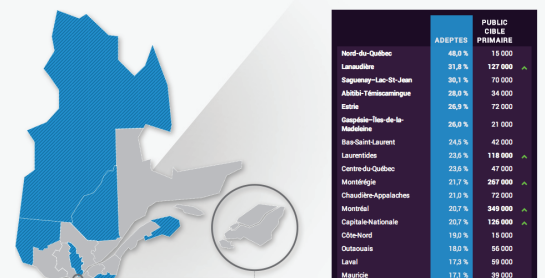
Répartition des marchés primaire et secondaire pour l'assistance à des spectacles de MQF chez les 25 à 34 ans (576 répondants).



## ADEPTES\* MQF : FOLK

Cette carte identifie les régions du Québec où est concentré le plus grand pourcentage d'adeptes d'un style musical.

Dans les régions où le pourcentage d'adeptes est faible mais le public cible élevé, on devrait encourager des activités marketing plus ciblées.





# AWARDS

Fonds RadioStar has accompanied numerous award winning projects in 2013-2014:

| ARTIST  | AWARDS   |
|---|--|
| Amylie  | Pop Song of the Year "Les filles" – SOCAN                                |
| Ariane Brunet, Sylvain Michel and Sophie Nault  | Pop Song of the Year "Bien avec toi" – SOCAN                             |
| Avec pas d'casque                               | Video of the Year "La journée qui s'en vient est flambant neuve" – GAMIQ |
| Avec pas d'casque                               | Video of the Year "La journée qui s'en vient est flambant neuve" – ADISQ |
| Dany Placard                                    | French Songwriter of the Year – Canadian Folk Music Awards               |
| François Lachance                               | Pop Song of the Year "J'suis là" – SOCAN                                 |
| Gros Mené                                       | Show of the Year – GAMIQ   |
| Gros Mené                                       | Rock Album of the Year – GAMIQ   |
| Gros Mené                                       | Alternative Album of the Year – ADISQ                                    |
| Henri Godon                                     | Best Song 2014 – Children's Songs – Académie Charles Cros                |
| Ingrid St-Pierre                                | André "Dédé" Fortin Award – Emerging Scene – SPACQ                       |
| Karim Ouellet                                   | Francophone Album of the Year – JUNO                                     |
| Keith Kouna                                     | Songwriter of the Year – GAMIQ   |
| Keith Kouna                                     | Song of the Year "Batiscan" – GAMIQ                                      |
| Les Sœurs Boulay                                | André «Dédé» Fortin Award – Emerging Scene – SPACQ                       |
| Les Sœurs Boulay                                | Folk Album of the Year – GAMIQ   |
| Les Sœurs Boulay                                | Best Artist of the Year – GAMIQ  |
| Les Sœurs Boulay                                | Breakthrough Artist of the Year – ADISQ                                  |
| Les Sœurs Boulay                                | Folk Album of the Year – ADISQ   |
| Lisa LeBlanc                                    | Most successful New Brunswick artist outside the province – Musique NB   |
| Louis-Jean Cormier                              | Gilles Vigneault Award – Established Artist – SPACQ                      |
| Louis-Jean Cormier                              | Rock Album of the Year – ADISQ   |
| Louis-Jean Cormier                              | Show of the Year/ Songwriter – ADISQ                                     |
| Louis-Jean Cormier                              | Songwriter – ADISQ   |
| Louis-Jean Cormier                              | Album of the Year – Critic's Choice – ADISQ                              |
| Manu Militari                                   | Hip-Hop Album of the Year – ADISQ  |
| Marc Dupré                                      | Male Performer of the Year – ADISQ                                       |
| Marc Dupré                                      | Pop Song of the Year "Nous sommes les mêmes" – ADISQ                     |
| Marc Dupré and Nelson Minville for Marc Dupré   | Pop Song of the Year "Le jour se lève" – SOCAN                           |
| Marc Dupré and Nelson Minville for Olivier Dion | Pop Song of the Year "Pour exister" – SOCAN                              |
| Marie-Mai                                       | Pop Album of the Year – ADISQ  |
| Marie-Mai                                       | Female Performer of the Year – ADISQ                                     |
| Patrice Michaud                                 | Songwriting Prize – SOCAN  |
| Paul Daraïche                                   | Re-Interpretation Album of the Year – ADISQ                              |
| Philémon Cimon                                  | Félix-Leclerc Songwriting Award 2014                                     |
| Samian  | Éval-Manigat Award – Multicultural Song – SPACQ                          |
| Sophie Beaudet and Daniel Beaumont              | Pop Song of the Year "À quoi tu penses?" – SOCAN                         |
| Tire le coyote                                  | Country Album of the Year – GAMIQ  |

# CERTIFICATIONS

Congratulations 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   |
| 2014             | Serge Fiori         | Serge Fiori            | Platinum        |
| 2014             | Karkwa              | Le volume du vent      | Gold            |
| 2014             | Les Sœurs Boulay    | Le poids des confettis | Gold            |
| 2013             | Lisa LeBlanc        | Lisa LeBlanc           | Platinum        |
| 2013             | Marie-Mai           | Miroir                 | Platinum        |
| 2013             | Paul Daraïche       | Mes amours, mes amis   | Platinum        |
| 2013             | Bernard Adamus      | Brun                   | Gold            |
| 2013             | Louis-Jean Cormier  | Le Treizième étage     | Gold            |
| 2013             | Marc Dupré          | Nous sommes les mêmes  | Gold            |
| 2013             | Maxime Landry       | Noël blanc             | Gold            |
| 2012             | Cœur de pirate      | Blonde                 | Gold            |
| 2011             | Marie-Mai           | Version 3.0            | Platinum        |
| 2011             | Maxime Landry       | L'avenir entre nous    | Platinum        |
| 2011             | Vincent Vallières   | Le monde tourne fort   | Platinum        |
| 2011             | Karkwa              | Les chemins de verre   | Gold            |
| 2011             | Nadja               | Noël                   | Gold            |
| 2010             | Maxime Landry       | Vox Pop                | Double Platinum |
| 2010             | Annie Villeneuve    | Noël chez moi          | Gold            |
| 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            |

| CERTIFICATION DVD |                     |                       |                 |
|-------------------|---------------------|-----------------------|-----------------|
| 2011              | Arthur L'Aventurier | L'aventure de Noël    | Triple Platinum |
| 2011              | Arthur L'Aventurier | La course aux trésors | Double Platinum |



# 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 2013-2014, these contributions amounted to \$4,354,665, bringing the total since the fund's creation in 2001-2002 to \$37,189,824. By the end of 2021, funding will have reached \$53M.

## ADMINISTRATION FEES

The administration fees for this 13<sup>th</sup> financial year were set at 5.5%. The fund has averaged administrative fees of 7.6% 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 763 of the 832 applications it has received since its inception for Component 1, representing an approval rate of 92%. This rate, which was 78% in 2006-2007 due to the number of applications, is now 100%. The increase stems directly from the 2007 revamping of the program and its funding application criteria.

In 2013-2014, the fund directly committed \$3,095,714 for artists which represents the largest amount ever committed since 2007. In comparison, \$2,212,012 in 2012-2013 and \$1,868,137 in 2011-2012 were committed. In order to better support an industry whose needs are growing, the board actually decided this year to inject more money while continuing to extend the life of the Fund and, as a result of input additional money caused by new business acquisition transactions radio.

| APPLICATIONS AND APPROVALS              | 2013-2014   | 2012-2013   | 2011-2012   | 2010-2011   |
|---|-------------|-------------|-------------|-------------|
| <b>Component 1: Artists</b>             |             | 2012-2013   | 2011-2012   | 2010-2011   |
| Applications Submitted                  | 91          | 73          | 56          | 56          |
| Amount Requested                        | \$3,163,279 | \$2,500,933 | \$1,925,529 | \$1,880,852 |
| Applications Approved                   | 91          | 71          | 56          | 56          |
| Amount Offered                          | \$3,095,714 | \$2,212,012 | \$1,868,137 | \$1,813,942 |
| Amount Disbursed                        | \$2,351,658 | \$1,586,391 | \$1,270,983 | \$1,629,255 |
| <b>Component 2: Collective Projects</b> |             |             |             |             |
| Applications Submitted                  | –           | 1           | 1           | –           |
| Amount Requested                        | –           | \$50,000    | \$229,950   | –           |
| Applications Approved                   | –           | 1           | 1           | –           |
| Amount Offered                          | –           | \$50,000    | \$229,950   | –           |
| Amount Disbursed                        | \$40,255    | \$141,574   | \$98,051    | –           |
| <b>TOTAL Components 1 and 2</b>         |             |             |             |             |
| Applications Submitted                  | 91          | 74          | 57          | 56          |
| Amount Requested                        | \$3,163,279 | \$2,550,933 | \$2,155,479 | \$1,880,852 |
| Applications Approved                   | 91          | 72          | 57          | 56          |
| Amount Offered                          | \$3,095,714 | \$2,262,012 | \$2,098,087 | \$1,813,942 |
| Amount Disbursed                        | \$2,391,913 | \$1,727,965 | \$1,369,034 | \$1,629,255 |

## 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 \$2,391,913 in 2013-2014, compared with \$1,727,965 in 2012-2013, bringing the residual balance of funding commitments as at August 31st, 2014 to \$1,628,543, compared to \$1,413,986 in 2012-2013.

## DISBURSEMENTS BY EXPENSES

A review of the projects completed in 2013-2014 states as follows:

- Although still in first place, live show experiencing first decline since 2010-2011 with a rate of 22.4% compared to 28.5% last year;
- Television advertising funding back in second place after being at its lowest level in 2012-2013 from 5.5% to 16.5% of spending this year;
- Image production now ranks third with 12.6%, compared to 17.3% in 2012-2013. These expenses relate primarily to the production of music videos with 77% of the total amount invested in line with the results of last year;
- Web related funding ranks four with 11.8% of spending.

| EXPENSES           | 2013-2014          |            | 2012-2013          |            | 2011-2012          |            | 2010-2011          |            |
|--------------------|--------------------|------------|--------------------|------------|--------------------|------------|--------------------|------------|
| CATEGORIES         | AMOUNT             | %          | AMOUNT             | %          | AMOUNT             | %          | AMOUNT             | %          |
| Image Production * | \$255,226          | 12.6       | \$206,226          | 17.3       | \$157,115          | 12.9       | \$227,934          | 13.1       |
| Promotion          | 68,574             | 3.4        | 45,407             | 3.8        | 44,704             | 3.7        | 68,547             | 3.9        |
| Media relations    | 136,936            | 6.8        | 86,147             | 7.2        | 103,385            | 8.4        | 152,198            | 8.7        |
| Radio promotions   | 85,380             | 4.2        | 62,217             | 5.2        | 54,434             | 4.5        | 108,099            | 6.2        |
| Web                | 239,074            | 11.8       | 144,100            | 12.1       | 152,058            | 12.4       | 205,784            | 11.8       |
| Television         | 332,419            | 16.5       | 65,199             | 5.5        | 185,495            | 15.2       | 182,454            | 10.5       |
| Radio              | 99,712             | 4.9        | 37,468             | 3.2        | 40,860             | 3.3        | 54,958             | 3.2        |
| POS displays       | 126,022            | 6.2        | 76,467             | 6.4        | 47,156             | 3.9        | 74,249             | 4.3        |
| Print              | 128,854            | 6.4        | 72,535             | 6.1        | 87,166             | 7.1        | 146,577            | 8.4        |
| Billboard          | 39,243             | 2.0        | 20,068             | 1.7        | 12,951             | 1.1        | 56,395             | 3.2        |
| Tour support       | 56,836             | 2.8        | 35,406             | 3.0        | 42,973             | 3.5        | 84,346             | 4.8        |
| Live shows         | 452,101            | 22.4       | 339,241            | 28.5       | 293,589            | 24.0       | 381,445            | 21.9       |
| <b>TOTAL</b>       | <b>\$2,020,377</b> | <b>100</b> | <b>\$1,190,481</b> | <b>100</b> | <b>\$1,221,886</b> | <b>100</b> | <b>\$1,742,986</b> | <b>100</b> |

\* In 2013-2014, \$196,688 were spend on music videos and \$58,538 for the production of other images in comparaison to \$160,099 and \$46,127 the previous year, and \$98,391 and \$58,724 in 2011-2012

# EVALUATION OF RESULTS

## SUPPORTING NEW ARTISTS

The fund continues to remain true to its mission of funding developing artists first and foremost. In 2013-2014, with the measures taken during the year for faster access to the first and second albums in career, **83%** of the projects supported

are associated with such albums and **86%** of their vested amounts awarded. Artists projects combining four albums and more in career this year represent 10% of the approved amounts compared to 23% in 2012-2013.

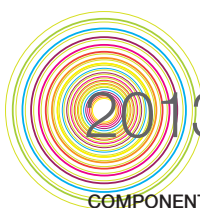
|              | 2013-2014             |                        |                    |                  | 2012-2013             |                        |                    |                  |
|--------------|-----------------------|------------------------|--------------------|------------------|-----------------------|------------------------|--------------------|------------------|
|              | Applications Approved | % Application Approved | Amount offered     | % Amount offered | Applications Approved | % Application Approved | Amount offered     | % Amount offered |
| 1st album    | 43                    | 47                     | \$1,446,638        | 47               | 26                    | 37                     | \$755,139          | 34               |
| 2nd album    | 33                    | 36                     | 1,214,534          | 39               | 21                    | 30                     | 666,713            | 30               |
| 3rd album    | 7                     | 8                      | 115,642            | 4                | 8                     | 11                     | 294,062            | 13               |
| 4th and more | 8                     | 9                      | 318,900            | 10               | 16                    | 22                     | 496,098            | 23               |
| <b>TOTAL</b> | <b>91</b>             | <b>100</b>             | <b>\$3,095,714</b> | <b>100</b>       | <b>71</b>             | <b>100</b>             | <b>\$2,212,012</b> | <b>100</b>       |

|              | 2011-2012             |                        |                    |                  | 2010-2009             |                        |                    |                  |
|--------------|-----------------------|------------------------|--------------------|------------------|-----------------------|------------------------|--------------------|------------------|
|              | Applications Approved | % Application Approved | Amount offered     | % Amount offered | Applications Approved | % Application Approved | Amount offered     | % Amount offered |
| 1st album    | 31                    | 55                     | \$1,096,435        | 59               | 18                    | 32                     | \$585,377          | 32               |
| 2nd album    | 8                     | 14                     | 264,948            | 14               | 14                    | 25                     | 427,353            | 24               |
| 3rd album    | 10                    | 18                     | 323,946            | 17               | 12                    | 22                     | 422,730            | 23               |
| 4th and more | 7                     | 13                     | 182,808            | 10               | 12                    | 21                     | 378,482            | 21               |
| <b>TOTAL</b> | <b>56</b>             | <b>100</b>             | <b>\$1,868,137</b> | <b>100</b>       | <b>56</b>             | <b>100</b>             | <b>\$1,813,942</b> | <b>100</b>       |

## REGIONAL ALLOCATIONS

In 2013-2014, six artists from French-speaking minority communities in Canada obtained funding, compared with five in the previous year and two in 2011-2012. Three of the artists or groups are

from the Maritimes, the *Hay Babies* and *Wilfred LeBouthillier* from New Brunswick and *Radio Radio* from Nova Scotia, while the other three, *Andrea Lindsay*, *Damien Robitaille* and *Pandaléon*, are from Ontario.



# 2013-2014 APPROVED PROJECTS

## COMPONENT 1: ARTISTS

| ARTIST              | APPLICANT                  | REGION                                     | \$ AMOUNT |
|---------------------|----------------------------|--|-----------|
| Ale Dee             | High Life Music            | Mauricie                                   | 44,223    |
| Archambault Chantal | Ambiances ambiguës         | Abitibi-Témiscamingue                      | 15,000    |
| Archambault Chantal | Disques Indica             | Abitibi-Témiscamingue                      | 14,550    |
| Arthur L'Aventurier | Gregg Musique              | Quebec                                     | 65,000    |
| Avec pas d'casque   | Disques Dare To Care       | Montreal                                   | 12,138    |
| Bajada Jason        | Disques Audiogramme        | Montreal                                   | 43,366    |
| Bajada Jason        | Trampoline Sparks          | Montreal                                   | 15,000    |
| Beaudet Sophie      | Gestion Son Image          | Mauricie                                   | 15,053    |
| Bédard Cindy        | Disques Audiogramme        | Mauricie                                   | 27,026    |
| Bédard Cindy        | Disques Audiogramme        | Mauricie                                   | 10,734    |
| Bédard Mélissa      | Tandem.mu                  | Quebec                                     | 61,980    |
| Bengee              | Productions Abuzive Muzik  | Quebec                                     | 50,000    |
| Blé                 | Kay Productions Musique    | Montreal                                   | 49,228    |
| Bloom Fanny         | Disques Dare To Care       | Estrie                                     | 6,353     |
| Bodh'aktan          | Go Musique                 | Several regions                            | 65,000    |
| Boisjoli Brigitte   | Disques Musicor            | Centre-du-Québec                           | 61,269    |
| Boisjoli Brigitte   | Productions Martin Leclerc | Centre-du-Québec                           | 20,000    |
| Brach Philippe      | Équipe Spectra             | Saguenay-Lac-St-Jean                       | 65,000    |
| Brunet Ariane       | Prodat                     | Montreal                                   | 27,977    |
| Canailles           | Disques Dare To Care       | Quebec                                     | 8,493     |
| Canailles           | Disques Dare To Care       | Quebec                                     | 65,000    |
| Caravane            | Disques Musicor            | Quebec                                     | 19,694    |
| Carpentier Valérie  | Productions J              | Mauricie                                   | 15,000    |
| Cimon Philémon      | Disques Audiogramme        | Quebec                                     | 50,000    |
| Cormier Louis-Jean  | Simone Records             | Côte-Nord                                  | 12,094    |
| Corriveau Antoine   | Productions Abuzive Muzik  | Mauricie                                   | 50,000    |
| Country Girls       | Entourage Musique          | Montreal and Gaspésie-Îles-de-la-Madeleine | 23,063    |
| Couture Jérôme      | L-A be                     | Montréal                                   | 65,000    |
| Daraïche Paul       | MP3 Disques                | Gaspésie-Îles-de-la-Madeleine              | 8,915     |
| Dead Obies          | Bonsound                   | Montreal                                   | 70,383    |
| Dion Olivier        | Productions J              | Estrie                                     | 30,000    |
| D-Track             | Productions Abuzive Muzik  | Outaouais                                  | 30,000    |
| El Motor            | El Motor                   | Montreal and Saguenay-Lac-St-Jean          | 14,706    |
| El Motor            | Productions Big Fat Truck  | Montreal and Saguenay-Lac-St-Jean          | 47,633    |
| Farfadet            | Productions Silence d'Or   | Montréal                                   | 37,885    |
| Fiori Serge         | Gestion Son Image          | Montreal                                   | 65,000    |
| Folk Sally          | Entourage Musique          | Montreal                                   | 40,756    |
| Folk Sally          | Entourage Musique          | Montreal                                   | 13,107    |
| Fontarabie          | Disques Dare To Care       | Montréal                                   | 43,219    |
| Giguère David       | Disques Audiogramme        | Quebec                                     | 5,000     |
| Giguère David       | Disques Audiogramme        | Quebec                                     | 45,301    |
| Gros Mené           | Disques Dare To Care       | Saguenay-Lac-St-Jean                       | 5,000     |
| Hay Babies          | Simone Records             | New Brunswick                              | 50,000    |
| Hélie Laurence      | Productions EM             | Chaudières-Appalaches                      | 14,045    |
| Hélie Laurence      | Simone Records             | Chaudières-Appalaches                      | 41,018    |

| ARTIST                     | APPLICANT                                 | REGION                        | \$ AMOUNT |
|----------------------------|---|-------------------------------|-----------|
| Hôtel Morphée              | Disques Audiogramme                       | Outaouais and Montreal        | 45,010    |
| Hunt Jimmy                 | Disques Dare To Care                      | Quebec                        | 27,754    |
| Jacques Clément            | Sphère Musique                            | Saguenay-Lac-St-Jean          | 63,464    |
| Jill                       | Productions Alain Dupuis                  | Côte-Nord                     | 50,000    |
| King Melrose               | Tandem.mu                                 | Lanaudière                    | 50,000    |
| Klô Pelgag                 | Coop services artistiques Faux-Monnayeurs | Bas St-Laurent                | 20,000    |
| Klô Pelgag                 | Productions Abuzive Muzik                 | Bas St-Laurent                | 50,000    |
| Klô Pelgag                 | Productions Abuzive Muzik                 | Bas St-Laurent                | 31,179    |
| Koriass                    | Disques 7ième Ciel                        | Laurentides                   | 59,903    |
| Koriass                    | Disques 7ième Ciel                        | Laurentides                   | 5,000     |
| Lachance François          | Productions J                             | Saguenay-Lac-St-Jean          | 22,414    |
| Landry Maxime              | Productions J                             | Chaudières-Appalaches         | 15,000    |
| LeBouthillier Wilfred      | Productions J                             | New Brunswick                 | 30,000    |
| Leduc Catherine            | Disques Dare To Care                      | Mauricie                      | 56,844    |
| Lindsay - De Larochellière | Gestion Son Image                         | Ontario and Montreal          | 25,000    |
| Lippé Mathieu              | Productions Martin Leclerc                | Estrie                        | 5,073     |
| Lippé Mathieu              | Tandem.mu                                 | Estrie                        | 49,988    |
| Madame Moustache           | Gestion Son Image                         | Several regions               | 16,530    |
| Manu Militari              | Disques 7ième Ciel                        | Quebec                        | 15,000    |
| Marième                    | Productions Abuzive Muzik                 | Quebec                        | 65,000    |
| Marin David                | Simone Records                            | Centre-du-Québec              | 53,998    |
| Mauvaize Fréquentation     | High Life Music                           | Mauricie                      | 31,283    |
| Mauves                     | Productions Abuzive Muzik                 | Quebec                        | 16,851    |
| Michaud Patrice            | Équipe Spectra                            | Gaspésie-Îles-de-la-Madeleine | 65,000    |
| Miracles                   | Sphère Musique                            | Montreal                      | 50,000    |
| Monogrenade                | Bonsound                                  | Montreal                      | 65,000    |
| Nadja                      | MP3 Disques                               | Saguenay-Lac-St-Jean          | 65,000    |
| Nevsky Alex                | Disques Audiogramme                       | Estrie                        | 55,250    |
| Nevsky Alex                | Disques Audiogramme                       | Estrie                        | 17,351    |
| Nevsky Alex                | Disques Audiogramme                       | Estrie                        | 9,849     |
| Oothèque                   | Bonsound                                  | Montréal                      | 22,328    |
| Ouellet Karim              | Productions Abuzive Muzik                 | Quebec                        | 38,552    |
| Ouellet Karim              | Productions Abuzive Muzik                 | Quebec                        | 5,000     |
| Pandaléon                  | Disques Audiogramme                       | Ontario                       | 24,398    |
| Perreau Yann               | Bonsound                                  | Lanaudière                    | 5,762     |
| Ponctuation                | Bonsound                                  | Quebec                        | 22,328    |
| Proulx-Cloutier Émile      | Cie Larivée Cabot Champagne               | Montreal                      | 65,000    |
| Radio Radio                | Bonsound                                  | Nova Scotia                   | 70,000    |
| Robitaille Damien          | 9e Vague                                  | Ontario                       | 5,000     |
| Robitaille Damien          | Disques Audiogramme                       | Ontario                       | 3,601     |
| Thompson Kevin             | Disques Audiogramme                       | Côte-Nord                     | 35,153    |
| Tire le coyote             | Cie Larivée Cabot Champagne               | Estrie                        | 32,000    |
| Toussaint-Léveillé Sarah   | Gestion François Léveillé                 | Montreal                      | 34,895    |
| Toussaint-Léveillé Sarah   | Gestion François Léveillé                 | Montreal                      | 15,000    |
| Tremblay                   | Sphère Musique                            | Mauricie                      | 14,747    |
| Vallières Vincent          | Équipe Spectra                            | Estrie                        | 30,000    |

**3,095,714**



# FUNDING BY MUSIC CATEGORY

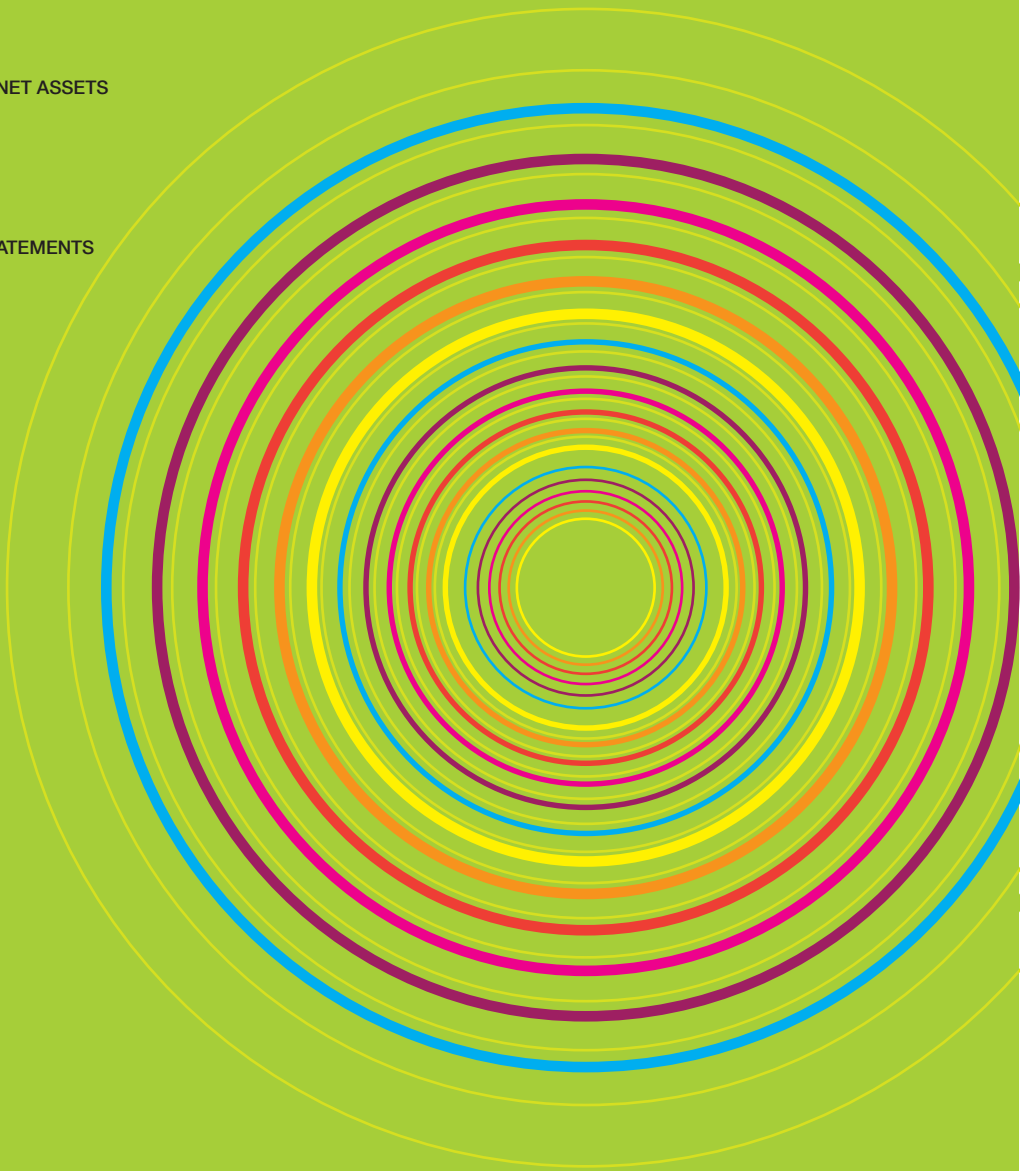
In 2013-2014, Pop music has reclaimed the pole position in the number of accepted proposals and given monies, although its lowest proportion since 4 years. The Contemporary Folk music is in second position and captured 22.9% of the sums involved, more than double compared to the previous year.

Alternative music is just behind by keeping a 17.2% of the sums granted and Hip Hop, ranked fourth with 13.4%. Note: the steady rise of Country music that sneaks behind the Hip Hop with 7.5% of the sums involved.

|                   | 2013-2014                |                    |            | 2012-2013                |                    |            | 2011-2012                |                    |            | 2010-2011                |                    |            |
|-------------------|--------------------------|--------------------|------------|--------------------------|--------------------|------------|--------------------------|--------------------|------------|--------------------------|--------------------|------------|
|                   | APPLICATIONS<br>APPROVED | AMOUNT<br>OFFERED  | %          | APPLICATIONS<br>APPROVED | AMOUNT<br>OFFERED  | %          | APPLICATIONS<br>APPROVED | AMOUNT<br>OFFERED  | %          | APPLICATIONS<br>APPROVED | AMOUNT<br>OFFERED  | %          |
| Alternative       | 18                       | \$532,450          | 17.2       | 14                       | \$440,069          | 19.9       | 13                       | \$410,002          | 21.9       | 9                        | \$192,296          | 10.6       |
| Country           | 8                        | 233,268            | 7.5        | 3                        | 115,400            | 5.2        | 1                        | 43,622             | 2.3        | 2                        | 80,608             | 4.4        |
| Contemporary Folk | 20                       | 707,639            | 22.9       | 8                        | 217,359            | 9.8        | 7                        | 195,305            | 10.5       | 9                        | 278,666            | 15.4       |
| Hip Hop           | 10                       | 413,677            | 13.4       | 10                       | 297,446            | 13.5       | 8                        | 314,402            | 16.8       | 5                        | 179,334            | 9.9        |
| Jazz              | 0                        | 0                  | 0          | 0                        | 0                  | 0          | 0                        | 0                  | 0          | 0                        | 0                  | 0          |
| Children's        | 1                        | 65,000             | 2.1        | 4                        | 155,017            | 7.0        | 0                        | 0                  | 0          | 2                        | 98,981             | 5.5        |
| World             | 1                        | 65,000             | 2.1        | 0                        | 0                  | 0          | 0                        | 0                  | 0          | 0                        | 0                  | 0          |
| Urban             | 0                        | 0                  | 0          | 1                        | 17,344             | 0.8        | 2                        | 48,278             | 2.6        | 1                        | 24,837             | 1.4        |
| Pop rock          | 0                        | 0                  | 0          | 1                        | 25,000             | 1.1        | 3                        | 48,012             | 2.6        | 4                        | 181,760            | 10.0       |
| Pop               | 30                       | 943,986            | 30.5       | 26                       | 850,612            | 38.5       | 20                       | 738,818            | 39.5       | 19                       | 635,048            | 35.0       |
| Rock              | 3                        | 134,694            | 4.3        | 2                        | 49,614             | 2.2        | 1                        | 23,685             | 1.3        | 2                        | 55,000             | 3.0        |
| Traditional       | 0                        | 0                  | 0          | 2                        | 44,151             | 2.0        | 1                        | 46,013             | 2.5        | 3                        | 87,412             | 4.8        |
| <b>TOTAL</b>      | <b>91</b>                | <b>\$3,095,714</b> | <b>100</b> | <b>71</b>                | <b>\$2,212,012</b> | <b>100</b> | <b>56</b>                | <b>\$1,868,137</b> | <b>100</b> | <b>56</b>                | <b>\$1,813,942</b> | <b>100</b> |

# FINANCIAL STATEMENTS

|    |                                    |
|----|------------------------------------|
| 17 | INDEPENDENT AUDITOR'S REPORT       |
| 18 | STATEMENT OF EARNINGS              |
| 19 | STATEMENT OF CHANGES IN NET ASSETS |
| 20 | BALANCE SHEET                      |
| 21 | STATEMENT OF CASH FLOWS            |
| 22 | NOTES TO THE FINANCIAL STATEMENTS  |



## 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, 2014, 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, 2014 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.

1



Anjou,  
October 20, 2014

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<sup>1</sup> Monique Beaulieu, CPA auditor, CGA

**FONDS RADIOSTAR****STATEMENT OF EARNINGS****FOR THE YEAR ENDED AUGUST 31, 2014****18**

|  | <u>2014</u>         | <u>2013</u>       |
|--|---------------------|-------------------|
| <b>REVENUE</b>   |                     |                   |
| Contributions from radio broadcasters                      | \$ 4,354,665        | \$ 2,354,496      |
| Management fees – CAB                                      | <u>(9,450)</u>      | <u>(9,450)</u>    |
|  | 4,345,215           | 2,345,046         |
| Interest   | <u>262,982</u>      | <u>247,015</u>    |
|  | <u>4,608,197</u>    | <u>2,592,061</u>  |
| <b>OPERATING EXPENSES</b>                                  |                     |                   |
| Salaries and fringe benefits                               | 185,357             | 141,563           |
| Professional fees  | 12,072              | 10,923            |
| Rent   | 35,000              | 35,000            |
| Communication  | 17,213              | 12,631            |
| Insurance  | 1,799               | 2,180             |
| Meeting expenses   | <u>1,909</u>        | <u>1,381</u>      |
|  | <u>253,350</u>      | <u>203,678</u>    |
| <b>EXCESS AVAILABLE FOR ASSISTANCE CONTRIBUTIONS</b>       | 4,354,847           | 2,388,383         |
| Assistance contributions                                   | <u>2,391,913</u>    | <u>1,727,965</u>  |
| <b>EXCESS OF REVENUE OVER EXPENSES BEFORE AMORTIZATION</b> | 1,962,934           | 660,418           |
| Amortization of other asset                                | <u>2,258</u>        | <u>2,257</u>      |
| <b>EXCESS OF REVENUE OVER EXPENSES</b>                     | <u>\$ 1,960,676</u> | <u>\$ 658,161</u> |

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, 2014****19**

|  | <u>2014</u>                 | <u>2013</u>                 |
|--|-----------------------------|-----------------------------|
| <b>UNRESTRICTED NET ASSETS</b>                   |                             |                             |
| <b>BALANCE - BEGINNING OF YEAR</b>               | <b>\$ 10,724,381</b>        | <b>\$ 10,392,380</b>        |
| EXCESS OF REVENUE OVER EXPENSES                  | <b>1,960,676</b>            | 658,161                     |
| Internal restrictions                            | <u>(214,557)</u>            | <u>(326,160)</u>            |
| <b>BALANCE - END OF YEAR</b>                     | <b>\$ <u>12,470,500</u></b> | <b>\$ <u>10,724,381</u></b> |
| <b>INTERNALLY RESTRICTED NET ASSETS (NOTE 4)</b> |                             |                             |
| <b>BALANCE - BEGINNING OF YEAR</b>               | <b>\$ 1,413,986</b>         | <b>\$ 1,087,826</b>         |
| Internal restrictions                            | <u>214,557</u>              | <u>326,160</u>              |
| <b>BALANCE - END OF YEAR</b>                     | <b>\$ <u>1,628,543</u></b>  | <b>\$ <u>1,413,986</u></b>  |

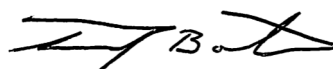
The accompanying notes are an integral part of these financial statements.

**FONDS RADIOSTAR****BALANCE SHEET****AS AT AUGUST 31, 2014****20**

|  | <u>2014</u>          | <u>2013</u>          |
|--|----------------------|----------------------|
| <b>ASSETS</b>  |                      |                      |
| <b>CURRENT</b>   |                      |                      |
| Cash   | \$ 717,251           | \$ 725,104           |
| Accrued interest receivable  | 148,922              | 125,616              |
| Redeemable demand deposits, interest rate ranging from 1.13% to 2%, maturing between September, 2014 and June, 2015    | 6,750,000            | 7,200,000            |
| Prepaid expenses   | 719                  | 1,129                |
|  | <u>7,616,892</u>     | <u>8,051,849</u>     |
| <b>LONG-TERM INVESTMENTS</b>   |                      |                      |
| Redeemable demand deposits, interest rate ranging from 1.70% to 2.20%, maturing between September, 2015 and June, 2017 | 6,500,000            | 4,100,000            |
| <b>OTHER ASSET (NOTE 5)</b>  | <u>753</u>           | <u>3,011</u>         |
|  | <u>\$ 14,117,645</u> | <u>\$ 12,154,860</u> |
| <b>LIABILITIES</b>   |                      |                      |
| <b>CURRENT</b>   |                      |                      |
| Accounts payable (note 7)  | \$ 18,602            | \$ 16,493            |
| <b>NET ASSETS</b>  |                      |                      |
| Unrestricted net assets  | 12,470,500           | 10,724,381           |
| Internally restricted net assets (note 4)  | 1,628,543            | 1,413,986            |
|  | <u>14,099,043</u>    | <u>12,138,367</u>    |
|  | <u>\$ 14,117,645</u> | <u>\$ 12,154,860</u> |

**APPROVED ON BEHALF OF THE BOARD**

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**François Bissoondoyal**  
President

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**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, 2014****21**

|   | <u>2014</u>        | <u>2013</u>        |
|---|--------------------|--------------------|
| <b>OPERATING ACTIVITIES</b>                             |                    |                    |
| Contributions received from radio broadcasters          | \$ 4,345,215       | \$ 2,345,046       |
| Interest received                                       | <u>239,676</u>     | <u>229,367</u>     |
|   | <u>4,584,891</u>   | <u>2,574,413</u>   |
| Assistance contributions paid                           | 2,391,913          | 1,727,965          |
| Purchase of goods and services paid                     | 66,954             | 62,115             |
| Employee compensations paid                             | <u>183,877</u>     | <u>138,608</u>     |
|   | <u>2,,642,744</u>  | <u>1,928,688</u>   |
|   | <u>1,942,147</u>   | <u>645,725</u>     |
| <b>INVESTING ACTIVITIES</b>                             |                    |                    |
| Term deposits   | <u>(1,950,000)</u> | <u>(1,200,000)</u> |
| <b>DECREASE IN CASH AND CASH EQUIVALENTS</b>            | <b>(7,853)</b>     | <b>(554,275)</b>   |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>    | <u>725,104</u>     | <u>1,279,379</u>   |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR (NOTE 6)</b> | <u>\$ 717,251</u>  | <u>\$ 725,104</u>  |

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. In December 2013, Fonds RadioStar extended these statutes under section 211 of the *Canada Not-for-profit 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 and redistributes it to the two funds in accordance with the payment terms that are approved by the CRTC. These financial contributions are recorded on a cash basis. Interest income is recognized as it is earned.

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

**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**

The Fonds RadioStar's policy is to disclose in cash and cash equivalents, 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 \$1,628,543 (\$1,413,986 in 2013) in order to cover the payment of commitments related to financial contributions for which Fonds RadioStar was committed as at August 31, 2014.

**5. OTHER ASSET**

|         |                 |                          | <b>2014</b>           | <b>2013</b>     |
|---------|-----------------|--------------------------|-----------------------|-----------------|
|         | Cost            | Accumulated amortization | <b>Net book value</b> | Net book value  |
| Website | \$ <u>9,030</u> | \$ <u>8,277</u>          | \$ <u>753</u>         | \$ <u>3,011</u> |

**6. CASH AND CASH EQUIVALENTS, END OF YEAR**

Cash and cash equivalents include the following:

|      | <b>2014</b>       | <b>2013</b>       |
|------|-------------------|-------------------|
| Cash | \$ <u>717,251</u> | \$ <u>725,104</u> |

**7. ACCOUNTS PAYABLE**

|                      | <u>2014</u>      | <u>2013</u>      |
|----------------------|------------------|------------------|
| Trade payables       | \$ 629           | \$ -             |
| Accrued salaries     | 12,890           | 11,039           |
| Deductions at source | <u>5,083</u>     | <u>5,454</u>     |
|                      | <u>\$ 18,602</u> | <u>\$ 16,493</u> |

**8. RELATED PARTY TRANSACTIONS**

The Organization concluded the following related party transactions: contributions received from radio broadcasters of \$3,870,961 (\$2,032,659 in 2013) and assistance contributions paid of \$496,612 (\$253,913 in 2013).

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 \$1,628,543 (\$1,413,986 in 2013). Of this amount, \$289,651 (\$255,929 in 2013) 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, 2014, Fonds RadioStar holds term deposits with short-term and long-term maturities which expose the organization at this risk.

**11. CONTRIBUTIONS FROM RADIO BROADCASTERS**

As at August 31, 2014, radio broadcasters are committed to pay the Organization contributions totalling \$44,750 (\$135,644 in 2013) 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, 2014, expenses represent 7.6% 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 \$10,668 (\$8,153 in 2013) are included within salary expenses in the statement of earnings.