

FACTOR

2007 - 2008

FOSTERING EMERGING ARTISTS
AND MUSICAL DIVERSITY

ANNUAL REPORT

FOR THE FISCAL YEAR ENDING MARCH 31, 2008



The Foundation Assisting Canadian Talent on Recordings
With Support From Canada's Private Radio Broadcasters



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Canada

We acknowledge the financial support of the Government of Canada through the aWe also acknowledge the financial support provided by Canada's Private Radio Broadcasters.

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MESSAGE FROM THE CHAIR



It is with pride that I report on the great work done by FACTOR this past year. I would be remiss if I did not take this opportunity to thank my fellow directors for all their hard work and perseverance in getting the new by-laws drawn up and adopted. The by-laws include a rotation policy that ensures there will be new faces rotating onto the board on a regular basis. Now, a director is appointed for a two year term and can serve a maximum of three terms or six years, then must be retired from the board. After a one-year absence they can be re-appointed.

I would also like to acknowledge the committee that has been working very hard at negotiating a memorandum of understanding with the Canadian Association of Broadcasters. This MOU is intended to provide a written undertaking/commitment from the FACTOR Board of Directors to all of Canada's private radio broadcasters that the funds FACTOR will receive from Canadian Content Development funds will be used with the intended purpose as set out by the CRTC. This committee worked very hard and I believe that the reporting/dissemination of information from FACTOR will prove to be invaluable to our radio partners.

While there is much debate in the industry on a mutually agreed to definition of an "Emerging Artist", I am pleased to announce that FACTOR has launched an Emerging Artists program. While the criteria set out by FACTOR is not intended to be used for regulatory purposes, the program is ensuring that funds are already flowing to artists that we believe will fit into the definition once it has been agreed upon. It is the intention of the Board to adopt the definition once one has been developed and agreed upon by the broadcasting and music industries. In the meantime, I believe it is important that we continue to support the artists and the industry.

This is my last year as Chair of FACTOR and as such I would like to take this opportunity to thank all the FACTOR directors who have served with me on the Board during my tenure. It has been challenging, rewarding, fun and an experience I have truly enjoyed. I wish to take this opportunity to wish FACTOR's Board of Director's, sponsors, everyone at Canadian Heritage and the FACTOR staff all the best for the future. I know that we have made a difference and I know that you will continue to in the future. Thanks for letting me be part of the journey of what can only be referred to as an extraordinary organization.

Sincerely,

A handwritten signature in black ink, which appears to read "Jim West". The signature is stylized and cursive, with a large, looping initial "J" and a long, sweeping tail.

Jim West
Chair
The Foundation Assisting Canadian Talent on Recordings

MESSAGE FROM THE PRESIDENT & CEO



It has been a great year at FACTOR, many challenges have been conquered and things are looking positive for the future of the foundation.

New relationships are being forged with Canada's private radio broadcasters. A communication strategy has been developed and is underway to increase radio broadcaster awareness of the impact of their financial contributions to FACTOR. While it is early days with the strategy, I believe that we are having some very positive conversations with broadcasters that is enabling them to understand the goals and objectives of FACTOR. It is also providing me with greater clarity and understanding of their needs and how we at FACTOR can better support their objectives. However, what is clear to me is that we are all committed to helping take our Canadian talent to the national and international arena. What a great place to be working from.

With the purchase of the building behind us, things are settling in nicely and it is already apparent that the property has significantly increased in value. Administration costs are held at 11.42%. In part this can be attributed to not having to pay rent. As well, with some of the operating costs being offset by a tenant, FACTOR is really able to maximize the intended objective of reducing administrative costs. While the foundation is capped at spending 12.5% of all monies received to cover administrative expenses, any funds not spent on administration are re-directed back into the programs.

We have survived the trials and tribulations of having all application forms available on-line and all juries being conducted on-line. Yes, it provided some challenges, but at the end of the process, it has been well worth it. The speed with which juries can now be set up and conducted will help to ensure that the industry receives its answers in a more timely manner.

While radio revenue is down this year, it is anticipated that once there is clarity for Canada's private radio broadcasters around the recent CRTC decision regarding Canadian Content Development Funds, more revenue will be forthcoming.

I look forward to the coming years and the clarity it can provide regarding the level of support FACTOR can provide to emerging Canadian talent.

Yours truly,

A handwritten signature in black ink, reading "Heather Ostertag". The signature is written in a cursive, flowing style.

Heather Ostertag, C.M.
President & CEO

BOARD OF DIRECTORS



JIM WEST, Chair
President
Distribution Fusion III



BRIAN DEPOE, Vice-Chair
Program Director, EZ Rock
Standard Radio



ALVIN JAHNS, Treasurer
Vice-President, Finance
Stony Plain Recording Company Ltd.



ROB FARINA, Secretary
Program Director, CHUM-FM
CHUM Radio, A Division of
CTVglobemedia



RIC ARBOIT
President
Netwerk Productions Ltd.



PEGI CECCONI
Vice-President
Anthem Entertainment



TERRY KELLY
President
TK Productions



BRIAN HETHERMAN
President
Curve Music/
Cerberus Artist Management



NICOLE JOLLY
Vice-President, Operations
Flow 93.5-FM



CHRIS LECOMTE
Vice-President, Finance
and Administration
CORUS Radio



SUSAN WHEELER
VP Regulatory Affairs
Rogers Media



DUFF ROMAN,
Founding President
Director Emeritus
Vice-President
CHUM Radio, A Division of
CTVglobemedia



PIERRE LALONDE, Observer
Director for Sound Recording Policy
& Program
Department of Canadian Heritage



PIERRE-LOUIS SMITH,
Observer
VP Policy and
Chief Regulatory Officer
Canadian Association of
Broadcasters



JP ELLSON, Observer
Chair - FACTOR National
Advisory Board

FINANCIAL RESULTS

In 2007-2008 FACTOR had revenue totaling \$13.5 million.

Revenue was generated from four sources:

1. The Department of Canadian Heritage's Canada Music Fund Programs; New Musical Works and Collective Initiatives as well as the Music Entrepreneur Component;
2. Voluntary contributions from Canada's private radio broadcasters;
3. Significant benefits contributions from Canada's private radio broadcasters;
4. Interest earned on investments and loan repayments.

FACTOR also received additional funds from loan repayments and interest income from investments on funds for which commitments have been made but, for various reasons, payment was not issued.

Comparative and Cumulative Results

Financial Results for Past Three fiscal Years as a Comparison

Revenue	2007 - 2008	2006 - 2007	2005 - 2006
Public			
Canada Music Fund Contributions			
- New Musical Works Program	6,367,440	6,534,436	7,152,528
- Specified Label Funding	0	207,641	2,242,940
- Collective Initiatives Program	1,548,338	1,398,338	1,398,938
	7,915,778	8,140,415	10,794,406
Private			
Broadcaster Contributions			
- Canadian Content Development	1,460,562		
- Condition of License	138,000	1,574,719	1,831,034
- Transaction Revenue	2,968,351	3,771,363	3,119,716
Satellite Radio	32,000		
Loan Repayments	643,605	1,174,121	184,567
Misc	1,100		
	5,243,618	6,520,203	5,135,317
Investment Income	360,986	343,984	303,662
Total Income	13,520,382	15,004,602	16,233,385

Funds Expended

It should be noted that funds expended during a fiscal year do not represent the total funds offered. Many projects that were offered funding were not completed and therefore final payments not issued. Because FACTOR operates on a “zero budget” basis, the amounts offered cannot exceed the total budget available. However, some of the issued payments were for projects where offers were made in a previous fiscal year. Therefore, a comparison cannot be made between the funds offered and the funds expended.

Financial Results for Past Three fiscal Years as a Comparison

Expenditures	2007 - 2008	2006 - 2007	2005 - 2006
Loans and Awards	11,660,214	12,011,118	14,024,651
Administrative Expenses	1,503,324	1,499,292	1,664,835
Total Expenses	13,163,538	13,510,410	15,689,486

PRIVATE RADIO CONTRIBUTIONS

Contributions from Canada’s private radio broadcasters represented 33.7% of FACTOR’s total revenue for the year.

Voluntary radio contributions to FACTOR from its Sponsoring Radio stations totaled \$1,460,562. As well, FACTOR received \$2,968,351 from radio stations resulting from the recent CRTC decision allowing multiple ownership of stations in a single marketplace. Conditions of license revenue totaled \$138,000.

The following private radio broadcasters made financial contributions to FACTOR totaling \$4,566,913.

Astral Media	CHTZ-FM	CJFW-FM	CKRX-FM	CKSY-FM	CHBE-FM
Radio	CHVR-FM	CJMG-FM	CKSL-AM	CKUE-FM	CHBN-FM
CFBR-FM	CIBK-FM	CJOR-AM	CKTB-AM	CHUM Radio/CTV	CHIQ-FM
CFMG-FM	CIBX-FM	CKBC-AM	CKTK-FM	Globemedia	CHQM-FM
CFQX-FM	CICF-FM	CKBL	CKTO-FM	C100-FM	CHST-FM
CFRB-AM	CIKX-FM	CKCR-AM	CKTY-FM	CFAX-AM	CHUM-AM
CFRN-AM	CILK-FM	CKFM-FM	CKXA-FM	CFCA-FM	CHUM-FM
CFTK -AM	CIOR-AM	CKGR-AM	CKX-FM	CFGO-AM	CIDR-FM
CFXY-FM	CIQM-FM	CKHJ-AM	CKXR-FM	CFJR-FM	CIMX-FM
CHAM-AM	CJAT-FM	CKKC-AM	Blackburn	CFLY-FM	CJCH-AM
CHOM-FM	CJAY-FM	CKLH-FM	Radio Inc.	CFRA-AM	CJMJ-FM
CHOR-AM	CJBK-AM	CKMM-FM	CFCO-AM	CFRW-AM	CJPT-FM
CHRE-FM	CJBX-FM	CKMX-AM	CHOK-AM	CFUN-AM	CKKL-FM
CHRX-FM	CJCJ-FM	CKNL-AM	CHYR-FM	CFWM-FM	CKKW-AM
CHSU-FM	CJDC-AM	CKOC-AM	CIBU-FM	CFYI-AM	CKLC-AM
CHTK-AM	CJEZ-FM	CKOR-AM			CKLW-AM

CKLY-FM	CKGE-FM	CKKQ-FM	CFRK-FM	CFRV-FM	CKAT-FM
CKPT-AM	CKIK-FM	CKLR-FM	CFXH-FM	CFSR-FM	CKBY-FM
CKQM-FM	CKNG-FM	CKWV-FM	CHCM-AM	CFTR-AM	CKCL-FM
CKWW-AM	CKNW-AM	Maritime Broadcasting	CHNO-FM	CHAS-FM	CKER-FM
CORUS Radio	CKOL-FM	CFAB-AM	CHVO-AM	CHDI-FM	CKFX-FM
CFEL-FM	CKOO-FM	CFAN-FM	CIHT-FM	CHEZ-FM	CKGB-FM
CFFX-AM	CKRU-AM	CFBC-AM	CILR-FM	CHFI-FM	CKGL-AM
CFHK-FM	CKWF-FM	CFCY-FM	CIQX-FM	CHFM-FM	CKIS-FM
CFLG-FM	CNIF	CFQM-FM	CIXF-FM	CHMN-FM	CKIZ-FM
CFMI-FM	Haliburton Broadcasting	CFQAM-FM	CIZZ-FM	CHTT-FM	CKKQ-FM
CFMK-FM	CFBG-FM	CHER-AM	CJUK-FM	CHUR-AM	CKKS-FM
CFPL-AM	CFIF	CHFX-FM	CJXK-FM	CHYM-FM	CKLG-FM
CFPL-FM	CHMS-FM	CHLQ-FM	CJYQ-AM	CICX-FM	CKQC-FM
CFQR-FM	CHYC-FM	CHNS-FM	CKCM-AM	CIGM-FM	CKSR-FM
CHED-FM	CHYK-FM	CIOK-FM	CKFE-FM	CIOC-FM	CKWX-AM
CHML-AM	CHYK-FM	CJCB-AM	CKGA-AM	CIRS-AM	CKY-FM
CHMP-FM	CIYN-FM	CJCW-AM	CKGY-FM	CISS-FM	CKYX-FM
CHQR-AM	CJNH-FM	CJRW-FM	CKIM-AM	CISQ-FM	Vista Broadcast Group
CILQ-FM	CKAP-FM	CJYC-FM	CKIX-FM	CISW-FM	CFCP-FM
CIME-FM	CKLP-FM	CKAD-AM	CKJS-AM	CITI-FM	CFFM-FM
CIMJ-FM	CKNR-FM	CKCW-FM	CKSA-FM	CIWW-AM	CFNI-AM
CINW-AM	Jim Pattison	CKDH-AM	CKUL-FM	CJAQ-FM	CFRI
CIQB-FM	CFJC-AM	CKDY-AM	CKVO-AM	CJCL-AM	CFWB-AM
CIZN-FM	CHBZ-FM	CKEN-FM	CKWY-FM	CJET-AM	CHNV-FM
CJKR-FM	CHDR-FM	CKNB-AM	VOCM-AM	CJMX-AM	CHQB-AM
CJOB-AM	CHPQ-FM	CKPE-FM	VOCM-FM	CJOK-FM	CJCI-FM
CJOY-AM	CHWF-FM	CKWM-FM	VOCM-FM1	CJOK-FM-1	CJSU-FM
CJSS-FM	CIBH-FM	NewCap Broadcasting	Rogers Media	CJQQ-FM	CKBX-AM
CJUL-AM	CIFM-FM	CFCB-AM	CFAC-AM	CJQM-FM	CKCQ-FM
CJXY-FM	CJAV-FM	CFCW-FM	CFFR-AM	CJRQ-FM	CKGR
CKBT-FM	CJDR-FM	CFGW-FM	CFGP-FM	CJRX-FM	CKQR-FM
CKCB-FM	CJZN-FM	CFGN-AM	CFGP-FM-1	CJVI	
CKDO-AM	CKKN-FM	CFLN-AM	CFGP-FM-2	CJZN-FM	

Individual Radio Stations that also Contributed to FACTOR are:

CFBT-FM	CFWF	CIHR-FM	CJRL-FM	CKHL	CKPC-AM
CFEX	CFXJ-FM	CIKR-FM	CJUV-FM	CKJH	CKPC-FM
CFGP	CHGK-FM	CIMM	CJVR	CKKX	CKPR-FM
CFJB-FM	CHMX-FM	CIRC	CJWA	CKLM	CKQV
CFMB	CHMZ	CIRV	CJWL-FM	CKLQ	CKRM-AM
CFNO	CHTM	CIXL-FM	CJYM	CKMB-FM	CKRW
CFOB-FM	CHUC	CJBQ	CJZZ-FM	CKOM-FM	CKSG-FM
CFQK-FM	CHWO-AM	CJCS-AM	CKAY-FM	CKOT-AM	CKYL
CFRY	CIGL-FM	CJLS	CKDR-FM	CKOT-FM	MORE FM

LOAN REPAYMENTS

With the changeover from the Sound Recording Development Program to the Canada Music Fund there came changes to the terms and conditions of funding. A change of some significance to the industry was the requirement that funds repaid to the program would be required to be returned to the General Fund of the Government of Canada. This resulted in FACTOR having to change the manner in which borrowers repaid their funding to the foundation.

While a portion of the revenue generated from loan repayments was required to be reimbursed to Canadian Heritage, this change affected a recoupment dividend program through which borrowers could claim back 50% of the loans repaid to reinvest in another project. Therefore to ensure that this new requirement of Canadian Heritage does not penalize the industry, FACTOR reduced its repayment levels by 50%.

For the fiscal year ending March 31, 2008 FACTOR-supported sound recordings sold in excess of 1,287,200 units. In total, from its inception in 1982, FACTOR-supported sound recording projects have sold in excess of 28.85 million copies with a retail value of \$73.23 million.

ADMINISTRATION

At FACTOR, the goal to keep administration expenses down is always a priority. Based on the 12.5% allowed by Canadian Heritage, (which is a guideline the Board of Directors adopted for all funding), FACTOR was entitled to spend \$1,644,787 in administration expenses. The foundation spent \$1,503,324. The \$141,463 unused administration funds were reinvested into the programs. FACTOR's administrative costs were held at 11.4% again this year.

Project Requests and Funding Commitments for the Three Years Ending March 31, 2008

Project Results	2007 - 2008	2006 - 2007	2005 - 2006
Applications Submitted	3,245	3,051	3,442
Applications Approved	1,327	1,412	1,324
% Of Total applications Approved as Compared to Total Submitted	40.89%	46.28%	38.47%
Amount Requested	34,113,071	36,389,308	39,717,317
Amount Offered	12,200,680	13,030,204	14,924,467
% Of Total Funds Offered as Compared to Total Requested	35.77%	35.81%	37.58%

DISTRIBUTION OF FUNDS

Emerging Talent - \$3,621,594

- Direct Board Approval
- Emerging Artists
- FACTOR Loan

New Talent Development - \$ 562,114

- Independent Loans
- Professional Artist Demos
- Songwriter Demos
- Songwriter Workshops

Marketing & Promotion - \$2,595,410

- Marketing & Promo Grants
- Video Grants

Touring & Showcasing - \$1,942,424

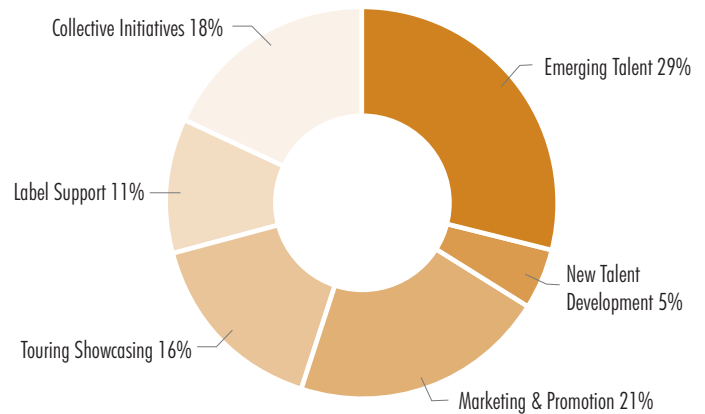
- Domestic Touring & Showcasing
- International Touring & Showcasing

Label Support - \$1,304,957

- Label Manager Program
- Domestic & International Business Development

Collective Initiatives - \$2,174,181

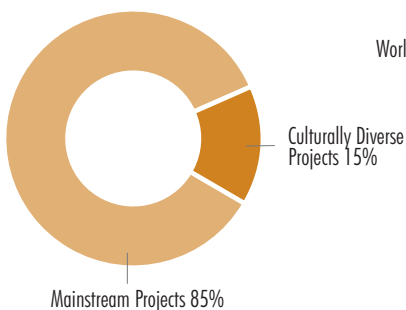
Total - \$12,200,680



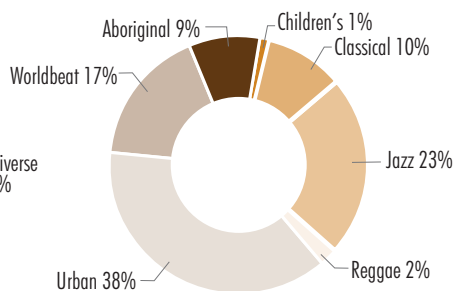
CULTURAL DIVERSITY

FACTOR'S funding is to support all genres of music. The mandate of the foundation is to support both emerging and new artists as well as culturally diverse projects. The figures below show how 15% or \$1,877,764 of the funding offered by FACTOR for this fiscal was offered to culturally diverse projects. 85% or \$10,322,916 of the funds were offered to those projects that will ideally be suitable for radio airplay, distribution and sale to the public.

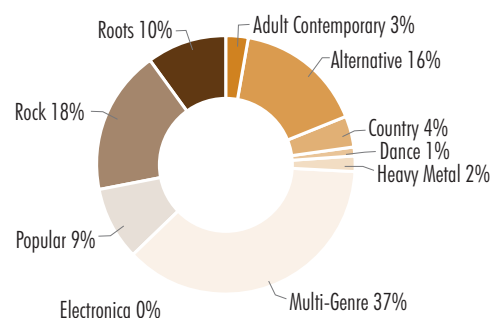
Culturally Diverse Funded Projects as Compared to Mainstream Projects



Funds Offered for Culturally Diverse Projects



Funding for Mainstream Projects



PROJECT REQUESTS

AND FUNDING COMMITMENT COMPARATIVE ANALYSES

Comparative Analysis of all Applications Submitted and Approved – Past three years

	2007 - 2008		2006 - 2007		2005 - 2006	
	Applications Submitted	Applications Approved	Applications Submitted	Applications Approved	Applications Submitted	Applications Approved
Sound Recordings for Commercial Release						
Direct Board Approval Program						
Level 1, 2, 3, Classical & Urban/Electronica	102	81	110	91	135	90
Emerging Artists Sound Recording Projects	94	48				
FACTOR Loan	231	22	242	26	185	19
Independent Loan	488	19	445	30	502	30
Artist Demo Grants	727	149	554	150	812	91
Publisher & Songwriter Demo Grants	76	37	108	66	120	49
Songwriter Workshop Grant	46	24	33	26	30	22
Video Production						
Video Grants	54	19	130	41	185	104
Marketing & Promotion						
Marketing for Audio Recording Loans	288	137	264	169	267	157
Touring & Showcasing Grants						
Domestic Showcase & Tour Grants	333	195	351	218	422	311
International Showcase & Tour Grants	395	254	434	278	404	139
Company Marketing Support						
Domestic & International Business Development Support	279	239	266	213	260	206
Label, Manager & Distributor Business Development Support	72	57	39	37	55	49
Collective Initiatives						
	60	46	54	46	41	34
Radio Marketing Support						
			21	21	24	23
Total	3,245	1,327	3,051	1,412	3,442	1,324
% Of applications approved		40.89%		46.28%		38.47%

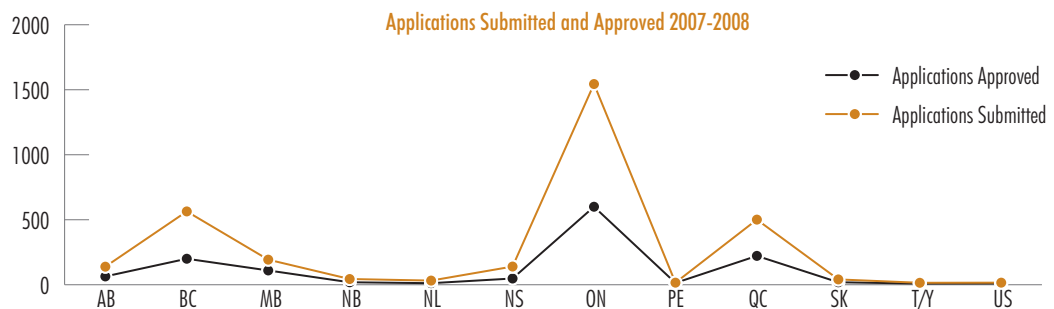
Comparative Analysis of all Funding Requested and Offered – Past three years

	2007 - 2008		2006 - 2007		2005 - 2006	
	Funding Requested	Funding Offered	Funding Requested	Funding Offered	Funding Requested	Funding Offered
Sound Recordings for Commercial Release						
Direct Board Approval Program						
Level 1, 2, 3, Classical & Urban/Electronica	2,252,753	1,627,906	3,474,201	2,328,132	4,387,489	2,651,990
Emerging Artists Sound Recording Projects	2,720,677	1,482,093				
FACTOR Loan	4,807,632	511,595	5,369,973	498,945	4,655,427	510,575
Independent Loan	6,696,295	263,875	6,463,438	469,616	7,638,435	516,564
Artist Demo Grants	1,382,707	215,175	1,062,278	225,275	1,495,566	167,781
Publisher & Songwriter Demo Grants	149,800	70,591	216,147	80,283	228,064	91,814
Songwriter Workshop Grant	30,410	12,473	21,706	15,962	16,853	11,806
Video Production						
Video Grants	1,399,201	464,625	3,161,988	848,537	4,175,229	2,400,981
Marketing & Promotion						
Marketing for Audio Recording Loans	4,227,218	2,130,785	4,000,676	2,457,115	4,546,432	2,620,642
Touring & Showcasing Grants						
Domestic Showcase & Tour Grants	1,847,232	633,773	2,558,414	732,779	1,358,337	781,360
International Showcase & Tour Grants	3,010,390	1,308,651	3,745,283	1,322,787	6,036,223	1,460,031
Company Marketing Support						
Domestic & International Business Development	1,236,213	807,534	1,601,180	979,795	1,218,443	782,782
Label, Manager & Distributor Business Development Support	1,088,355	497,423	575,617	412,500	680,321	576,533
Collective Initiatives						
	3,264,188	2,174,181	3,244,188	1,869,695	2,412,662	1,583,858
Radio Marketing Support						
			894,220	788,780	867,835	767,750
Total	34,113,071	12,200,680	36,389,308	13,030,204	39,717,317	14,924,467
% Of applications approved		35.77%		35.81%		37.58%

Comparative Analysis of all Applications Submitted and Approved by Province/Territory – Past three years

	2007 - 2008		2006 - 2007		2005 - 2006	
	Applications Submitted	Applications Approved	Applications Submitted	Applications Approved	Applications Submitted	Applications Approved
Alberta - AB	139	64	127	61	139	53
British Columbia - BC	564	200	620	290	685	255
Manitoba - MB	193	110	163	83	174	85
New Brunswick - NB	44	19	28	11	30	4
Newfoundland & Labrador - NL	32	12	33	14	37	18
Nova Scotia - NS	140	48	147	55	166	64
Ontario - ON	1,544	600	1,426	650	1,627	638
Prince Edward Island - PE	16	14	11	7	10	7
Quebec - QC	501	222	405	188	488	169
Saskatchewan - SK	41	19	45	24	38	6
Territories & Yukon - T/Y	15	9	30	20	41	20
United States** - US	16	10	16	9	7	5
Total	3,245	1,327	3,051	1,412	3,442	1,324
% Of applications approved		40.89%		46.28%		38.47%

** Canadian citizens living outside of Canada are eligible to apply for FACTOR funding.



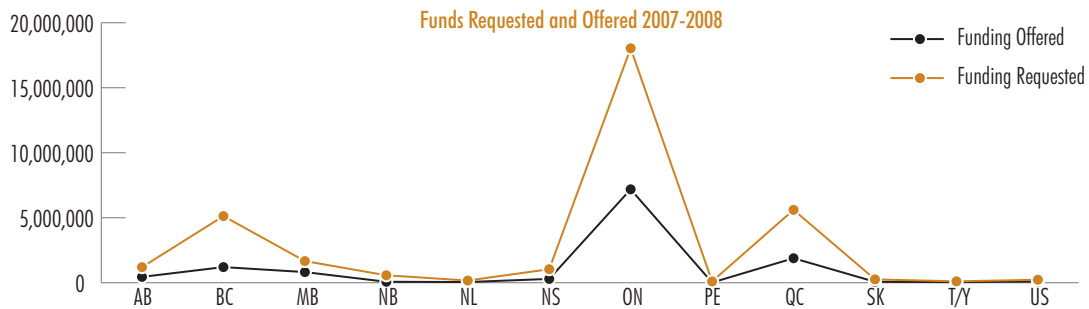
Serena Ryder
New Artist of the Year

2008 Juno Awards

Comparative Analysis of all Funds Requested and Offered by Province/Territory – Past three years

	2007 - 2008		2006 - 2007		2005 - 2006	
	Funding Requested	Funding Offered	Funding Requested	Funding Offered	Funding Requested	Funding Offered
Alberta - AB	1,198,350	449,960	1,118,312	423,553	977,801	199,333
British Columbia - BC	5,124,958	1,203,366	6,588,483	2,017,215	7,446,328	2,050,561
Manitoba - MB	1,667,387	820,426	1,853,569	598,070	1,578,705	611,818
New Brunswick - NB	571,860	74,518	389,879	69,671	318,497	38,876
Newfoundland & Labrador - NL	170,572	55,197	271,977	81,660	185,578	92,867
Nova Scotia - NS	1,040,510	293,644	1,042,713	374,123	1,060,008	469,141
Ontario - ON	18,035,391	7,186,545	19,483,994	7,495,798	20,792,101	9,108,388
Prince Edward Island - PE	100,041	16,696	263,405	183,450	213,379	208,450
Quebec - QC	5,606,388	1,885,297	4,493,506	1,437,038	6,328,286	1,873,309
Saskatchewan - SK	258,871	72,267	251,745	83,163	331,414	60,761
Territories & Yukon - T/Y	107,481	48,500	280,493	108,794	308,852	116,830
United States ** - US	231,262	94,264	351,232	157,669	172,368	94,133
Total	34,113,071	12,200,680	36,389,308	13,030,204	39,713,317	14,924,467
% of funds offered		35.77%		35.81%		37.58%

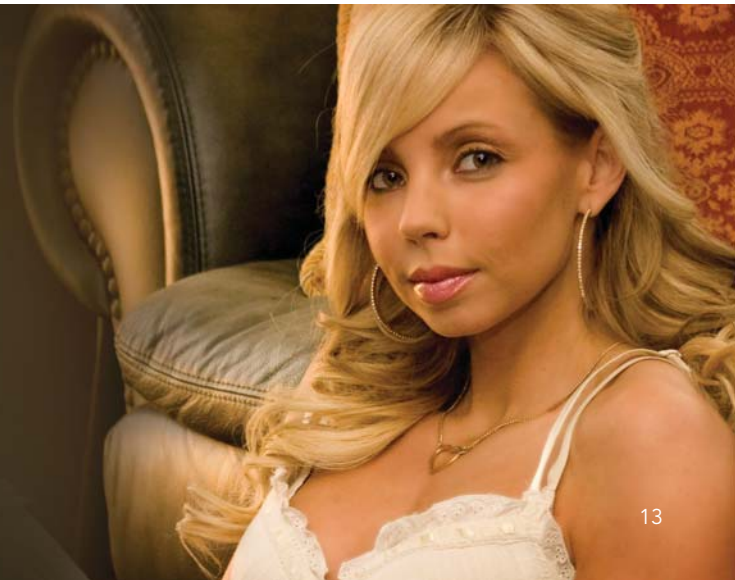
** Canadian citizens living outside of Canada are eligible to apply for FACTOR funding.



Alex J. Robinson

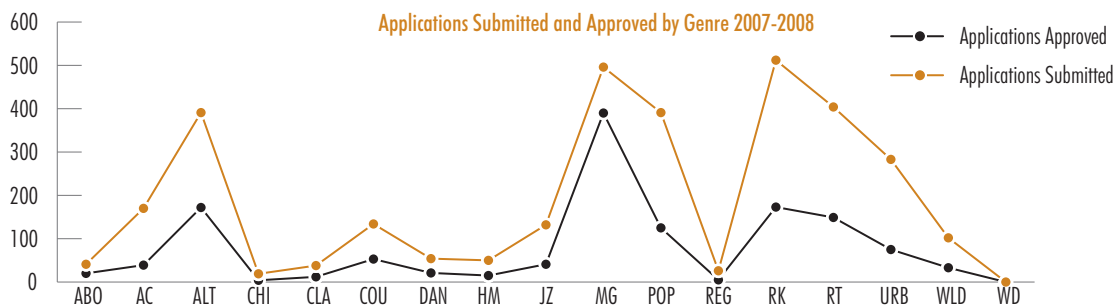
FACTOR Breakthrough
Award Recipient

2008 Canadian Radio Music Awards



Comparative Analysis of all Applications Submitted and Approved by Musical Genre – Past three years

Genre	2007 - 2008		2006 - 2007		2005 - 2006	
	Applications Submitted	Applications Approved	Applications Submitted	Applications Approved	Applications Submitted	Applications Approved
Aboriginal - ABO	41	20	31	15	23	9
Adult Contemporary - AC	172	39	168	52	186	45
Alternative - ALT	391	172	460	198	498	158
Children's - CHI	19	4	22	9	21	3
Classical - CLA	38	12	28	12	36	14
Country - COU	134	53	115	47	117	30
Dance - DAN	54	21	96	43	76	19
Heavy Metal - HM	50	15	76	20	71	29
Jazz - JZ	132	41	111	43	108	36
Multi-Genre - MG	496	390	413	342	411	335
Popular - POP	391	125	316	126	348	114
Reggae - REG	26	5	13	6	28	7
Rock - RK	512	173	426	156	585	211
Roots - RT	404	149	424	216	509	195
Urban - URB	283	75	270	90	339	93
World - WLD	102	33	81	37	86	26
Word - WD	0	0	1	0	0	0
Total	3,245	1,327	3,051	1,412	3,442	1,324



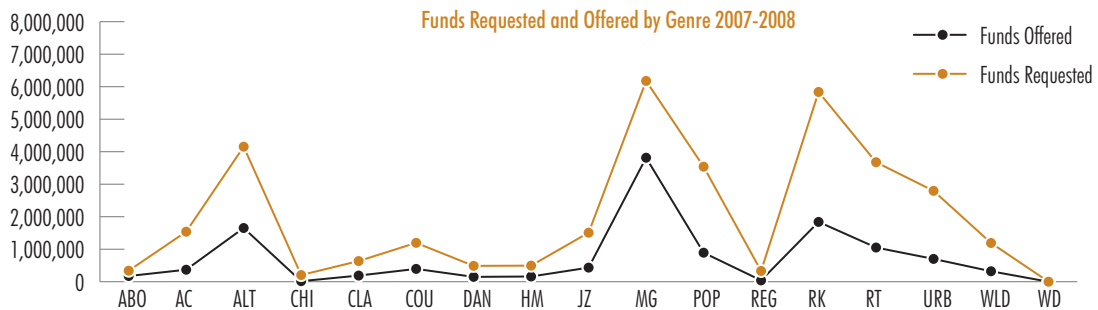
Alex Cuba

World Music Album
of the Year

2008 Juno Awards

Comparative Analysis of all Applications Requested and Offered by Musical Genre – Past three years

Genre	2007 - 2008		2006 - 2007		2005 - 2006	
	Funds Requested	Funds Offered	Funds Requested	Funds Offered	Funds Requested	Funds Offered
Aboriginal - ABO	338,986	174,839	335,207	106,818	181,531	63,280
Adult Contemporary - AC	1,539,198	369,018	1,482,536	222,063	1,708,340	578,389
Alternative - ALT	4,154,588	1,652,279	5,243,218	1,695,070	5,528,390	1,605,433
Children's - CHI	205,312	16,507	235,118	36,049	244,700	24,000
Classical - CLA	635,943	188,949	419,478	166,559	613,860	224,197
Country - COU	1,195,970	394,189	1,155,451	340,488	1,281,494	326,359
Dance - DAN	487,626	148,739	900,859	190,032	619,630	60,256
Heavy Metal - HM	494,814	160,116	810,959	175,657	680,386	298,654
Jazz - JZ	1,508,878	433,509	1,126,464	265,970	1,371,534	461,358
Multi-Genre - MG	6,178,375	3,814,931	6,380,772	4,090,655	5,246,114	3,772,729
Popular - POP	3,539,961	892,564	4,150,928	1,340,948	3,780,682	1,512,292
Reggae - REG	330,624	40,944	231,713	61,200	238,901	33,217
Rock - RK	5,838,823	1,839,725	5,386,160	1,652,378	8,438,622	3,227,875
Roots - RT	3,676,702	1,051,355	4,055,179	1,440,849	4,629,709	1,354,145
Urban - URB	2,795,817	701,414	3,333,611	849,497	4,026,499	1,043,696
World - WLD	1,191,454	321,602	1,126,692	395,971	1,126,924	338,587
Word - WD	0	0	14,963	0	0	0
Total	34,113,071	12,200,680	36,389,308	13,030,204	39,717,317	14,924,467



Donny Parenteau

Multi Award Winner

2008 Saskatchewan Country Music Awards
and 2007 Canadian Aboriginal Music Awards



PROGRAMS

& FUNDING PROVIDED

Sound Recording

FACTOR offers funding to various levels of the music industry. From the creation of simple demos, on through to the production of sound recordings for commercial release, FACTOR provides financial assistance. Assistance is also provided to cover the costs of licensing and purchasing of Canadian produced masters by Canadian artists. Artists and labels are able to access the various programs subject to their meeting specific program criteria. Under the sound recording umbrella there are five levels of support. They are: Direct Board Approval Programs (Level 1,2,3, Classical & Electronica/Urban), FACTOR Loans, Independent Recording Loans, Demo Grants and Publisher & Songwriters Grants. Specific details for these programs are provided in the Activity Report.

During this fiscal, FACTOR launched a new program titled the Emerging Artists Program. This program is intended to support those artists whose careers are in development and have some positive activity occurring. This determination is based on sales/radio airplay activity. In this section of the annual report the Emerging Artists Program has been reported on separately from the other sound recording programs. Like the other sound recording programs, marketing dollars are provided to support the project once it is commercially released.

Direct Board Approval, FACTOR Loan and Independent Recording Loans Submitted and Approved by Province/Territory

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	34	506,872	3	37,230
British Columbia	137	2,110,969	9	134,150
New Brunswick	10	144,594	1	15,000
Manitoba	45	745,988	13	234,366
Newfoundland & Labrador	7	41,060	0	0
Nova Scotia	15	304,526	1	15,000
Ontario	429	7,019,881	68	1,385,170
Prince Edward Island	2	30,000	0	0
Quebec	130	2,680,533	26	567,460
Saskatchewan	9	129,317	1	15,000
Territories & Yukon	1	12,940	0	0
United States**	2	30,000	0	0
Total	821	13,756,680	122	2,403,376

** Canadian citizens living outside of Canada are eligible to apply for FACTOR funding.

Direct Board Approval, FACTOR Loan and Independent Recording Loans
Submitted and Approved by Genre

	Applications Submitted	Amount Requested	Applications Approved	Funds Offered
Aboriginal	13	185,085	6	99,740
Adult Contemporary	54	918,132	7	224,425
Alternative	108	1,777,486	26	516,503
Children's	7	69,534	0	0
Classical	24	412,624	4	88,307
Country	35	649,913	5	88,239
Dance	16	279,806	5	93,050
Heavy Metal	7	95,728	2	30,154
Jazz	54	875,796	4	43,795
Multi-Genre	2	0	0	0
Popular	90	1,599,148	4	115,025
Reggae	10	160,915	0	0
Rock	150	2,664,502	25	523,108
Roots	127	2,071,210	22	375,621
Urban	86	1,406,859	7	129,599
Worldbeat	38	589,942	5	75,810
Total	821	13,756,680	122	2,403,376 17.47%

Emerging Artists Sound Recording Loans Submitted and Approved by Province/Territory

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	8	208,818	3	84,131
British Columbia	14	419,424	8	226,198
New Brunswick	1	27,025	0	0
Manitoba	5	106,477	2	45,633
Newfoundland & Labrador	1	15,000	1	15,000
Nova Scotia	1	18,975	1	18,975
Ontario	41	1,152,260	18	547,498
Quebec	16	505,145	8	214,855
Saskatchewan	1	21,183	1	21,183
United States**	1	17,750	0	0
Total	89	2,492,057	42	1,173,473

** Canadian citizens living outside of Canada are eligible to apply for FACTOR funding.

Emerging Artists Sound Recording Loans Submitted and Approved by Genre

	Applications Submitted	Amount Requested	Applications Approved	Funds Offered
Aboriginal	1	35,000	1	35,000
Adult Contemporary	2	42,880	0	0
Alternative	6	148,182	5	126,775
Children's	3	67,213	0	0
Classical	3	104,698	0	0
Country	8	215,599	5	136,425
Dance	2	46,621	0	0
Electronica	2	53,452	1	24,702
Heavy Metal	1	6,990	0	0
Jazz	11	271,567	8	194,374
Popular	15	424,550	5	128,106
Reggae	2	52,622	0	0
Rock	11	446,005	5	197,960
Roots	9	203,895	3	68,719
Urban	7	218,355	5	154,749
Worldbeat	6	154,428	4	106,663
Total	89	2,492,057	42	1,173,473 47.09%

The low approval rate as reported above is directly attributable to the very limited financial resources available. The criteria to access funding through the various sound recording programs is very stringent and only the "best of the best" actually receive offers of funding.

Demo and Songwriting Grants Submitted and Approved by Province/Territory

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	27	51,550	6	10,450
British Columbia	139	277,629	25	39,552
New Brunswick	9	14,263	2	2,900
Manitoba	19	37,123	7	10,600
Newfoundland & Labrador	9	16,445	1	1,600
Nova Scotia	67	134,142	17	26,502
Ontario	396	763,245	91	138,903
Prince Edward Island	3	6,000	2	4,000
Quebec	120	203,158	32	46,282
Saskatchewan	13	26,952	3	4,977
Territories & Yukon	1	2,000	0	0
Total	803	1,532,507	186	285,766

Demo and Songwriting Grants Submitted and Approved by Musical Genre

	Applications Submitted	Amount Requested	Applications Approved	Funds Offered
Aboriginal	5	5,885	2	2,203
Adult Contemporary	75	147,914	18	28,352
Alternative	88	166,242	20	30,270
Children's	2	4,000	0	0
Classical	3	6,000	1	1,329
Country	52	99,640	20	33,699
Dance	15	27,443	7	10,253
Heavy Metal	12	21,773	1	1,500
Jazz	35	60,445	8	11,000
Multi-Genre	3	0	0	0
Popular	153	297,216	43	66,938
Reggae	8	12,495	1	1,000
Rock	127	251,632	20	31,350
Roots	91	182,819	16	24,850
Urban	113	208,422	27	39,902
Worldbeat	21	40,581	2	3,120
Total	803	1,532,507	186	285,766 18.65%

Video Grants

While finding opportunities for videos to be played on television are somewhat limited in many genres, the video is still recognized as an important marketing tool. FACTOR's eligibility requires that all videos must be in support of a recent commercially released, nationally distributed sound recording.

FACTOR received 55 requests totaling \$1,399,201 and approved 19 projects, offering a total of \$464,625, which represents 33.21% of the total amount requested. Details are provided in the Activity Report.

Video Grants Submitted and Approved by Province/Territory

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	1	20,000	0	0
British Columbia	9	202,848	0	0
Manitoba	7	159,875	2	60,000
Nova Scotia	1	25,000	1	18,750
Ontario	27	726,478	11	250,875
Quebec	9	265,000	5	135,000
Total	54	1,399,201	19	464,625 33.21%

Video Grants Submitted and Approved by Musical Genre

	Applications Submitted	Amount Requested	Applications Approved	Funds Offered
Aboriginal	2	39,875	0	0
Adult Contemporary	3	72,015	1	40,000
Alternative	6	160,817	2	60,000
Children's	1	25,000	0	0
Heavy Metal	2	60,000	1	0
Popular	11	338,875	5	125,875
Reggae	1	34,771	1	20,000
Rock	15	362,848	6	150,000
Roots	1	20,000	0	0
Urban	11	245,000	3	68,750
Worldbeat	1	40,000	0	0
Total	54	1,399,201	19	464,625

Marketing & Promotion Sound Recordings

Marketing and promotion is a very necessary part of the sound recording process. For this reason, FACTOR offers matching funding to assist with the marketing and promotion of all sound recording projects which receive funding from the foundation. FACTOR also offers some funding to assist with the marketing and promotion of sound recordings which do not receive financial assistance from FACTOR for the production of the master.

FACTOR received 288 requests totaling \$4,227,218 and approved 137 projects, offering a total of \$2,130,785 which represents 50.41% of the total amount requested.

Marketing and Promotion Grants for Sound Recordings Submitted and Approved by Province/Territory

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	7	86,357	8	128,045
British Columbia	58	750,657	16	160,308
New Brunswick	3	18,000	2	13,000
Manitoba	17	177,712	13	138,300
Nova Scotia	16	251,141	3	50,061
Ontario	141	2,298,903	78	1,362,171
Prince Edward Island	2	25,000	1	5,000
Quebec	39	584,694	15	268,900
Saskatchewan	1	8,016	0	0
Territories & Yukon	3	21,738	1	0
United States**	1	5,000	0	5,000
Total	288	4,227,218	137	2,130,785

** Canadian citizens living outside of Canada are eligible to apply for FACTOR funding.

Marketing & Promotion Grants for Sound Recordings Submitted and Approved by Musical Genre

	Applications Submitted	Amount Requested	Applications Approved	Funds Offered
Aboriginal	4	24,759	2	13,000
Adult Contemporary	15	161,447	2	10,062
Alternative	37	652,797	24	419,574
Children's	2	33,609	1	12,633
Classical	3	48,621	4	70,446
Country	11	86,678	3	48,000
Dance	7	66,764	2	22,000
Heavy Metal	8	100,300	4	64,631
Jazz	10	163,397	3	79,523
Popular	32	479,446	14	185,457
Reggae	1	10,000	0	0
Rock	57	944,825	29	496,540
Roots	47	639,124	24	357,424
Urban	40	543,344	19	251,088
Worldbeat	14	272,107	6	100,407
Total	288	4,227,218	137	2,130,785 50.41%

Touring & Showcasing

Touring and showcasing is a key aspect to the development and longevity of the careers of artists regionally, nationally and internationally. FACTOR therefore provides funding to assist with touring and showcasing at all levels.

For **International Touring and Showcasing** opportunities, FACTOR received 395 requests totaling \$3,010,390 and approved 254 international tours, offering a total of \$1,308,650, which represents 43.47% of the total amount requested. This low percentage of funding offered can be attributed directly to the stringent process the Board of Directors must utilize when reviewing funding requests, because of the very limited financial resources available.

International Showcase & Touring Applications Submitted and Approved by Province/Territory

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	19	90,797	13	57,132
British Columbia	69	500,253	46	231,956
New Brunswick	4	23,006	3	12,350
Manitoba	25	135,471	16	68,791
Newfoundland & Labrador	1	1,600	1	1,150
Nova Scotia	9	47,287	3	7,565
Ontario	181	1,497,774	110	615,566
Prince Edward Island	2	6,068	2	3,360
Quebec	67	547,029	43	227,631
Saskatchewan	5	15,891	5	11,885
Territories & Yukon	4	16,000	4	12,000
United States**	9	129,214	8	59,264
Total	395	3,010,390	254	1,308,650

** Canadian citizens living outside of Canada are eligible to apply for FACTOR funding.

International Showcase & Touring Applications Submitted and Approved by Musical Genre

	Applications Submitted	Amount Requested	Applications Approved	Funds Offered
Aboriginal	3	16,843	2	6,760
Adult Contemporary	8	58,310	2	17,860
Alternative	88	890,093	61	379,963
Children's	1	519	1	519
Classical	3	34,000	3	28,867
Country	9	58,428	5	27,053
Dance	12	59,991	7	21,436
Heavy Metal	14	170,811	5	56,583
Jazz	9	71,987	8	58,200
Multi-Genre	5	0	1	0
Popular	53	356,834	34	158,249
Reggae	4	59,821	3	19,944
Rock	91	710,750	57	323,379
Roots	73	397,899	51	158,306
Urban	13	79,009	8	33,102
Worldbeat	9	45,095	6	18,430
Total	395	3,010,390	254	1,308,651 43.47%

For **Domestic Showcase and Touring** opportunities, FACTOR received 333 requests totaling \$1,847,232 and approved 195 international tours, offering a total of \$633,773, which represents 34.31% of the total amount requested.

Domestic Showcase & Touring Applications Submitted and Approved by Province/Territory

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	29	124,032	19	71,422
British Columbia	71	439,317	39	114,418
New Brunswick	11	29,328	7	11,390
Manitoba	44	115,170	30	63,034
Newfoundland & Labrador	11	19,317	6	9,247
Nova Scotia	14	45,173	9	12,417
Ontario	102	771,079	55	241,353
Prince Edward Island	2	16,586	1	1,586
Quebec	35	212,454	20	69,036
Saskatchewan	8	18,478	6	8,370
Territories & Yukon	3	7,000	1	1,500
United States**	3	49,298	2	30,000
Total	333	1,847,232	195	633,773

** Canadian citizens living outside of Canada are eligible to apply for FACTOR funding.

Domestic Showcase & Touring Applications Submitted and Approved by Musical Genre

	Applications Submitted	Amount Requested	Applications Approved	Funds Offered
Aboriginal	13	31,539	7	18,136
Adult Contemporary	13	85,048	8	23,617
Alternative	58	358,971	34	119,194
Children's	3	5,437	2	3,355
Classical	2	30,000	0	0
Country	18	75,412	14	50,473
Dance	2	7,001	0	2,000
Heavy Metal	6	39,212	2	7,248
Jazz	13	65,686	10	46,617
Multi-Genre	25	340,889	18	25,000
Popular	37	43,892	20	112,914
Rock	61	458,261	31	117,388
Roots	56	161,755	33	66,435
Urban	13	94,828	6	24,224
Worldbeat	13	49,301	10	17,171
Total	333	1,847,232	195	633,773 34.31%

Marketing Support for Business

As globalization has taken over the development of businesses, including the music industry, it is of critical importance that companies are provided with assistance to ensure that they can increase their financial viability and enhance their competitiveness. The cost of doing business nationally and internationally is affected by many things beyond the control of the music industry, (i.e. high travel costs and an ever increasing number of niche type music industry conferences). FACTOR support in this area continues to be one that requires increased financial assistance.

Domestic & International Business Development

As the world continues to become more and more accessible, it is important that Canadian owned labels and managers are afforded the opportunity to expand their financial viability and competitiveness. To support them in their global dealings, FACTOR provides funding to assist with eligible companies in their travel expenses.

FACTOR received 280 requests totaling \$1,236,213 and approved 239 projects offering a total of \$807,535, which represents 65.32% of the total amount requested. Details are provided in the Activity Report.

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	7	38,257	7	30,243
British Columbia	47	198,071	41	123,140
New Brunswick	2	16,864	2	9,142
Manitoba	20	83,283	19	62,602
Nova Scotia	11	37,014	9	29,641
Ontario	126	539,420	104	340,594
Prince Edward Island	1	7,137	0	0
Quebec	63	298,364	55	197,173
Saskatchewan	0	0	0	0
Territories & Yukon	2	17,803	2	15,000
Total	279	1,236,213	239	807,535 65.32%



Jully Black

*R&B/Soul Recording
of the Year*

2008 Juno Awards

Label, Manager & Distributor Business Development Support Program

This program was developed to support labels, managers and distributors with some of the hard costs involved with supporting the development/exploitation of the careers of the artists they represent. Eligible costs include memberships to music related associations, subscription fees to industry related publications, Soundscan, and skills upgrading initiatives.

FACTOR received 72 requests totaling \$1,088,355 and approved 57 projects for offering a total of \$497,423 which represents 45.70% of the total amount requested. Details are provided in the Activity Report.

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	4	25,917	4	11,307
British Columbia	5	82,254	5	45,400
New Brunswick	1	14,404	1	2,736
Manitoba	6	71,027	4	31,350
Nova Scotia	3	17,430	2	4,733
Ontario	39	670,320	30	308,687
Quebec	14	207,003	11	93,210
Total	72	1,088,355	57	497,423 45.70%

Shane Yellowbird

Cherry Rising Star Award

2007 CCMA Awards



Collective Initiatives

This program supports both business and music industry related not for profit organizations. Funding is provided to support initiatives that encourage the growth and development of the Canadian music industry. Educational and professional information sessions/seminars and national initiatives that promote various sectors of the music industry are supported through this program.

Collective Initiative Grants by Province/Territory

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	2	45,000	1	20,000
British Columbia	4	138,125	3	124,998
New Brunswick	3	284,376	1	8,000
Manitoba	4	33,908	3	105,000
Newfoundland & Labrador	2	76,450	2	27,500
Nova Scotia	3	159,822	2	110,000
Ontario	30	2,348,652	25	1,681,683
Prince Edward Island	3	8,500	1	2,000
Quebec	6	101,193	6	65,000
Saskatchewan	2	38,162	1	10,000
Territories & Yukon	1	30,000	1	20,000
Total	60	3,264,188	46	2,174,181 66.61%

FACTOR received 60 requests totaling \$3,264,188 and approved 46 projects offering a total of \$2,174,181, which represents 66.61% of the total amount requested. Details are provided in the Activity Report



*Alexisonfire Albums: Crisis and Watch Out both received
Platinum Certifications*

in 2007

Songwriter's Workshop and Seminar Support Program

A component of the Collective Initiatives program is the Songwriter's Workshop and Seminar Support Program which is geared towards assisting professional songwriters. Specifically, this program helps underwrite the costs of songwriter's workshops and seminars that are focused on educating songwriters on the craft of writing songs.

In total, FACTOR received 46 requests totaling \$30,410 and approved 24 projects offering a total of \$12,473, which represents 41.02% of the total amount requested. Details are provided in the Activity Report.

Songwriter's Workshop and Seminar Support Grants by Province/Territory

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	1	750	0	0
British Columbia	11	5,411	8	3,246
Manitoba	1	1,353	1	750
Newfoundland & Labrador	1	700	1	700
Ontario	27	18,759	10	5,425
Prince Edward Island	1	750	1	750
Quebec	2	1,815	1	750
Saskatchewan	2	872	2	852
Total	46	30,410	24	12,473 41.02%

Andrea Menard

Outstanding Aboriginal Recording

2006 Western Canadian Music Awards



Photograph courtesy of Kevin Hogarth

OUTSTANDING COMMITMENTS

AS OF MARCH 31, 2008

The funding that FACTOR receives from Canada's private radio broadcasters is of critical importance to how FACTOR administers the funds. The public funds administered by FACTOR must be spent within the fiscal year in which they are made available. This requirement would be a significant challenge for the industry, were it not for the private funds.

Projects must be allowed to be completed in their own time frame. To impose deadlines on the completion of projects would have an adverse affect on the overall results that can be accomplished. To require all sound recording projects, videos, tours, showcases, etc. to be completed before March 31st each year, would not best serve the artists and the creative process. The risk of rates being inflated at peak times of the year could create inflated values for services and could also adversely affect the outcome of these projects. It could result in services being available to the highest bidder.

FACTOR's current process ensures a seamless blending of funding from one year to the next, while adhering to Treasury Board regulations but not interfering with the creative process. It also results in FACTOR carrying forward outstanding commitments on its books at the end of each fiscal year. However, FACTOR's financial statements reflect that there is funding on hand to cover these outstanding obligations upon the completion of the projects. The outstanding commitments for this fiscal year are as follows:

Sound Recordings	\$2,888,864
Marketing & Promotion for Sound Recordings	\$1,730,973
Touring & Showcasing	\$1,135,036
Business Development	\$2,343,099
Total	\$8,097,971

PROJECT EVALUATION PROCESS

The FACTOR Board of Directors' policy is to establish monies available to each program, based on the financial budget, and to review applications. The FACTOR Loan, Independent Recording Loan, Professional Demo Award and Songwriter's Demo Grant programs all require a creative assessment. This assessment involves music and broadcasting industry professionals who attend juries to determine which projects should be offered funding. Those applications that receive two yeses in the genre specific jury go on to a super jury. This panel reviews all the genre recommended projects to determine those that will receive funding.

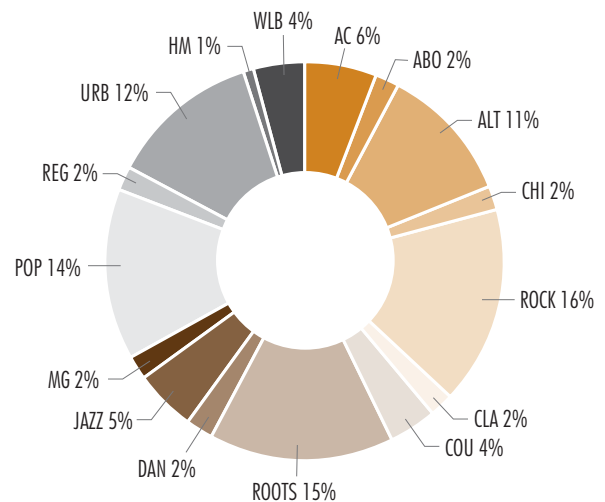
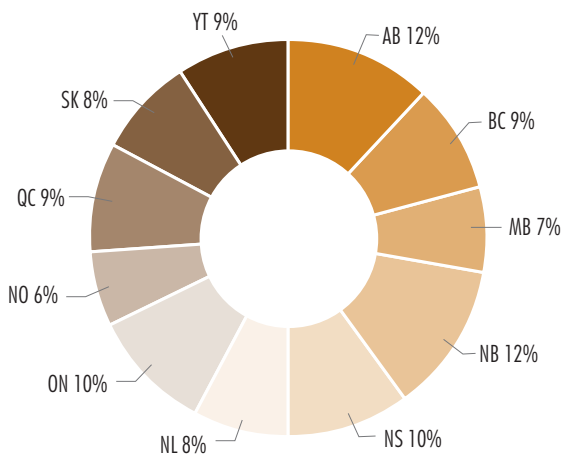
The 248 juries that were conducted last year involved the participation of 555 music and broadcasting professionals who donated their time. As well, FACTOR is represented by provincial music industry associations across Canada. Part of their affiliation with FACTOR requires them to conduct juries throughout the year. The breakdown is as noted below:

Juries by Province

Alberta - AB	27
British Columbia - BC	23
Manitoba - MB	18
New Brunswick - NB	27
Nova Scotia - NS	26
Newfoundland & Labrador - NL	21
Ontario - ON	25
Northern Ontario - NO	15
Quebec - QC	23
Saskatchewan - SK	20
Yukon & NWT - YT	23
Total	248

Juries by Genre

Adult Contemporary - AC	16
Aboriginal - ABO	5
Alternative - ALT	28
Children's - CHI	6
Rock - ROCK	36
Classical - CLA	6
Country - COU	9
Roots - ROOTS	35
Dance - DAN	6
Jazz - JAZZ	12
Multi Genre - MG	5
Pop - POP	35
Reggae - REG	6
Urban - URB	30
Heavy Metal - HM	2
Worldbeat - WLB	11
Total	248



REGIONAL REPRESENTATION

Provinces & Territories

Newfoundland & Labrador

Nova Scotia

Prince Edward Island

New Brunswick

Quebec

Ontario (outside of
Greater Toronto area)

Manitoba

Saskatchewan

Alberta

British Columbia

Yukon

Members of the FACTOR National Advisory Board & Regional Evaluation Coordinators

Music NL

Music Nova Scotia

Music Prince Edward Island

Music New Brunswick

Music & Film In Motion

Manitoba Audio Recording
Industry Association

Saskatchewan Music

Alberta Recording Industry Association

Music British Columbia

Music Yukon

Representatives

NAB – Denis Parker
REC – Jen Winsor

NAB – Shelley Nordstrom
NAB – Gordon Lapp
REC – Christine Buiteman

NAB – Grady Poe

NAB – Yolande Bourgeois
NAB/REC – Jolene Keats
REC – Claudia Boucher

REC – Shevaughn Battle

NAB – Dennis Landry
REC – Mike Large

NAB – Sam Baardman
NAB – Sara Stasiuk
REC – Sara Stasiuk

NAB – J.P. Ellson
NAB – Noreen Neu
REC – Julie Desjarlais

NAB – Alvin Jahns
REC – Kennedy Jenson

NAB – Bob D’Eith
REC – Savry Bou

NAB – Mark Smith
REC – Grant Simpson
REC – Steve Gedrose

SUCCESS STORIES

Certifications and Awards

The Canadian Recording Industry Association (CRIA) verifies sales of audio recordings in Canada and issues certifications based on the number of copies sold. Gold (50,000 copies), Platinum (100,000 copies), Double Platinum (200,000 copies) and Triple Platinum (300,000 copies) etc. to Diamond (1,000,000 copies).

The artists listed below have received gold, platinum, etc. certifications for sound recording projects since January 2006. These artists have all received financial assistance from FACTOR through one or more of its programs.

Artists	Album Title	Certification	Year
Alexisonfire	Crisis	Platinum	2007
	Watch Out	Platinum	2007
Bedouin Soundclash	Sounding a Mosaic	Platinum	2007
Belly	Revolution	Gold	2007
Billy Talent	Billy Talent	3x Platinum	2007
	Billy Talent II	2x Platinum	2007
Blue Rodeo	Small Miracles	Gold	2007
Champion (aka DJ Champion)	Chill 'Em All	Gold	2006
Chris Brown	Chris Brown	Gold	2007
City & Colour	Sometimes	Platinum	2006
Colin James	Colin James & Little Big Band	2x Platinum	2006
	Limelight	Gold	2007
Daniel Powter	Bad Day	Platinum	2006
	Daniel Powter	Gold	2007
Death From Above 1979	You're a Woman, I'm a Machine	Gold	2006
Feist	Let It Die	Platinum	2006
	The Reminder	Platinum	2007
	The Reminder	3X Platinum	2008
Jim Cuddy	The Light That Guides You	Gold	2007
K-os	Atlantis Hymns for Disco	Platinum	2006
	Sunday Morning	Gold Single	2007
Loreena McKennitt	An Ancient Muse	Platinum	2007
Lowest of the Low	Shakespear My Butt...	Gold	2008
Matthew Good Band	In a Coma	Gold	2007
	Hospital Music	Gold	2008
Mobile	Tomorrow Starts Today	Gold	2006

Nickelback	Photograph	Platinum	2006
	All the Right Reasons	5x Platinum	2006
	All the Right Reasons	6x Platinum	2007
Nicola Ciccone	Nous serons six milliards	Gold	2006
Patrick Norman	Tu Peux Frapper à Ma Porte	2x Platinum	2007
Patrick Watson	Close To Paradise	Gold	2007
Randy Bauchman & Burton Cummings	Bachman Cummings Songbook	Gold	2006
Rankin Family	Backstage Pass	Gold	2008
Richard Abel	Elegancia Live (Video)	Platinum	2007
Rush	Snacks and Arrows	Gold	2007
Sam Roberts	Chemical City	Gold	2006
Sarah Harmer	I'm a Mountain	Gold	2006
Sarah McLachlan	Wintersong	2x Platinum	2006
Stars	Set Yourself on Fire	Gold	2006
State Of Shock	Money Honey	Platinum Digital	2008
The Corb Lund Band	Hair in My Eyes Like A Highland Steer	Gold	2006
	Five Dollar Bill	Gold	2006
The Essentials	Stocking Stuffer	Gold Single	2007
The Jeff Healey Band	Live at Montreux (Video)	Gold	2006
The Tragically Hip	World Container	Platinum	2006
	That Night in Toronto	5 x Platinum	2007
	Fully Completely	Diamond	2007
	Yer Favourites	2 x Platinum	2007
	Hipeponymous	Platinum	2007
Theory of a Deadman	Theory of a Deadman	Platinum	2006
Triumph	The Sport of Kings	Platinum	2007
Will Millar	Celtic Whispers	Gold	2006

Emilie-Claire Barlow

*Female Vocalist
of the year*

2008 National Jazz Awards

2008 Juno Awards for FACTOR Supported Artists

Feist	Single of the Year Album of the Year Pop Album of the Year Artist of the Year Songwriter of the Year
Wintersleep	New Group of the Year
Blue Rodeo	Group of the Year Adult Alternative Album of the Year Video of the Year
Paul Brandt	Country Recording of the Year
Serena Ryder	New Artist of the Year
Arcade Fire	Alternative Album of the Year
Sophie Milman	Vocal Jazz Album of the Year
Chris Tarry of The Chris Tarry Group	Contemporary Jazz Album of the Year
Brandi Disterheft	Traditional Jazz Album of the Year
Jayme Stone	Instrumental Album of the Year
James Ehnes of James Ehnes, Bramwell Tovey, Vancouver Symphony Orchestra Accompaniment	Classical Album of the Year: Large Ensemble or Soloist(s) with Large Ensemble
Christos Hatzis	Classical Composition of the Year
Belly	Rap Recording of the Year
Jully Black	R&B/Soul Recording of the Year
Mikey Dangerous	Reggae Recording of the Year
Derek Miller	Aboriginal Recording Artist of the Year
David Francey	Roots & Traditional Album of the Year: Solo
Nathan	Roots & Traditional Album of the Year: Group
FATHEAD	Blues Album of the Year
Alex Cuba	World Music Album of the Year
Billy Talent	Music DVD of the Year

*Listings appearing in **boldface** are FACTOR-supported audio recordings. All other listings received some other means of support from FACTOR.

Doc Walker

Album of the Year

2007 CCMA Awards

2008 ECMA Awards for FACTOR Supported Artists

George Canyon	McDonald's Entertainer of the Year
Joel Plaskett Emergency	FACTOR Recording of the Year
	Group Recording of the Year
	Vibe Creative Group Single of the Year
	SOCAN Songwriter of the Year
	Video of the Year
	Sirius Satellite Radio Rock Recording of the Year
Dave Gunning	Konica Minolta Male Solo Recording of the Year
	Folk Recording of the Year
Stephanie Hardy	CBC Galaxie Rising Star Recording of the Year
The Rankin Family	Pattison Outdoor DVD of the Year
	Roots/Traditional Group Recording of the Year
Jamie Sparks	African-Canadian Recording of the Year
	Urban Single of the Year
Nathan Wiley	Alternative Recording of the Year
The Divorcees	Country Recording of the Year
Troy MacGillivray	Instrumental Recording of the Year
Two Hours Traffic	Pop Recording of the Year
Classified	Rap/Hip-Hop Single Track Recording of the Year

2007 CCMA Awards for FACTOR Supported Artists

Doc Walker	Album of the Year
Mitch Merrett/Aaron Pritchett/Deric Ruttan	SOCAN Songwriter(s) of the Year
Carolyn Dawn Johnson	Female Artist of the Year
Brad Johner	Male Artist of the Year
Corb Lund	Roots Artist or Group of the Year
Shane Yellowbird	Chevy Rising Star Award
Johnny Reid	Independent Male Artist of the Year
Patricia Conroy	Independent Female Artist of the Year

2007 WCMA Awards for FACTOR Supported Artists

Jim Byrnes	Outstanding Blues Recording
Pied Pumkin	Outstanding Children's Recording
Fresh I.E.	Outstanding Christian Recording
James Ehnes	Outstanding Classical
Doc Walker	Outstanding Country Recording
	Outstanding Album/Independent Artist
Moses Mayes	Outstanding Instrumental Recording
Joel Kroeker	Outstanding Pop Recording
The Blood Lines	Outstanding Rock Recording
Nathan	Outstanding Roots Recording – Duo/Group
Romi Mayes	Outstanding Roots Recording – Solo
	Songwriter of the Year
Skavenjah	Outstanding Urban Recording

*Listings appearing in **boldface** are FACTOR-supported audio recordings. All other listings received some other means of support from FACTOR.



FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

FINANCIAL STATEMENTS
MARCH 31, 2008

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AUDITOR'S REPORT

To the Directors of the Foundation Assisting Canadian Talent on Recordings

We have audited the statement of financial position of the Foundation Assisting Canadian Talent on Recordings (FACTOR) as at March 31, 2008 and the statements of changes in net assets, operations and cash flows, for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



FRUITMAN KATES LLP

Toronto, Canada
May 28, 2008

Chartered Accountants
Licensed Public Accountants

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Statement of Financial Position

As at March 31, 2008

	2008	2007
Assets		
Current		
Cash and cash equivalents	\$ 6,663,576	\$ 7,385,252
Accounts receivable	551,054	423,242
Prepaid expenses and sundry assets	12,006	46,808
	7,226,636	7,855,302
Investments (note 4)	3,640,665	2,880,680
Capital assets (note 5)	1,578,451	1,639,287
	\$ 12,445,752	\$ 12,375,269
Liabilities and Net Assets		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 121,734	\$ 307,700
Net assets (note 6)		
Unrestricted General Fund	9,967,058	9,846,971
Capital Assets Fund	1,578,451	1,639,287
Contingency Reserve Fund	778,509	581,311
	12,324,018	12,067,569
	\$ 12,445,752	\$ 12,375,269

Approved on behalf of the Board



Director



Director

See accompanying notes to the financial statements

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Statement of Operations

For the year ended March 31, 2008

	2008	2007
Revenue (Schedule 1)	\$ 13,158,296	\$ 14,660,618
Expenditures		
Loans and awards (Schedule 2)	11,660,214	12,011,120
Administrative expenses (Schedule 3)	1,503,324	1,499,290
	13,163,538	13,510,410
Excess (deficiency) of revenues over expenditures before the following	(5,242)	1,150,208
Investment income - general fund	339,888	343,984
Investment income - contingency reserve fund	22,198	52,157
Fair value adjustment to investments	18,165	-
Amortization of capital assets	(100,395)	(50,975)
Loss on disposal of capital assets	-	(62,542)
	261,691	282,624
Excess of revenues over expenditures	\$ 256,449	\$ 1,432,832
Allocated as follows		
Unrestricted General Fund	\$ 334,646	\$ 1,494,192
Capital Assets Fund	(100,395)	(113,517)
Contingency Reserve Fund	22,198	52,157
	\$ 256,449	\$ 1,432,832

See accompanying notes to the financial statements

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Statement of Changes in Net Assets

For the year ended March 31, 2008

				2008	2007
	Unrestricted General Fund	Capital Assets Fund	Contingency Reserve Fund	Total	Total
Balance, beginning of year	\$9,846,971	\$1,639,287	\$ 581,311	\$ 12,067,569	\$10,634,737
Excess (deficiency) of revenues over expenditures	334,646	(100,395)	22,198	256,449	\$ 1,432,832
Interfund transfers (note 7)	(214,559)	39,559	175,000	-	-
Balance, end of year	\$9,967,058	\$1,578,451	\$ 778,509	\$ 12,324,018	\$12,067,569

See accompanying notes to the financial statements

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Statement of Cash Flows

For the year ended March 31, 2008

	2008	2007
Cash flows from (used in):		
Operating activities		
Excess of revenues over expenditures	\$ 256,449	\$ 1,432,832
Adjustments for		
Amortization	100,395	50,975
Loss on disposal of capital assets	-	62,542
Fair value adjustment to investments	(18,165)	-
	338,679	1,546,349
Change in non-cash working capital items		
Accounts receivable	(127,812)	25,177
Prepaid expenses and sundry assets	34,802	(26,763)
Accounts payable and accrued liabilities	(185,966)	(505,905)
	59,703	1,038,858
Investing activities		
Investments	(741,820)	1,622,062
Capital assets	(39,559)	(1,585,676)
	(781,379)	36,386
Increase (decrease) in cash and cash equivalents	(721,676)	1,075,244
Cash and cash equivalents, beginning of year	7,385,252	6,310,008
Cash and cash equivalents, end of year	\$ 6,663,576	\$ 7,385,252
Cash and cash equivalents allocated as follows:		
Unrestricted General fund	\$ 6,568,896	\$ 6,803,941
Contingency Reserve Fund	94,680	581,311
	\$ 6,663,576	\$ 7,385,252

See accompanying notes to the financial statements

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Notes to Financial Statements

As at March 31, 2008

1. General

The Foundation Assisting Canadian Talent on Recordings (FACTOR) was incorporated as a non-profit association without share capital on June 17, 1982, under the Canada Business Corporations Act.

FACTOR provides funding by way of loans and grants to Canadian individuals and groups in the music recording industry in order to promote and foster Canadian talent. FACTOR receives and disburses funds pursuant to agreements with the

Government of Canada, under the Department of Canadian Heritage's New Musical Works and Collective Initiatives programs. The current contract with the Government of Canada expires on March 31, 2010. Financial contributions received from Canada's private radio industry are likewise distributed by FACTOR to individuals and groups in the Canadian music industry.

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

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Notes to Financial Statements

For the year ended March 31, 2008

2. Change in accounting policy

Effective April 1, 2007, FACTOR adopted on a prospective basis the Canadian Institute of Chartered Accountants Handbook Section 3855 regarding the recognition, measurement and presentation of financial instruments. This change in accounting policy had no impact on current year's opening balance of net assets.

3. Significant accounting policies

(a) Revenue recognition

FACTOR follows the deferral method of accounting for contributions.

Contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection thereof is reasonably assured.

Investment income is recognized as revenue when earned.

(b) Cash and cash equivalents

Cash and cash equivalents include short-term deposits with terms to maturity less than 90 days and are recorded at market prices.

(c) Investments

Investments comprise marketable securities and guaranteed investment certificates. The investments are held for trade and are recognized at fair value based on market prices. Gains and losses are reflected in net income for the period in which they arise.

(d) Loans

Loans to artists, producers and record companies are granted to finance costs directly associated with recordings, as well as the promotion and marketing of these recordings. These loans

must be repaid directly from royalty proceeds of projects financed by the program. Due to the uncertainty of ultimate collectibility, loans are expensed when the monies are advanced. Repayment of these loans is recorded as revenue when cash is received from the recipient.

(e) Capital assets

Capital assets are recorded at cost and amortized over their estimated useful lives on a declining balance basis at the following annual rates:

Building	4%
Computer equipment	30-100%
Furniture and equipment	20%

(f) Contributed services

Members of FACTOR's Board of Directors, Members of the National Advisory Board and unpaid volunteers from the music industry donate their time without monetary compensation. Because of the difficulty of determining the fair value of contributed services, they are not recognized in the financial statements.

(g) Use of estimates

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

4. Investments

	Fair Value	2008 Cost	Fair Value	2007 Cost
Guaranteed investment certificates	\$ 2,333,690	\$ 2,333,690	\$ 2,084,495	\$ 2,084,495
Marketable securities	1,306,975	1,288,810	796,185	796,185
	\$ 3,640,665	\$ 3,622,500	\$ 2,880,680	\$ 2,880,680

The investments are allocated to the following funds:

	2008	2007
Unrestricted General Fund	\$ 2,956,836	\$ 2,880,680
Contingency Reserve Fund	683,829	-
	\$ 3,640,665	\$ 2,880,680

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Notes to Financial Statements

For the year ended March 31, 2008

5. Capital assets

	2008		2007	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Land	\$ 596,000	\$ -	\$ 596,000	\$ -
Building	894,323	47,221	894,323	11,924
Computer equipment	264,601	197,833	244,239	147,481
Furniture and equipment	182,567	113,986	163,370	99,240
	1,937,491	359,040	1,897,932	258,645
Net book value	\$ 1,578,451		\$ 1,639,287	

6. Net Assets

Net assets invested in capital assets represents purchases and proceeds of disposition and related amortization of these assets.

Net assets invested in the contingency reserve have been set aside by the Board of Directors to ensure that FACTOR is able to meet legal and other obligations and commitments, other than the loans and awards described in note 9(i), in the event of the termination of the funding contract with the Government of Canada.

The unrestricted net assets accounts for the Foundation's general operating activities. The balance represents the accumulation of surplus private contributions, loan repayments and investment income earned thereon after interfund transfers.

7. Interfund Transfers

During the year, \$175,000 (2007 - \$140,323) was transferred from the unrestricted general fund to the contingency reserve fund and \$39,559 (2007 - \$95,353) was transferred to the capital assets fund. In addition, \$NIL (2007 - \$1,490,323) was transferred from the contingency reserve fund to the capital assets fund. These transfers have been approved by the Board of Directors.

8. Financial instruments

Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments. Marketable securities are recorded at market

value which represents fair value. It is management's opinion that FACTOR is not exposed to significant interest rate, currency or credit risk arising from its financial instruments.

9. Commitments

(i) Loans and awards

FACTOR is committed to advancing funds totalling approximately \$8,100,000 (2007 - \$10,000,000) as loans and awards to recipients. Because certain conditions must be met before such loans are made, these amounts have not been recorded as liabilities.

(ii) Leases

FACTOR is committed to various operating leases for equipment expiring in 2011. The future annual minimum lease payments are approximately as follows:

2009	\$ 25,000
2010	25,000
2011	25,000

10. Related party transactions

During the year, FACTOR approved loans and/or grants in the normal course of operations, to related organizations, amounting to approximately \$1,125,000 (2007 - \$1,175,000). Included in the aforementioned are grants to Canadian Independent Record Production Association (CIRPA), a not for profit association, amounting to approximately \$400,000 (2007 - \$420,000). The parties are related by virtue of the fact that they are officers of the recipients and are represented on the FACTOR Board of Directors.

11. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Schedule of Revenue

For the year ended March 31, 2008
(Schedule 1)

	2008	2007
Public		
Canada Music Fund Contributions		
New Music Works Program		
- General Component	\$ 6,367,440	\$ 6,534,436
- Specified Label Funding	-	207,641
Collective Initiatives Program	1,548,338	1,398,338
	7,915,778	8,140,415
Private		
Broadcasters' Contributions		
-Significant Benefits	2,968,351	3,771,363
-Voluntary	1,460,562	1,574,719
Loan repayments	643,605	1,174,121
New Licence	138,000	-
Satellite Radio	32,000	-
	5,242,518	6,520,203
	\$ 13,158,296	\$ 14,660,618

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Schedule of Loans and Awards

For the year ended March 31, 2008
(Schedule 2)

	2008	2007
New Musical Works Program		
Sound recording	\$ 2,748,079	\$ 3,398,941
Marketing and sound recording	2,357,223	1,642,159
Domestic and international touring	1,160,027	1,187,835
Domestic and international business development	806,200	601,499
Video grants	707,467	1,353,390
Domestic and international showcasing	643,478	771,690
Label, manager and distributor business development	409,147	381,572
Specified label funding	-	181,686
	8,831,621	9,518,772
Collective Initiatives Program		
Collective initiatives and songwriters workshop grants	2,198,668	1,522,031
Regional affiliates	300,000	200,000
	2,498,668	1,722,031
Radio Marketing Fund		
	329,925	770,317
	\$ 11,660,214	\$ 12,011,120

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Schedule of Administrative Expenses

For the year ended March 31, 2008
(Schedule 3)

	2008	2007
Salaries and benefits	\$ 887,659	\$ 838,035
Automobile and travel	108,228	94,536
Consulting and professional fees	124,053	72,216
Publicity, promotion and meetings	78,382	106,602
Occupancy costs	71,928	168,749
Office and general	70,505	62,087
Professional development	46,874	25,898
Equipment rentals and repairs	32,272	30,668
Regional affiliates and travel	31,570	36,892
Courier and postage	25,022	33,919
Telephone and communications	14,841	19,750
Insurance	11,990	9,938
	<hr/> \$ 1,503,324	<hr/> \$ 1,499,290 <hr/>



The Foundation Assisting Canadian Talent on Recordings
With Support From Canada's Private Radio Broadcasters

30 Commercial Road
Toronto, ON M4G 1Z4
Tel: 416.696.2215
Fax: 416.696.6857

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