

FACTOR

FOSTERING EMERGING ARTISTS
AND MUSICAL DIVERSITY



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

2008 - 2009 ANNUAL REPORT
FOR THE FISCAL YEAR ENDING MARCH 31, 2009

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Canada

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



Divine Brown

BOARD OF DIRECTORS



PEGI CECCONI, Chair
Vice-President
Anthem Entertainment



NICOLE JOLLY, Vice-Chair
Vice-President, Operations
Flow 93.5-FM



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



BRIAN HETHERMAN,
Secretary
President
Curve Music /
Cerberus Artist Management



AUBREY WINFIELD
President
Orange Music Inc.



GRANT DEXTER
President
Maple Music



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



TERRY KELLY
President
TK Productions



DREW KEITH
Operations Manager /
Program Director
Astral Media Radio



SUSAN WHEELER
VP Regulatory Affairs
Rogers Media



ROSS WINTERS
National Programming Chair
CORUS Radio
(November 2008 - Present)
Replacing Chris Lecomte



CHRIS LECOMTE
Vice President,
Finance and Administration
CORUS Radio
(December 2007 - November 2008)



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



JP ELLSON, Observer
Chair
FACTOR National Advisory Board



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



HEATHER OSTERTAG
President and CEO
FACTOR

MESSAGE FROM THE CHAIR



What an interesting year. While I have served on the FACTOR Board for a number of years, this is my first year as Chair. It certainly requires a great deal more time and a much bigger commitment than just serving on the Board. However, it is very rewarding work and I am pleased to report on some highlights as well as some of the accomplishments of the Board of Directors over this past year.

Since getting involved with the Government of Canada in 1986, more than 50% of FACTOR's revenue has been provided from public funds. However, this year 50% of all of FACTOR's funding was provided by Canada's private radio broadcasters. This can be attributed to the revenue received from transactions, specifically from Astral Media's acquisition of Standard Broadcasting and CTV Globe Media's acquisition of CHUM. 47% of revenue received by FACTOR came from the Canada Music Fund.

We struck several committees to review the various programs that FACTOR provides. For the upcoming year, we believe that we have been able to modify existing programs in a way that will continue to encourage the production, marketing and promotion of new sound recordings by Canadian artists.

The Board of Directors mandates that the administration of the foundation be as lean as possible. However, keeping costs down is not to be to the detriment of effective, efficient delivery of the programs. FACTOR is capped at a maximum of 12.5% of its total revenue being spent on administration. Credit must be given to the Board and FACTOR's President and CEO for their business acumen this past year. The administration fee for this past fiscal was 9.25% of revenue received. This is an all time low for the organization. The \$450,000+ that could have been spent on administration was re-directed to support FACTOR's programs.

The Board of Directors and its finance committee have created a plan for its stabilized funding strategy. The current policy of the Board is to review the funds, strategy and investment policy on a semi-annual basis. It is too early in the process and the industry is in such a state of flux that it is impossible to come up with a definitive strategy for the next few years. By reviewing it on a regular basis it will ensure that the maximum benefit to the industry is enjoyed. While the funds are earmarked to provide some long-term stability for the music industry, should an immediate need for the funds arise, the Board of Directors is prepared to consider proposals.

The Board has also been working on a governance document that is intended to be adopted at the Annual General Meeting of the Board of Directors in June 2009. This governance document is intended to be published and accessible on FACTOR's website once it has been adopted. The intent of it is to ensure there is a high level of transparency around how the Board of Directors and staff conduct the business of FACTOR. A great deal of work has gone into this document and I am confident that once you have reviewed it you will agree that FACTOR's Board of Directors is very committed to both professional and clear accountability in how the business of FACTOR is conducted.

It is very rewarding to note that FACTOR supported artists continue to dominate nominations for various domestic awards and receive a significant number of these awards. Some examples include 85 FACTOR supported artists received 101 Juno nominations; 57 received 71 Indie Awards and 25 received 36 National Jazz Award nominations. These are just a few examples of the many nominations FACTOR supported artists received this past fiscal. On the winning side of the analysis of the 39 Juno Awards presented in March 2009, in Vancouver, BC, FACTOR supported artists took home 26 of them or 67% of all the Junos awarded!

I wish to take this opportunity to thank the Board of Directors and President of FACTOR for all the hard work and accomplishments of FACTOR over this past year. We should all be proud of what we have accomplished.

Sincerely,

A handwritten signature in black ink, appearing to read 'Pegi Cecconi', written in a cursive style.

Pegi Cecconi

Chair, The Foundation Assisting Canadian Talent on Recordings

MESSAGE FROM THE PRESIDENT & CEO



It has been a very busy time at FACTOR this past year. The number of applications received at FACTOR this year increased 14% (3,648 submissions as compared to 3,245 the previous year) and there was an 11% increase in funds requested (\$37.7 million as compared to \$34.1 million the previous year). There was a 16% increase in the number of projects approved for funding (1,543 as compared to 1,327 the previous year) and a 23% increase in total funds offered (\$14.9 million as compared to \$12.2 million the previous year). All of which meant a great deal more work for the staff at FACTOR. This in part can be attributed to the hard work of the staff in getting the word out to the industry through participation at panels and seminars conducted by FACTOR as well as participation in panels that are part of music industry conferences.

Once again we were able to ensure there was a national voice involved in determining which projects should receive funding. Of the 175 juries conducted last year, 78.8% of them (138) were conducted outside of the greater Toronto area. The relationship that FACTOR has developed with the provincial music industry associations continues to provide a national voice in the funding decisions for all juried programs.

We have added two new forms of measurement to assess the ROI (Return on Investment) of funds administered by FACTOR. They are:

Radio Airplay: Many FACTOR supported artists have been receiving radio airplay. The analysis is based on data gathered from Mediabase. For the five years ending December 31, 2008, 293 FACTOR supported artists have received in excess of 2 million spins. This is based on both domestic and international radio airplay. It averages out to over 6,900 radio spins per artist.

Audience Potential: Canadian artists that have received financial assistance to support both domestic and international touring and showcasing activities that were approved for funding this fiscal have had the potential to perform in front of more than 2.4 million people.

Two meetings with FACTOR's National Advisory Board were conducted this past year. While these meetings create a time and financial challenge for FACTOR and its members, these meetings are crucial to ensuring there is a national voice in the jury process, program development and on-going messaging about FACTOR and its programs to the music industry at large. As well, these meetings afford an important opportunity for the various music industry associations to come together and share information and discuss the current challenges facing the music industry. Both meetings were productive and have really helped to strengthen the messaging to the industry about the intent of FACTOR's programs and the expected results from funds invested in projects.

FACTOR undertook to have a staff retreat in November 2008. This was done to ensure that the organization developed some strong team building enhancing skills. The two day retreat proved to be very beneficial to the team and the result of it is that the staff at FACTOR are working from a common place, with the shared objective of doing what is best for FACTOR. This has certainly improved the overall performance of the organization and its ability to work with the industry during these challenging times.

I would be remiss if I did not take the time to acknowledge and thank the hard work of the staff at FACTOR. We have produced record results and I am proud to be leading such a hard working, dedicated team of individuals all of whom are committed to supporting the development of the Canadian music industry. We operate from the place of *"doing what is best for FACTOR"* which translates to *"what is best for the Canadian music industry"*. We shall continue to work hard to provide the best service we can.

I look forward to this next year and am focused on securing a solid foundation for FACTOR with the Government of Canada. It is an important relationship to FACTOR and the Canadian music industry. We need to ensure that the inroads and the development of the careers of Canadian artists that have taken place do not get lost in these economically challenging times.

This goal will also be directed to further development of the relationship FACTOR has with Canada's private radio broadcasters. We started with radio and we cannot do it without them.

I have had the privilege of leading FACTOR for a number of years and I appreciate the opportunity to head up such an important organization that is providing Canadians with an identity in both the domestic and international arenas. We must never lose sight of the fact that Canada produces some of the best talent in the world and FACTOR plays a very important role!

Yours truly,

A handwritten signature in black ink, appearing to read "Heather Ostertag". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Heather Ostertag, C.M.
President & CEO

FINANCIAL RESULTS

In 2008-2009 FACTOR had revenue totaling \$18.1 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. 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	2008 - 2009	2007 - 2008	2006 - 2007
Public			
Canada Music Fund Contributions			
- New Musical Works Program	6,967,991	6,367,440	6,534,436
- Specified Label Funding	0	0	207,641
- Collective Initiatives Program	1,498,338	1,548,338	1,398,338
	8,466,329	7,915,778	8,140,415
Private			
Broadcaster Contributions			
- Canadian Content Obligations	1,545,925	1,460,562	
- New Licenses	573,044	138,000	1,574,719
- Transaction	6,672,294	2,968,351	3,771,363
Satellite Radio	352,500	32,000	
Loan Repayments	434,275	643,605	1,174,121
	9,578,038	5,242,518	6,520,203
Investment Income	63,184	339,888	343,984
Total Income	18,107,551	13,498,184	15,004,602

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. 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 between the funds offered and the funds expended would not have any relevance.

Financial Results for Past Three fiscal Years as a Comparison

Expenditures	2008 - 2009	2007 - 2008	2006 - 2007
Loans and Awards	12,522,247	11,660,214	12,011,120
Administrative Expenses	1,648,780	1,503,324	1,499,290
Total Expenses	14,171,027	13,163,538	13,510,410

PRIVATE RADIO CONTRIBUTIONS

Contributions from Canada's private radio broadcasters represented 53.3% of FACTOR's total revenue for the year.

Canadian Content Development radio contributions to FACTOR from its Sponsoring Radio stations totaled \$1,545,925. As well, FACTOR received \$6,672,294 from radio stations resulting from the recent CRTC decision allowing multiple ownership of stations in a single marketplace. Conditions of license revenue totaled \$573,044. As well FACTOR received \$352,500 in funding from satellite radio.

The following private radio broadcasters made financial contributions to FACTOR totaling \$8,791,264.

Astral Media Radio	CHTK-AM	CJFM-FM	CKRX-FM	CIBU-FM	CFRA-AM
CFBR-FM	CHTZ-FM	CJFW-FM	CKSL-AM	CJSP-FM	CFRW-AM
CFKC-AM	CHVR-FM	CJMG-FM	CKTB-AM	CKNX-AM	CFUN-AM
CFMG-FM	CIBK-FM	CJOR-AM	CKTK-AM	CKNX-FM	CFWM-FM
CFQX-FM	CICF-AM	CKCR-AM	CKXA-AM	CKSY-FM	CHBE-FM
CFRB-AM	CILK-FM	CKFM-FM	CKX-FM	CKUE-FM	CHBN-FM
CFRN-AM	CIOR-AM	CKFR-AM	CKXR-AM		CHIQ-FM
CFTK-AM	CIQM-FM	CKGR-AM	CKZZ-FM	CHUM Radio/CTV Globemedia	CHQM-FM
CHAM-AM	CISL-AM	CKKC-AM	Blackburn Radio Inc.	C100-FM	CHST-FM
CHBD-FM	CJAD-AM	CKLH-FM	CFCO-FM	CFAX-AM	CHUM-AM
CHOM-FM	CJAT-AM	CKMM-FM	CFGX-FM	CFBT-FM	CHUM-FM
CHOR-AM	CJAY-FM	CKMX-AM	CHKS-FM	CFCA-FM	CIDR-FM
CHRE-FM	CJBK-AM	CKNL-AM	CHOK-FM	CFGO-AM	CIMX-FM
CHRX-FM	CJBX-FM	CKOC-AM	CHYR-FM	CFJR-FM	CJCH-FM
CHSU-FM	CJDC-AM	CKOR-AM		CFLY-FM	CJMJ-FM
	CJEZ-FM	CKQB-FM			CJPT-FM

CKCE-FM	CKCB-FM	CJDR-FM	CFRQ-FM	CKSQ-AM	CKCL-FM
CKKL-FM	CKDK-FM	CJXX-FM	CFSX-AM	CKTG-FM	CKFX-FM
CKKW-AM	CKNG-FM	CJZN-FM	CFUL-FM	CKUL-FM	CKGB-FM
CKLC-FM	CKNW-AM	CKDV-FM	CFXE-FM	CKVH-AM	CKGL-AM
CKLW-AM	CKOI-FM	CKIZ-FM	CFXH-FM	CKVO-AM	CKIS-FM
CKLY-FM	CKRU-AM	CKKN-FM	CFXW-FM	CKWY-FM	CKLG-FM
CKPT-FM	CKRY-FM	CKKQ-FM	CHCM-AM	CKXD-FM	CKQC-FM
CKQM-FM	CKWF-FM	CKLR-FM	CHFT-FM	CKXG-FM	CKSR-FM
CKST-AM		CKWV-FM	CHLW-AM	CKXX-FM	CKWX-AM
CKWW-AM	Haliburton Broadcasting		CHNK-FM	VOCM-AM	CKY-FM
CORUS Radio	CFBG-FM	Maritime Broadcasting	CHNO-FM	VOCM-FM	Vista Broadcast Group
CFEL-FM	CFBK-FM	CFAB-AM	CHRK-FM	Rogers Media	CFCP-FM
CFFX-FM	CFIF-FM	CFAN-FM	CHSL-FM	CFAC-AM	CFFM-FM
CFHK-FM	CFXN-FM	CFBC-AM	CHTN-FM	CFFR-AM	CFNI-AM
CFLG-FM	CFZN-FM	CFCY-FM	CHVO-FM	CFGP-FM	CFPW-FM
CFMI-FM	CHMS-FM	CFQM-FM	CIBQ-AM	CFRV-FM	CFRI-FM
CFMJ-AM	CHMT-FM	CHER-FM	CIHT-FM	CFSR-FM	CHNV-FM
CFNY-FM	CHPB-FM	CHFX-FM	CIJK-FM	CFTR-AM	CIQC-FM
CFOX-FM	CHYC-FM	CHLQ-FM	CILB-FM	CHAS-FM	CIRX-FM
CFPL-AM	CHYK-FM	CHNS-FM	CILV-FM	CHDI-FM	CJCD-FM
CFPL-FM	CIYN-FM	CHOY-FM	CIQX-FM	CHEZ-FM	CJCI-FM
CFQR-FM	CKAP-FM	CIOK-FM	CIRK-FM	CHFI-FM	CJSU-FM
CHED-AM	CKJN-FM	CJCB-AM	CIXF-FM	CHFM-FM	CKGF-FM
CHMJ-AM	CKLP-FM	CJCW-AM	CIZZ-FM	CHMN-FM	CKGR-AM
CHML-AM	CKNR-FM	CJRW-FM	CJEG-FM	CHTT-FM	CKQR-FM
CHQR-AM	Jim Pattison	CJYC-FM	CJMO-FM	CHUR-FM	
CHQT-AM	CFDV-FM	CKAD-AM	CJPR-FM	CHYM-FM	
CILQ-FM	CFJC-AM	CKCW-FM	CJUK-FM	CHYM-FM	
CIME-FM	CFMY-FM	CKDH-AM	CJXK-FM	CIGM-AM	
CIMJ-FM	CFMY-FM	CKDY-AM	CJXL-FM	CIOC-FM	
CING-FM	CHAT-FM	CKEN-FM	CJYQ-AM	CISQ-FM	
CIQB-FM	CHBW-FM	CKNB-AM	CKBA-AM	CISS-FM	
CISN-FM	CHBZ-FM	CKPE-FM	CKCM-AM	CITI-FM	
CJDV-FM	CHDR-FM	CKWM-FM	CKDQ-AM	CIWW-AM	
CJGV-FM	CHLB-FM		CKGA-AM	CJAQ-FM	
CJKR-FM	CHPQ-FM	NewCap Broadcasting	CKGY-FM	CJCL-AM	
CJOB-AM	CHUB-FM	CFCB-AM	CKIX-FM	CJET-FM	
CJOY-AM	CHWF-FM	CFCW-AM	CKJR-AM	CJMX-FM	
CJSS-FM	CIBH-FM	CFCW-AM	CKJS-AM	CJQM-FM	
CJUL-AM	CIBW-FM	CFCW-FM	CKKY-AM	CJQQ-FM	
CJXY-FM	CIFM-FM	CFDR-AM	CKQK-FM	CJRQ-FM	
CKAC-AM	CJAV-FM	CFLN-AM	CKRA-FM	CJRX-FM	
CKBT-FM	CJBZ-FM	CFOK-AM	CKSA-FM	CKAT-AM	
		CFRK-FM		CKBY-FM	

Individual Radio Stations that also Contributed to FACTOR are:

CFAR-AM	CHCO-FM	CICX-FM	CJCS-FM	CJUV-FM	CKOL-FM
CFEX-FM	CHGK-FM	CICZ-FM	CJCY-FM	CJVR-AM	CKOT-AM
CFJB-FM	CHIM-AM	CIGL-FM	CJDL-FM	CJWL-FM	CKPC-AM
CFMB-FM	CHIN-FM	CIHR-FM	CJLL-FM	CJWW-AM	CKPC-FM
CFMX-AM	CHMX-AM	CIHS-FM	CJLS-AM	CKAY-FM	CKPR-FM
CFNO-FM	CHSJ-AM	CIKR-FM	CJMK-FM	CKBL-FM	CKQV-AM
CFOB-AM	CHTD-AM	CIKX-AM	CJMR-AM	CKBW-AM	CKRV-AM
CFQK-AM	CHTM-AM	CIRC-AM	CJNL-AM	CKDR-AM	CKRW-AM
CFWD-AM	CHUC-AM	CIRV-AM	CJOC-FM	CKHK-AM	CKSG-FM
CFWF-AM	CHVD-FM	CIXL-FM	CJOJ-FM	CKJH-AM	CKVN-AM
CFXJ-FM	CHWO-AM	CIXM-AM	CJRL-AM	CKJK-AM	CKXC-FM
CFZM-AM	CHWV-AM	CJAR-AM	CJSD-AM	CKLM-AM	CKYC-AM
CHCD-FM	CICS-FM	CJBQ-AM	CJTK-AM	CKMB-FM	CKYE-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, 2009 FACTOR-supported sound recordings sold in excess of 1 million units. In total, from its inception in 1982, FACTOR-supported sound recording projects have sold in excess of 35 million copies with a retail value in excess of \$751 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 \$2,266,875 in administration expenses. The foundation spent \$1,801,047. The \$465,828 unused administration funds were reinvested into the programs. FACTOR's administrative costs were held at 9.25% again this year.

Project Requests and Funding Commitments for the Three Years Ending March 31, 2009

Project Results	2008 - 2009	2007 - 2008	2006 - 2007
Applications Submitted	3,648	3,245	3,051
Applications Approved	1,534	1,327	1,412
% Of Total Applications Approved as Compared to Total Submitted	42.05%	40.89%	46.28%
Amount Requested	37,726,182	34,113,071	36,389,308
Amount Offered	14,985,195	12,200,680	13,030,204
% Of Total Funds Offered as Compared to Total Requested	39.72%	35.77%	35.81%

DISTRIBUTION OF FUNDS

Emerging Talent - \$3,857,946

- Direct Board Approval
- Emerging Artists
- FACTOR Loan

New Talent Development - \$810,346

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

Marketing & Promotion - \$4,392,893

- Marketing & Promo Grants
- Video Grants

Touring & Showcasing - \$2,467,015

- Domestic Touring & Showcasing
- International Touring & Showcasing

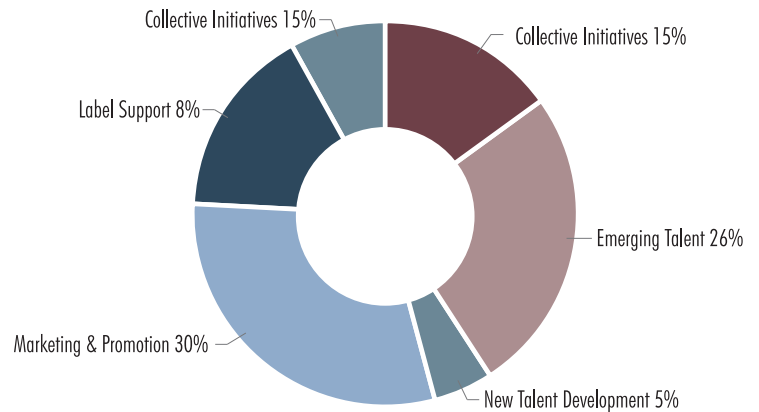
Label Support - \$1,161,850

- Label Manager Program
- Domestic & International Business Development

Collective Initiatives - \$2,295,145

- Radio Marketing Support

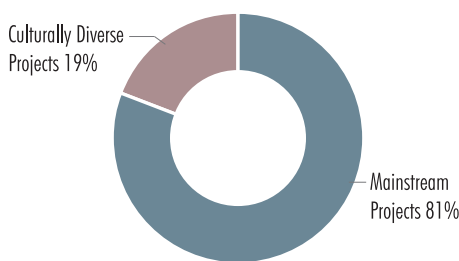
Total - \$14,985,195



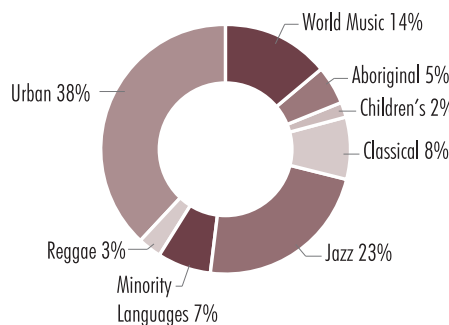
CULTURAL DIVERSITY

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 19% or \$2,862,764 of the funding offered by FACTOR for this fiscal was offered to culturally diverse projects. 81% or \$12,122,431 of the funds were offered to those projects that will ideally be suitable for radio airplay, distribution and sale to the public.

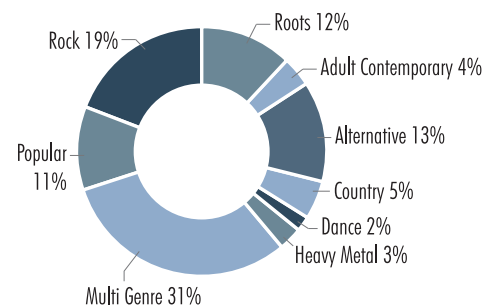
Culturally Diverse Funded Projects as Compared to Mainstream Projects



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

	2008 - 2009		2007 - 2008		2006 - 2007	
	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	120	103	102	81	110	91
Emerging Artists Sound Recording Projects	136	50	94	48		
FACTOR Loan	254	35	231	22	242	26
Independent Loan	521	41	488	19	445	30
Artist Demo Grants	819	124	727	149	554	150
Publisher & Songwriter Demo Grants	74	24	76	37	108	66
Songwriter Workshop Grant	43	29	46	24	33	26
Video Production						
Video Grants	69	23	54	19	130	41
Marketing & Promotion						
Marketing for Audio Recording Loans	389	216	288	137	264	169
Touring & Showcasing Grants						
Domestic Showcase & Tour Grants	341	253	333	195	351	218
International Showcase & Tour Grants	462	288	395	254	434	278
Company Marketing Support						
Domestic & International Business Development Support	286	246	279	239	266	213
Label, Manager & Distributor Business Development Support	60	52	72	57	39	37
Collective Initiatives	72	48	60	46	54	46
Radio Marketing Support	2	2			21	21
Total	3,648	1,534	3,245	1,327	3,051	1,412
% Of applications approved		42.05%		40.89%		46.28%

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

	2008 - 2009		2007 - 2008		2006 - 2007	
	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	2,221,519	1,840,612	2,252,753	1,627,906	3,474,201	2,328,132
Emerging Artists Sound Recording Projects	3,263,975	1,354,579	2,720,677	1,482,093		
FACTOR Loan	4,455,695	662,755	4,807,632	511,595	5,369,973	498,945
Independent Loan	6,176,738	519,452	6,696,295	263,875	6,463,438	469,616
Artist Demo Grants	1,640,992	226,288	1,382,707	215,175	1,062,278	225,275
Publisher & Songwriter Demo Grants	166,621	46,236	149,800	70,591	216,147	80,283
Songwriter Workshop Grant	29,304	18,370	30,410	12,473	21,706	15,962
Video Production						
Video Grants	1,858,824	461,725	1,399,201	464,625	3,161,988	848,537
Marketing & Promotion						
Marketing for Audio Recording Loans	6,846,875	3,931,168	4,227,218	2,130,785	4,000,676	2,457,115
Touring & Showcasing Grants						
Domestic Showcase & Tour Grants	1,816,074	939,688	1,847,232	633,773	2,558,414	732,779
International Showcase & Tour Grants	3,445,362	1,527,327	3,010,390	1,308,651	3,745,283	1,322,787
Company Marketing Support						
Domestic & International Business Development	1,217,451	733,544	1,236,213	807,534	1,601,180	979,795
Label, Manager & Distributor Business Development Support	572,538	428,306	1,088,355	497,423	575,617	412,500
Collective Initiatives	3,983,614	2,264,865	3,264,188	2,174,181	3,244,188	1,869,695
Radio Marketing Support	30,600	30,280			894,220	788,780
Total	37,726,182	14,985,195	34,113,071	12,200,680	36,389,308	13,030,204
% Of applications approved		39.72%		35.77%		35.81%

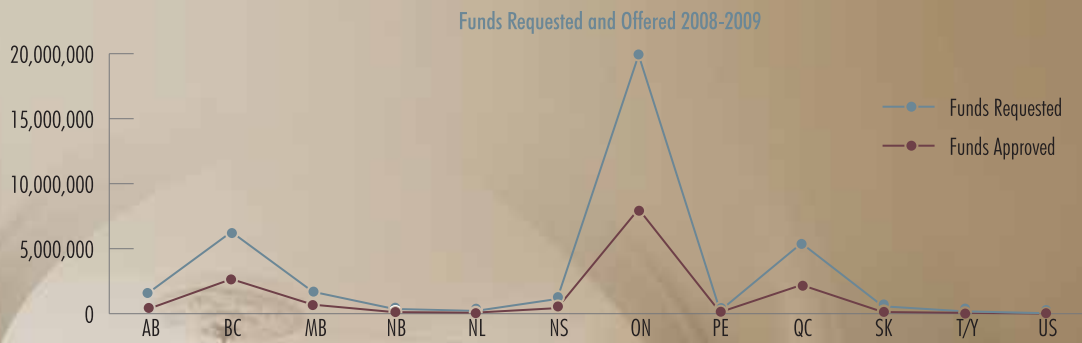
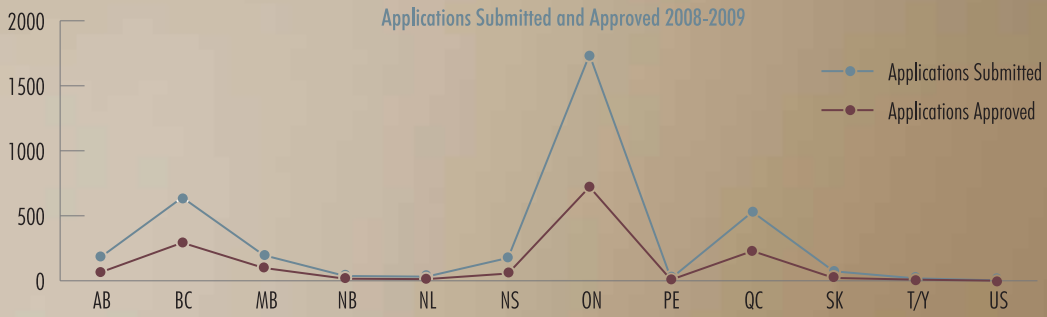
Comparative Analysis of all Applications Submitted and Approved by Province/Territory – Past three years

	2008 - 2009		2007 - 2008		2006 - 2007	
	Applications Submitted	Applications Approved	Applications Submitted	Applications Approved	Applications Submitted	Applications Approved
Alberta - AB	183	66	139	64	127	61
British Columbia - BC	641	293	564	200	620	290
Manitoba - MB	197	99	193	110	163	83
New Brunswick - NB	37	16	44	19	28	11
Newfoundland & Labrador - NL	32	13	32	12	33	14
Nova Scotia - NS	176	56	140	48	147	55
Ontario - ON	1739	722	1,544	600	1,426	650
Prince Edward Island - PE	18	8	16	14	11	7
Quebec - QC	530	229	501	222	405	188
Saskatchewan - SK	73	22	41	19	45	24
Territories & Yukon - T/Y	19	9	15	9	30	20
United States** - US	3	1	16	10	16	9
Total	3,648	1,534	3,245	1,327	3,051	1,412
% Of applications approved		42.05%		40.89%		46.28%

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

	2008 - 2009		2007 - 2008		2006 - 2007	
	Funding Requested	Funding Offered	Funding Requested	Funding Offered	Funding Requested	Funding Offered
Alberta - AB	1,693,547	412,301	1,198,350	449,960	1,118,312	423,553
British Columbia - BC	6,290,770	2,661,668	5,124,958	1,203,366	6,588,483	2,017,215
Manitoba - MB	1,687,662	695,647	1,667,387	820,426	1,853,569	598,070
New Brunswick - NB	364,794	120,492	571,860	74,518	389,879	69,671
Newfoundland & Labrador - NL	213,488	83,460	170,572	55,197	271,977	81,660
Nova Scotia - NS	1,133,355	429,144	1,040,510	293,644	1,042,713	374,123
Ontario - ON	19,905,632	8,050,036	18,035,391	7,186,545	19,483,994	7,495,798
Prince Edward Island - PE	230,575	118,189	100,041	16,696	263,405	183,450
Quebec - QC	5,419,408	2,208,490	5,606,388	1,885,297	4,493,506	1,437,038
Saskatchewan - SK	568,236	128,412	258,871	72,267	251,745	83,163
Territories & Yukon - T/Y	179,805	66,106	107,481	48,500	280,493	108,794
United States ** - US	38,910	11,250	231,262	94,264	351,232	157,669
Total	37,726,182	14,985,195	34,113,071	12,200,680	36,389,308	13,030,204
% of funds offered		39.72%		35.77%		35.81%

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

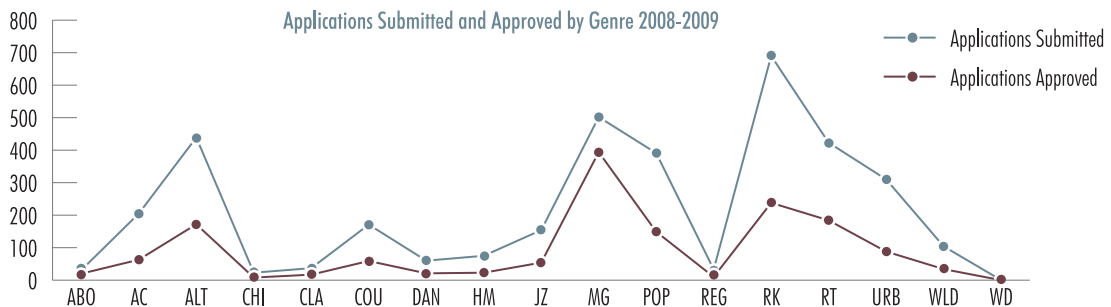


The Trews

2009 Indie Music Awards Favourite Video
and Favourite Live Artist/Group

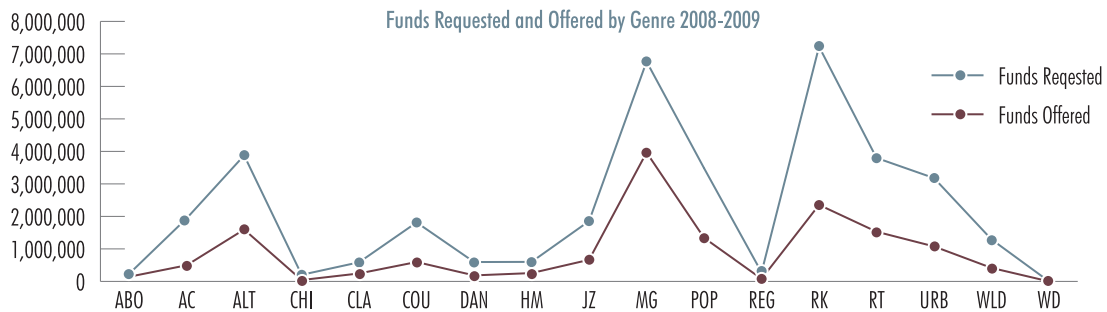
Comparative Analysis of all Applications Submitted and Approved by Musical Genre – Past three years

	2008 - 2009		2007 - 2008		2006 - 2007	
	Applications Submitted	Applications Approved	Applications Submitted	Applications Approved	Applications Submitted	Applications Approved
Aboriginal - ABO	31	20	41	20	31	15
Adult Contemporary - AC	205	63	172	39	168	52
Alternative - ALT	439	172	391	172	460	198
Children's - CHI	23	8	19	4	22	9
Classical - CLA	37	17	38	12	28	12
Country - COU	171	59	134	53	115	47
Dance - DAN	60	21	54	21	96	43
Heavy Metal - HM	75	23	50	15	76	20
Jazz - JZ	154	54	132	41	111	43
Multi-Genre - MG	502	394	496	390	413	342
Popular - POP	391	149	391	125	316	126
Reggae - REG	33	10	26	5	13	6
Rock - RK	690	238	512	173	426	156
Roots - RT	423	184	404	149	424	216
Urban - URB	310	88	283	75	270	90
World - WLD	104	34	102	33	81	37
Word - WD	0	0	0	0	1	0
Total	3,648	1,534	3,245	1,327	3,051	1,412



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

	2008 - 2009		2007 - 2008		2006 - 2007	
	Funds Requested	Funds Offered	Funds Requested	Funds Offered	Funds Requested	Funds Offered
Aboriginal - ABO	234,118	143,177	338,986	174,839	335,207	106,818
Adult Contemporary - AC	1,939,926	496,500	1,539,198	369,018	1,482,536	222,063
Alternative - ALT	3,877,006	1,596,219	4,154,588	1,652,279	5,243,218	1,695,070
Children's - CHI	202,808	41,800	205,312	16,507	235,118	36,049
Classical - CLA	588,574	244,740	635,943	188,949	419,478	166,559
Country - COU	1,814,460	596,708	1,195,970	394,189	1,155,451	340,488
Dance - DAN	595,641	184,635	487,626	148,739	900,859	190,032
Heavy Metal - HM	600,463	256,286	494,814	160,116	810,959	175,657
Jazz - JZ	1,855,462	664,442	1,508,878	433,509	1,126,464	265,970
Multi-Genre - MG	6,763,730	3,966,499	6,178,375	3,814,931	6,380,772	4,090,655
Popular - POP	3,483,452	1,340,498	3,539,961	892,564	4,150,928	1,340,948
Reggae - REG	278,455	78,803	330,624	40,944	231,713	61,200
Rock - RK	7,222,732	2,354,584	5,838,823	1,839,725	5,386,160	1,652,378
Roots - RT	3,798,376	1,528,846	3,676,702	1,051,355	4,055,179	1,440,849
Urban - URB	3,179,177	1,076,313	2,795,817	701,414	3,333,611	849,497
World - WLD	1,291,802	415,207	1,191,454	321,602	1,126,692	395,971
Word - WD	0	0	0	0	14,963	0
Total	37,726,182	14,985,195	34,113,071	12,200,680	36,389,308	13,030,204



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 featuring 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 the previous 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. The statistics this year reflect a full 12 month activity period as compared to 5 months the previous year.

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

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	51	651,407	7	65,716
British Columbia	152	2,321,518	34	611,316
New Brunswick	12	116,664	2	16,992
Manitoba	44	555,715	10	181,374
Newfoundland & Labrador	6	66,600	0	0
Nova Scotia	30	426,652	5	117,547
Ontario	440	6,630,823	98	1,732,554
Prince Edward Island	3	33,954	0	0
Quebec	139	1,846,372	22	287,320
Saskatchewan	14	161,157	0	0
Territories & Yukon	3	29,313	1	10,000
United States**	1	13,777	0	0
Total	895	12,853,952	179	3,022,819

** 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	8	103,007	1	25,000
Adult Contemporary	59	952,625	7	182,258
Alternative	96	1,255,493	23	298,943
Children's	12	164,587	1	20,040
Classical	27	496,357	11	191,811
Country	51	739,267	10	148,880
Dance	17	206,462	1	14,375
Heavy Metal	17	187,292	6	76,095
Jazz	75	1,102,325	14	246,335
Multi-Genre	3	38,870	3	90,856
Popular	91	1,344,341	20	323,008
Reggae	13	190,321	2	28,700
Rock	154	2,134,961	25	348,214
Roots	123	1,673,556	28	429,863
Urban	101	1,527,134	18	424,956
Worldbeat	49	737,354	9	173,485
Total	895	12,853,952	179	3,022,819

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

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	12	223,464	1	34,775
British Columbia	20	565,943	9	250,947
New Brunswick	2	10,000	0	0
Manitoba	2	38,450	0	0
Newfoundland & Labrador	0	0	0	0
Nova Scotia	6	133,574	2	34,300
Ontario	74	1,760,717	30	803,370
Prince Edward Island	1	27,850	0	0
Quebec	12	293,977	7	196,187
Saskatchewan	6	185,000	1	35,000
Territories & Yukon	1	25,000	0	0
United States**	0	0	0	0
Total	136	3,263,975	50	1,354,579

** 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	0	0	0	0
Adult Contemporary	7	129,025	1	15,775
Alternative	10	248,160	6	167,781
Children's	0	0	0	0
Classical	1	25,673	0	0
Country	11	267,374	1	25,000
Dance	3	79,449	1	0
Heavy Metal	4	23,490	0	0
Jazz	7	142,918	3	85,000
Multi-Genre	35	871,353	13	380,279
Popular	18	498,124	10	254,402
Reggae	2	30,145	1	20,000
Rock	17	510,871	8	242,329
Roots	14	337,291	5	129,013
Urban	5	44,536	0	0
Worldbeat	2	55,566	1	35,000
Total	136	3,263,975	50	1,354,579

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.

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Demo and Songwriting Grants Submitted and Approved by Province/Territory

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	33	62,607	1	1,800
British Columbia	165	345,392	33	60,947
New Brunswick	2	4,000	0	0
Manitoba	31	60,632	9	17,388
Newfoundland & Labrador	12	22,173	2	3,495
Nova Scotia	85	164,611	6	10,659
Ontario	426	879,129	77	142,806
Prince Edward Island	5	10,000	3	6,000
Quebec	116	223,146	15	25,884
Saskatchewan	15	29,923	1	1,625
Territories & Yukon	3	6,000	1	1,920
Total	893	1,807,613	148	272,524

Demo and Songwriting Grants Submitted and Approved by Musical Genre

	Applications Submitted	Amount Requested	Applications Approved	Funds Offered
Aboriginal	3	5,810	0	0
Adult Contemporary	84	168,201	23	43,386
Alternative	119	235,116	18	33,407
Children's	3	5,012	0	0
Classical	1	2,000	0	0
Country	60	123,044	14	26,250
Dance	15	31,403	3	5,953
Heavy Metal	20	52,092	1	2,000
Jazz	27	50,001	6	10,719
Multi-Genre	0	0	0	0
Popular	139	273,001	24	43,654
Reggae	10	18,528	2	3,383
Rock	213	423,966	19	35,234
Roots	86	161,618	17	30,779
Urban	99	208,884	19	33,790
Worldbeat	14	48,937	2	3,969
Total	893	1,807,613	148	272,524

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 69 requests totaling \$1,858,824 and approved 23 projects, offering a total of \$461,725 which represents 24.8% 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	19,672	0	0
British Columbia	14	359,788	4	65,000
New Brunswick	3	103,047	2	19,375
Manitoba	1	20,000	0	0
Newfoundland & Labrador	0	0	0	0
Nova Scotia	3	70,817	0	0
Ontario	33	873,667	11	257,403
Prince Edward Island	0	0	0	0
Quebec	14	411,833	6	119,947
Saskatchewan	0	0	0	0
Territories & Yukon	0	0	0	0
Total	69	1,858,824	23	461,725

Video Grants Submitted and Approved by Musical Genre

	Applications Submitted	Amount Requested	Applications Approved	Funds Offered
Aboriginal	0	0	0	0
Adult Contemporary	2	70,817	0	0
Alternative	6	121,460	1	9,947
Children's	0	0	0	0
Country	3	85,095	1	40,000
Heavy Metal	3	92,000	3	62,403
Jazz	2	45,250	1	20,000
Popular	3	80,000	1	10,000
Reggae	0	0	0	0
Rock	32	987,564	13	294,375
Roots	2	39,672	0	0
Urban	13	251,966	2	20,000
Worldbeat	3	85,000	1	5,000
Total	69	1,858,824	23	461,725

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 389 requests totaling \$6,846,875 and approved 216 projects, offering a total of \$3,391,168 which represents 49.6% 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	17	278,963	9	130,138
British Columbia	68	1,312,673	42	826,971
New Brunswick	6	94,435	3	65,761
Manitoba	28	446,657	19	229,383
Newfoundland & Labrador	2	34,477	1	29,420
Nova Scotia	14	210,844	11	184,698
Ontario	195	3,309,856	101	1,769,828
Prince Edward Island	0	0	0	0
Quebec	48	1,081,820	26	660,969
Saskatchewan	10	72,150	3	29,000
Territories & Yukon	1	5,000	1	5,000
United States**	0	0	0	0
Total	389	6,846,875	216	3,391,168

** 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	94,259	4	92,503
Adult Contemporary	30	531,135	13	209,106
Alternative	63	1,024,964	38	684,289
Children's	2	19,859	1	9,809
Classical	3	42,184	2	37,569
Country	22	480,924	14	279,793
Dance	10	214,042	7	128,985
Heavy Metal	9	67,511	2	26,396
Jazz	22	388,121	16	237,807
Popular	42	707,356	25	401,322
Reggae	3	24,279	1	14,720
Rock	70	1,400,156	31	643,473
Roots	50	837,072	33	586,307
Urban	46	769,320	22	428,553
Worldbeat	13	245,693	7	150,536
Total	389	6,846,875	216	3,931,168

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 462 requests totaling \$3,445,362 and approved 288 international tours, offering a total of \$1,527,327 which represents 44.33% 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	23	200,879	11	51,166
British Columbia	71	513,051	45	223,209
New Brunswick	4	22,358	2	5,767
Manitoba	37	242,323	20	87,695
Newfoundland & Labrador	2	19,000	2	11,500
Nova Scotia	6	14,815	6	14,154
Ontario	227	1,740,824	144	825,869
Prince Edward Island	3	7,705	2	5,459
Quebec	73	616,438	47	267,290
Saskatchewan	10	32,969	6	18,217
Territories & Yukon	5	20,000	2	5,751
United States**	1	15,000	1	11,250
Total	462	3,445,362	288	1,527,327

** 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	1	4,000	1	4,000
Adult Contemporary	12	51,870	9	22,676
Alternative	96	762,892	58	300,060
Children's	1	3,999	1	3,917
Classical	0	0	0	0
Country	7	39,700	5	16,700
Dance	10	55,585	7	32,622
Heavy Metal	15	132,378	9	81,635
Jazz	14	87,399	9	43,361
Multi-Genre	0	0	0	0
Popular	50	371,632	35	201,296
Reggae	3	11,182	2	8,000
Rock	124	1,145,145	78	503,212
Roots	91	529,054	55	225,573
Urban	22	145,977	10	46,007
Worldbeat	16	104,549	9	38,268
Total	462	3,445,362	288	1,527,327

For Domestic Showcase and Touring opportunities, FACTOR received 341 requests totaling \$1,816,074 and approved 253 domestic tours, offering a total of \$939,688 which represents 51.74% of the total amount requested.

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

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	20	58,375	16	42,848
British Columbia	80	297,912	65	170,418
New Brunswick	8	14,290	7	12,597
Manitoba	32	104,119	21	46,833
Newfoundland & Labrador	8	37,801	7	26,545
Nova Scotia	12	24,232	10	17,484
Ontario	123	824,868	88	396,968
Prince Edward Island	1	12,500	0	0
Quebec	39	354,080	28	180,175
Saskatchewan	17	85,897	10	43,820
Territories & Yukon	1	2,000	1	2,000
United States**	0	0	0	0
Total	341	1,816,074	253	939,688

** 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	15	27,042	14	21,614
Adult Contemporary	11	36,253	10	23,300
Alternative	49	228,921	28	101,792
Children's	5	9,351	5	8,034
Classical	5	22,360	4	15,360
Country	17	79,056	14	60,086
Dance	5	8,700	2	2,700
Heavy Metal	7	45,700	2	7,756
Jazz	7	39,448	5	21,221
Multi-Genre	1	20,000	1	20,000
Popular	48	208,998	34	106,817
Reggae	2	4,000	2	4,000
Rock	80	620,069	64	287,739
Roots	57	220,113	46	127,313
Urban	25	231,360	17	123,007
Worldbeat	7	14,703	5	8,949
Total	341	1,816,074	253	939,688

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 286 requests totaling \$1,217,451 and approved 246 projects offering a total of \$733,544 which represents 60.25% of the total amount requested. Details are provided in the Activity Report.

Matt Mays & El Torpedo

2009 ECMA Awards for Rock Recording of the Year
2009 Indie Music Awards for Favourite Rock Artist/Group



Domestic & International Business Development

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	11	96,454	10	25,198
British Columbia	47	184,255	42	112,858
New Brunswick	0	0	0	0
Manitoba	17	85,021	15	46,729
Nova Scotia	14	26,730	11	15,450
Newfoundland & Labrador	0	0	0	0
Ontario	126	576,489	108	360,570
Prince Edward Island	2	13,196	1	4,730
Quebec	67	216,614	58	160,374
Saskatchewan	0	0	0	0
Territories & Yukon	2	18,692	1	7,635
Total	286	1,217,451	246	733,544

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 60 requests totaling \$572,538 and approved 52 projects for offering a total of \$428,306 which represents 74.8% of the total amount requested. Details are provided in the Activity Report.

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	5	41,156	4	29,746
British Columbia	11	117,985	9	81,952
New Brunswick	0	0	0	0
Manitoba	2	15,495	2	15,495
Nova Scotia	3	25,330	3	24,101
Newfoundland & Labrador	0	0	0	0
Ontario	25	236,158	20	169,499
Prince Edward Island	0	0	0	0
Quebec	13	122,614	13	93,713
Saskatchewan	0	0	0	0
Territories & Yukon	1	13,800	1	13,800
Total	60	572,538	52	428,306

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.

FACTOR received 74 requests totaling \$4,014,214 and approved 50 projects offering a total of \$2,295,145 which represents 57.17% of the total amount requested. Details are provided in the Activity Report.

Collective Initiative Grants by Province/Territory

	Applications Submitted	Funds Requested	Applications Approved	Funds Offered
Alberta	5	57,672	4	29,016
British Columbia	5	267,283	5	255,000
New Brunswick	0	0	0	0
Manitoba	2	118,500	2	70,000
Newfoundland & Labrador	2	33,437	1	12,500
Nova Scotia	2	35,000	1	10,000
Ontario	45	3,055,937	28	1,580,747
Prince Edward Island	3	125,370	2	102,000
Quebec	7	250,882	6	215,882
Saskatchewan	0	0	0	0
Territories & Yukon	2	60,000	1	20,000
United States**	1	10,133		
Total	74	4,014,214	50	2,295,145

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

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 43 requests totaling \$29,304 and approved 29 projects offering a total of \$18,370 which represents 62.68% 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	5	2,898	3	1,898
British Columbia	8	4,970	5	3,049
Manitoba	1	750	1	750
New Brunswick	0	0	0	0
Nova Scotia	1	750	1	750
Newfoundland & Labrador	0	0	0	0
Ontario	25	17,164	17	10,423
Prince Edward Island	0	0	0	0
Quebec	2	1,632	1	750
Saskatchewan	1	1,140	1	750
Territories & Yukon	0	0	0	0
Total	43	29,304	29	18,370



Hey Rosetta!

2009 ECMA Awards for Group Recording of the Year,
 FACTOR Recording of the Year
 and Alternative Recording of the Year

2009 Indie Music Awards for Favourite Album
 and Favourite Artist/Band Website

OUTSTANDING COMMITMENTS

AS OF MARCH 31, 2009

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	\$4,238,625
Marketing & Promotion for Sound Recordings	\$3,165,093
Touring & Showcasing	\$1,333,595
Business Development	\$2,161,893
Total	\$10,899,206



Canadian Brass

2009 Indie Music Award for Favourite Artist/Classical Group

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.

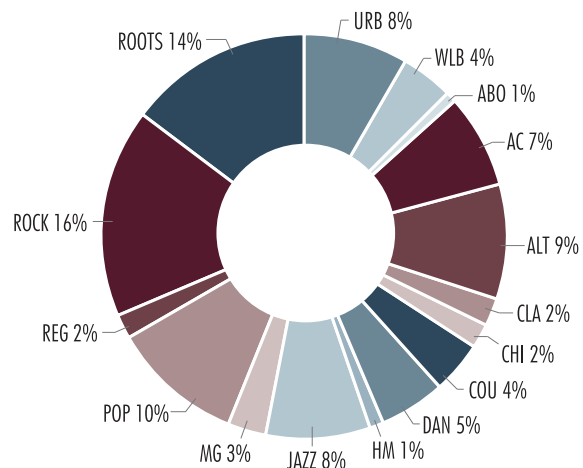
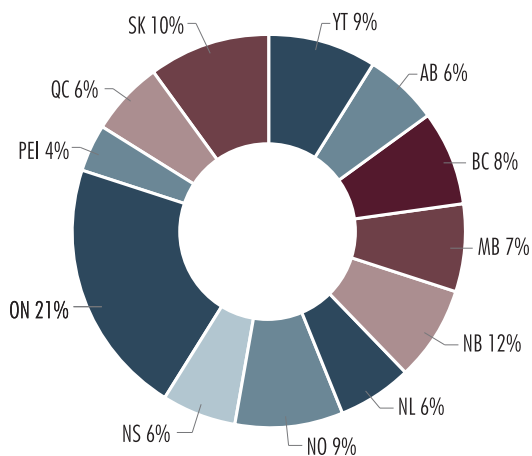
The 175 juries that were conducted last year involved the participation of 550 music and broadcasting professionals who donated their time. As well, FACTOR is represented by provincial music industry associations across Canada. Part of their affiliation with FACTOR requires them to conduct juries throughout the year. The breakdown is as noted below:

Juries by Province

Alberta - AB	11
British Columbia - BC	14
Manitoba - MB	13
New Brunswick - NB	14
Nova Scotia - NS	10
Newfoundland & Labrador - NL	11
Ontario - ON	37
Northern Ontario - NO	15
Prince Edward Island - PEI	7
Quebec - QC	10
Saskatchewan - SK	17
Yukon & NWT - YT	16
Total	175

Juries by Genre

Aboriginal - ABO	2
Adult Contemporary - AC	13
Alternative - ALT	17
Children's - CHI	4
Classical - CLA	4
Country - COU	8
Dance - DAN	9
Heavy Metal - HM	2
Jazz - JAZZ	14
Multi Genre - MG	5
Pop - POP	18
Reggae - REG	4
Rock - ROCK	28
Roots - ROOTS	25
Urban - URB	15
Worldbeat - WLB	7
Total	175



NATIONAL ADVISORY BOARD

Provinces & Territories

Alberta
British Columbia
Manitoba

New Brunswick
Newfoundland and Labrador

Nova Scotia
Ontario

Prince Edward Island
Saskatchewan
Yukon

National Advisory Board Members

Alberta Recording Industry Association
Music BC Industry Association
Manitoba Music
Aboriginal Representative
Western Canadian Music Alliance

Music New Brunswick

Music NL
East Coast Music Association

Music Nova Scotia

Music & Film in Motion
Canadian Music Publishers Association
Canadian Independent Record
Production Association (CIRPA)
Urban Music Association of Canada
Music Manager's Forum
Songwriters Association of Canada
Aboriginal Representative
Canadian Independent Recording
Artist's Association

Music PEI
Sask Music
Music Yukon

Representatives

Alvin Jahns
Bob D'Eith
Sara Stasiuk
Alan Greyeyes
Rick Fenton

Jean Surette

Denis Parker
Steve Horne

Shelley Nordstrom, Scott Long

Dennis Landry
Catharine Saxburg
Duncan McKie

Will Strickland
Susan de Cartier
Don Quarles
Blaine Commandant
Aisha Wickham Thomas

Rob Oakie
J.P. Ellson, Mike MacNaughton
Mark Smith

REGIONAL REPRESENTATION

Provinces & Territories

Alberta

British Columbia

Manitoba

New Brunswick

Newfoundland & Labrador

Nova Scotia

Ontario (Outside of The
Greater Toronto Area)

Prince Edward Island

Quebec

Saskatchewan

Yukon

Regional Evaluation Coordinators

Alberta Recording Industry Association

Music BC Industry Association

Manitoba Music

Music New Brunswick

Music NL

Music Nova Scotia

Music & Film in Motion

Music PEI

Saskatchewan Music

Music Yukon

Representatives

Kennedy Jenson
Karen Douglas

Savry Bou

Rachel Stone

James Boyle

Jennifer Winsor

Christine Buiteman

Mike Large

Devin Casario

Shevaughn Battle

Derek Bachman

Steve Gedrose

A close-up portrait of the singer Lights, looking slightly to the right of the camera. She has long, dark hair and is wearing a light-colored, braided headband. The background is a soft, out-of-focus blue.

Lights

2009 Juno Award for New Artist of the Year

2009 Canadian Radio Music Awards for
Best New Group/Solo Artist of the Year (Hot AC)
and Best New Group /Solo Artist of the Year (Mainstream AC)

SUCCESS STORIES

Radio Airplay Activity

To determine what if any level of radio airplay activity has been received by FACTOR supported artists, FACTOR undertook to do an analysis of spins as recorded/reported by Mediabase. "The analysis has been conducted for the period from January 1, 2004 to December 31, 2008." The results are as follows:

The following 293 FACTOR supported artists have received radio airplay during this five year period.

A Perfect Day	Buck 65	Dragonette	Jersey
Aaron Pritchett	By Divine Right	Duhks	Jets Overhead
Acorn	Cadence Weapon	Edwin	Jim Bryson (2)
Alex Murdoch	Canadian Tenors	Elliott Brood	Jimmy Bowskill
Alexisonfire	Cancer Bats	Ember Swift	Jimmy Rankin
Alexz Johnson	Caribou	Emm Gryner	Jimmy Swift Band
Alfie Zappacosta	Carl Henry	Enter the Haggis	Joel Plaskett Emergency
Ambush	Carolyn Dawn Johnson	Fefe Dobson	Johanne Blouin
Amy Millan	Chad VanGaaln	Feist	Johnny Hollow
Amy Sky	Charlie Major	Fembots	Johnstones
Andrea Menard	Choclair	Flashlight Brown	Jonas
Andreena Mill	Chris Koster	Four80East	Jorane
Andy Stochansky	Chromeo	George	Julie Doiron
Apostle of Hustle	Cities In Dust	George Canyon	Jully Black
Arcade Fire	City and Colour	Giorgia Fumanti	Junction
Armchair Cynics	Classified	Gob	Justin Hines
Art of Dying	Cliks	God Made Me Funky	Justin Nozuka
Ashley MacIsaac	Colin James	Golden Dogs	Justin Rutledge
Attack in Black	Colin Linden	Gord Bamford	Kardinal Offishall
Auburn	Comeback Kid	Gordie Sampson	Kataklysm
Barlow	Conjure One	Great Big Sea	Kathleen Edwards
Be Good Tanyas	Constantines	Great Lake Swimmers	Kayle
Bedouin Soundclash	Coral Egan	Grimskunk	Kazzer
Belly	Corb Lund Band	Hawksley Workman	Kevin Drew
Bend Sinister	Cory Lee	Hayden	Kinnie Starr
Besnard Lakes	Cowboy Junkies	Hidden Cameras	Kyle Riabko
Beverley Mahood	Crash Parallel	Higgins	Ladies and Gentlemen
Bif Naked	Creepshow	Holly McNarland	Land of Talk
Big Black Lincoln	Crowned King	Hot Hot Heat	Leeroy Stagger
Billy Klippert	Crush	Idle Sons	Lennie Gallant
Bishop Brigante	Crush Luther	In Essence	Lily Frost
Black Halos	Cruzeros	Indio	Limblifter
Black Lungs	Crystal Castles	Instant Star Alexz Johnson	Low Level Flight
Black Mountain	Damhnait Doyle	IRS	Lowest of the Low
Bless	Daniel Powter	Islands	Luke Doucet
Blue Rodeo	Danko Jones	J.W. Jones	Lynn Miles
Box	Danny Michel	Jacksoul	Maestro
boy	Dave Gunning	Jakalope	Magneta Lane
Boys Night Out	David Usher	Jake Methews	Manafest
Brad Johner	Dearly Beloved	Jamie Warren	Marbel Index
Brendan Canning	Dears	Jason Collett	Marianas Trench
Brian Byrne	Death From Above 1979	Jeff Healey	Mark Inside
Britt Black	Delerium	Jeff Martin	Martha Wainwright
Broken Social Scene	Derek Miller	Jelleestone	Massari
Bruce Cockburn	Doc Walker	Jeremy Fisher	Matt Mays

Matthew Barber	Oh Susanna	Ron Sexsmith	Swollen Members
Melanie Durrant	Panurge	Rosette	Taras
Melissa McClelland	Patrick Watson	Roz Bell	Tea Party
Metric	Paul Brandt	Sadies	Team RezOfficial
Michael Carey	Pavlo	Saint Alvia	Teenage Head
Midway State	Peaches	Salads	Ten Second Epic
Miniatures	Peter Katz	Sam Roberts	The Joys
MIR	Pilate	Sarah Harmer	The Mark Inside
Miracle Fortress	Pilot Speed (formerly Pilate)	Sattalites	Theory of a Deadman
Misty Lee Olsen	Point Blank	Sean Kelly	Thornley
Mobile	Prairie Oyster	Serena Ryder	Tin Foil Phoenix
Moka Only	Priestess	Shad	Tokyo Police Club
Molly Johnson	Protest The Hero	Sherrie Lea	Tom Wilson
Moneen	Prozzak	Sky	Trews
Money Money	Quartette	Skydiggers	Two Hours Traffic
MOSQUITO-B	Ray Bonneville	Skye Sweetnam	Uncut
Most Serene Republic	Ray Robinson	Small Sins	Various Artist (Much Music Movie)
Mother Mother	Real McKenzies	Social Code	Vincent Black Shadow
MSTRKRFT	Reason	Solution	Waking Eyes
Nathan	Red 1	Sophie Milman	Weakerthans
Nazanin	Reggae Cowboys	Stars	Wide Mouth Mason
Neurosonic	Rheostatics	State of Shock	Winter Gloves
Neverending White Lights	Ridley Bent	Stephen Fearing	Wintersleep
New Pornographers	Rita MacNeil	Sum 41	Wolf Parade
No Warning	Robert Michaels	Susan Aglukark	Xavier Rudd
Not By Choice	Rochester aka Juice	Susie Arioli	X-Quisite
Novaks	Rocketface	Suzie McNeil	Zoe Bentley
Novillero	Ron Hynes	SweatShop Union	

They have received a total of 1,016,564 domestic radio spins which is an average of 3,469 spins per artist

They have received a total of 1,008,686 international radio spins which is an average of 3,443 spins per artist.

In total, these 293 FACTOR supported artists have received a total of 2,025,250 radio airplay spins which represents an average of 6,912 spins per artist.

Touring and Showcasing: Potential Audience Capacity

FACTOR supported artists have received funding to support a total of 181 Domestic Tours and Showcases and a total of 156 International Tours and Showcases. These showcases and tours have enabled FACTOR-supported Canadian artists to have the potential to perform to audiences of just over 3 million people.

The domestic audience potential exposure is in excess of 650,000*.

The international audience potential exposure was in excess of 2.4* million people.

Note: * These figures are derived from the venue capacities. It is virtually impossible for FACTOR to determine the exact audience attendance at each and every performance. The capacity figures are there the most exact manner in which to track the Potential Audience capacity.

CERTIFICATIONS

& 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 (40,000 units), Platinum (80,000 units), 2 X Platinum (160,000 units) and 3 X Platinum (240,000 units) etc. to Diamond (1,000,000 units).

The artists listed below have received Gold, Platinum, etc. certifications for sound recording projects since January 2007. These artists have all received financial assistance from FACTOR through one or more of its programs. FACTOR supported audio recordings that have received certification(s) are highlighted in bold.

Artist	Album Title	Certification	Year
Alexisonfire	Crisis	Platinum	2007
	Watchout	Platinum	2007
Arcade Fire	Neon Bible	Gold	2007
Bedouin Soundclash	Sounding A Mosaic	Platinum	2007
	Street Gospels	Gold	2008
Belly	The Revolution	Gold	2007
Bif Naked	I Bificus	Platinum	2009
Billy Talent	Billy Talent	3x Platinum	2007
	Billy Talent II	2x Platinum	2007
Blue Rodeo	Small Miracles	Gold	2007
Broken Social Scene	You Forgot It In People	Gold	2008
City and Colour	Bring Me Your Love	Gold	2008
Daniel Powter	Daniel Powter	Gold	2007
Feist	Let It Die	Platinum	2007
	The Reminder	Gold	2007
	The Reminder	Platinum	2007
	The Reminder	2x Platinum	2008
Great Big Sea	Fortune's Favour	Gold	2008
Illscarlett	All Day With It	Gold	2008
Jim Cuddy	The Light That Guides You Home	Gold	2007
Johnny Reid	Kicking Stones	Gold	2007
	Born To Roll	Gold	2008
	Kicking Stones	Platinum	2008
	Dance With Me	Gold	2009
Jully Black	Revival	Gold	2008

Artist	Album Title	Certification	Year
K.D. Lang	Watershed	Gold	2008
K-OS	Atlantis Hymns for Disco	Platinum	2007
	Sunday Morning	Gold	2007
Lights	Drive My Soul	Gold (Digital)	2008
Loreena McKennitt	An Ancient Muse	Platinum	2007
Lowest Of The Low	Shakespeare My Butt...	Gold	2008
Matthew Good Band	In a Coma	Gold	2007
	Hospital Music	Gold	2008
Mobile	Tomorrow Starts Today	Gold	2007
Neverending White Lights	Neverending White Lights	Gold (Digital)	2007
Nickelback	All The Right Reasons	6x Platinum	2007
	Dark Horse	3x platinum	2008
	Dark Horse	4x Platinum	2009
Nicola Ciccone	Nous Serons Six Milliards	Gold	2007
Pascale Picard	Me, Myself and Us	Gold	2007
	Me, Myself and Us	Platinum	2007
Patrick Watson	Close To Paradise	Gold	2007
Rush	Snakes and Arrows	Gold	2007
	Snakes and Arrows Live	Gold (Digital)	2009
Sam Roberts	Love At The End Of The World	Gold	2008
Sarah McLachlan	Wintersong	2x Platinum	2007
	Rarities, B-Sides & Other Stuff Vol.2	3x Platinum	200
	9Remixes	Platinum	2009
Serena Ryder	If Your Memory Serves You Well	Gold	2007
Stars	Set Yourself On Fire	Gold	2007
State Of Shock	Best I Ever Had	Gold (Digital)	2008
	Money Honey	Platinum (Digital)	2008
Sum 41	Underclass Hero	Gold	2008
Tegan and Sara	So Jealous	Gold	2009
	The Con	Gold	2009
The Midway State	Never Again	Gold (Digital)	2009
The Tragically Hip	Fully Completely	Diamond	2007
	Hipeponymous	Platinum	2007
	Yer Favorites	2x Platinum	2007

2009 Juno Awards for FACTOR Supported Artists

Artist	Award
Alanis Morissette	Pop Album of the Year
Blue Rodeo	Music DVD of the Year
Dallas Green	Songwriter of the Year
Divine Brown	R&B/Soul Recording of the Year
DJ Brace	Instrumental Album of the Year
Doc Walker	Country Recording of the Year
Downhere	Contemporary Christian/Gospel Album of the Year
Ensemble Caprice	Classical Album of the Year, Vocal or Choral Performance
Feist	Video of the Year
James Ehnes	Classical Album of the Year, Solo or Chamber Ensemble
Jane Bunnett	Contemporary Jazz Album of the Year
Jayme Stone	World Music Album of the Year
Kardinal Offishall	Single of the Year Rap Recording of the Year
Lights	New Artist of the Year
Molly Johnson	Vocal Jazz Album of the Year
Nickelback	JUNO Fan Choice Award Album of the Year Group of the Year
Old Man Luedecke	Roots & Traditional Album of the Year - Solo
Oliver Jones	Traditional Jazz Album of the Year
Sam Roberts	Artist of the Year Rock Album of the Year

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

2009 ECMA Awards for FACTOR Supported Artists

Artist	Award
Brenda Stubbert	Roots/Traditional Solo Recording of the Year
Christina Martin	Pop Recording of the Year
Classified	Fans Choice Award
David Myles	Folk Recording of the Year
Duane Andrews	Instrumental Recording of the Year
Gordie Sampson	Single of the Year Songwriter of the Year
Hey Rosetta!	Group Recording of the Year FACTOR Recording of the Year Alternative Recording of the Year
Jill Barber	Jazz Recording of the Year Female Solo Recording of the Year
Joel Plaskett Emergency	Entertainer of the year
Matt Mays and El Torpedo	Rock Recording of the Year
Ryan LeBlanc	World Recording of the Year
The Tom Fun Orchestra	Recording of the Year
Wintersleep	Video of the Year

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

Tanya Tagaq

2009 Canadian Aboriginal Music Awards for Best Album Cover Design
and Best Female Traditional/ Cultural Roots Album





2009 CCMA Awards for FACTOR Supported Artists

Artist	Award
Corb Lund	Roots Artist/Group of the Year
Doc Walker	Album of the Year Group or Duo of the Year Fans Choice Award Single of the Year (It's a Beautiful Life) Video of the Year (It's a Beautiful Life) Songwriter(s) of the Year
George Canyon	Humanitarian Award
Gord Bamford	Top Male Talent of the Year
Hey Romeo	Top Talent of the Year, Group or Duo
Jessie Farrell	Female Artist of the Year Top Female Talent of the Year Rising Star Award
Johnny Reid	Male Artist of the Year Top Selling Canadian Album
Prairie Oyster	Hall of fame Inductee

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

City and Colour

2009 WCMA Awards for FACTOR Supported Artists

Artist	Award
Alex Cuba	Outstanding World Recording
Bob Evans	Outstanding Instrumental Recording
Corb Lund	Outstanding Roots Recording - Solo
Feist	International Achievement Award
k.d. Lang	International Achievement Award
Little Miss Higgins	Outstanding Blues Recording
Nickelback	International Achievement Award
Paul Brandt	Outstanding Country Recording
Spirit of the West	2008 WCMA Hall of Fame
State of Shock	Outstanding Rock Recording
Steve Bell	Outstanding Contemporary Christian/Gospel Recording
Twilight Hotel	Outstanding Roots Recording - Duo/Group
The Weakerthans	Outstanding Independent Album Songwriter(s) of the Year Video of the Year

2009 Canadian Aboriginal Music Awards for FACTOR Supported Artists

Artist	Award
Ray St. Germain	Best Aboriginal Music Radio Program Promoting Aboriginal Music
Tanya Tagaq	Best Album Cover Design Best Female Traditional/ Cultural Roots Album
Christa Couture	Best Folk Acoustic Album
Eagle & Hawk	Best Group or Duo Best Rock Album
Northern Cree & Friends	Best Hand Drum Album Best Pow Wow Traditional Album
Derek Miller	Best Original Score in Aboriginal / Indigenous Theatre, Dance or Film/ Video Production
Fara Palmer	Best Producer Engineer
7th Generation	Best Rap or HipHop Music Video
Winston Wuttunee	Best television program or Special Promoting Aboriginal Music

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

2009 Indie Music Awards for FACTOR Supported Artists

Artist	Award
Annihilator	Favourite Metal Artist/Group
Canadian Brass	Favourite Artist/Classical Group
Crystal Castles	Favourite Electronic Artist/Group or Duo
Doc Walker	Favourite Country Artist/Group
Hey Rosetta!	Favourite Album Favourite Artist/Band Website
Jack Grunsky	Favourite Children's Artist/Group or Duo
Kathleen Edwards	Favourite Folk/Roots Artist/Group
Lights	Favourite Single Favourite Solo Artist
Matt Mays & El Torpedo	Favourite Rock Artist/Group
Nikki Yanofsky	Favourite Jazz Artist/Group
Protest the Hero	Favourite Punk/Hardcore Artist/Group
Shad	Favourite Urban Artist/Group
The Midway State	Favourite Pop Artist/Group
The Trews	Favourite Video Favourite Live Artist/Group

2009 Canadian Radio Music Awards for FACTOR Supported Artists

Artist	Award
Age of Daze	Best New Group/ Solo Artist of the year (Rock)
Crash Parallel	Bets New Group/ Solo Artist of the year (CHR)
Lights	Best New Group /Solo Artist of the Year (Hot AC) Best New Group /Solo Artist of the Year (Mainstream AC)
Justin Hines	FACTOR Breakthrough Artist of the Year

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

FACTOR

FOUNDATION ASSISTING CANADIAN
TALENT ON RECORDINGS

FINANCIAL STATEMENTS
MARCH 31, 2009

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Aaron Pritchett

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* as at March 31, 2009 and the statements of operations, changes in net assets 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, 2009 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 15, 2009

Chartered Accountants
Licensed Public Accountants

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Statement of Financial Position

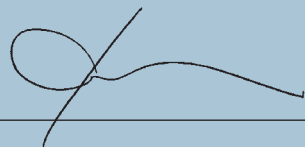
As at March 31, 2009

	Unrestricted General Fund	Contingency Reserve Fund	Capital Asset Fund	Stabilization Fund	2009	2008
Assets						
Current						
Cash and cash equivalents	\$ 3,867,251	\$ 269,371	\$ -	\$ -	\$ 4,136,622	\$ 6,663,576
Accounts receivable	1,172,369	-	-	-	1,172,369	551,054
Prepaid expenses and sundry assets	21,558	-	-	-	21,558	12,006
	5,061,178	269,371	-	-	5,330,549	7,226,636
Investments (note 3)	3,782,688	565,614	-	5,000,449	9,348,751	3,640,665
Capital assets (note 4)	-	-	1,616,374	-	1,616,374	1,578,451
	\$ 8,843,866	\$ 834,985	\$ 1,616,374	\$ 5,000,449	\$ 16,295,674	\$ 12,445,752
Liabilities and Net Assets						
Liabilities						
Current						
Accounts payable and accrued liabilities	\$ 124,830	\$ -	\$ -	\$ -	\$ 124,830	\$ 121,734
Net assets (note 5)	8,719,036	834,985	1,616,374	5,000,449	16,170,844	12,324,018
	\$ 8,843,866	\$ 834,985	\$ 1,616,374	\$ 5,000,449	\$ 16,295,674	\$ 12,445,752

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, 2009

	Unrestricted General Fund	Contingency Reserve Fund	Capital Asset Fund	Stabilization Fund	2009	2008
Revenues (Schedule 1)	\$18,044,367	\$ -	\$ -	\$ -	\$18,044,367	\$13,158,296
Expenditures						
Loans and awards (Schedule 2)	12,522,247	-	-	-	12,522,247	11,660,214
Administrative expenses (Schedule 3)	1,648,780	-	-	-	1,648,780	1,503,324
	14,171,027	-	-	-	14,171,027	13,163,538
Excess (deficiency) of revenues over expenditures before the following	3,873,340	-	-	-	3,873,340	(5,242)
Investment income	115,954	18,791	-	449	135,194	343,921
Fair value adjustment to investments	(52,770)	(12,315)	-	-	(65,085)	18,165
Amortization of capital assets	-	-	(96,623)	-	(96,623)	(100,395)
	63,184	6,476	(96,623)	449	(26,514)	261,691
Excess (deficiency) of revenues over expenditures	\$ 3,936,524	\$ 6,476	\$ (96,623)	\$ 449	\$ 3,846,826	\$ 256,449

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, 2009

	Unrestricted General Fund	Contingency Reserve Fund	Capital Asset Fund	Stabilization Fund	2009	2008
Balance, beginning of year	\$ 9,967,058	\$ 778,509	\$ 1,578,451	\$ -	\$12,324,018	\$12,067,569
Excess (deficiency) of revenues over expenditures	3,936,524	6,476	(96,623)	449	3,846,826	256,449
Interfund transfers (note 6)	(5,184,546)	50,000	134,546	5,000,000	-	-
Balance, end of year	\$ 8,719,036	\$ 834,985	\$ 1,616,374	\$ 5,000,449	\$16,170,844	\$12,324,018

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Statement of Cash Flows

For the year ended March 31, 2009

	2009	2008
Cash flows from (used in):		
Operating activities		
Excess of revenues over expenditures	\$ 3,846,826	\$ 256,449
Adjustments for		
Amortization	96,623	100,395
Fair value adjustment to investments	65,085	(18,165)
	4,008,534	338,679
Change in non-cash working capital items		
Accounts receivable	(621,315)	(127,812)
Prepaid expenses and sundry assets	(9,552)	34,802
Accounts payable and accrued liabilities	3,096	(185,966)
	3,380,763	59,703
Investing activities		
Investments	(5,773,171)	(741,820)
Capital assets	(134,546)	(39,559)
	(5,907,717)	(781,379)
Decrease in cash and cash equivalents	(2,526,954)	(721,676)
Cash and cash equivalents, beginning of year	6,663,576	7,385,252
Cash and cash equivalents, end of year	\$ 4,136,622	\$ 6,663,576
Cash and cash equivalents allocated as follows:		
Unrestricted General fund	\$ 3,867,251	\$ 6,568,896
Contingency Reserve Fund	269,371	94,680
	\$ 4,136,622	\$ 6,663,576

See accompanying notes to the financial statements

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Notes to Financial Statements

As at March 31, 2009

1. General

The Foundation Assisting Canadian Talent on Recordings ("FACTOR" or the "Foundation") 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.

2. 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 maturities of less than ninety days and are recorded at fair value.

(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 advanced 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 in the Capital Assets fund 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) Impairment of long-lived assets

The Foundation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(g) 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..

(g) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and FACTOR's designation of such instruments.

Assets / Liabilities	Category	Measurement
Cash	Held for trading	Fair value
Investments	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized costs
Accounts payable and accrued liabilities	Other financial liabilities	Amortized costs

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Notes to Financial Statements

For the year ended March 31, 2008

2. Significant accounting policies (continued)

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in current years earnings.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other financial liabilities

Other financial liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities.

3. Investments

	2009	2008
Guaranteed investment certificates	\$ 8,714,795	\$ 2,333,690
Marketable securities	633,956	1,306,975
	\$ 9,348,751	\$ 3,640,665

4. Capital assets

	Cost	Accumulated amortization	2009 Net Book Value	2008 Net Book Value
Land	\$ 596,000	\$ -	\$ 596,000	\$ 596,000
Building	999,448	83,209	916,239	847,102
Computer equipment	289,022	244,251	44,771	66,768
Furniture and equipment	187,567	128,203	59,364	68,581
Net book value	\$ 2,072,037	\$ 455,663	\$ 1,616,374	\$ 1,578,451

5. Net Assets

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

The Contingency Reserve Fund represents amounts which have been reserved 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 8(i), in the event of the termination of the funding contract with the Government of Canada.

The Capital Asset Fund records capital asset purchases and proceeds of disposition, major building improvements and the related amortization of these assets.

The Stabilization Fund, established by the Board of Directors, represents a portion of broadcasters' transaction obligations, set aside, to provide the Canadian music industry with a stable source of future funding. The net assets of the fund are invested in marketable securities.

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Notes to Financial Statements

For the year ended March 31, 2008

6. Interfund Transfers

During the year, \$50,000 (2008 \$175,000) was transferred from the unrestricted general fund to the contingency reserve fund, \$134,546 (2008 \$39,559) was transferred to the capital asset fund and \$5,000,000 (2008 NIL) was transferred to the stabilization fund. These transfers have been approved by the Board of Directors.

7. Fair Values

The fair values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximates their carrying value, given their short maturities. Unless otherwise noted, it is management's opinion that there are no significant credit risks arising from these financial instruments.

8. Commitments

(i) Loans and awards

FACTOR is committed to advancing funds totalling approximately \$10,900,000 (2008 \$8,100,000) 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 2013. The future annual minimum lease payments are approximately as follows:

2010	30,000
2011	30,000
2012	30,000
2013	20,000

9. Related party transactions

During the year, FACTOR approved loans and/or grants in the normal course of operations, to related organizations, amounting to approximately \$1,050,000 (2008 \$1,125,000). Included in the aforementioned are grants to Canadian Independent Record Production Association (CIRPA) a not for profit association, amounting to approximately \$275,000 (2008 \$400,000). The parties are related by virtue of the fact the recipients have representation on the FACTOR Board of Directors.

10. 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, 2009

(Schedule 1)

	2009	2008
Public		
Canada Music Fund Contributions		
New Music Works Program	\$ 6,967,991	\$ 6,367,440
Collective Initiatives Program	1,498,338	1,548,338
	<u>8,466,329</u>	<u>7,915,778</u>
Private		
Broadcasters' Contributions		
Transaction Obligations	6,672,294	2,968,351
Canadian Content Development	1,545,925	1,460,562
New Licences	573,044	138,000
Satellite Radio	352,500	32,000
Loan Repayments	434,275	643,605
	<u>9,578,038</u>	<u>5,242,518</u>
	<u>\$ 18,044,367</u>	<u>\$ 13,158,296</u>

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Schedule of Loans and Awards

For the year ended March 31, 2009

(Schedule 2)

	2009	2008
New Musical Works Program		
Sound recording	\$ 2,866,665	\$ 2,748,079
Marketing and sound recording	2,072,183	2,122,032
Emerging artists	1,562,828	235,191
Domestic and international touring	1,458,869	1,160,027
Domestic and international showcasing	773,233	643,478
Domestic and international business development	595,907	806,200
Video grants	488,005	707,467
Label, manager and distributor business development	323,193	409,147
	<u>10,140,883</u>	<u>8,831,621</u>
Collective Initiatives Program		
Collective initiatives and songwriters workshop grants	1,953,586	2,198,668
Regional affiliates	310,000	300,000
	<u>2,263,586</u>	<u>2,498,668</u>
Radio Marketing Fund		
	<u>117,778</u>	<u>329,925</u>
	<u>\$ 12,522,247</u>	<u>\$ 11,660,214</u>

FOUNDATION ASSISTING CANADIAN TALENT ON RECORDINGS

Schedule of Administrative Expenses

For the year ended March 31, 2009

(Schedule 3)

	2009	2008
Salaries and benefits	\$ 1,006,983	\$ 887,658
Automobile and travel	107,826	108,228
Occupancy costs	103,751	71,928
Publicity, promotion and meetings	91,300	78,382
Regional affiliates and travel	78,293	31,570
Equipment rentals and repairs	60,346	32,272
Office and general	54,799	70,505
Professional fees	41,603	43,113
Professional development	30,097	46,874
Courier and postage	26,112	25,022
Consulting	21,311	80,941
Telephone and communications	15,571	14,841
Insurance	10,788	11,990
	<hr/>	<hr/>
	\$ 1,648,780	\$ 1,503,324



Danny Fernandes



The Foundation Assisting Canadian Talent on Recordings
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