



2013

Re:Sound  
Annual Review



“Music has never been a more pervasive and a more integral part of our lives. At Re:Sound, we are passionate about music and ensuring that artists and music makers receive the remuneration they deserve.”

Ian MacKay

President





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## RE:ALITIES

### What We Do

Re:Sound is the Canadian not-for-profit music licensing company dedicated to obtaining fair compensation for artists and record companies for their performance rights.

We accomplish this by filing tariffs pursuant to the Copyright Act before the Copyright Board of Canada on their behalf, contacting and granting licenses to all Canadian Broadcasters, music users and suppliers, as well as working with similar organisations around the world.

The Copyright Board of Canada certifies the tariffs to be paid by users of sound recordings in Canada. Re:Sound files tariffs for various types of users, including radio stations, pay audio services, satellite radio companies, gyms, nightclubs and background users such as restaurants, retail establishments and hotels.

The income we generate is allocated and distributed to our members less only actual costs. Over 80% of collected income is distributed to our members.

The process of distributing income requires millions of micro-transactions annually. We receive data from various sources, then need to clean, match, research, correct and summarize it before being able to distribute monies to our members. Monies collected are distributed equally between artists and record companies.





Our Core Values

Our Core Values inform every aspect of what we do.

Fair

We believe in an organisation founded on fairness – fair compensation for rightsholders and fair treatment for employees. Where we have to balance competing interests, we will do so equitably and honestly.

Performer and Maker Centered

Our organisation would not exist without the artists and the makers of music; they are at the core of everything we do, and the inspiration for always achieving more. We will champion artists and their rights and always promote the value of music.

Transparent

We will always be open, honest, above board and trustworthy. We will make information available to stakeholders appropriately and in a timely manner. We uphold the trust placed in us by rightsholders.

Efficient

We continually strive to be better, be more productive and to improve the way we do things. We will develop best practices of our own and adopt best practices from elsewhere – always looking for the best way forward.

Dynamic

We are energized by what we do. We are fully committed. We are flexible, adaptable and progressive. We are in motion and not static or stagnant.





Ian MacKay  
President

## RE:MARKS

It is often said that music has never been a more pervasive and a more integral part of our lives. As a recent Deloitte report stated: "There are few of us who go a day without being exposed to music in some form, be this a song played on the radio, a tune in a shopping mall or an elevator melody." The same report went on to state: "Music is everywhere. But its ubiquity is arguably undermonetized." At Re:Sound, our role is to help ensure that when recorded music is used, the creators of that music get paid – to truly realize the value of music.


2013 was a milestone year for Re:Sound on many fronts. It was the final year of our 5-year Strategic Plan (2009-2013) during which we increased core revenues by 90% and increased the breadth of our licensing operations many times over. In 2006, before Re:Sound had any certified public performance tariffs, the number of licensees was in the hundreds (primarily radio stations). By 2013, the number of businesses licensed by Re:Sound had grown to over 85,000. As the scope and reach of what we do dramatically increased, we also implemented a number of new IT systems and efficiencies which allowed us to achieve the lowest expense-to-revenue ratio in our history. Looking forward, we will continue to strive to bring in even better results with our new 3-year Strategic Plan (2014-2016) developed by the Re:Sound management team and approved by the Re:Sound Board of Directors in 2013.

In 2013, total income grew by 12.6%, while monies available for distribution grew by 14.3%. Growth came from all areas, including public performance income, income from agreements with music streaming services and international income.

Re:Sound continued its work building relationships with businesses that use music and with trade associations that represent them. Wherever possible we seek out collaborative approaches, finding solutions that work for the rightsholders we represent as well as the businesses that use music. This collaborative approach also applies in our strong relationship with other music industry organisations like SOCAN (with whom we are working on a number of joint initiatives), as well as our international relationships with other organizations like Re:Sound around the world.

We have delivered impressive results and this is due to the dedication and talents of the team that I am very fortunate to work with at Re:Sound. The Re:Sound team never forgets that everything we do here is about music creators and that we exist for them. We look forward to building further on our success.





“Working with Re:Sound helps make the licensing process easier across all of our platforms.”

Eric Albert, Executive Vice-President, Stingray Digital

## RE:COGNITION

### What People Are Saying About Us

*“In the ever-changing landscape of the music industry, it’s reassuring to know that music creators have Re:Sound advocating and working hard on our behalf to collect the income that is intended for the artists.”*

– Sam Roberts, Artist

*“Recorded music provides the soundtrack to many fitness activities. FIC and Re:Sound have worked together to create a long-term agreement that ensures business certainty to Canadian fitness facilities and compensation to music creators. This agreement works hand-in-hand to support the tremendous value that music provides to fitness facilities.”*

– David Hardy, President, Fitness Industry Council of Canada (FIC)

*“Music is the core content of Stingray’s services. As one of Canada’s leading digital content providers and broadcasters, we firmly believe in appropriately compensating the creators of recorded music. Working with Re:Sound helps make the licensing process easier across all of our platforms.”*

– Eric Albert, Executive Vice-President, Stingray Digital

*“In the last year, SOCAN and Re:Sound have collaborated to find new ways to simplify the licensing process for music users across Canada. Our collaboration helps provide ease and clarity to businesses that play music, reduces overall administration and increases earnings for our members. We look forward to collaborating on other initiatives that can positively impact our respective organizations and, more importantly, licensees.”*

– Jennifer Brown, Vice-President, Licensing, SOCAN.

*“Re:Sound is re-introducing the idea that music has value and that every musician’s contribution to a recording has value.”*

– Moe Berg, Artist

*“As the voice of Canada’s presenting and touring arts sector, CAPACOA understands the value of music for its members and their audiences. CAPACOA has worked collaboratively with Re:Sound to develop licensing arrangements that reflect how recorded music is used by performing arts organizations across Canada.”*

– Erin Benjamin, Executive Director, CAPACOA

*“Re:Sound has been a trusted partner of SoundExchange on many fronts. Since completing our bilateral agreement in 2012, we have worked closely together to ensure that performers and makers, whether Canadian or American, get their fair share wherever they’re played, on either side of the border. Re:Sound and SoundExchange share a strong commitment to paying royalties quickly, efficiently, and accurately. We look forward to continuing our work together and improving cross-border exchanges.”*

– Michael J. Huppe, President & CEO, SoundExchange, Inc.



## RE:FLECTIONS & RE:SULTS

### Strategic Plan 2009-2013

2013 was the final year of Re:Sound's first Strategic Plan, launched in 2009. The main pillars of the plan set aggressive goals for:

- Increasing revenues
- Increasing efficiencies
- Developing the brand
- Developing business relationships

Our final numbers for 2013 show that Re:Sound has grown core revenues by 90% over the period of the strategic plan. As a result of a number of comprehensive efficiency reviews and the implementation of new systems and ways of doing things, 2013 also saw our lowest ever expense-to-revenue ratio. Over the same period, the number of tariffs certified and overseen by Re:Sound had increased from 4 to 14, and the number of businesses licensed by Re:Sound had increased to 85,000.

In 2013, the Executive Management Team put the finishing touches on our new Strategic Plan (2014-2016), which was approved by the Board of Directors in 2013.

Re:Sound has seen revenue growth of **90%** over the last five years.



*In 2013 we had 75,000 interactions with businesses and participated in trade shows organised by Canfitpro, CRFA, CAFE, FEO, OAAS and COCA.*

Domestic Connections

One of the keys to our success in Canada has been making direct contact with industry decision-makers to familiarize them with what we do. Through one-on-one contact, we are better able to make them aware of their potential obligations to acquire a license to use recorded music.

In 2013, we worked with businesses that use music on a number of different levels. Our relationships with trade organisations in the hospitality, fitness and other industries continue to be key, as are our relationships with major industry players in each sector. But we also spend a lot of time reaching out to small independent businesses (restaurants, nightclubs, retail, gyms, banquet halls – to name a few) to educate them on the value that recorded music brings to their business, and on their licensing obligations.

Accomplishing this day-to-day work continues to be driven by traditional means, such as direct mail distribution, trade show attendance and phone contacts.

International Connections

Re:Sound actively engages with similar organisations around the world, sharing best practices and knowledge. This is especially important as increasingly the use of recorded music (through music streaming services, etc.) cuts across national boundaries. Re:Sound also manages bilateral agreements on behalf of our maker members, ensuring that Canadian labels receive payment when their recordings are used outside of Canada.

Tariff Headlines

Re:Sound files tariffs for various types of recorded music use, including radio stations, pay audio services, satellite radio companies, gyms, nightclubs and background music users such as restaurants, retail establishments and hotels.

Some of the significant activities in 2013 included the following:

Fitness (Tariff 6.B) Judicial Review

On November 19, 2013, the Federal Court of Appeal heard Re:Sound’s application for judicial review of the decision of the Copyright Board certifying Re:Sound’s inaugural tariff for the use of sound recordings in fitness centres, Re:Sound Tariff 6.B, Use of Recorded Music to Accompany Physical Activities, 2008-2012. Re:Sound had challenged the rates set by the Board on the grounds of procedural fairness.

Throughout 2013, Re:Sound continued to work co-operatively with Canadian fitness centres and industry groups to educate and inform the Canadian fitness industry about their licensing obligations under Tariff 6.B.

Commercial Radio (Tariff 1.A) Copyright Board Hearing

Re:Sound participated in a consolidated Commercial Radio hearing before the Copyright Board in October, 2013, which dealt with the renewal of Re:Sound’s tariff for 2012-2014 as well as the tariffs for SOCAN, CMRRA and others.

Re:Sound sought changes to the current music use reporting requirements to increase the amount of reporting it receives from radio stations, including making 365-day reporting (the standard in most countries around the world) mandatory for all stations. These important changes will assist Re:Sound in its efforts to distribute royalties to rightsholders in the most representative and efficient manner possible.

Webcasting/Simulcasting (Tariff 8)

In the absence of a Copyright Board decision, we continued to operate under agreements enabling music streaming services to enter the Canadian marketplace. These agreements provided services with certainty as to their royalty obligations and allowed royalties to be collected for rightsholders. This meant an effectively functioning marketplace in Canada based on these agreements.

Technology

Our daily operations revolve around the processing of large amounts of data (literally millions of microtransactions). In order to maximize efficiencies, we are continuously improving our systems – always with the aim of doing more with less. We also work with our member organisations and similar organisations around the world to develop uniform standards in technology, which will increase efficiency to get more money into the hands of rightsholders.

In 2013, we upgraded our process and capabilities by introducing new business intelligence software to integrate the different components of our databases. This resulted in better data evaluation, greater efficiency in our processes, improved compatibility with other organisations’ systems and faster payouts.

Government and Public Relations

In 2013, we worked to continue building on our government relations strategy to benefit our rightsholders. We developed and managed relationships with government representatives and public agencies, and ensured that we had a credible voice and were included in all consultation processes regarding copyright.

Canada took further steps in 2013 towards fulfilling its commitment of ratifying the WIPO Performances and Phonograms Treaty (WPPT) by tabling the treaty in the House of Commons on June 12, 2013. Implementation of WPPT in Canada is an important step in bringing the protections afforded to sound recordings in Canada more in line with the protections afforded in other countries. Re:Sound looks forward to the final stage of ratification in 2014.

Distribution

Re:Sound’s distribution experts ensure that the right people and companies receive their royalties. In 2013, we collected revenues from more sources than ever before while collecting more usage data than ever before.

Currently, there are over 2.17 million sound recordings in our database and we processed 38.4 million sound recording performances in 2013, paying out a record number in distributions, including a record amount of international royalties, primarily from our agreement with SoundExchange.

*We processed 38.4 million sound recording performances in 2013.*





## RE:AL PEOPLE

Re:Sound is made up of a team of talented professionals whose passion and dedication drives them to make a meaningful difference in both the lives of musicians and in the continued success of the Canadian music industry. This passion extends beyond their day jobs, and our employees are proud to play an active part in the music community.

### Re:Cital

In November of 2013, Re:Sound hosted Re:Cital, our first-ever fundraiser concert. As a company that works with music every day, it's not surprising that our employees include some highly talented musicians and the event gave them an opportunity to show off for a great cause. The event was organised as a fundraiser for the Canadian Music Therapy Trust Fund, a not-for-profit organization that strives to promote, develop, and support music therapy services and research in order to improve the quality of life for Canadians. The event was a smash hit, with a terrific turnout from member organizations, friends, family and industry colleagues. In the end, over \$2,000 was raised for this worthy cause.

Every year, Re:Sound rewards staff members with achievement awards for exceptional work. This year's Re:Sound "Juno Award" went to the group who organized the Re:Cital fundraiser. The team included Elliot Carol Chow, Chris James, Eunice Kim, Brett Baxter, Jordan Fine and Serge Cassano.



*"Re:Cital was a wonderful experience. I enjoyed sharing my music with my colleagues and, of course, learning about all the talented people working at Re:Sound. I also felt honoured to raise funds and awareness for such an important cause as the Canadian Music Therapy Trust Fund."*

- Fallon-Peage Tulloch



Corporate Social Responsibility

As part of our CSR initiative, Re:Sound employees also participated in Clean Toronto Together, an annual park clean up in celebration of Earth Day.

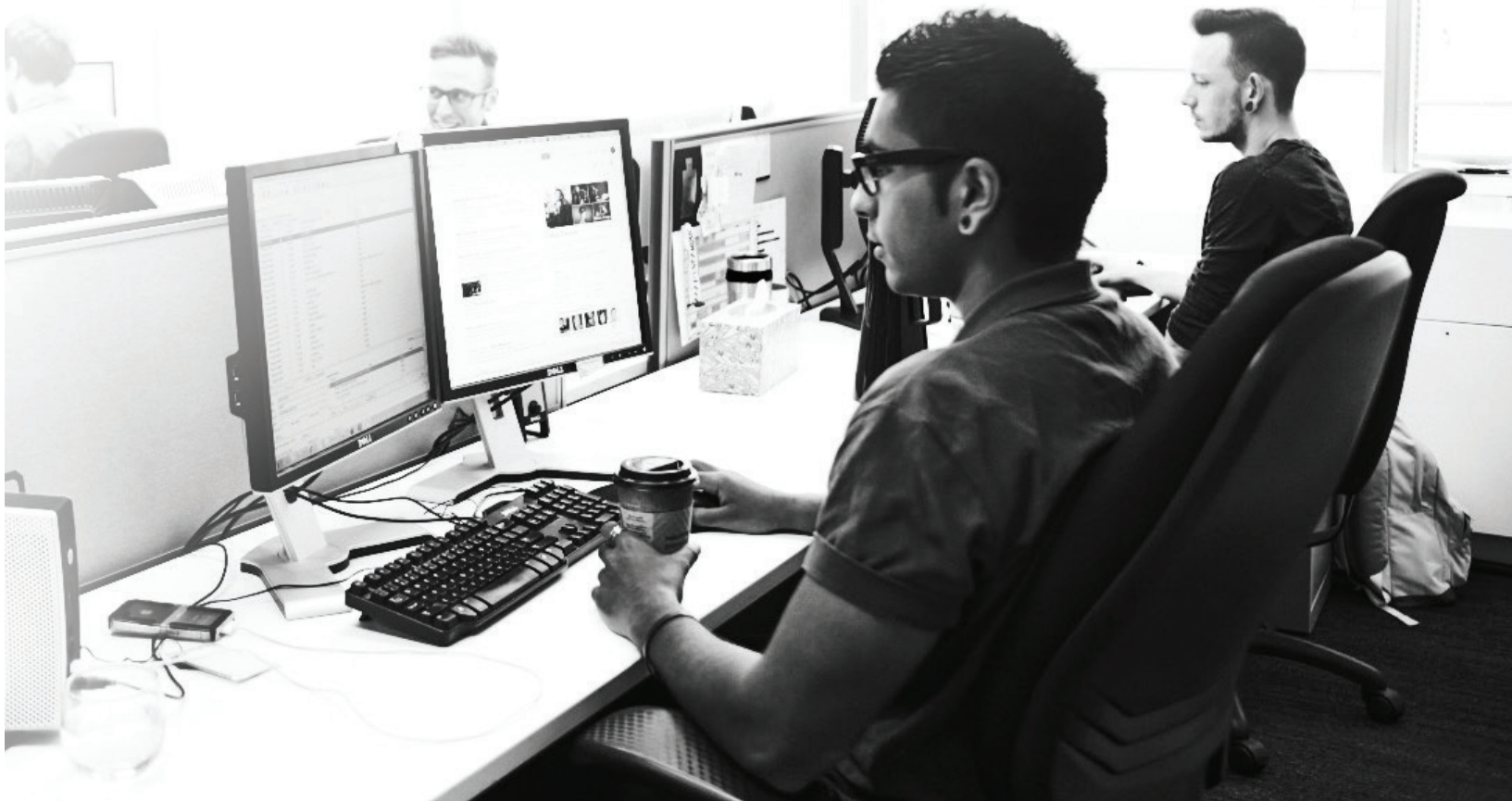
Employee Survey

Re:Sound conducted our first employee survey in 2011, and conducted a second in 2013, achieving 100% participation for the second time. One key indicator we look at is the number of employees who would recommend Re:Sound as a great place to work. In 2011, 85% of employees said they would recommend Re:Sound as a great place to work. In 2013, this number increased to 90%, something about which we are justifiably proud. Another key indicator is how proud our employees are that they work for Re:Sound. We saw an increase from 86% in 2011 to 93% in 2013, an impressive result for any company. Clearly Re:Sound employees are a highly engaged group, who believe strongly in and take pride in the work that they do.

93%  
40%

of employees say they are proud to work for Re:Sound.

of Re:Sound employees are also musicians.

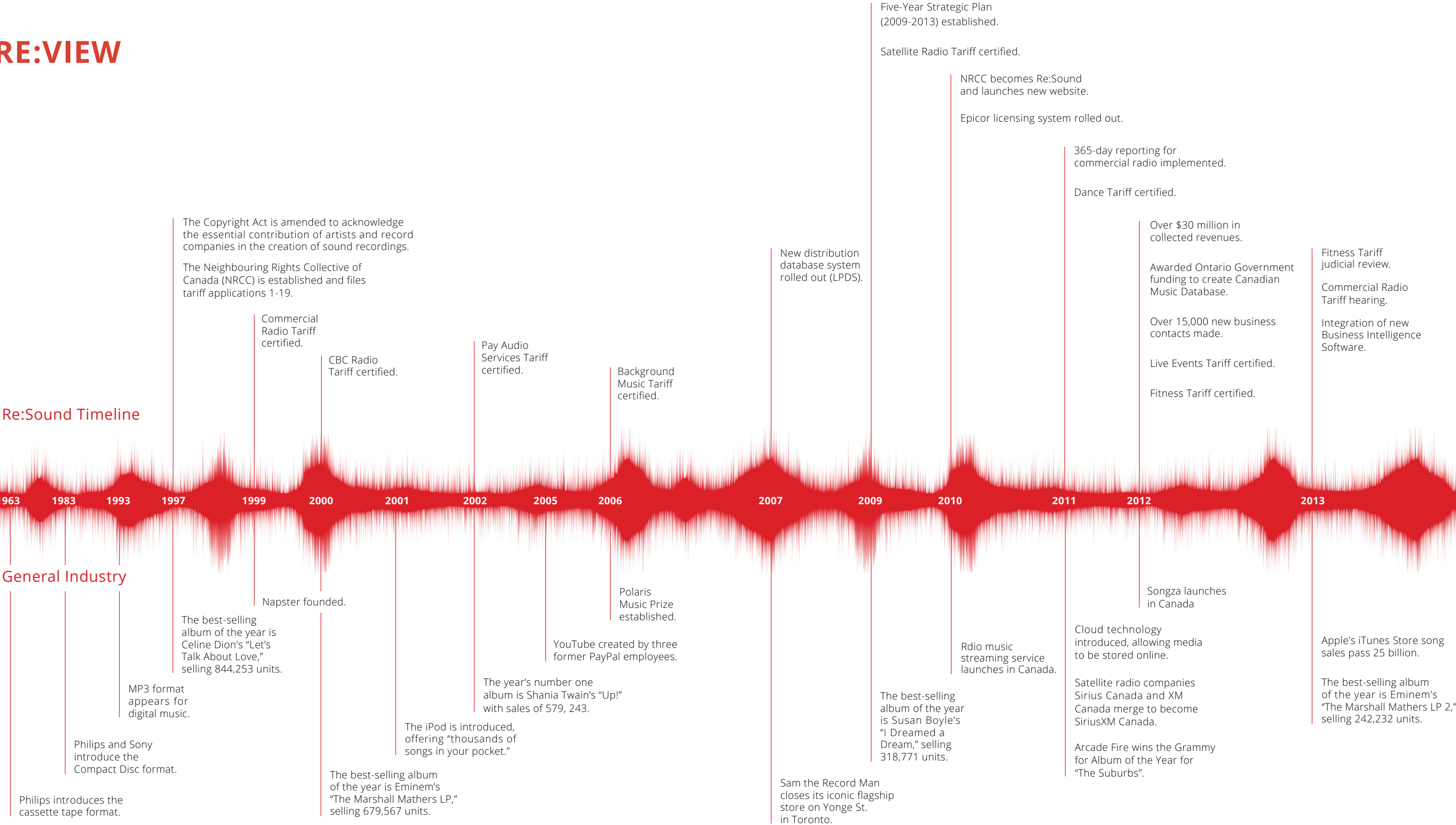




RE:VIEW

Re:Sound Timeline

General Industry







Total income increased **12.6%**.

# RE:VENUE

## Financial Highlights

In 2013, domestic neighbouring rights revenues were \$30.6 million, surpassing the \$30 million mark for the first time in the organisation's history. This represented growth of 6% over 2012. Growth was fuelled by significant increases in public performance revenues, as well as revenues from agreements with music streaming services.

International revenues increased from \$2.3 million in 2012 to \$5.0 million in 2013, mainly due to the receipt of significant past year (non-recurring) revenue from SoundExchange in 2013.

Private copying revenue (received from the Canadian Private Copying Collective) fell from \$2.8 million in 2012 to \$2.6 million in 2013.

Total income increased 12.6% (from \$34.2 million in 2012 to \$38.5 million in 2013), while monies available for distribution increased 14.3% (from \$28 million in 2012 to \$32.0 million in 2013).

(in \$Millions)	2013	2012
Income		
Neighbouring Rights - Domestic	30.6	28.9
Neighbouring Rights - International	5.0	2.3
Other Income	0.3	0.2
Total Neighbouring Rights Income	35.9	31.4
Private Copying Income	2.6	2.8
Total Income	38.5	34.2
Expenses	6.5	6.2
Monies Available for distribution	32.0	28.0



# RE:PRESENTATIVES

## Executive Management Team



## Board of Directors

Re:Sound's Board is composed of representatives from our member organisations.

### Performer Member Representatives

**Brad Keenan**

*ACTRA Recording Artists' Collecting Society (RACS)*

**Annie Morin (Chair)**

*Artisti*

**Margaret McGuffin**

*Musicians' Rights Organisation of Canada (MROC)*

### Maker Member Representatives

**Lynette Bouchard**

*Quebec Collective Society for the Rights of Makers of Sound and Video Recordings (SOPROQ)*

**Graham Henderson (Vice-Chair)**

*Audio-Video Licensing Agency (AVLA)*

**Stuart Johnston**

*Canadian Independent Music Association (CIMA)*

## Member Organisations





STUDIO  
ON  
AIR

# 2013 TOP 10

*Commercial radio/eligible sound recording rankings by spin count.*

Artist	Title
Lumineers	Ho Hey
Serena Ryder	Stompa
Walk off the Earth	Red Hands
Maroon 5	Daylight
Armin Van Buuren / Trevor Guthrie	This Is What It Feels Like
Mumford and Sons	I Will Wait
Taylor Swift	I Knew You Were Trouble
Tegan and Sara	Closer
Serena Ryder	What I Wouldn't Do
Tyler Shaw	Kiss Goodnight