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Message from the President

As you look through our 2019 Annual Report, I hope a few things stand out to you. Naturally, numbers play an important role in any annual report. Over the past year, our revenues were close to \$47 million, with \$39.7 million available for distribution. We have also maintained our low expense to revenue ratio, while reviewing our processes to ensure we are always transparent and efficient, two of our core values.



The music industry is in a state of constant change and evolution and organizations like Re:Sound must ensure we are changing and evolving in ways that best serve the rightsholders we represent—artists and labels.

In 2008, Re:Sound processed 16 million sound recordings (plays). In 2019, this number exceeded 1.8 billion. Data informs much of what we do and as we enter 2020, more accurate, detailed data will be at the heart of two important, innovative projects for Re:Sound: our collaboration on RDx (Repertoire Data Exchange) and the overhaul of our current distribution system.

This year, our annual report features a message from the Re:Sound team. I'm incredibly proud of the entire team, our work, our commitment to our core values, and our commitment to the creators we represent and the value they bring.

We know the royalties we collect and distribute on behalf of artists and record labels play an important role in supporting the music ecosystem and ensuring music creators are compensated when their music is used.

As my tenure at Re:Sound comes to a close, I'm proud of all we've accomplished in the past decade: we've achieved aggressive revenue growth (250%), expansion in revenue sources—including new public performance and streaming tariffs, and international revenues—as well as significant cost reductions through efficiencies.

Re:Sound's commitment to all of our rights holders is unwavering and is not the work of any one person. I have great confidence that the dedicated team at Re:Sound will continue to lead the way in advocacy, responsiveness, efficiency and transparency.

A handwritten signature in black ink, appearing to read 'Ian MacKay'.

Ian MacKay,
President

Message from the Re:Sound team

“We live and work by our core values each and every day.”

You’ll find them throughout the annual report. They represent our commitment to the artists and record labels we represent.

Abigail
Alexis
Anne
Anshika
Arif
Ashley
Chris
Christopher
Clement
Cristina
Debora
Doris
Elsie
Emma
Eunice

Hilary
Ian
James A.H.
James H.
Jason
Jennifer
Jeremy
Joe
Jonathan
Julia
Margaret
Marius
Martin G.
Martin P.
Melanie

Michèle
Michelle
Mike
Miranda
Nervaun
Omar
Otis
Rée
Riley
Rob
Sahand
Sharon
Sheila
Sofiat
Yudi

creators

rightsholders

royalties

Who we are

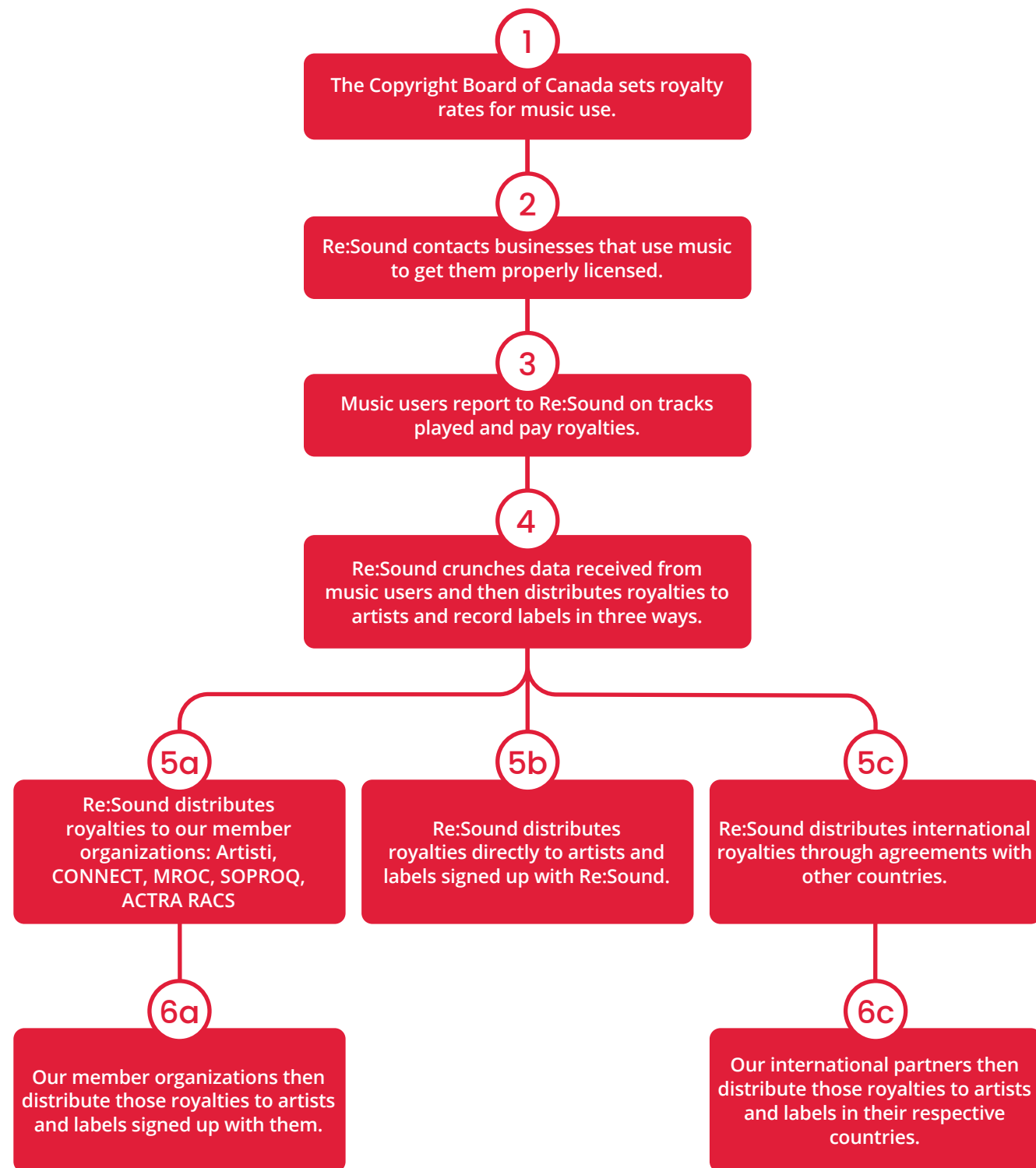
Re:Sound is the Canadian not-for-profit music licensing company dedicated to obtaining fair compensation for artists and record companies for their performance rights.

What we do

We advocate for music creators, educate music users, license businesses and distribute royalties to creators—all to help build a thriving and sustainable music industry in Canada.

Image Credit: Only1AndyWright.com

How it works



To learn more about tariffs, visit resound.ca/tariffs

Learn more about Re:Sound's bilateral agreements at resound.ca/resounds-bilateral-agreements

How to get paid

Artists

If you have performed on recorded music (as a featured or background performer) that has been released to the public, you may be entitled to royalties. In order to collect these, you can register with one of our three member organizations representing artists, or directly with Re:Sound.



Record Labels

If you have made recorded music that has been released to the public, you may be entitled to royalties. In order to collect these, you can register with one of our two member organizations representing record labels, or directly with Re:Sound.



We will advocate for what's fair for musicians and labels—fair treatment and fair compensation. We provide services to rights holders on a fair and equal basis. We ensure fair treatment for all employees.

FAIR

Advocacy

Advocating for Canadian musicians and record labels



Re:Sound advocates on behalf of our rights holders to ensure they are fully and fairly compensated for the value of their sound recordings.

We do this directly and in partnership with other music industry organizations, including the Canadian Music Policy Coalition, Music Canada, CIMA (Canadian Independent Music Association), ADISQ and CFM (Canadian Federation of Musicians).

Through the Canadian Music Policy Coalition, the music industry presented a cohesive, common platform to voice our rights holders' concerns during the *Copyright Act Review*. Re:Sound took an active role in working with our industry partners to identify and articulate the issues.

As part of the *Copyright Act Review*, Re:Sound President Ian MacKay appeared before the Standing Committee on Canadian Heritage, as well as the Standing Committee on Industry, Science and Technology to advocate for fair and effective copyright in Canada.

MacKay addressed two critical concerns for our rights holders.

First, commercial radio stations should no longer be exempt from paying royalties to artists and record labels on a station's first \$1.25 million in advertising revenue. By removing this outdated and unfair subsidy to large corporations, policymakers can positively support the Canadian music ecosystem.

Second, it's well past time musicians and record labels receive royalties when their music is used in film and television soundtracks. This is in place for many other rights holders in other jurisdictions.

Together, these changes would return approximately \$59 million a year to musicians (feature performers, backing musicians) and record labels—where it rightfully belongs.

We were pleased these recommendations were included in the *Shifting Paradigms* report from the Standing Committee on Canadian Heritage; it's reassuring that both Parliament and policymakers understand these issues and their importance to Canadian music creators.

Re:Sound also supports the Canadian Music Policy Coalition's full platform, including adopting a technology neutral position for the Canadian Private Copying Collective (CPCC) to cover audio recording devices such as digital audio recorders, tablets and smartphones, and reforms to the Copyright Board of Canada to ensure it can make timely decisions.

In November 2019, Re:Sound was pleased to be among the first organizations The Honourable Steven Guilbeault met with in the days following his appointment as Minister of Canadian Heritage. We look forward to working with the Minister over the duration of the 43rd Parliament.

Every great meal deserves a soundtrack: Chef Chuck Hughes on restaurants and music

Business profile

Chef Chuck Hughes is known for many things: executive chef and partner of the restaurants Garde Manger and Le Bremner in Old Montreal; host of more than 10 television shows airing in Canada, the U.S. and more than 80 international markets; Iron Chef America winner; hockey player and Habs* fan—and he's really (REALLY) into music.

Re:Sound connected with Chef Hughes on food, music and bringing them together.

"I don't know how it is for every restaurant, but music is hugely important to the ambiance we want to create. My partners and I grew up in an age of restaurant music consisting of annoying beats or bland background music. We couldn't choose it and it was always some compilation of 'dining' music. So we wanted our music to be actual songs, not just filler." Hughes also points out that with a small, open kitchen, music enhances the ambiance by diminishing the sounds of pots clanging and chefs talking in the kitchen.

Garde Manager and Le Bremner have hundreds of playlists and the music changes depending on the day and the feel of the room. "If it's raining, we have a playlist for that. We have playlists for everything—Tuesday Night From 5pm to 8pm, 100 Greatest Albums, Rock & Roll for Thursday past 10pm or Go Funk Yourself."

Today, guests might hear similar music at each restaurant, though it didn't start out that way. "We opened Le Bremner five years after Garde Manger

and in the beginning, we only played Reggae at Le Bremner. I loved it, but the staff and clientele were going nuts. It was a short-lived dream of mine—it lasted about a month."

One of the hallmarks of the music at Garde Manger and Le Bremner, is that it's eclectic. Sinatra may follow Slayer, but Hughes says this plays an important role in creating the experience diners have come to love and expect. The reactions can be memorable.

"One night at Garde Manger a Bon Jovi song came on and everyone in the restaurant started singing—the staff, front of house, back of house, clients. Everyone! When the song-ended, we all just looked at each other and burst out laughing."

Music has been a big part of Hughes' career. "I started off catering local bands and then on my television shows we always featured music from Canadian bands." He stays connected to music creators and the industry through his work catering on-site at Montreal's renowned Osheaga music festival.

Both Garde Manger and Le Bremner are licensed to play music. This ensures musicians and labels are compensated for the use of their music.

When asked why he's committed to using music ethically and responsibly, Hughes is direct, "Music has given me so much that it is a small thing to do to give back." He adds, "Restaurateurs should remember that bands are similar to restaurants—it takes a lot of hard work to make it pay off."



Image Credit: Paul Labonté

"Music has given me so much that it is a small thing to do to give back. Restaurateurs should remember that bands are similar to restaurants—it takes a lot of hard work to make it pay off."

* The Montreal Canadiens hockey team, for our international audience

PERFORMER

Re:Sound Core Value

& MAKER

CENTRED

Our organization would not exist without the artists and makers of music; they are the core of everything we do, and the inspiration for always achieving more. We must always act in their best interest.

The informed artist: Frannie Holder

Artist Profile

Frannie Holder holds a unique perspective. Born in Louisiana, raised in Montreal, she sings in English but considers herself Quebecoise to the core. Known for her work with Random Recipe and Dear Criminals, she's been a part of countless collaborations and now finds herself increasingly in demand as a composer for film and television as well.

Holder's career is flourishing—Re:Sound caught up with her days before a tour of Italy—but she's forthright about the challenges she's faced along the way.

"About five years ago, I seriously considered abandoning music. I didn't become an artist to get rich, but I knew at that time I wanted two things: to be able to live off my music and to create a long-term career."

Working with her manager, Holder gave herself two years to make it happen. As part of the process, she delved further into the business-side of making music. "As musicians, we're not business people, but the artists who take the time to learn about the business side of things, like performance rights, do better."

When artists are starting out, they're not always thinking about longevity, but Holder believes this is a mistake.

"At the beginning, everyone just wants to make it. The hype that comes with being a new artist is amazing and you don't really care about the money. But it's only by finding every dollar available to you as an artist that you can truly build the foundation for a sustainable, long-term career."

While rights and royalties can be confusing, organizations like Re:Sound play an important role.

"Re:Sound makes it less confusing for artists. When I have questions, I can get answers quickly because they're using technology effectively. The reps at Re:Sound are straightforward, transparent and efficient. I feel like I matter as a rights holder."

Holder now finds herself advising other artists on performance rights and encourages them to educate themselves and assign their rights.

"An informed artist is an empowered artist."

In addition to composing, collaborating and touring around the globe, Holder gives back to the music community by serving on the SOCAN Foundation's Board of Directors.



Image Credit: Jocelyn Michel

"Re:Sound makes it less confusing for artists. When I have questions, I can get answers quickly... The reps at Re:Sound are straightforward, transparent and efficient. I feel like I matter as a rights holder."

Talking to the QOFE about royalties: Pegi Cecconi

Industry Profile

Describing Pegi Cecconi's career sounds like a Hollywood screenplay. It starts in a small Northern Ontario town with the unlikely name of South Porcupine, where she books rock bands to play her high school auditorium. She ventures to the big city (Toronto), works with a number of music industry legends—and then becomes one herself. And along the way she helps to make Rush a global phenomenon, among countless, notable accomplishments.

Cecconi was recently named the 2020 Walt Grealis Special Achievement Award recipient by the Canadian Academy of Recording Arts and Sciences (CARAS).

While her official title may be something along the lines of "music industry executive" the better description comes from her business cards, which read "QOFE." That's Queen of F----- Everything, for those who don't know.

Re:Sound sat down with the Queen to discuss royalties.

"Royalties are important—and this is true for both established bands and those who are just

starting out. Obviously, they're important for record labels too, but I always go back to that band that's just starting to get radio play or beginning to rack up stream counts. Assign your rights. If you don't, you won't get the royalties, it's that simple."

Cecconi adds the royalties landscape in Canada can be difficult to figure out. "Tariffs. Collectives. What does this stuff even mean to the average person? There are a lot of players. People who work in the industry find it confusing. The more organizations like Re:Sound are transparent and clear about how they work, and how royalties are distributed, the better it is for rights holders."

To illustrate the point, Cecconi says, "Re:Sound is like a bank with really good vacuums. You need to go around and find all the nickels, dimes and quarters that are hiding in the corners. You vacuum up all the coins and turn them into mega-bucks for your musicians and labels."

In her role with SRO Management, Cecconi played a key role in creating Anthem Records, now part of Anthem Entertainment Group, whose roster



Image Credit: Richard Sibbald

included Rush, Max Webster, Ian Thomas and Lawrence Gowan. She is also responsible for one of the most popular releases of the 80s: Bob and Doug McKenzie's *Great White North* album, which resulted in the hits *Take Off* and the duo's hoser-inspired version of *The Twelve Days of Christmas*.

With a career spanning five decades, Cecconi has seen a lot of changes but insists one thing hasn't changed.

"Whether it's a record label, or an organization like Re:Sound, we're a lot of people who are truly passionate about great music. Your core value of Performer and Maker-Centred really speaks to that—the music is at the heart of everything and I think the organizations and artists who deal with Re:Sound can see that."

When asked about the Walt Grealis Award, which Cecconi received for her contributions to the Canadian music industry, she is reflective. "It's an honour, without question. I've worked hard, fought hard to make sure artists got great deals and I've had a career doing something I love for more than five decades. Not a bad deal."

"The more organizations like Re:Sound are transparent and clear about how they work, and how royalties are distributed, the better it is for rights holders."

Sponsorships x Re:Sound

Informed music creators are empowered music creators. Re:Sound is committed to helping music creators (and the businesses that support them) understand performance rights and how they receive royalties for the use of their work.

Each year, we are proud to sponsor and support initiatives that advance artists and labels.

In 2019, we proudly sponsored The Slight Family Polaris Heritage prize, which honours Canadian albums from four distinct time periods. The Oscar Peterson Trio's timeless *Night Train* won, along with Vancouver punk legends D.O.A. for their album *Hardcore '81*.

Re:Sound was the founding sponsor of the SOCAN Foundation's inaugural HER Music Awards, which recognized two mid-career female artists in early 2020: Dene singer-songwriter Leela Gilday and Brampton-based hip hop artist, Haviah Mighty.

We were also pleased to sponsor or be involved with: CIMA Awards Dinner; Canadian Music Week (CMW); MUNDIAL; Folk Music Ontario Conference; Folk Alliance International; Canadian Country Music Awards (CCMA); East Coast Music Awards (ECMA); Music.Musique NB; Chant' Ouest; Sandbox Studios; as well as multiple Unison Benevolent Fund events, among others.



Image Credit: Brad Ardley

Artist in the Office

Re:Sound is proud to welcome Canadian artists to our office to showcase their work to our staff. This year, The Spoons, Laura Repo, Mike T. Kerr, Campbell Woods and Pterodactyl Problems performed amazing “in office” sets.



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

TRANSPARENT

By the numbers

Tracks* processed by year

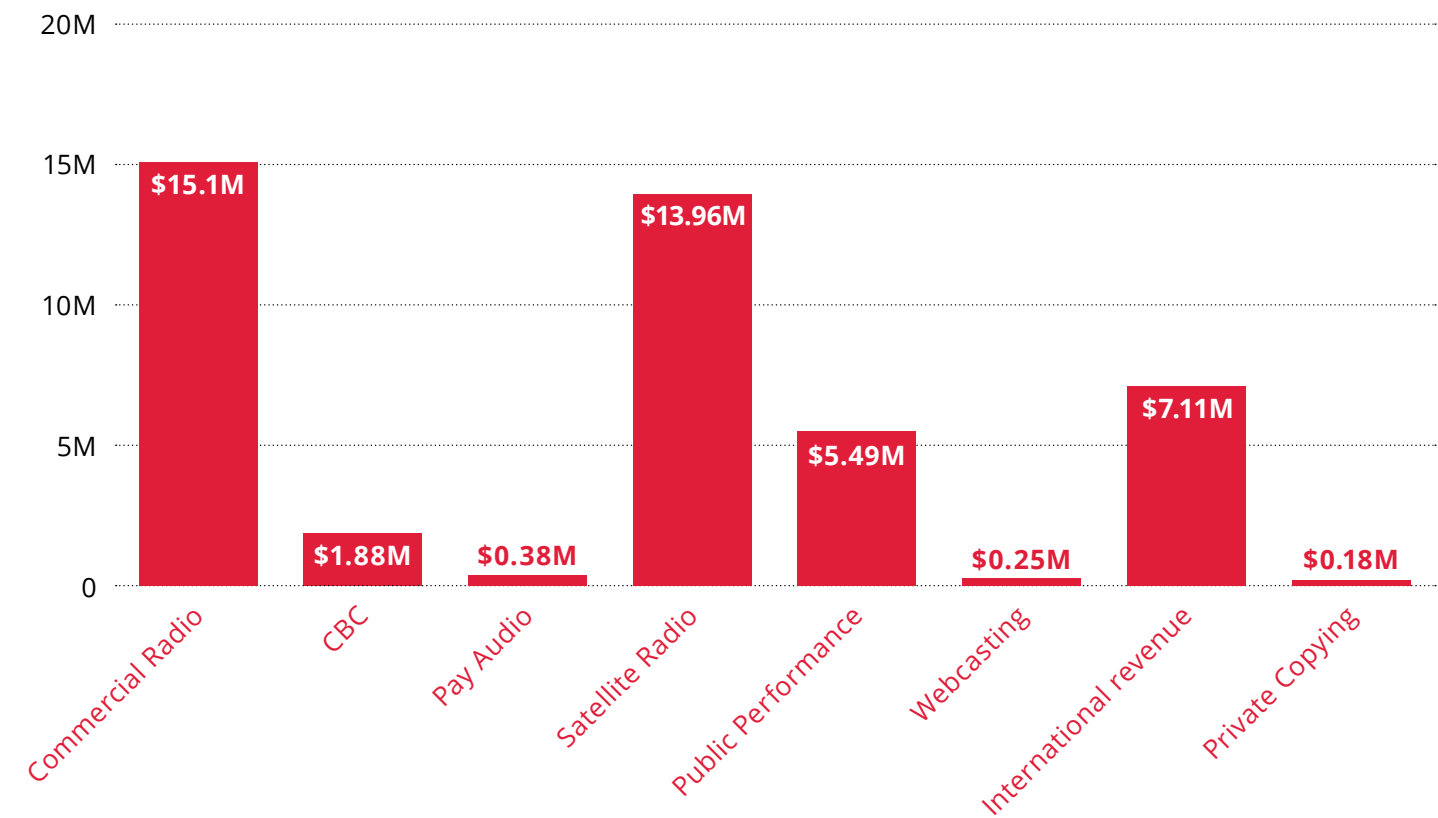
16 Million in 2008

1.8 Billion in 2019

*Sound recordings (plays) processed

Financials

Revenue by Source 2019



Financial Highlights

Index	2019
Neighbouring Rights Domestic	37.1
Neighbouring Rights International	7.1
Other Income	2.5
Total Neighbouring Rights Income	46.7
Private Copying	0.2
Total Income	46.9
Expenses	(7.2)
Monies Available for Distribution	39.7

Re:Sound Executive Management Team

- Ian MacKay**
President
- Arif Ahmad**
Vice President,
Legal Affairs & General Counsel
- Michelle Baily**
Vice President, People,
Planning & Strategy
- Martin Gangnier**
Vice President,
Industry Relations & Outreach
- Otis Quinn**
Vice President,
Technology
- Doris Tay**
Vice President,
Distribution
- Clement Wong**
Vice President,
Finance
- Anne Yourt**
Director,
Communications

Re:Sound Board of Directors

Re:Sound’s Board of Directors includes an elected Independent Chairperson, as well as twelve elected directors, who are nominated as follows:

Performer Class

Two directors nominated by each member organization representing performers (Artisti, MROC and ACTRA RACS).

Maker Class

One director nominated by each member organization representing makers (CONNECT, SOPROQ, Sony Music, Universal Music and Warner Music) plus one additional director representing a Canadian independent label (alternating between a SOPROQ nominee and a CIMA nominee).

All Directors are elected to hold office for a two year term (apart from the Maker Class independent label representative, who is elected annually).

Re:Sound’s Board currently consists of:

- Anthony Ariganello**
Chairperson
Independent
- Performer Class:**

David Jandrisch
Director
MROC

Diana Barry
Director
MROC

Annie Morin
Director
ARTISTI

Claire Hayek
Director
ARTISTI

Laurie McAllister
Director
ACTRA RACS

Anna Bucci
Director
ACTRA RACS
- Maker Class:**

Stuart Johnston
Corporate Secretary
and Treasurer
CONNECT Music Licensing

Lyette Bouchard
Director
SOPROQ

Gord Dimitrieff
Director
CIMA

Mark Jones
Director
Universal Music Canada Inc.

Thiago Kurtz
Director
Sony Music Entertainment
Canada Inc.

Graham Henderson
Director
Warner Music Canada

EFFICIENT

We continually strive to be better, 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.

Project ReThink

Best in class distribution

Distribution is ultimately about data—the data we receive and our ability to process it accurately, efficiently and consistently. Now, consider for a moment the volume of data we process each year. In 2008, Re:Sound processed 16 million sound recording performances (plays). In 2019, we processed more than 1.8 billion plays and we expect this number will continue to grow.

Each track we process results in royalties paid out to our rights holders—artists (the featured performers as well as the backing musicians who played on the recording) and record labels.

In 2017, we started to review our distribution systems and software to determine how much longer we could use them.

We started by analyzing the gap between our current system, processes, and our strategic objectives. This led us to initiate and complete a stress test in 2018. The stress test helped us determine whether the existing system could process our projected data growth. The results were unequivocal: we needed to upgrade our distribution system.

We spent a year consulting with our stakeholders to establish what we needed the improved system to deliver (design requirements), and we issued a request for proposal (RFP) to solicit bids from prospective partners, which culminated in the decision to award the project to BMAT.

BMAT has experience supporting collective management organizations (CMOs) globally and the team brings a unique understanding of rights management, as well as a product we can tailor to suit Re:Sound's needs.

Work will commence in early 2020 and we expect the system will be up and running in 18-24 months. This will ensure we can process an ever-increasing volume of data, remain best in class and—crucially—get more money back to rights holders.

RDx

To get money back to creators and record labels more efficiently and at lower cost, we constantly look for best practices in other jurisdictions and for opportunities to make our own processes more efficient.

Our work with RDx is a perfect example. This collaboration, with World Independent Network (WIN), the organization connecting and supporting independent music trade associations globally, and the International Federation of the Phonographic Industry (IFPI), which represents the recording industry worldwide, will create a single global data source covering both indie and major labels' repertoire.

Re:Sound is one of three international music licensing collectives (MLCs)—and the only one from Canada—involved in testing RDx and contributing to its development. Other than PPL, the portal's developer, Re:Sound may become the first MLC to start using it. RDx will help to ensure Canadian independent labels get all the royalties they are owed, from wherever they are collected globally. This will improve timeliness, accuracy and efficiency—which should ultimately return more royalties to rights holders.

The benefits of RDx may extend beyond performance rights for recordings to include performers and musical compositions as well.

DYNAMIC

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

Entandem: Licensing simplified



As an organization, we're committed to identifying ways we can be more efficient, dynamic and transparent in how we collect and distribute royalties to artists and record labels. This relentless commitment to our rights holders led to the launch of Entandem, our joint licensing venture with SOCAN.

Through Entandem, we provide Canadian businesses that use recorded and live music as part of their operations with a one-stop, online destination to obtain music licenses from both of our organizations.

At every stage of this venture, we have believed that combining our respective licensing operations was a logical, common sense approach for Re:Sound and SOCAN, and for fair and efficient licensing in Canada.

In its first few months of operation, Entandem simplified licensing for thousands of businesses and collected millions in music licensing revenue. With offices in Toronto and Montreal, the Entandem team comprises 35 employees, the majority of whom joined the organization from Re:Sound and SOCAN. They bring a deep understanding of music licensing and business to the new venture and their work is an essential part of the Canadian music ecosystem.

In creating Entandem, we incorporated insight from industry partners internationally to bring Canada in line with global best practices.

Re:Sound and SOCAN set the foundation for the project years earlier through tariff alignment, sharing relevant data, using the same platform for licensing systems and building a culture of trust between the two organizations. As a result, our joint venture is considered best in class, and music licensing organizations globally look to Entandem to understand and learn from its success.

Entandem will administer tens of thousands of individual licenses for the use of live and recorded music in public. Many of these licensees are small to medium sized businesses. Through Entandem, they'll reap the benefits of using music in their businesses, while reducing administrative time and cost.

We are confident these efforts to improve the licensing process and experience for businesses that use music will continue to encourage compliance, which in turn will create additional revenues for feature performers, record labels, background musicians, songwriters, composers and music publishers—the rights holders represented by Re:Sound and SOCAN.

Music adds value to business and music licenses ensure that music makers can continue to make great music.

Re:Wind 2019

For the seventh consecutive year, Re:Sound employees got the band back together for our annual Re:Wind benefit concert.

With a “Like Totally Eighties” theme, the Re:Sound band, along with bands from SOCAN and Sony Entertainment Canada, hit the stage at the legendary Lee’s Palace, while the DJ crew from Music Canada kept everyone dancing between sets.

The 2019 event raised a record \$37,500 in support of Unison Benevolent Fund and Performing Arts Lodges (PAL): Toronto.

Re:Wind is entirely organized and run by Re:Sound staff, who oversee sponsorship, operations and coordination with our industry partners. In fact, 70 per cent of our staff are involved in making this event happen.

We’re grateful to all of our generous sponsors, in particular, Re:Wind 2019’s Diamond sponsor, Osler, Hoskin & Harcourt LLP and our Platinum sponsor, Greenwald Wealth Management—RBC Dominion.

Image Credit: Only1AndyWright.com

Employee spotlight

Every year, Re:Sound recognizes an employee who embodies our core values and who truly goes above and beyond in their contributions to the organization. This year, we're pleased to recognize two outstanding team members: James Harding and Sahand Abdi.



Sahand Abdi and James Harding

James began working with the Distribution team in 2013 and is currently a Distribution Coordinator. His commitment to our rightsholders is unwavering. His performer and maker centred approach has resulted in strong working relationships with the major labels and other organizations to resolve claim conflicts and release payments to rights holders. While he consistently garners strong feedback from our business partners, around the office he's admired for his dedication to our annual charity concert, Re:Wind. James is known for his work leading the Re:Sound band and liaising with the other bands and performers—38 in 2019—who join us on the stage. His leadership, patience and inclusivity are respected at Re:Sound and beyond.

It's hard to be productive if your IT systems aren't working. The same holds true for a service desk. When it functions well, the rest of the team can too. Sahand joined Re:Sound in 2019 as Service Desk Analyst. He is recognized at Re:Sound—and Entandem, our joint licensing venture with SOCAN—for his efficient and dynamic approach. Whether it's a simple fix, or a more complex issue, Sahand ensures every request is addressed and resolved quickly. His professionalism and patience have earned Sahand the respect and admiration of his colleagues and business partners.