

Re:Sound

2021

2020

ANNUAL  
REPORT

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# 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.

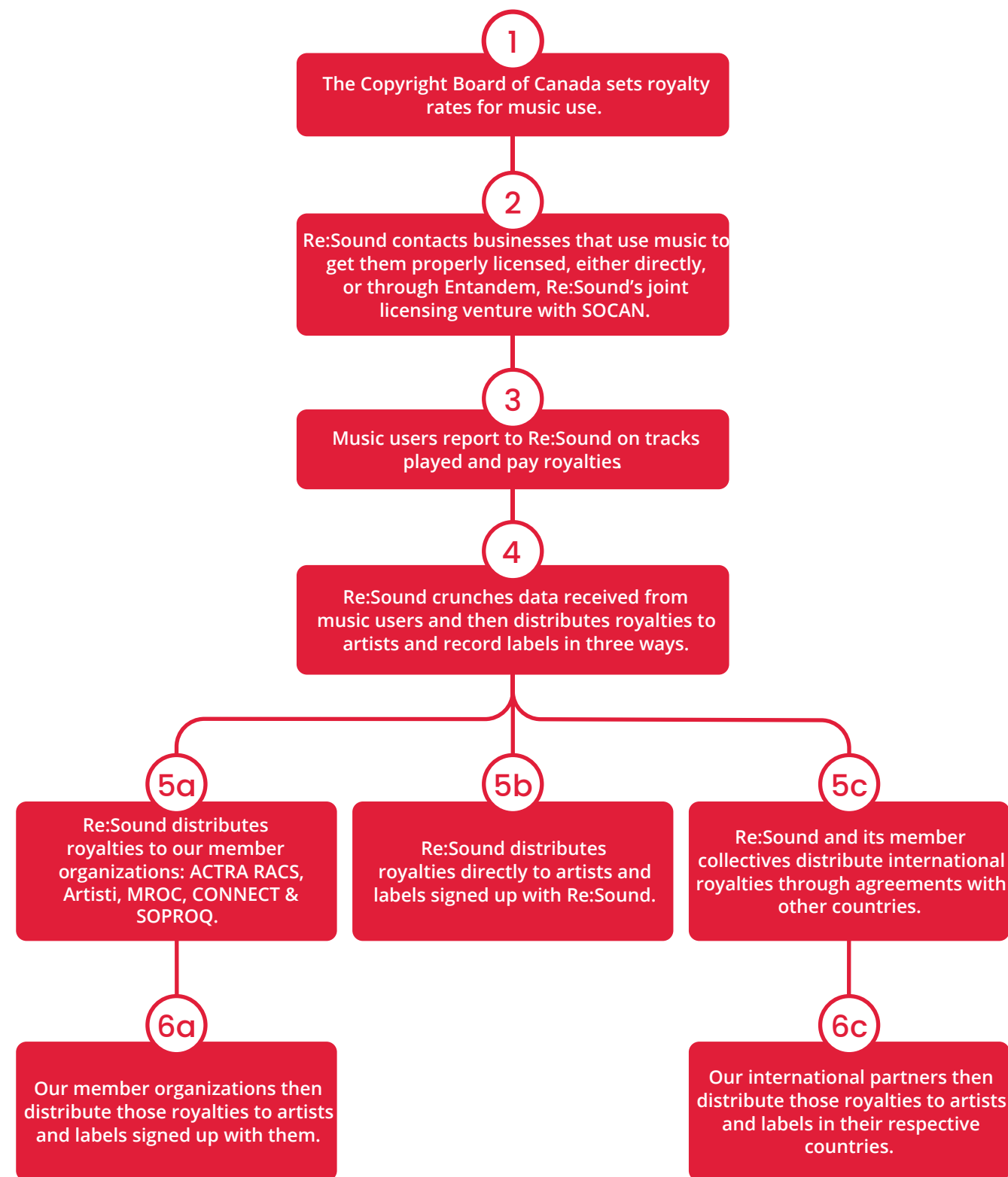
# What we do

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.



Neighbouring rights, also referred to as performance rights, compensate artists (creators) and record labels (makers) for the public performance of their sound recordings.

# How it works



# 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.



In Canada, there are options for rights assignment. We encourage creators to research the various options for royalty collection to determine which one best suits their needs.

# President's Message

When I joined Re:Sound as President & CEO in May 2020, I hadn't anticipated the pandemic would be with us a year later, or that I'd have yet to meet the team. It's been an unusual start in this role but it's been made easier by the strength of the outstanding Re:Sound team and our excellent member organizations.

What this Annual Report can't show you is the tenacity, dedication and commitment of our people. This team has ensured key projects stayed on track, kept distributions on schedule, supported each other, and found new, creative ways to keep Re:Sound traditions alive in the virtual world.

Collaboration is at the heart of these accomplishments—it's how we work with each other, our member organizations and music industry partners.

Our member organizations—ACTRA RACS, Artisti, MROC, CONNECT, SOPROQ and the major labels—Sony Music Entertainment Canada, Universal Music Canada and Warner Music Canada—continue to play an important role in shaping Re:Sound and I have every confidence our shared commitment to rights holders provides us with a strong foundation to move forward.

COVID-19 remains a threat to the Canadian economy, and by extension, the music ecosystem. As a direct result, performance royalties have become an increasingly important revenue stream for our rights holders—artists and record labels. Re:Sound remains committed to advocating on their behalf and maximizing distributable income.



As you'll see in the financial update, collections were lower in 2020 than 2019. As an organization, we've taken a number of steps to reduce our operating costs and ensure collections and distributions are maximized and rights holders are serviced in the most efficient and effective manner.

As we look toward a post-pandemic world, businesses and society will surely change. I remain optimistic we'll identify new approaches to old problems, and gain deeper appreciation for things we've taken for granted in the past.

I'm confident music will continue to play a big part in helping us through these times, and beyond.

A handwritten signature in blue ink, appearing to read 'Lou Ragagnin'.

Lou Ragagnin  
President & CEO



# Looking back at 2020

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In early 2020, when Canadians started to see headlines about a new virus, it seemed a distant threat. Eventually, the lockdowns and public health restrictions in other regions became our reality in Canada, too. The team left the office on March 13th, 2020 and have yet to return.

The year brought challenges, but at every step the Re:Sound team remained true to our core values while keeping the business fully operational and never

losing sight of the pandemic's impact on our rights holders.

Prior to the lockdown, Re:Sound had never executed a remote distribution. However, we managed it for Q1 (on time) and every distribution thereafter. This was a tremendous effort, spanning multiple departments.

RDx stands for Repertoire Data Exchange—it centralizes performance rights data for record companies and music licensing companies (MLCs) to improve accuracy and efficiency in distributing royalties

There have been other important accomplishments and bright points in 2020:

- Working closely with our Board of Directors, we developed Re:Sound's Strategic Plan for 2021–2023
- Re:Sound collected \$39.3M, with \$32.3M available for distribution
- We processed more than 10 billion plays to deliver rights holders their royalties
- Re:Sound was one of the first music licensing companies to adopt RDx
- We started work on Project ReThink, our new distribution system
- We set the groundwork to strengthen our strategic partnerships with our member organizations
- Entandem, Re:Sound's joint licensing venture with SOCAN, marked its first year of operations
- We continued to advocate on behalf of our rights holders for effective copyright regulations and equitable compensation

# 2020

## Financial results

| In \$M                                    | 2019 | 2020 | Tariff Revenue (\$M)  | 2019  | 2020  |
|---|------|------|-----------------------|-------|-------|
| Neighbouring Rights Domestic Revenue      | 37.1 | 28.9 | Commercial Radio      | 15.10 | 9.76  |
| Neighbouring Rights International Revenue | 7.1  | 8.1  | CBC                   | 1.88  | 1.46  |
| Other Income                              | 2.5  | 2.3  | Pay Audio             | 0.38  | 0.41  |
| Total Neighbouring Rights Revenue         | 46.7 | 39.3 | Satellite Radio       | 13.96 | 14.44 |
| CPCC                                      | 0.2  | 0.0  | Public Performance    | 5.49  | 2.59  |
| Total Revenue                             | 46.9 | 39.3 | Webcasting            | 0.25  | 0.21  |
| Expenses                                  | 7.2  | 7.0  | International Revenue | 7.11  | 8.05  |
|   |      |      | Private Copying       | 0.18  | -     |
| Monies Available for Distribution         | 39.7 | 32.3 | Total                 | 44.35 | 36.92 |

Re:Sound, like many organizations in the music industry, saw revenues decline in 2020. Re:Sound had \$32.3M available for distribution in 2020, compared to \$39.7M in 2019—a decrease of 18.6%.

In 2020, international revenue increased (the result of additional SoundExchange income), while pay audio, satellite radio and public radio (CBC) remained solid.

As expected, commercial radio and public performance revenues were lower in this time period—a direct result of COVID-19's impact on the larger economy.

Commercial radio revenues hinge on station profitability. Lower revenues for commercial radio stations led to a \$5.34M decrease in collections on behalf of rights holders.

In Canada, many of the businesses that use music and pay for public performance licenses were among the hardest hit by pandemic restrictions. Retail, food service and hospitality, fitness clubs, night clubs and live events found themselves closed or operating under restrictions from Q2 2020 well into 2021.

This presented challenges for Entandem, our joint licensing venture with SOCAN. After a strong launch in 2019, navigating the pandemic in its second year was unexpected and required Entandem, Re:Sound and SOCAN to work closely together to ensure strong, consistent management and governance.

Public performance revenues declined from \$5.49M in 2019 to 2.59M in 2020.

# Looking ahead 2021 and beyond

With our new Strategic Plan in place, Re:Sound has strong, clear direction, endorsed by our Board of Directors and member organizations, to see us through 2021–2023.

Together, with our member organizations, we work to maximize revenue at the highest level of efficiency and service to increase the value of music for rights holders.

Here's how we plan to accomplish this and a few examples already underway:

## Maximize distributable income

### **Deliver maximum value to member organizations and rights holders**

We know 2021 will be a recovery year for many Canadian businesses. While it's too early to determine what this will mean for Re:Sound distributions, the organization has been conservative in its projections while expanding upon the expense reductions put in place in 2020.

Our new distribution system (ReThink, referenced below) will support both Re:Sound and its member organizations to deliver royalties to rights holders more efficiently.

## Advocate to further the interests of rights holders

### **Champion and advance the interests of Member Organizations and rights holders**

Advocating for Canadian performers and record labels: Today, the *Copyright Act* denies Re:Sound rights holders the remuneration granted to other rights holders in the music industry. This inequity can be addressed by amending *The Act* to eliminate the \$1.25 million exemption on commercial radio royalties and establishing an audio/visual right for performers and record labels.

Re:Sound's advocacy work has amplified in 2021 to ensure policymakers and other stakeholders understand both the issues and the solutions. These recommendations will fully and fairly compensate rights holders for the use of their sound recordings and because these solutions are market-driven, they present no cost to government.

Re:Sound fully supports the Canadian Private Copying Collective's position that private copying levies in Canada should be technology neutral, covering devices such as smart phones and tablets.

Together these changes would return more than \$55 million annually to our rights holders

## Drive organizational excellence

### **Build a sustainable organization**

Our ongoing emphasis on internal communications and regular business updates ensure Re:Sound team members at every level are familiar with the Strategic Plan and how their individual contributions help the organization reach its goals.



## Leverage strategic partnerships

### Develop sustain and strengthen strategic alliances

Licensing simplified: Our joint licensing venture with SOCAN makes it easier for small and medium-sized businesses to secure music licenses. The Entandem team has continued reaching out to licensees and working with them to find solutions to keep them licensed, however widespread closures as well as ongoing public health restrictions, will directly impact revenues in 2021.

To recognize businesses who use music ethically, responsibly and under license, Entandem will launch License to Play in Spring 2021. In addition to signage they can display on their premises, businesses will receive helpful tips on how music adds value to the customer experience and bottom line.

## Accelerate digital optimization

### Leverage digital solutions

Turning data into royalties: Re:Sound’s current distribution system was never built to handle the level of data it currently processes. ReThink will see our existing distribution system replaced with a suite of integrated systems and processes that will support Re:Sound’s current and future distribution needs. This new system will play an integral role in ensuring rights holders are receiving their royalties accurately, efficiently and consistently.

Work on Project ReThink is underway and on track. The new system is expected to be in place in 2022.

In 2020, Re:Sound processed more than 10 billion plays

Each play we process equals royalties for right holders

# Corporate Social Responsibility

The show must go on: While the pandemic put a hold on many events, the Re:Sound team was determined to find a way to hold the 8th annual Re:Wind benefit concert. The solution: a virtual show comprised of video performances by Re:Sound and Entandem employees. (Entandem is Re:Sound’s joint licensing venture with SOCAN.)

The change from a live event to a virtual one didn’t stop our sponsors from generously lending their support. A special thanks goes out to long-standing lead sponsors Osler, Hoskin & Harcourt LLP and Greenwald Wealth Management—RBC Dominion Securities, as well as REAL Software Systems, NagataConnex, Evron Computer Systems, Acumen Solutions and IT Weapons.

40% of our team are involved in the music industry outside of their work at Re:Sound

The virtual edition raised \$47,000 in support of Unison Benevolent Fund and the Alzheimer Society Music Project—making it our most successful event to date.

Re:Wind 2021—The (Virtual) Prom edition will take place September 16th. Get ready to dress up, log-on and get down!

Cold weather, warm hearts: Re:Sound’s holiday food drive became a virtual fundraiser in 2020. Over the past few years, we’ve developed a relationship with Anduhyaun, an organization assisting Indigenous women and children. Through individual donations and a raffle, our team raised \$1,700 to support Anduhyaun’s work providing culturally-safe programs and housing for women and children fleeing domestic violence.

Want to get involved with Re:Wind 2021? Get in touch at [info@resound.ca](mailto:info@resound.ca)

# Diversity and Inclusion at Re:Sound

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The Inclusion Committee has undertaken initiatives including:

- Re:Sound's first Belonging & Inclusion survey in 2019
- Enhancements to Re:Sound's safe reporting mechanism
- A comprehensive review of policies from an inclusivity perspective
- Promoting gender neutral language within the organization
- Working with IT to include the option of personal pronouns in Re:Sound signatures

Re:Sound has a long-standing commitment to diversity and inclusion.

In recent years, the Inclusion Committee has contributed to the organization's approach and efforts in this space. Formed in 2018 and comprised of Re:Sound employees, its members have attended external workshops, seminars, training sessions, and more recently, virtual webinars.

The Committee ensures Re:Sound is an environment where we respect each other, our experiences, our views, and where we can bring our authentic selves to work each day. This is the foundation that supports the Inclusion Committee's three core "tenets"—education, safe reporting and affecting positive change at Re:Sound.

Re:Sound is also a member of Women in Music Canada, and the Music Industry Anti-Harassment Forum, while Re:Sound's Board of Directors has had strong female representation since the organization's inception.

In June 2021, Re:Sound proudly signed The Declaration, initiated by Breaking Down Racial Barriers, in partnership with Advance and CIMA, to address and eliminate anti-Black racism in the Canadian music industry.

Diversity and Inclusion is a journey at Re:Sound. We continue to review our ways of working, policies, and programs to make Re:Sound a more inclusive, accessible workplace and to ensure we are addressing BIPOC, LGBTQ2, and ability perspectives and concerns.

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