

Re:Sound

resound.ca

A photograph of a woman with curly hair singing into a microphone, with large white-outlined numbers "2021" overlaid on the image.

2021

**ANNUAL
REPORT**

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President's Message



2021 marked another challenging year for Canadian performers and makers as the pandemic continued to significantly impact the music industry. Re:Sound was met with similar pressures on royalty collections related to commercial radio and public performances.

Despite these challenges, Re:Sound

and its member organizations worked tirelessly and collaboratively to ensure that distributions to rights holders were maximized in 2021. I am so proud of our organization, all Re:Sound team members, and partners for their unwavering dedication and commitment. Our 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.

As we move through 2022, the pandemic continues to impact Re:Sound and the Canadian music ecosystem. As you'll see in the financial update, collections were lower in 2021 than 2020. However, with restrictions slowly lifting and an increase in economic activity in Canada we are seeing signs of improvement and are optimistic that we will return to pre-pandemic levels by 2023.

2022 also marks the 25th anniversary of Re:Sound. We achieved so much over

the past quarter of a century and we look forward to continuing to build off our success and pursue our passion of serving our members and rights holders to maximize revenues efficiently.

Throughout 2022, we will be focusing on advocating on behalf of our members and rights holders by appealing to officials in Ottawa to update the Copyright Act to meet 21st century realities. Our three priorities on this front are removing the \$1.25M radio exemption, amending the definition of sound recording and updating private copying. These efforts will continue throughout 2022 and beyond.

To better serve our members and rights holders, we will also be implementing our new state-of-the-art distribution system in 2022. The platform is intuitively designed to automate manual processes while reducing costs and increasing value to our rights holders. Implementation of the new system is already underway and expected to be complete in early Fall 2022.



Lou Ragagnin
President & CEO

Who we are

2022 marks Re:Sound's 25th anniversary as the Canadian not-for-profit music licensing company dedicated to obtaining fair compensation for performers and makers (record labels) for their performance rights.

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. We do this

in collaboration with our member organizations: ACTRA RACS, Artisti, MROC, Connect, SOPROQ, Sony Music Entertainment Canada, Universal Music Canada and Warner Music Canada.



Core Purpose

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.

5 Strategic Themes

1. Advocate to further the interests of rights holders
2. Maximize distributable income
3. Accelerate digital optimization
4. Leverage strategic partnerships
5. Drive organizational excellence

Re:Sound Core Values

- Fair
- Member and Rights Holder Centred
- Transparent
- Efficient
- Dynamic

Our Team



Lou Ragagnin
President & CEO



Arif Ahmad
Vice President, Corporate
and Legal Affairs & General
Counsel



Denis Dinsmore
Vice President, Finance &
Administration



Otis Quinn
Vice President, Technology



Doris Tay
Vice President, Distribution

Our Member Organizations



Board of Directors

Anthony Ariganello

Independent Chairperson

Diana Barry

Director

Musicians' Rights Organization Canada
(MROC)

Lyette Bouchard

Vice-Chair

La société de gestion collective des droits
des producteurs de phonogrammes et de
vidéogrammes du Québec (SOPROQ)

Andrew Cash

Director

CONNECT Music Licensing

Marcel Deluca

Director

Warner Music Canada Inc.

Gord Dimitrieff

Director

The Canadian Independent Music
Association (CIMA)

Claire Hayek

Director

Artisti

Dave Jandrisch

Director

Musicians' Rights Organization Canada
(MROC)

Mark Jones

Director

Universal Music Canada Inc.

Thiago Kurtz

Corporate Secretary

Sony Music Entertainment Canada Inc.

Annie Morin

Vice-Chair

Artisti

Michael Murray

Treasurer

ACTRA Performers' Rights Society &
Recording Artists' Collecting Society
(ACTRA RACS)

Raj Shoan

Director

ACTRA Performers' Rights Society &
Recording Artists' Collecting Society
(ACTRA RACS)

25 Years of Re:Sound

1997

- The Canadian Copyright Act is amended to acknowledge the essential contribution of artists and record companies in the creation of sound recordings
- NRCC is founded (founding members are Artisti, CONNECT, MROC, ACTRA RACS and SOPROQ)
- MuchMoreMusic launches in Canada

1998

- Celine Dion wins four Grammy Awards for “My Heart Will Go On”
- NRCC’s (Neighbouring Rights Collective of Canada) first tariff is certified: T1A (Commercial Radio)

1999

- 1st year that tariffs are collected

2000

- TIC (CBC) Certified

2001

- First \$10M in royalties distributed to rights holders
- 1st iPod launches in October
- Flow 93.5 becomes Canada’s first urban music station

2002

- T2 (Pay Audio) certified

2003

- Apple opens the iTunes music store, selling 1M songs in the first week

2004

- Shania Twain’s “Up!” certified 2x Diamond in Canada

2005

- \$50M in royalties distributed to rights holders
- YouTube created by three former PayPal employees

2006

- Polaris Music Prize established
- T3 (Background Music) certified

2007

- \$100M in royalties distributed to rights holders
- 1st iPhone launched, combining mobile, wireless and music capabilities

2009

- T4 (Satellite Radio) certified
- K’Naan’s song “Waving Flag” named as theme song of the 2010 FIFA World Cup



2010

- NRCC becomes Re:Sound
- Rdio music streaming service launches in Canada

2011

- 365-day reporting required for commercial radio stations that can provide it
- T6A (Dance) certified

2012

- Carly Rae Jepsen's "Call Me Maybe" is certified 8x Platinum
- T5. A-G (Live Events) certified
- T6.B (Fitness) certified
- Re:Sound signs bilateral agreement with SoundExchange
- Re:Sound's 1st benefit concert, later named Re:Wind, takes place in Toronto, benefiting Canadian Music Therapy Trust

2014

- Google Play and Spotify launch in Canada
- WPPT ratified in Canada
- T8 (Webcasting) certified

2015

- Peter Steinmetz joins Re:Sound as its first Independent Chairperson
- "Music Has Value" research and report launches

2016

- Music Canada launches the new Single Award, which combines on-demand streams with digital download and physical single sales
- Sony Music Canada joins Re:Sound as a member

2017

- Re:Sound celebrates 20th Anniversary
- Canada sets highest vinyl sales record since 1997
- Re:Wind raises largest third-party donation for Unison Benevolent Fund to date, at \$32,000
- Warner Music Canada and Universal Music Canada join Re:Sound as members
- T6.C (Adult Entertainment) certified (previously covered under 6.A)
- T5.H-K (Live Events) certified
- 365-day reporting is required for all commercial radio stations

2018

- Alessia Cara, a Brampton, Ontario native, becomes the first Canadian-born winner of the best new artist Grammy
- The late Leonard Cohen is awarded first solo Grammy for his 14th and final studio album: "You Want it Darker" wins "Best Rock Performance"



2019

- Celine Dion plays her final Las Vegas residency concert after a 16-year run and 1,100 performances
- Effective April 1, 2019, the Copyright Act is amended to provide for several improvements to the process of certifying tariffs before the Copyright Board including shorter timelines, established criteria for rate-setting, and the ability for Re:Sound to enter into direct agreements with music users
- Launch of Entandem, a joint licensing venture between Re:Sound and SOCAN that simplifies the music licensing process for businesses
- Re:Sound hosts annual fundraising concert “Re:Wind: Like, Totally ‘80s!” at Toronto’s Lee’s Palace, raising over \$37,000 for Unison Benevolent Fund and PAL Toronto

2020

- Re:Sound and its members launch “Project Re:Think”, as they commit to developing a state-of-the-art new distribution system
- COVID-19 pandemic grips the globe. The music industry is especially hard hit, with widespread tour cancellations, venue closures, and devastating job losses. A report entitled The Impact of COVID-19 on Canadian Independent Music notes a 79% drop in income from live performance, from 2019
- Re:Sound team pivots to remote work, successfully delivering on all distributions without interruption
- \$500M in royalties distributed to rights holders
- The final solo album by the late Gord Downie, “Away is Mine”, is posthumously released in October
- 5 tariff renewals certified by the Copyright Board, all based on settlements negotiated by Re:Sound with the relevant music users

2021

- Re:Sound developed its 2021–2023 Strategic Plan, which was approved by its Board of Directors
- Abel Tesfaye (AKA “The Weeknd”) becomes the first Canadian musician to ever play the Super Bowl Half Time Show solo. Billboard Magazine announces that his song “Blinding Lights” is the Top Billboard Hot 100 song of all time
- In-person concerts and festivals slowly re-emerge, all while adapting to new COVID-19 restrictions (vaccine passports, social distancing rules, masks and of course, hand sanitizer)
- Re:Sound’s 9th Annual Re:Wind concert takes place online, raising \$40,000 for Unison Benevolent Fund and the Alzheimer Society Music Project
- Re:Sound Tariff 6.C (Adult Entertainment) 2019–2023 certified by the Copyright Board with an 87% rate increase on account of the addition of U.S. repertoire resulting from national treatment
- Re:Sound launches 3 priorities for its advocacy efforts:
 - Removing the \$1.25 Million exemption – a subsidy for commercial radio at the direct expense of rights holders;
 - Amending the definition of Sound Recording and its unfair exclusion of performers and record labels/makers from television and film royalties;
 - Changing the private copying regime to make it technologically neutral.

Digital — Optimization— Project Re:Think

Best-in-class Distribution System to be launched in 2022

Updating our digital optimization efforts continued to be one of our most important business initiatives. In 2022, Re:Sound will launch its new integrated Re:Think suite of systems as a best-in-class distribution system to provide optimal, efficient, and accurate payments to members and rights holders with a more intuitive, efficient and transparent platform.

In addition to significantly enhancing royalty distributions, the Re:Think suite of systems will also unify rights holder data and provide operational insight

through data and human intelligence. Our comprehensive and scalable data solution will further help to more efficiently capture the use of music for our rights holders, which is critical to our business.

With active involvement from our members and stakeholder groups, we believe that we have created an integrated and sustainable system that will help to deliver cost-effective solutions and continue to drive value for all rights holders for years to come.



Licensing/ Tariffs

All businesses are legally required to pay royalties when broadcasting or playing recorded music in public.

Since the onset of the pandemic, Re:Sound has been hearing firsthand from business owners about the enormous challenges they have been facing just to keep the lights on. Performing artists have also struggled as the pandemic has closed live music venues and cancelled concerts, which has significantly impacted their ability to earn a living. As things now start to re-open, Re:Sound and Entandem

(Re:Sound's joint venture with SOCAN which administers public performance rights), are committed to working closely with businesses to ensure they experience a smooth transition coming out of the pandemic while also ensuring that rights holders receive the public performance royalties they desperately need.

Tariffs

As part of our work on behalf of performers and makers, Re:Sound is continually reviewing our tariffs to ensure that both the rates and administrative provisions are fair and efficient for both music creators and businesses. Re:Sound frequently works with the relevant industries to create a joint tariff proposal that satisfies the needs of both rights holders and businesses subject to the tariff. Since the implementation of national treatment on July 1, 2020, one of Re:Sound's key focuses has been to adjust each of its tariffs to reflect the expansion of its repertoire which now includes U.S. sound recordings. This work is ongoing and will continue throughout 2022.

In 2021, the Copyright Board renewed the following Re:Sound tariffs with improvements proposed by Re:Sound:

Tariff 6.C – Adult Entertainment (2019–2023) certified on February 27, 2021 with an 87% rate increase on account of national treatment.

Tariff 3.B – Background Music (2016–2020) certified on October 9, 2021 with a 5.21% increase on account of inflation, a 40% increase to the minimum fee, and a change in rate structure to better align with the equivalent SOCAN tariff for ease of administration by Entandem.

Tariff 2 – Re:Sound and SOCAN – Stingray Pay Audio & Ancillary Services Tariff (2007–2016) certified on May 29, 2021 with a 12.8% rate increase as well as an increase in music use reporting from 7 days per month to 365 days per year.



Advocacy

A pillar of Re:Sound's Strategic Plan is our commitment to advocate to further the interests of rights holders. Together with our member organizations and industry partners, we champion and advance the interests of member organizations and rights holders with government and policy makers.

In 2021, the pandemic continued to shut down music venues, which further limited music creators' means to make

a living. It is now more important than ever for Re:Sound to shine a light on the issues faced by creators. Re:Sound and its member organizations have created and implemented an advocacy plan that aims to strengthen Canada's copyright legislation to ensure a fair and equitable system for music creators that fosters continued growth and prosperity of the creative industry in Canada.



Re:Sound is appealing to officials in Ottawa to update the Copyright Act to meet 21st century realities:

Remove \$1.25M radio exemption:

Since 1997, this exemption has lost performers and makers in Canada more than \$160 million while subsidizing the commercial radio industry during a period of massive growth and profitability. This subsidy for commercial radio comes only at the expense of performers and makers in Canada. It is unfair and must be removed.

Amend the definition of sound recording:

Since 1997, the definition of sound recording has excluded performers and makers from film, television and other audio-visual royalties, depriving them of significant income each year. All rights-holders contributing to a sound recording deserve equitable treatment. The current definition leaves Canadian performers and makers behind in the digital age as well as internationally.

Update Private Copying:

The Copyright Act has not been updated to take into account how Canadians listen to and copy music today. Re:Sound, in support of the Canadian Private Copying Collective and its members and stakeholders, seeks a technologically neutral private copying regime that ensures rights holders are paid for copies of their work.

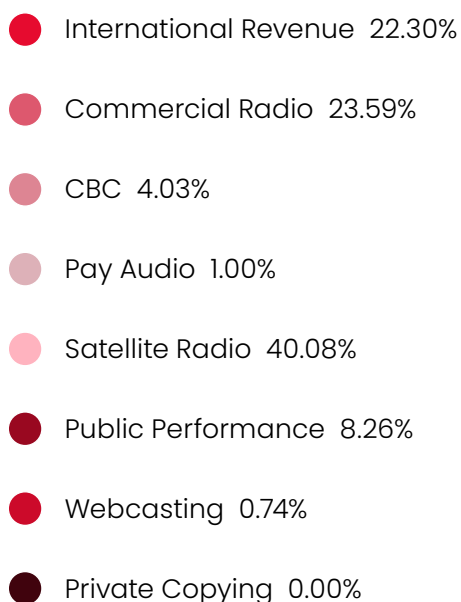
Re:Sound will continue to fight for these issues in 2022 and encourages all affected rights holders to join us in supporting these priorities.

2021

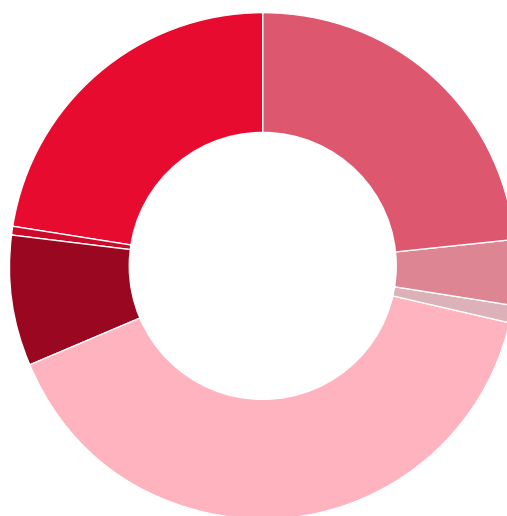
Financial Results

2021 continued to be a challenge for the music industry with the pandemic and related impact on the economy affecting our public performance and commercial radio tariff royalties and investment returns. In 2021, overall revenues including investment income were \$36.8M compared to \$39.2M, a 6.3% decline year-over-year.

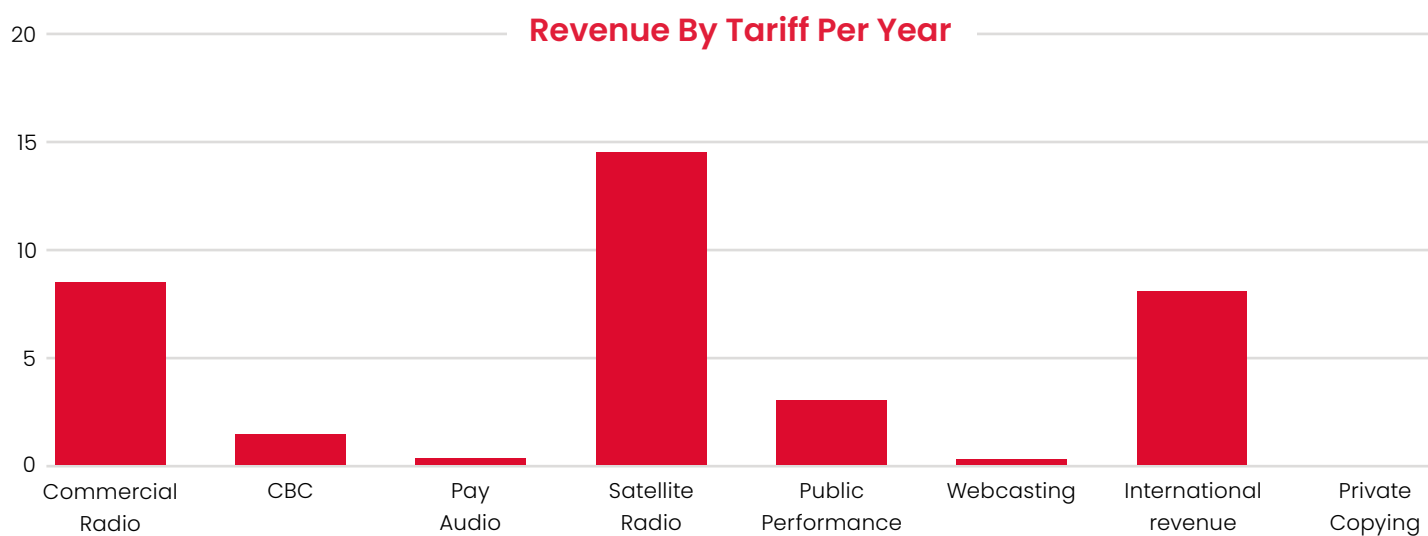
Decisive action was taken to mitigate this decline in revenue, which was offset in part by lower expenses. As a result, Re:Sound had \$31.1M available for distribution in 2021, compared to \$32.3M in 2020 – a decrease of only 3.5%.



Revenue By Tariff



In \$M	2020	2021	Tariff Revenue (\$M)	2020	2021
Neighbouring Rights Domestic Revenue	28.9	28.1	Commercial Radio	9.76	8.52
Neighbouring Rights International Revenue	8.1	8.1	CBC	1.46	1.46
Other Income	2.3	0.6	Pay Audio	0.41	0.36
Total Neighbouring Rights Revenue	39.2	36.8	Satellite Radio	14.44	14.48
CPCC	0.0	0.0	Public Performance	2.59	2.98
Total Revenue	39.2	36.8	Webcasting	0.21	0.27
Expenses	7.0	5.7	International Revenue	8.05	8.06
			Private Copying	0.0	0.0
Monies Available for Distribution	32.3	31.1	Total	36.91	36.13



Diversity, Equity and Inclusion



2021 saw Re:Sound continuing its long-standing commitment to diversity, equity, and inclusion. Re:Sound is an environment where we respect and welcome each other's experiences and views. Re:Sound remains a place we can bring our authentic selves to work each day.

In keeping with the spirit of respect, honesty, and integrity, Re:Sound joined the rest of the country on September 30th to mark the first National Day of Truth and Reconciliation. Re:Sound's staff were provided with a selection of educational resources and were encouraged to take time to listen to and learn from Indigenous voices, and to reflect upon the tragic history and enduring effects of residential schools.

2021 also saw Re:Sound continue its partnership with Anduyhaun, the oldest Indigenous Women's Shelter in Canada. Re:Sound staff generously contributed funds to support Andhuyaun's crucial work with women and children fleeing violence.

Diversity, Equity and Inclusion is an ongoing journey at Re:Sound. We continue to review our ways of working, policies, and programs to make Re:Sound an even more inclusive and accessible workplace.



Giving Back

10 Years of Giving Back and Supporting the Community

Starting in 2012, Re:Sound has held an annual fundraising concert, featuring standout performances by our very own

Re:Sound colleagues, industry partners, and guest appearances by well-known Canadian musicians.



Over the years, the Re:Wind concert series has raised over **\$200,000** for charities, including:

- The Canadian Music Therapy Trust Fund
- Anduhyaun
- PAL Toronto
- Unison Benevolent Fund
- Alzheimer Society Music Project

Despite the challenges presented by the COVID-19 pandemic in both 2020 and 2021, Re:Wind persisted as a virtual event.

Re:Wind 2021 was our most successful fundraiser to date, raising \$40,000 for Unison Benevolent Fund and the Alzheimer's Society Music Project. We give a very special thank you to our Co-Presenting Sponsors, **Osler, Hoskin & Harcourt LLP** and **Greenwald Wealth Management – RBC Dominion Securities**, as well as our Premiere Sponsor, **NagataConnex**

Re:Wind celebrates 10th anniversary

2022 will mark the 10th Anniversary of Re:Sound's annual fundraising concert: "Re:Wind 2022: Back To Live". This show will

take place in-person at Toronto's Lee's Palace on Thursday, September 29, 2022.

The special event will once again feature musical performances from our very own Re:Sound and Entandem colleagues, industry professionals, as well as some surprise guests. It will also feature an online silent auction.

We are thrilled to share that this year's partner will be MusiCounts, Canada's music education charity. MusiCounts makes music education inclusive, sustainable, and accessible for youth across Canada by providing musical instruments, equipment, and resources.

Resound.ca

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Photos by OnlyAndyWright.com

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