



SOCAN
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REINVENTION

ANNUAL REPORT 2013

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A MESSAGE FROM SOCAN CEO ERIC BAPTISTE

HOW DID SOCAN REINVENT ITSELF IN 2013?

As singer-songwriter and SOCAN member Gordon Lightfoot wrote, "If you plan to face tomorrow, do it soon."

These are sage words from one of Canada's greatest songwriters, and are perfectly in line with SOCAN's commitment to constantly reinvent itself.

Our activities in 2013 were no exception.

Reinvention is crucial to the way SOCAN conducts business. In 2013, we collected and distributed record royalties with fewer resources. It was a record year for total revenue, with \$276-million brought in for members: an increase of approximately nine percent over 2012. Of this, \$51-million came from outside of Canada, which was also an all-time record for SOCAN.

At the same time, the net expenses required to run SOCAN in 2013 amounted to only 12.9 percent of total revenues (a substantial improvement over the 15.4 percent of 2012), and the lowest in the history of SOCAN.

SOCAN is actually driving down expenses while achieving even better results, as we continually work to improve our efficiencies towards the goal of becoming the leanest, most agile and most productive music rights organization in the world.

In 2013, SOCAN assigned the task of collecting a significant portion of its licensing fees to a world-class third-party expert. This action not only increased the efficiency of the licensing process, but also allowed our staff to focus on the music-using businesses that contribute the most to total revenue.

This allows us to put more money in the pockets of those who have earned it: our members.

Another way we're reinventing SOCAN is by embracing new information technology. In 2013 the first elements of our BEST (Business Enterprise Solution for Tomorrow) IT initiative were successfully deployed, and the whole suite is on track to be fully operational by 2016. BEST is designed to monitor, calculate, collect and distribute royalties more quickly, comprehensively, and accurately than ever, with the power to handle the dozens of billions of micro-transactions that occur in the digital/online ecosystem.



Eric Baptiste
Chief Executive Officer

In 2013 we also launched eSOCAN, a fast, paperless, safe and secure way for SOCAN licensees to view, print or save their monthly statements and manage their own accounts. eSOCAN is resulting in improved efficiencies and accuracy, and overall improved satisfaction with businesses that use music.

In the past year SOCAN granted YouTube a performing rights license for Canada covering 2007 to 2013, and SOCAN further entered into a ground-breaking agreement with Audiam that makes it easier for our members to receive additional money that they deserve from the use of their music in any videos posted to YouTube.

Although we could not move forward with the proposed alliance with the Canadian Musical Rights Reproduction Agency (CMRRA) and the Société du droit de reproduction des auteurs, compositeurs et éditeurs au Canada (SODRAC), SOCAN continues to strive for more collaboration and alliances in the spirit of reinvention, working to create new opportunities for the future, and bring our members more services, efficiencies, skills and value.

In a similar vein, in 2013 we helped to build MusicMark (launched March 2014), a collaboration between ASCAP, BMI and SOCAN that makes the music registration process much simpler and more efficient for our members. Once MusicMark is fully implemented, songwriters, composers, and music publishers will be able to submit a single registration file simultaneously to all three music rights organizations, even if the work was co-written by members of different organizations. Each organization will then integrate the data into its own repertoire of works. Music users will also have more accurate information about the songs or compositions that they want to license and the MusicMark partners are already working on other joint projects.

SOCAN has brought together eight like-minded organizations in “ACCORD,” a co-operative working group seeking to help music fans, key stakeholders and decision-makers understand the value of the music, and the importance of the contribution of music creators to the lives of all of us. ACCORD comprises the following organizations: APEM, CMPA, CMRRA, SAC, SCGC, SOCAN, SODRAC and SPACQ.

In 2013 SOCAN achieved a huge increase in our digital presence through concerted and strategic communications efforts. Almost 600,000 unique visitors came to SOCAN.ca, and we’re deploying more and more embedded video to bring our members the information they want and can use. We launched “Music.People.Connected,” the new SOCAN blog, a slick new SOCAN Songwriting Prize website, and a new online version of our magazines, *Words + Music* and *Paroles & Musique*. All of these properties are available on your cellphone, tablet, or any other device you choose to use.

Since 2012, we increased the number of our followers on Twitter by 52 percent (now close to 11,000), and our likes on Facebook by 74 percent (more than 17,000) to reach you more efficiently and effectively, wherever you are.

We've reinvented ourselves by appointing bold, experienced and strategy-minded executives in 2013, with fresh ideas and great expertise.

Gilles Daigle joined the SOCAN team in March as General Counsel and Head of Legal Services. Gilles' reputation and knowledge in the area of copyright are unsurpassed, and his years of working alongside SOCAN as our external legal counsel at Gowling Lafleur Henderson LLP have seen him represent SOCAN in numerous legal proceedings before the Copyright Board of Canada and the Courts.

Michael McCarty was appointed in September to the new role as SOCAN's Chief Membership & Business Development Officer. Mike is working to extend SOCAN's place as a vital leader among global music rights organizations, and is responsible for leading innovation in our Membership department to envision, create and deliver cutting-edge services to current and future SOCAN members.

And in November 2013, we announced that Catherine Saxberg would join SOCAN in January 2014 as Head of International Relations, working to create even more opportunities for SOCAN members beyond Canadian borders. She's working with our International team to manage relationships with partner Music Rights Organizations around the world, particularly the larger ones that provide more than 90 percent of SOCAN members' international royalties.

In the past year, we also reinvented ourselves by engaging a specialized communications partner to more effectively engage decision-makers to advocate for the interests of our members at the highest levels of federal and provincial government. In matters such as Canadian content, copyright reform, and the effects technological change has on music, among others, SOCAN will be at the table to represent our members when the decisions are being made.

SOCAN is not only reinventing itself, we are reinventing what a music rights organization *is* and *can* do.

Our constant reinvention will remain continuous and ongoing.

SOCAN is facing tomorrow today.

A MESSAGE FROM SOCAN PRESIDENT STAN MEISSNER

Throughout 2013, SOCAN has been striving not only to reinvent itself, but to actually reinvent what a performing rights organization can and should be. With many bold initiatives, SOCAN's board and staff have been actively working to 'raise the bar' for performing rights in Canada and set an example for PROs around the world.

Over the past year, the SOCAN Board of Directors' various committees – Executive Governance; Risk Identification & Management; Tariff, Licensing and Distribution; and Membership – dedicated much time and energy engaged in a myriad of tasks, including monitoring and reviewing our 2013 budget and forecasts; drafting the 2014 budget; managing SOCAN's investments and other financial activities; evaluating CEO Eric Baptiste's performance; reviewing our distribution rules; overseeing our many member events, including our AGM and awards ceremonies; and reviewing our communication strategies, policies and activities.

It's very clear that YouTube is one of the most widely used outlets for online music and, throughout the last year, SOCAN's management team and board has been actively investigating, negotiating and initiating new ways for members to earn royalties in this evolving landscape. In addition to directly collecting YouTube license fees (under tariff 22D) and distributing YouTube royalties for the first time in November 2013, SOCAN initiated its collaboration with Audiam, a company that aggregates and further monetizes music uses on YouTube to facilitate an additional royalty stream. SOCAN made its first distribution on behalf of Audiam in November 2013, and early predictions show that this source of revenue is growing by as much as 700% since the last quarter alone.

In an effort to operate more efficiently, SOCAN underwent a thorough review of staffing needs and was able to reduce headcount by 13.5 percent, thereby significantly lowering annual expenses, while maintaining and even improving high levels of service and performance.

Retirements in certain key positions enabled SOCAN to add new faces to the executive team, such as Michael McCarty – a former member of the Board of Directors – to the position of Chief Membership Officer. Michael's enthusiasm, keen appreciation of the needs of our members, and ability to energize the Membership Department was instantly apparent. As a result of Michael's hiring, his vacant seat on our board was filled, according to SOCAN's bylaws, by Neville Quinlan of peermusic for the remainder of this board term.



Stan Meissner
President, Songwriter

On the legal side, we were extremely pleased to bring in Gilles Daigle as SOCAN's general counsel. Gilles brings many years of copyright litigation experience with Gowlings (SOCAN's external legal firm), which has allowed for a seamless transition following the retirement of Paul Spurgeon.

Other significant SOCAN activities included the restructuring of the Licensing Department by outsourcing smaller general licensing accounts, aggressively expanding SOCAN's social media footprint, as well as the further formalization and the renaming of the ACCORD group, formerly known as the 'Like Minded Organizations' (LMO), a group of industry creator and publisher stakeholders whose aim is to help facilitate a common voice on industry issues, educate the public on the value of music, and to help ensure that creators are able to make a fair and sustainable living in the music industry.

SOCAN's affiliation with the Canadian Songwriters' Hall of Fame (CSHF) grew substantially in 2013. Throughout the year, significant work was done forming partnerships with the National Music Centre in Calgary to begin work on a physical presence for the CSHF, and with Magic Lantern Media to develop content for a substantial education project aimed at public and private schools in English and French Canada. This initiative will teach the value and cultural significance of Canadian music and, specifically, the impact of songs and songwriters. The CSHF has also been busy designing an elaborate new website to be re-launched in 2014, and has several other new initiatives in the works.

All in all, SOCAN's success in 2013 was a direct result of forward thinking and reinventing the way we do business to make us more proactive, efficient, adaptable and prepared to face what lies ahead in the constantly changing music industry landscape. We're confident that the path we're on will continue to benefit our membership tremendously, as we continue to reinvent SOCAN and the definition of a PRO.

KEY HIGHLIGHTS



**\$276.4
MILLION**

IN REVENUE



**\$240.8
MILLION**

DISTRIBUTED TO MUSIC
CREATORS & PUBLISHERS

22,622,829,440
PERFORMANCES LOGGED
(YES, THAT'S BILLIONS!)

1,099,791
WORK REGISTRATIONS RECEIVED
WORLDWIDE IN 2013

OVERVIEW

2013 FINANCIAL REPORT

A WORD FROM SOCAN'S CHIEF FINANCIAL OFFICER DAVID WOOD

In 2013, revenue reached a new high for SOCAN at \$276.4-million, up from \$252.1-million in 2012. This reflects SOCAN's strength at licensing performing rights, a revenue source of growing importance for tens of thousands of Canadian songwriters, composers and music publishers in a fast-changing music industry.

The main financial highlights of 2013 were:

- **A record year for total revenue**, \$276.4-million, an increase of 9.6 percent compared with 2012.
- **International revenue of \$51.2-million**, the first time that royalties originating outside of Canada have surpassed the \$50-million mark, and a year-over-year increase of 8.2 percent.
- **A record \$240.8-million was distributed in 2013 to music creators and publishers**, a year-over-year increase of 9.7 percent (excluding years with extraordinary arrears payments to members).
- **Internet streaming revenues of \$3.2-million** were distributed for the first time.

Domestic Revenues, which consist of performing rights and private copying, totalled \$225.2-million in 2013 (2012: \$204.8-million). Year-over-year variances are shown in Chart No.1



David Wood
Chief Financial Officer

PERFORMING RIGHTS REVENUE

Performing rights collections from licensing the use of the world's repertoire in Canada was \$223.6-million (2012: \$203.1-million, which included a one-off refund adjustment of \$21.4 million).

Satellite Radio continued to show near double-digit growth with 2013 revenue at \$11.9-million (2012: \$10.9-million), while revenue from traditional sources (TV, Cable & Radio) saw a relative decline and now represent 75 percent of the total performing rights revenue, down from 80 percent in 2012. In 2013, Cable was the most resilient "traditional" media source.

General & Concert revenue increased 1.5 percent to \$37.1-million (2012: \$36.6-million) due mainly to more major acts touring Canada in 2013.

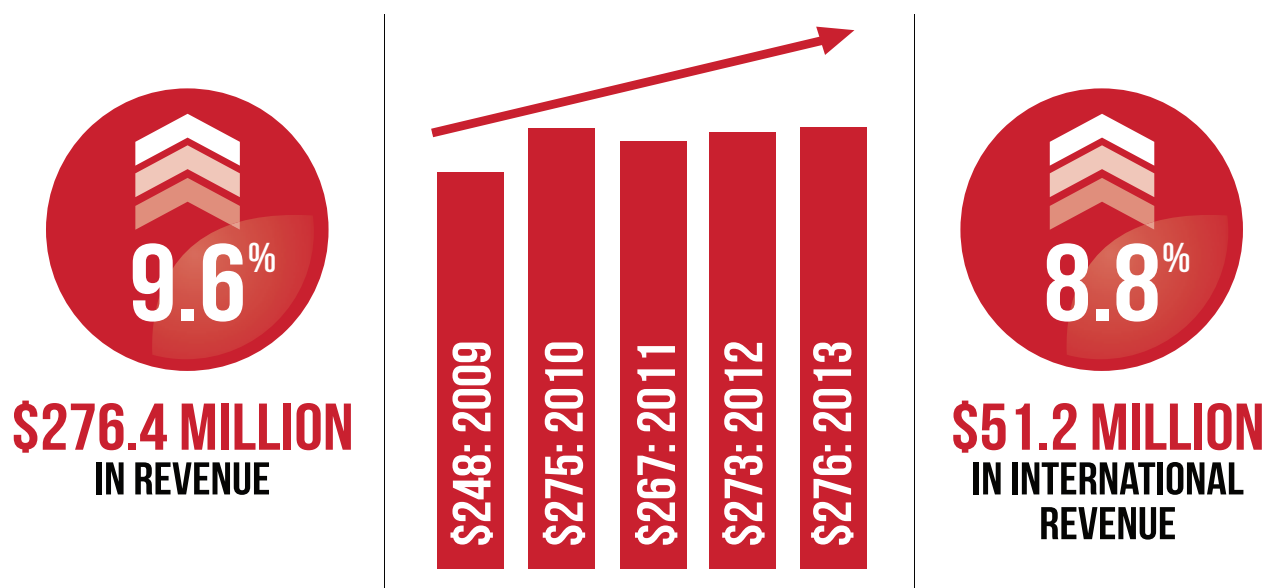
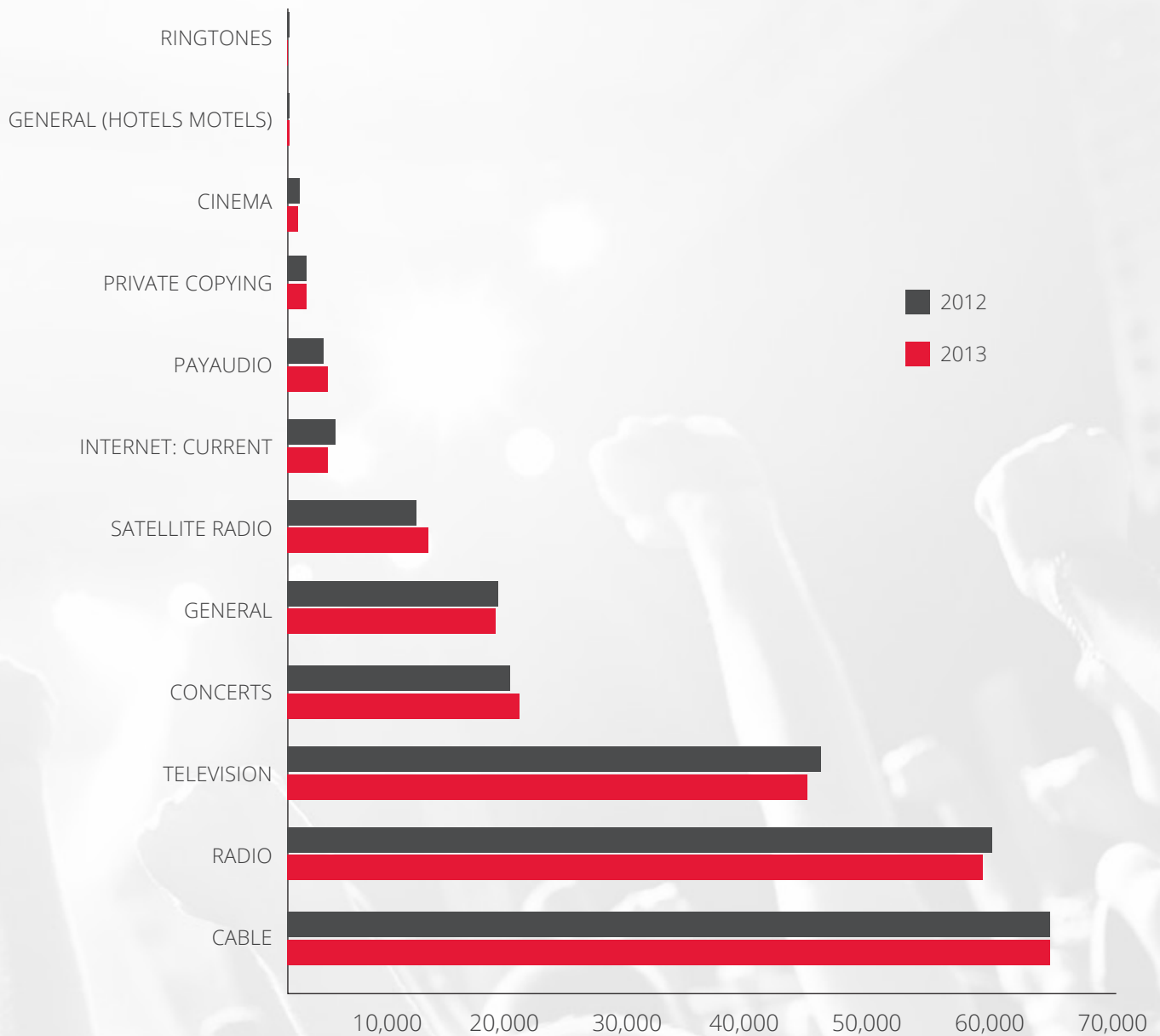


CHART 1 - SOCAN DOMESTIC REVENUES

TOTAL = 2013: \$225,207 (2012: \$204,770) IN THOUSANDS OF DOLLARS



	2013	2012
Normative Revenue	225,207	204,770
T22A Refund	-	21,423
Total	225,207	226,193

PRIVATE-COPYING ROYALTIES

SOCAN is a member of the Canadian Private Copying Collective (CPCC). The CPCC collects private-copying revenues generated by a levy on the sale of blank CDs, audiotapes and similar media. SOCAN claims royalties on behalf of those members who have assigned SOCAN the right to collect their private-copying royalties. In 2013, SOCAN received \$1.6-million (2012: \$1.7-million) from the CPCC, the reduction is due to lower revenue collected by CPCC.

INTERNATIONAL ROYALTIES

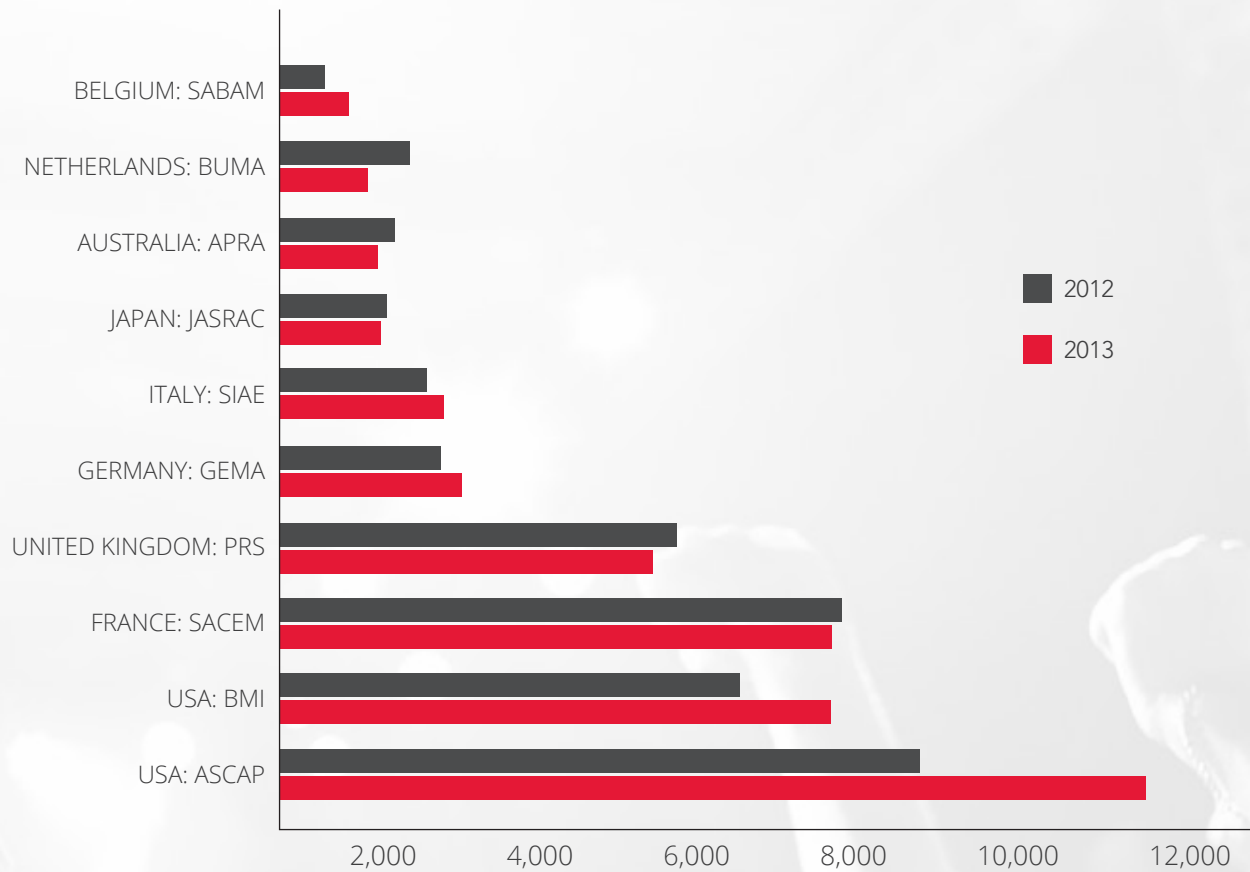
The year 2013 set a record for royalties from international affiliated MROs (Music Rights Organizations), increasing by \$3.9-million to \$51.2-million (2012: \$47.3-million). The increase arose from a combination of strong member activity abroad and increased proactivity in the management of our international relations.

CHART No. 2 shows a breakdown of the international revenue SOCAN received from the Top 10 MROs for the past two years, and a summary total for those outside the Top 10. The top two earning MROs in 2013 for SOCAN members were ASCAP and BMI from the United States, where approximately \$18.8-million in total was collected (2012: \$14.6-million), representing 37.6 percent of total international royalties.

The next top-earning MRO was SACEM from France, where SOCAN collected royalty income of \$7.2-million (2012: \$7.3-million), representing 14.0 percent of total international royalties. The top 10 MROs accounted for 81.5 percent of SOCAN's international royalties, which is approximately the same as 2012 (80.6%).

CHART 2 - INTERNATIONAL REVENUE BY COUNTRY

TOTAL = 2013: \$51,205 (2012: \$47,305) (IN THOUSANDS OF DOLLARS)



	2013	2012
Top Ten Societies	41,721	38,146
Non Top Ten	9,484	9,159
Total	51,205	47,305

TABLE No. 1 details the international revenue received from each MRO and the distributions paid by SOCAN to each MRO in 2013.

**TABLE 1 - ROYALTIES FROM AND TO INTERNATIONAL MROS
IN THOUSANDS OF DOLLARS**

COUNTRY	MRO	REVENUE FROM MRO		DISTRIBUTIONS TO MRO	
		2013	2012	2013	2012
Argentina	SADAIC	156	240	21	27
Australia	APRA	1,517	1,766	1,443	1,576
Austria	AKM	489	366	61	55
Belgium	SABAM	1,245	812	122	155
Brazil	Various	673	1,312	117	115
Bulgaria	MUSICAUTOR	53	16	-	-
Chile	SCD	92	76	7	4
Colombia	SAYCO	25	1	12	7
Croatia	HDS	93	1	3	2
Czech Republic	OSA	158	144	8	4
Denmark	KODA	903	814	127	111
Estonia	EAU	10	2	-	-
Finland	TEOSTO	794	906	41	39
France	SACEM	7,163	7,290	3,168	2,931
Germany	GEMA	2,742	2,424	759	706
Georgia	GCA	-	46	-	-
Greece	AEPI	50	60	5	10
Hong Kong	CASH	120	126	6	12
Hungary	ARTISJUS	249	146	6	10
Ireland	IMRO	256	149	124	122
Israel	ACUM	251	424	20	9
Italy	SIAE	2,450	2,220	482	367
Japan	JASRAC	1,556	1,645	46	87
Korea	KOMCA	40	46	54	8
Latvia	AKKA/LAA	6	13	-	-
Lithuania	LATGA-A	26	24	-	-
Malaysia	MACP	48	40	1	1
Mexico	SACM	123	127	34	27
Netherlands	BUMA	1,402	2,216	275	240
Norway	TONO	379	493	49	47
Peru	APDAYC	10	5	-	-
Philippines	FILSCAP	10	7	7	-
Poland	ZAIS	470	305	16	19
Portugal	SPA	84	47	13	13
Romania	UCMR	207	108	33	20
Russia	RAO	72	130	19	6
Singapore	COMPASS	110	92	3	1
Slovakia	SOZA	38	39	1	1
Slovenia	SAZAS	30	28	3	-
South Africa	SAMRO	175	264	54	38
Spain	SGAE	1,361	754	201	223
Sweden	STIM	1,066	1,101	1,157	909
Switzerland	SUISA	665	524	114	139
Taiwan	MUST	14	13	20	-
United Kingdom	PRS	4,839	5,141	11,795	10,156
United States	(See below)	18,894	14,751	62,592	57,368
Vietnam	VCPMC	25	30	-	-
Returns	FDR	-	-	(903)	(842)
Countries under \$10k *		44	21	28	45
TOTAL		51,183	47,305	82,144	74,768
United States	ASCAP	11,223	8,303	31,640	28,587
United States	BMI	7,584	6,329	28,291	26,227
United States	SESAC	87	119	2,661	2,554
Total United States		18,894	14,751	62,592	57,368

* Countries under \$10k include Barbados, Cameroon, China, Cuba, Ecuador, Iceland, India, Jamaica, Macedonia, Mali, Mauritius, Panama, Senegal, Serbia, St Lucia, Thailand, Trinidad & Tobago, Turkey, Uruguay, Venezuela.

EXPENSES

SOCAN's net administrative expenses (gross expenses offset by other income, which mainly consists of investment and rental income) favourably decreased to \$35.8-million in 2013 from \$38.7-million the previous year. Gross expenses increased by \$0.3-million and other income increased by \$2.6-million, which resulted in a net decrease of \$2.9-million. These changes, in combination with increased revenue, mean that net expenses in 2013 represented only 12.9 percent of total revenues (2012: 15.4 percent), a record low for SOCAN.

SOCAN's three main operational activities of collecting license fees (Licensing), registering works and analyzing performances (Distribution), and supporting members (Membership) totalled \$20.3-million (2012: \$22.3-million), or a little less than half of our expenses.

Infrastructure-type costs, such as Information Technology and Facilities & Administration, which provide critical support for the three activities above, accounted for \$13.2-million (2012: \$11.7-million), or approximately a quarter, and other key support services such as Finance, Legal, Communications & Marketing, and Human Resources accounted for most of the other quarter. The SOCAN Foundation was supported with \$1.6-million in 2013.

As shown in TABLE No. 2, SOCAN's 2013 gross expenses were \$45.6-million or 2.3 percent less than in 2012. Listed below are explanations for some of the variances by cost category.

**TABLE 2 - GROSS EXPENSES BY EXPENSE TYPE 2013: \$45,629 VS 2012 \$45,276
IN THOUSANDS OF DOLLARS**

	Gross Expenses		Variance 2013-2012	Incr/(Decr) from 2012 to 2013	2013 Expense Type as a percentage of Total Gross Expense
	2013	2012			
	\$	\$	\$	%	%
Staff	31,553	32,039	486	1.5%	69.2%
Legal & Professional	3,546	3,053	(493)	-16.1%	7.8%
Accommodation	1,986	2,079	93	4.5%	4.4%
Information Technology	1,801	1,468	(333)	-22.7%	3.9%
Depreciation	1,747	1,131	(616)	-54.5%	3.8%
SOCAN Foundation & CSHF funding	1,571	1,668	97	5.8%	3.4%
Office	1,194	1,414	220	15.6%	2.6%
Other	1,122	1,039	(83)	-8.0%	2.5%
Membership & Communication	1,109	1,385	276	19.9%	2.4%
TOTAL GROSS EXPENSES	45,629	45,276	(353)	-0.8%	100.0%

STAFF

SOCAN's most significant expense lies in human resources. Headcount was reduced by nearly 40 people in 2013, as we followed a planned approach to find operational efficiencies. At the end of 2013, there were 281 full- and part-time employees in four offices across the country in 2013.

LEGAL & PROFESSIONAL

This includes costs related to copyright reform initiatives and Copyright Board hearings to approve changes in licensing tariffs as well external consultancy. The 2013 figure was \$0.5-million higher than in the previous year, due to the cost of outsourcing elements of collections to a third party; costs that will be more than offset by ongoing operational savings made possible as a result.

INFORMATION TECHNOLOGY

Information Technology costs increased by \$0.3-million from 2012 due to increased software and hardware maintenance costs relating to the new enterprise resource planning system BEST (Business Enterprise Solution for Tomorrow) going live, as well increased consultancy for projects.

DEPRECIATION

This includes all depreciation relating to SOCAN's fixed assets. This cost increased by \$0.6-million in 2013 due to the continued investment in SOCAN's IT and renovations at the Toronto office.

OFFICE

Office costs were down \$0.2-million from 2012 due to savings in telecommunication costs following a transfer to a VOIP (voice over internet protocol) system.

MEMBERSHIP & COMMUNICATION

These costs include sponsorship, advertising, and awards, which were down \$0.3-million from the previous year due to the rescheduling of the Toronto SOCAN Awards show to June as of 2014 and as a result, not holding the 2013 event.

SOCAN DISTRIBUTIONS

SOCAN's total royalty distributions in 2013 totalled \$240-million (2012: \$219.6-million), a record year for distributions (excluding years with extraordinary arrears payments to members). The 9.7 percent increase was due to the first Internet streaming distribution and a quicker turnaround in the Concert distribution process.

Member advances are reflected in these numbers. Further details can be found in TABLE No. 3.

**TABLE 3 - DISTRIBUTION BY POOL, BY MEMBER TYPE AND INTERNATIONAL AFFILIATION
IN THOUSANDS OF DOLLARS**

	2013				2012			
	SOCAN WRITERS	SOCAN PUBLISHERS	INTERNATIONAL AFFILIATION	TOTAL	SOCAN WRITERS	SOCAN PUBLISHERS	INTERNATIONAL AFFILIATION	TOTAL
DISTRIBUTIONS								
CABLE	10,608	20,535	21,084	52,227	10,333	19,092	19,871	49,296
TELEVISION	8,093	14,671	13,687	36,451	9,033	14,599	12,962	36,594
RADIO - CENSUS	6,234	16,694	18,190	41,118	6,366	16,456	18,548	41,370
RADIO - SURVEY	2,456	5,149	6,096	13,701	2,481	5,052	6,230	13,763
RADIO - CBC	2,499	2,329	2,636	7,464	2,588	2,209	2,722	7,519
TOTAL RADIO AND GENERAL	11,189	24,172	26,922	62,283	11,435	23,717	27,500	62,652
CONCERTS	3,381	8,085	10,301	21,767	1,927	4,386	6,007	12,320
CINEMA + HOTEL, MOTEL SERVICES	22	392	510	924	24	352	497	873
PAY AUDIO	352	936	1,340	2,628	410	781	1,116	2,307
RINGTONES	-	-	-	-	18	190	259	467
INTERNET	128	1,305	1,752	3,185	-	-	-	-
SATELLITE RADIO	1,066	3,161	5,068	9,295	825	2,951	4,958	8,734
	34,839	73,257	80,664	188,760	34,005	66,068	73,170	173,243
INTERNATIONAL AFFILIATED SOCIETIES	40,144	8,028	788	48,960	37,163	7,250	532	44,945
	74,983	81,285	81,452	237,720	71,168	73,318	73,702	218,188
DISTRIBUTIONS IN ADVANCE OF NORMAL PAYMENT DATE	662	717	-	1,379	(398)	(410)	-	(808)
	75,645	82,002	81,452	239,099	70,770	72,908	73,702	217,380
PRIVATE COPYING	707	335	692	1,734	705	456	1,066	2,227
TOTAL DISTRIBUTIONS	76,352	82,337	82,144	240,833	71,475	73,364	74,768	219,607



David Wood
Chief Financial Officer



FINANCIAL STATEMENTS OF

SOCIETY OF COMPOSERS, AUTHORS
AND MUSIC PUBLISHERS OF CANADA

YEARS ENDED DECEMBER 31, 2013



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INDEPENDENT AUDITORS' REPORT

To the Members of the Society of Composers,
Authors and Music Publishers of Canada

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Society of Composers, Authors and Music Publishers of Canada, which comprise the consolidated statement of financial position as at December 31, 2013, the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.



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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Society of Composers, Authors and Music Publishers of Canada as at December 31, 2013, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Canada Corporations Act, we report that, in our opinion, the accounting policies applied in preparing and presenting the consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied, after giving retrospective effect to the change in accounting policy as explained in note 2 to the consolidated financial statements, on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP' with a long horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

March 25, 2014
Toronto, Canada

SOCIETY OF COMPOSERS, AUTHORS AND MUSIC PUBLISHERS OF CANADA

Consolidated Statement of Financial Position
(In thousands of dollars)

December 31, 2013, with comparative figures for 2012

	2013	2012 (Restated - note 2)
Assets		
Current assets:		
Cash	\$ 15,413	\$ 15,121
Accrued license fees	9,081	11,674
Other receivables and assets	3,741	2,000
Investments (note 3)	158,650	174,486
	186,885	203,281
Capital assets (note 4)	16,663	11,804
Accrued employee future benefit asset (note 5)	11,003	—
	\$ 214,551	\$ 215,085
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and other liabilities (note 6)	\$ 11,048	\$ 9,347
License fees received in advance	4,960	7,490
	16,008	16,837
Accrued employee future benefit liability (note 5)	15,939	19,767
Royalties owing to music copyright owners (members and affiliated societies):		
From distributions allocated	4,209	6,643
From distribution fund (note 7)	169,502	175,155
	173,711	181,798
	205,658	218,402
Net assets:		
Internally restricted (note 8)	12,335	6,895
Remeasurements and other items (note 5)	(3,442)	(10,212)
	8,893	(3,317)
Commitments and contingencies (note 11)		
	\$ 214,551	\$ 215,085

See accompanying notes to consolidated financial statements.

On behalf of the Board:


 _____ Director

 _____ Director

SOCIETY OF COMPOSERS, AUTHORS AND MUSIC PUBLISHERS OF CANADA

Consolidated Statement of Operations
(In thousands of dollars)

Year ended December 31, 2013, with comparative figures for 2012

	2013			2012		
	Performing rights	Private copying	Total	Performing rights	Private copying	Total
	(Restated - note 2)					
Fees from Canadian licensees	\$ 223,627	\$ –	\$ 223,627	\$ 203,127	\$ –	\$ 203,127
Royalties received from international affiliated societies	51,205	–	51,205	47,305	–	47,305
Private copying royalties	–	1,580	1,580	–	1,643	1,643
	274,832	1,580	276,412	250,432	1,643	252,075
Expenses and other income:						
Administrative expenses	(45,507)	(122)	(45,629)	(45,075)	(201)	(45,276)
Investment and rental income (note 10)	9,837	–	9,837	6,533	–	6,533
	(35,670)	(122)	(35,792)	(38,542)	(201)	(38,743)
Total distributable income	239,162	1,458	240,620	211,890	1,442	213,332
Allocated to royalties owing to music copyright owners (note 7)	233,722	1,458	235,180	208,572	1,442	210,014
Unallocated income	\$ 5,440	\$ –	\$ 5,440	\$ 3,318	\$ –	\$ 3,318

See accompanying notes to consolidated financial statements.

SOCIETY OF COMPOSERS, AUTHORS AND MUSIC PUBLISHERS OF CANADA

Consolidated Statement of Changes in Net Assets (In thousands of dollars)

Year ended December 31, 2013, with comparative figures for 2012

	2013			2012		
	Internally restricted	Remeasure- ments and other items (note 5)	Total	Internally restricted	Remeasure- ments and other items (Restated - note 2)	Total
Net assets, beginning of year	\$ 6,895	\$ (10,212)	\$ (3,317)	\$ 3,577	\$ (10,963)	\$ (7,386)
Unallocated income	5,440	–	5,440	3,318	–	3,318
Remeasurements and other items (note 5)	–	6,770	6,770	–	751	751
Net assets, end of year	\$ 12,335	\$ (3,442)	\$ 8,893	\$ 6,895	\$ (10,212)	\$ (3,317)

See accompanying notes to consolidated financial statements.

SOCIETY OF COMPOSERS, AUTHORS AND MUSIC PUBLISHERS OF CANADA

Consolidated Statement of Cash Flows
(In thousands of dollars)

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012 (Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Unallocated income	\$ 5,440	\$ 3,318
Decrease in royalties owing to music copyright owners	(8,087)	(11,001)
Employer future benefit contributions	(10,676)	(2,862)
Items not involving cash:		
Amortization of capital assets	1,676	1,132
Net realized gain on sale of investments	(1,350)	(1,131)
Net unrealized loss (gain) on investments	(4,299)	947
Employee future benefit expense	2,615	3,025
Change in non-cash operating working capital	23	(145)
	(14,658)	(6,717)
Investing activities:		
Purchase of capital assets	(6,535)	(3,315)
Sale of investments, net	21,485	9,214
	14,950	5,899
Increase (decrease) in cash	292	(818)
Cash, beginning of year	15,121	15,939
Cash, end of year	\$ 15,413	\$ 15,121

See accompanying notes to consolidated financial statements.

SOCIETY OF COMPOSERS, AUTHORS AND MUSIC PUBLISHERS OF CANADA

Notes to Consolidated Financial Statements
(In thousands of dollars)

Year ended December 31, 2013

The Society of Composers, Authors and Music Publishers of Canada ("SOCAN") is a not-for-profit organization, incorporated without share capital on March 16, 1990 under Part II of the Canada Corporations Act, which administers, for copyright-protected musical works, the right to perform in public and to communicate to the public by telecommunication in Canada. SOCAN collects license fees on behalf of music copyright owners pursuant to tariffs proposed by SOCAN, and approved by a quasi-judicial federal tribunal, the Copyright Board. Licensees can and do object to proposed tariffs, and public hearings can be, and are, held at which SOCAN acts to support the rights of its members and international affiliates. SOCAN also has reciprocal contracts of affiliation with similar societies throughout the world, which provide for the exchange of copyright royalties. Total revenue, net of operating expenses and internally restricted amounts (note 8), is distributed to members and to affiliated societies on account of their members pursuant to distribution rules approved by the Board of Directors. Amounts generally become distributable upon receipt of the related fees and royalties.

SOCAN is a not-for-profit organization under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

The SOCAN Foundation - La Fondation SOCAN (the "Foundation") was incorporated by Letters Patent under the provisions of Part II of the Canada Corporations Act on May 13, 1976. The Foundation is a not-for-profit organization under the Income Tax Act (Canada), set up to promote and further the publication, recording, distribution and performance of music generally in Canada. SOCAN has the ability to control the Foundation by virtue of common membership in the Boards of Directors of the two organizations.

1. Significant accounting policies:

These consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Basis of consolidation:

These consolidated financial statements incorporate the results of SOCAN and of its wholly owned subsidiaries, MINT Services Corporation ("MINT") and Canadian Music Rights Joint Venture Inc. All intercompany balances and transactions have been eliminated on consolidation.

SOCIETY OF COMPOSERS, AUTHORS AND MUSIC PUBLISHERS OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(b) Recognition of fees and royalties:

Fees from Canadian licensees and royalties from international affiliated societies are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Private copying royalties are recognized when received.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. SOCAN has elected to carry all its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, SOCAN determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount SOCAN expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

SOCIETY OF COMPOSERS, AUTHORS AND MUSIC PUBLISHERS OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(d) Investment income:

Investment income, which is recorded on an accrual basis, includes interest income, dividends, net realized gain (loss) on sale of investments and net unrealized gain (loss) on investments.

(e) Capital assets:

Capital assets, other than land and artwork, are carried at cost less accumulated amortization. Land and artwork are carried at cost. Capital assets are amortized on a straight-line basis over their estimated useful lives. Annual amortization rates used are as follows:

Building and building improvements	3.7%
Furniture, fixtures and equipment	20.0% - 33.3%
Computer software	10.0% - 20.0%
Leasehold improvements	Over term of lease

(f) Employee future benefits:

SOCAN offers a pension plan with a defined benefit provision and a defined contribution provision, which between them cover substantially all employees of SOCAN. Employees joining SOCAN after January 1, 2009 are not eligible to join the defined benefit provision plan.

SOCIETY OF COMPOSERS, AUTHORS AND MUSIC PUBLISHERS OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2013

1. Significant accounting policies (continued):

SOCAN uses the immediate recognition approach to account for its defined benefit plan. SOCAN accrues its obligations under the defined benefit plan as the employees render the services necessary to earn the pension and other retirement benefits. The actuarial determination of the accrued benefit obligation for the defined benefit plan is based on the January 1, 2011 funding valuation, extrapolated to December 31, 2013. The measurement date of the plan assets and accrued benefit obligation coincides with SOCAN's fiscal year. The next required valuation will be as of January 1, 2014.

Actuarial gains (losses) on plan assets arising from the difference between the actual return on plan assets for a period and the expected return on plan assets for that period are immediately recognized in the consolidated statement of changes in net assets. Actuarial gains (losses) on the accrued benefit obligation arising from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation are immediately recognized in the consolidated statement of changes in net assets.

Past service costs arising from plan amendments are immediately recognized in the consolidated statement of changes in net assets.

The cost of the defined contribution provision is based on a percentage of the employee's pensionable earnings.

SOCAN sponsors a supplementary non-registered plan ("SERP") for its executives providing benefits above the maximums prescribed under the Income Tax Act (Canada). The cost of the SERP is actuarially determined using an accounting valuation which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors. The SERP is not funded.

SOCAN sponsors a retirement medical benefit plan, which provides certain benefits to retired employees and their dependants. The benefits include medical services and dental. The cost of these benefits is actuarially determined using an accounting valuation, prorated on service and management's best estimate of retirement ages of employees, expected health care costs and discount rate. The retirement medical benefit plan is not funded.

SOCIETY OF COMPOSERS, AUTHORS AND MUSIC PUBLISHERS OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(g) Translation of foreign currencies:

SOCAN has investments denominated in foreign currencies which have been translated into Canadian dollars at exchange rates prevailing at the year-end date. Gains and losses arising from these translation policies are included in the consolidated statement of operations.

(h) Use of estimates:

The preparation of consolidated financial statements 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 consolidated financial statements and the reported amounts of income and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and asset and obligation related to employee future benefits. Actual results could differ from those estimates.

2. Change in accounting policy:

Effective January 1, 2013, SOCAN retrospectively early adopted Section 3462 (Employee Future Benefits) and Section 3463 (Reporting Employee Future Benefits by Not-For-Profit Organizations) of the Chartered Professional Accountants of Canada Handbook. Under Sections 3462 and 3463, the defined benefit asset (liability) is recognized on the consolidated statement of financial position. This amount is the defined benefit obligation less the fair value of assets, if any, adjusted for any valuation allowance. Deferral of a portion of actuarial gains and losses and past service costs and their amortization in future periods is not permitted. Consequently, all changes from remeasuring the defined benefit asset (liability) are recognized immediately to consolidated net assets.

Upon transitioning to Sections 3462 and 3463, an adjustment to the consolidated statement of financial position is required. All unamortized gains or losses and past service costs at January 1, 2012 are immediately recognized at January 1, 2012 as a transition adjustment to consolidated net assets, as summarized below:

SOCIETY OF COMPOSERS, AUTHORS AND MUSIC PUBLISHERS OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2013

2. Change in accounting policy (continued):

(a) Consolidated statement of financial position:

At December 31, 2012, the accrued employee future benefit asset decreased by \$3,776, accrued future benefit liability increased by \$5,000 and net assets decreased by \$8,776.

(b) Consolidated statement of operations:

For the year ended December 31, 2012, administrative expenses decreased by \$1,436 and unallocated income increased by the same amount.

(c) Consolidated statement of changes in net assets:

At January 1, 2012, net assets decreased by \$10,963.

3. Investments:

The fair values of investments are as follows:

	2013	2012
Short-term investments	\$ 22,408	\$ 47,431
Pooled funds:		
Fixed income	82,531	94,048
Foreign equities	34,892	26,824
Foreign floating rate bank loan	5,337	—
Global Infrastructure Securities	5,486	—
Segregated fund:		
Domestic equities	7,996	6,183
	\$ 158,650	\$ 174,486

Short-term investments include a premium savings bank account generating a rate of 1.27% and bankers' acceptances, treasury bills and notes, bearing interest at a rate of 0.05%, respectively, and maturing on January 16, 2014 (2012 - 1.27% and 0.90%, respectively, and maturing February 15, 2013). They also include a bond fund, consisting of various short-term instruments.

SOCIETY OF COMPOSERS, AUTHORS AND MUSIC PUBLISHERS OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2013

4. Capital assets:

			2013	2012
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 3,073	\$ —	\$ 3,073	\$ 3,073
Building and building improvements	12,284	7,222	5,062	3,262
Furniture, fixtures and equipment	8,279	5,887	2,392	1,511
Computer software	4,831	2,003	2,828	383
Computer software under development	3,213	—	3,213	3,483
Artwork	95	—	95	92
	\$ 31,775	\$ 15,112	\$ 16,663	\$ 11,804

Amortization charges included in administrative expenses amounted to \$1,676 (2012 - \$1,132). Disposals include \$53 (2012 - \$354) of fully amortized assets.

5. Employee future benefits:

(a) Information about SOCAN's employee benefit plans (excluding the defined contribution portion of the pension plan), in aggregate, is as follows:

Pension plan	2013	2012
		(Restated - note 2)
Accrued benefit obligations	\$ 49,791	\$ 46,695
Fair value of plans' assets	60,794	44,065
Funded surplus (deficit)	\$ 11,003	\$ (2,630)

SOCIETY OF COMPOSERS, AUTHORS AND MUSIC PUBLISHERS OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2013

5. Employee future benefits (continued):

SERP	2013	2012 (Restated - note 2)
Accrued benefit obligations	\$ 11,386	\$ 12,199
Fair value of plans' assets	—	—
Funded deficit	\$ (11,386)	\$ (12,199)

Retirement medical benefit plan	2013	2012 (Restated - note 2)
Accrued benefit obligations	\$ 4,553	\$ 4,938
Fair value of plans' assets	—	—
Funded deficit	\$ (4,553)	\$ (4,938)

Continuity of the accrued benefit liability (asset) is as follows:

	2013			2012	
	Pension plan	SERP	Retirement medical benefit plan	Total	Total (Restated - note 2)
Balance, beginning of year	\$ 2,630	\$ 12,199	\$ 4,938	\$ 19,767	\$ 20,355
Benefit expenses	1,485	778	352	2,615	3,025
Employer contributions	(9,855)	(671)	(150)	(10,676)	(2,862)
Remeasurements and other items	(5,263)	(920)	(587)	(6,770)	(751)
Balance, end of year	\$ (11,003)	\$ 11,386	\$ 4,553	\$ 4,936	\$ 19,767

- (b) The contributions paid and expensed by SOCAN under the defined contribution portion of the pension plan for the year amounted to \$156 (2012 - \$113).

SOCIETY OF COMPOSERS, AUTHORS AND MUSIC PUBLISHERS OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2013

6. Accounts payable and other liabilities:

Included in accounts payable and other liabilities are government remittances payable of \$1,385 (2012 - \$1,631), which includes amounts payable for harmonized sales tax and payroll-related taxes.

7. Royalties owing to music copyright owners:

The availability of funds for distribution is dependent upon the realization of assets at not less than their carrying values in the financial statements.

			2013	2012
	Performing rights	Private copying	Total	Total
Balance, beginning of year	\$ 174,727	\$ 428	\$ 175,155	\$ 184,748
Distributable income	233,722	1,458	235,180	210,014
Distributions	(239,099)	(1,734)	(240,833)	(219,607)
Balance, end of year	\$ 169,350	\$ 152	\$ 169,502	\$ 175,155

8. Internally restricted net assets:

SOCAN distributes all of its income to music copyright owners through an allocation (note 7), except for certain items which the Board of Directors has approved to remain unallocated. These items include investment income, net unrealized gain on investments, net realized gain on sale of investments and certain other items related to pension accounting. The unallocated items described above comprise SOCAN's consolidated internally restricted net asset balance.

SOCIETY OF COMPOSERS, AUTHORS AND MUSIC PUBLISHERS OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2013

8. Internally restricted net assets (continued):

	2013	2012
Balance, beginning of year	\$ 6,895	\$ 3,577
Investment income	—	1,698
Net realized gain on sale of investments	1,350	1,131
Net unrealized gain (loss) on investments	4,299	(947)
Amortization of internally generated computer software	(176)	—
Net loss, MINT	(33)	—
Change in accounting policy, benefit expenses (note 2)	—	1,436
Balance, end of year	\$ 12,335	\$ 6,895

9. The SOCAN Foundation:

Included in administrative expenses is \$1,571 (2012 - \$1,598) in funding provided to the Foundation. Included in other receivables and assets is \$273 (2012 - \$193) owing from the Foundation.

A summary of the financial information for the Foundation for the years ended December 31, 2013 and 2012 is as follows:

	2013	2012
Total assets	\$ 5,557	\$ 5,871
Total liabilities	785	1,044
Net assets	\$ 4,772	\$ 4,827
Revenue	\$ 2,264	\$ 2,881
Expenses	(2,319)	(2,727)
Excess of revenue over expenses (expenses over revenue)	\$ (55)	\$ 154

Commencing in fiscal 2002, the Foundation began to administer the Creators' Assistance Program on behalf of the Department of Canadian Heritage. The results of this program are included in the above amounts. This program was completed on March 31, 2013.

SOCIETY OF COMPOSERS, AUTHORS AND MUSIC PUBLISHERS OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2013

10. Investment and rental income:

	2013	2012
Interest income	\$ 3,410	\$ 5,507
Dividend income	600	526
Rental and miscellaneous income	493	802
Net realized gain on sale of investments	1,350	1,131
Net unrealized gain (loss) on investments	4,299	(947)
Brokerage and investment consulting fees	(315)	(486)
	<u>\$ 9,837</u>	<u>\$ 6,533</u>

11. Commitments and contingencies:

- (a) SOCAN has various operating lease commitments for branch office premises, vehicles and office equipment. The future minimum lease payments, inclusive of maintenance costs and realty taxes, for years subsequent to December 31, 2013, are as follows:

2014	\$ 438
2015	189
2016	606
2017	113
2018	61
	<u>\$ 1,407</u>

- (b) SOCAN is party to legal actions arising in the normal course of operations. While it is not feasible to predict the outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on operations.
- (c) SOCAN has a Retirement Compensation Arrangement Trust Agreement with CIBC Mellon Trust Company to secure all or a portion of the payments required under the pension plan by letters of credit totalling \$2,822.

SOCIETY OF COMPOSERS, AUTHORS AND MUSIC PUBLISHERS OF CANADA

Notes to Consolidated Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2013

12. Financial risk and concentration risk:

Financial risk relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate, other price and foreign currency risks. SOCAN has formal policies and procedures that establish target asset mix. SOCAN's policies also require diversification of investments within categories, and set limits on exposure to individual investments. There has been no change in risk exposure from the prior year.

(a) Interest rate risk:

SOCAN is exposed to interest rate risk on its fixed interest rate financial instruments.

(b) Other price risk:

Other price risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose SOCAN to a risk of loss. SOCAN mitigates this risk through controls to monitor and limit concentration levels.

(c) Foreign currency risk:

SOCAN is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. Foreign currency risk arises from gains and losses due to fluctuations in foreign currency exchange rates on SOCAN's foreign equity securities. SOCAN does not currently enter into forward contracts to mitigate this risk.

13. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

MEMBERSHIP REPORT

SOCAN members achieved huge success in 2013, including Drake, Corneille, Carly Rae Jepsen, Karim Ouellet, Arcade Fire, Michael Bublé, Mychael Danna, K. Maro, Louis Côté, Stephan Moccio and Trevor Guthrie. The SOCAN Membership department worked hard servicing them and all of the more than 120,000 songwriter, composer, lyricist and publisher members living in Canada and abroad. Membership's Outreach & Recruitment team proactively engaged new and existing members through school information sessions, events, seminars, social media, and various other music events across Canada. Their efforts helped increase our membership by 5,500, a show of confidence by music creators and their publishers in the benefits a SOCAN membership has to offer.

We continued to support the development of SOCAN members' careers by maintaining a strong presence in the music community through partnerships with CARAS (JUNO Songwriters Circle), Les FrancoFolies de Montreal, NXNE, the CCMA's, the ECMAs, Canadian Music Week and the Western Canadian Music Alliance (BreakOut West). SOCAN sponsored the Canadian Screen Awards, Les Rendez-vous du cinéma québécois, and teamed up with organizations like the Academy of Canadian Cinema & Television and the Canadian Film Centre to present various events related to film and television music.

We also once again celebrated Canada's independent music for the eighth year of the SOCAN Songwriting Prize for both French and English Canada, with Koriass and Mo Kenney winning Canada's most prestigious awards, respectively, for original songwriting as decided by the public.

On the international scene, SOCAN partnered with the Canadian Independent Music Association (CIMA) to ensure showcasing opportunities for our members at key music festivals around the world. We also offered valuable support for members working in the U.S. via our free accommodations benefit at our Nashville and L.A. Houses, as part of our Membership Benefits program.

Many of our members had chart-topping songs in 2013, and we celebrated their success with SOCAN No. 1 Song Awards. Among the recipients were The Weeknd, Classified, Dragonette, Marie-Mai, Drake, k-os, Michael Bublé, Vincent Vallières, Sylvain Cossette and Serena Ryder. We were also present as our film and television composers were honoured with industry awards including Amin Bhatia and Aria Posner at the Canadian Screen Awards, and FM Le Sieur at le Gala des Prix Gémeaux.



Mike McCarty
Chief Membership &
Business Development Officer

In November, Membership hosted the 24th Annual SOCAN Awards in Montreal, celebrating 80 French-Canadian artists and their music, while planning got underway for the 25th anniversary of our Toronto and Montreal Awards shows, promising to be a spectacular evening to celebrate our members' prestigious and extraordinary accomplishments.

Looking ahead, our focus will be on exceeding our members' expectations by continuing to provide them with the best service possible. We will look at new and inventive ways to advance and promote their careers, and help celebrate their successes at home and abroad.



WHERE SOCAN'S 122,000+ MEMBER SONGWRITERS, COMPOSERS AND MUSIC PUBLISHERS LIVE



LICENSING REPORT

The year 2013 was another outstanding year for the SOCAN Licensing Department. We added almost 5,000 new accounts and collected \$223.6-million in licenses – \$20.5-million more than in 2012 – exceeding our forecast of \$223-million. Increases, primarily in concerts and new media, offset a slight decline in television and radio revenue.

Major strides were taken to reinvent how SOCAN licenses businesses, particularly small- and medium-sized ones, to play music. We are working to make licensing more customer-centric, cost-effective and easier for organizations that use music for their business benefit. Among our many advances was a partnership with an international firm to service and renew many of our licensee accounts, and this partnership proved to be very successful from both a customer-service and cost-efficiency perspective.

The Licensing team rolled out “eSOCAN,” an exciting, new way for our licensees to report and pay their license electronically. Almost 3,000 reports and \$375,000 in licenses were collected using this new electronic reporting method. In 2014 we expect to see a steady increase in the use of eSOCAN by both new and existing licensees.

Outreach activities continued to remain important for SOCAN to connect with our licensees. We held 59 information seminars, partnered with 98 new associations, and held 257 meetings with our current partners. We also attended 13 trade shows that primarily focused on the hospitality industry across the country.

Overall, our licensees are highly satisfied in their interaction with SOCAN, as 82 percent of those surveyed responded that they are “Very Satisfied” or “Satisfied” with SOCAN.

In 2014, we will continue to license new businesses using music either as their primary product or as a way to enhance their customers’ experience. We will also recognize the contributions from our more than 125,000 licensed establishments that value what music brings to their respective establishments, through the introduction of our “LICENSED TO PLAY” program. This customer-facing initiative over time will help to communicate and reinforce the value of music for businesses, and allow licensed establishments to proudly display that they stand behind fair compensation for our members’ creative work.



Jennifer Brown
Vice President, Licensing

Without music licensing there would be no royalties for our members. We recognize how important our role is to our members, and we will continue to build on our successes by expanding our licensing efforts to reach new licensees and bring in higher revenue year after year.



4,724

**NEW BUSINESSES
"LICENSED TO PLAY"
IN 2013**



125,000+

LICENSED BUSINESSES

DISTRIBUTION REPORT

Distribution paid out a record \$240.8-million in royalties in 2013. This was a result of keeping up to date records of the more than 25-million songs in SOCAN's repertoire by the three million songwriters, composers and music publishers from Canada and around the world that we represent in Canada. By using sophisticated technology to track and analyze performance data from the more than 125,000 licensed businesses in Canada, SOCAN ensures that music creators and publishers receive fair, timely and accurate compensation for the public performance of their music.

We paid royalties for more than three million Audio Visual (AV) musical performances, more than 40-million radio and satellite radio musical performances, approximately 25,000 live concerts, and more than 18-billion Internet musical performances in Canada — a historical first for this country.

In addition to paying royalties to members and affiliates, the Distribution department implemented a number of key strategies in 2013:

- Improved efficiencies and reduced costs by leveraging automation, streamlining and prioritizing work and processes. This included a strong focus on improving our ability to process large volumes of data, and engaging our data providers to move away from manual data entry and work towards electronic standardization.
- Processed and distributed royalties for new music uses, including Internet streaming and other digital platforms, for the years 2004 to 2012.
- Explored new tools, such as fingerprinting and monitoring technology, to better and more thoroughly identify members' music and enhance royalty distributions.

International performances continue to provide an important income stream for many SOCAN members. In fact, more than 20 percent of royalties distributed to SOCAN members are derived from performances of their music in other countries.

In 2013, SOCAN collected more than \$51-million from performing rights societies around the world for our members. We are now investigating services that will better provide information on international performances to ensure that our members' music is even more accurately identified, and that maximum royalties are fairly collected and paid.



Kit Wheeler
Head of Distribution

Over the last few years, the Distribution team has built new processes to help SOCAN uncover unidentified performances reports from foreign performing rights organizations to identify SOCAN members.

Since 2008, SOCAN has submitted dozens of claims to more than 25 societies and collected more than \$3-million for thousands of previously unclaimed performances. Going forward, these efforts will be expanded to include more performing rights organizations, leading to more royalties going to those who have earned them: our members.



**\$240.8
MILLION** DISTRIBUTED TO
MUSIC CREATORS
& PUBLISHERS



\$3.2 MILLION
INTERNET STREAMING
REVENUE DISTRIBUTED
FOR THE FIRST TIME

FOUNDATION REPORT

The SOCAN Foundation was established in 1992, as a distinct legal entity separate from SOCAN, to support events and projects benefitting songwriters, composers and music publishers. Details on the Foundation's programs and activities are available on its website (www.socanfoundation.ca). In 2013, the SOCAN Foundation provided core funding to 10 national associations, each of which ran programs that benefitted Canadian music creators and publishers. These organizations foster musical creativity and promote a better understanding of the role of music creators in today's society.

The Foundation Board of Directors also approved grants to 498 recipients in various categories, including music festivals, international showcasing and educational initiatives.

For the current three-year term, the seven Foundation directors drawn from the SOCAN Board of Directors are Geneviève Côté (until March 2014), Victor Davies, Ed Henderson, Craig Horton, Glenn Morley, Earl Rosen and Marc Ouellette. The additional appointed directors are John Burge, Mario Chenart, Jean-François Denis (Foundation president), Ajene "Agile" Griffith and Murray McLauchlan.

The Foundation's revenue is derived, in part, through funding from SOCAN, which amounted to approximately \$1.6-million for the year 2013. The Foundation also earned approximately \$438,000 in investment revenue from its own endowment fund and other sources. After expenses, the Foundation distributed \$1.6-million through various grants and competitions.

In 2013, the Foundation streamlined its online grant-application process and grant review process, and completely restructured the content and functionality of its website, with a new version that was launched in January of 2014.



Rick MacMillan
Manager, SOCAN Foundation



ACCOLADES

SOCAN MEMBERS IN ALL GENRES AND STYLES REACHED GREAT HEIGHTS IN 2013

- Internationally, Film and TV composer Mychael Danna won both an Academy Award® and a Golden Globe Award for his work on the hit movie, *Life of Pi*, as well as an Emmy Award for the mini-series *World Without End*.
- Hit songwriter Stephan Moccio reached No. 1 on the *Billboard* Hot 100 singles chart, having co-written Miley Cyrus' "Wrecking Ball." In 2013, the song sold more than 3-million copies, and its video was viewed more than 511-million times on YouTube.
- Quebec sensation Louis-Jean Cormier, formerly of Karkwa, garnered nine ADISQ Award nominations and took home four trophies, and also earned the prestigious Prix Gilles Vigneault from SPACQ.



Serena Ryder performing at the SOCAN Awards in Toronto.

- Joey Moi co-wrote and produced “Cruise” with Florida Georgia Line, which became the top-selling country digital single of all time at 6-million copies, and spent 24 weeks at the top of *Billboard’s* Hot Country Songs chart, the longest duration in the almost 70-year history of the chart.
- Drake left the 2013 Grammy Awards with the trophy for Best Rap Album for *Take Care*, while his *Nothing Was the Same* album debuted at No. 1 on the *Billboard* Top 200 Albums chart, selling 658,000 copies in the U.S. in its first week.
- Arcade Fire entered *Billboard* Top 200 Albums chart with their double-album *Reflektor*, which sold 140,000 copies in its first week.
- The Weeknd’s *Kiss Land* debuted at No. 2 on *Billboard* Top 200 Albums, remained on the chart for 34 weeks, and sold more than 355,000 copies.
- Karim Ouellet and Claude Bégin write the song “Amour,” performed by Karim, which spent 16 weeks on top of Quebec’s BDS singles chart. The duo also received the Prix Felix-Lecelrc, and signed a major publishing and record deal in France. Karim was also chosen the most promising artist by ICI Radio Canada.



Karim Ouellet performing live.



Academy Award® winner Mychael Danna receives an Oscar® for his music in *Life of Pi*
Photo by John Shearer/Invision/AP

OTHER INTERNATIONAL ACHIEVEMENTS BY SOCAN MEMBERS INCLUDED:

- Tegan & Sara were hand-picked to join Taylor Swift onstage for a rendition of their song “Closer,” which was also featured on the hit TV series *Glee*; reached No. 1 on the *Billboard* Hot Dance Club Songs chart, and Top 30 on the *Billboard* Rock Songs, Alternative Songs, and Adult Pop charts; and was a platinum seller in Canada.
- Walk Off The Earth’s YouTube video version of Gotye’s “Somebody that I used to Know” was viewed more than 152-million times, landing them a major label record deal. Their song “Red Hands” was a platinum-selling single in Canada, topped *Billboard*’s Triple Adult Album Alternative chart, and was in the top 20 entries on *Billboard*’s Adult Top 40 and Hot Rock Songs charts. They also appeared on Ellen Degeneres’s *Ellen show*.
- Half Moon Run was hand-picked by Mumford & Sons as an opening act for their European tour, played major festivals like Lollapalooza, Glastonbury and Reading, and earned critical raves from *Rolling Stone* and the U.K.’s *New Musical Express*.
- Deric Ruttan earned his first Grammy nomination, as co-writer of “Mine Would Be You,” a huge No. 1 charted hit by U.S. country superstar Blake Shelton.

JUST A FEW OF THE DOMESTIC ACHIEVEMENTS BY SOCAN MEMBERS:

- Serena Ryder’s song “Stompa” sold three-times platinum, was the first Canadian song to reach No. 1 on the CBC Radio 2 Top 20 song chart, and earned television placements in shows such as *Grey’s Anatomy* and in a car commercial for Cadillac SRX. Her album *Harmony* won the 2013 JUNO Award for Adult Alternative Album of the Year and she performed twice on the TV broadcast.
- Leonard Cohen won Songwriter and Artist of the Year honours at the JUNOs.
- Carly Rae Jepsen was the big winner with three JUNOs, for Album, Pop Album (both for *Kiss*) and Single (for “Call Me Maybe”) of the Year. Jepsen also received the Allan Slaight Award, which recognizes young, inspirational Canadians.
- Producer/singer-songwriter Daniel Lanois was named as a laureate of the Governor General’s Performing Arts Awards for Lifetime Artistic Achievement.
- Louis-Jean Cormier won big at Quebec’s 2013 ADISQ awards for Best Songwriter or Composer (with Daniel Beaumont), Best Rock Album (*Le treizième étage*) and Best Show of the Year – Singer-Songwriter, as well as the Critics’ Choice of the Year Award.

- SOCAN members dominated the airwaves on rock radio, capturing four spots in the Top Five for radio airplay in Canada. The hit-makers in question are The Sheepdogs, Monster Truck, Billy Talent and Three Days Grace.
- Gord Bamford was the big winner at the 2013 Canadian Country Music Awards, winning five honours, including Songwriter of the Year and Single of the Year, both for “Leaning on a Lonesome Song” (co-written by Buddy Owens and Ray Stephenson).
- Rose Cousins won the SOCAN-sponsored Songwriter of the Year award for her song “Go First” at the 2013 East Coast Music Awards. Cousins earned two more trophies there, for Solo Recording of the Year and for Folk Recording of the Year.
- Ewan Currie of The Sheepdogs won the SOCAN-sponsored Songwriter of the Year honours at the 2013 edition of the Western Canadian Music Awards (WCMAAs). Hannah Georgas picked up the award for Pop Recording of the Year (Hannah Georgas) and Rah Rah were honoured for Independent Album of the Year (The Poet’s Dead).
- Classified was the big winner at the 2013 Music Nova Scotia Awards, taking home four trophies, including those for Music Video and SOCAN Songwriter of the Year, for his platinum single “Inner Ninja,” featuring David Myles. Classified also won for Digital Artist and Hip-Hop Recording of the Year.

THE 2013 SOCAN AWARDS

The SOCAN Awards are one of the most visible ways for SOCAN to salute the creativity, talent and success of our more than 120,000 members. Since 1990, we have been celebrating our members' achievements by formally recognizing the success that their music has garnered in Canada and around the world.

SOCAN proudly saluted its Québec members' achievements at the Francophone SOCAN Awards, held November 26, 2013, at the Hyatt Regency Montreal Hotel. The evening was hosted by popular singer-songwriter Vincent Vallières, and the first stage performance of the night was by the rock band Vilain Pingouin, celebrating their 25th anniversary.

Songwriters were honoured for the 10 most performed songs of 2012. Nelson Minville told the audience he had heard a performance of one of his two winning co-writes, "Le jour se lève," just the day before at the supermarket. "The cashier was humming the lyrics," he explained, adding, "You know, when the public knows our songs by heart, that's our second salary right there!" Steve Veilleux, a regular SOCAN Awards fixture, explained, "My [winning] song is called 'Si on se t'nait' ['If We Can Hang Together'], and we must do just that – we've got talent coming out of our ears, here in Québec!"

The SOCAN Special Achievement Award was presented to André Perry, founder of the sound recording institution Le Studio in Morin Heights, a facility used over the years by international artists including The Police, RUSH, Barenaked Ladies and John Lennon. Perry commented that, in the music industry, "You can have the best producers in the world, but if you don't have the right song, you've got nothing."

Karl Wolf and his co-writers received the Chanson Anglophone award for the Québec-written English-language song ("Mash It Up") having received the most airplay across the country in the past year.

A number of Québec songs having received more than 25,000 radio plays received SOCAN Classics awards. Roch Voisine, whose co-written song "Darlin'" won a SOCAN Classic Award, revealed that Marcel Lefebvre had helped him put together his repertoire early in his career. "I learned to write songs with him and other authors . . . I realized that you can go much further by collaborating with other authors because, in this business, you need great tunes."

The highlight of the evening was the presentation of SOCAN's Life Achievement Award to Louise Forestier, a Québec music pioneer with a career spanning four decades.

There was no Toronto show in 2013 as we decided to move the Toronto event to June for a variety of good reasons, including better availability of members and performers, better weather, and the potential for increased visibility. The June 2014 show will therefore be a powerhouse combination of the best of 2013 and 2014 and will also be the 25th such annual event.

The SOCAN Awards that will see significant innovations and enhancements in 2014 for both the Montreal and Toronto shows continue to build their presence and importance on the national and international stages, and receiving "A SOCAN" will increasingly be seen as an even more major achievement throughout the music industry.



(left to right) Marcel Lefebvre, Roch Voisine and Carl Katz at the 2013 SOCAN Awards in Montreal.

THE 2013 SOCAN SONGWRITING PRIZE

The year 2013 was the eighth year of the prestigious SOCAN Songwriting Prize, which celebrates the best in Canadian independent music written by unsigned English and French songwriters.

For 30 days, close to 14,000 votes were cast online for the English and French nominees' songs. Fans voted for one of the five nominated songs – nominated by a panel of music industry experts – in each of the English- and French-language contests.

Nova Scotia singer-songwriter Mo Kenney of Halifax emerged the winner of the English 2013 SOCAN Songwriting Prize for her song "Sucker," and Keith Kouna of Québec City won the equivalent Francophone prize for his song "Batiscan."

Both Kenney and Kouna took home \$5,000, a Gibson Les Paul Studio guitar with Min-ETune, and a \$3,000 gift certificate towards Roland products.

Kouna was the special guest of an intimate SOCAN luncheon held at the Institut de Tourisme et d'Hôtellerie du Québec on Saint-Denis St. in Montreal. He said: "I am delighted and quite honoured to receive this prize – an award that came at a perfect time as I had just broken my guitar!"

Kenney, meanwhile, made a special visit to SOCAN Toronto offices to claim her prizes, play a few songs for our staff, and answer some friendly questions. She said that when she wrote "Sucker" as a 19-year-old, she had just moved out of her parents' house, was working two low-paying jobs at a grocery chain and a dollar store, was living with loud roommates, and had just gotten dumped. "I was not happy," she said, "but if I knew when I wrote it that the song was going to make me \$5000, I wouldn't have been so miserable!"

THE OTHER NOMINATED ENGLISH SONGS WERE:

- **"Baby's Got it"** – written and performed by Maylee Todd
- **"Devil's Got a Gun"** – written by Luke Doucet and Melissa McClelland; performed by Whitehorse
- **"Fineshrine"** – written by Megan James and Corin Roddick; performed by Purity Ring
- **"Mule in the Flowers"** – written by Tamara Hope and Steven Lambke; performed by The Weather Station feat. Baby Eagle

THE OTHER NOMINATED FRENCH SONGS WERE:

- **"Mappemonde"** – written by Stéphanie Boulay; performed by Les sœurs Boulay
- **"Parc'qui m'fallait"** – written and performed by Dany Placard
- **"Vénus"** – written by Fred Fortin; performed by Gros Mené
- **"Walkie-Talkie"** – written by Stéphane Lafleur, Mathieu Charbonneau, Nicolas Moussette and Joel Vaudreuil; performed by Avec pas d'casque

The SOCAN Songwriting Prize continues to build its reputation in both French and English as the most prestigious award in Canadian independent music, and we look forward to more exciting developments in the future as SOCAN works to shine a spotlight on Canada's amazing emerging talent.



2013 English SOCAN Songwriting Prize winner Mo Kenney with SOCAN CEO Eric Baptiste.



(left to right) France Lafleur, Steve Lévesque, and Laurie Lapointe with 2013 French SOCAN Songwriting Prize winner Keith Kouna (glasses).

SOCAN WAS PROUD TO CELEBRATE MANY OF OUR MEMBERS' CHART-TOPPING ACHIEVEMENTS WITH OUR NO. 1 SONG AWARDS

THE FOLLOWING SONGWRITER MEMBERS WERE HONOURED IN 2013:

- The co-writers of Dragonette's hit song "Run Run Run" for reaching No. 1 on the MuchMore Music Countdown Chart. "Run Run Run" co-writers and Dragonette members Dan Kurtz and Martina Sorbara were present to accept their award and take part in the evening in their honour. Dragonette drummer Joel Stouffer was also on hand to enjoy the celebration.
- Johnny Reid's hit song "Baby I Know It" for reaching the top of the CMT Top 20 Countdown Chart. The song is written by Reid and Charlie Garner (ASCAP), and performed by Reid.
- The co-writers of the hit song "Inner Ninja" for reaching No. 1 on the MuchMusic Countdown Chart. The song, written by Classified, Michael Boyd, David Myles and Mark Pellizzer, and performed by Classified and Myles, is the biggest-selling Canadian-made rap song of all time in Canada.
- Trevor Guthrie's co-written hit song "This is What it Feels Like" which scaled the peak of the MuchMore Countdown Chart. "This is What it Feels Like" is co-written by Guthrie, Armin Van Buuren, John Ewbank, Benno de Goeij (all BUMA) and Jenson Vaughan (ASCAP), and performed by Armin Van Buuren featuring Trevor Guthrie.
- Tegan and Sara's hit song "Closer" for reaching the summit of both the MuchMoreMusic Countdown Chart and the MuchMusic Countdown Chart. Co-writer Tegan Quin accepted the award and enjoyed the celebration at SOCAN's Vancouver office. The song was also co-written by Gregory Kurstin,
- Classified and David Myles, the co-writers of the hit song "Inner Ninja" for reaching No. 1 on the MuchMusic Countdown Chart. The song, as recorded by the duo, is reportedly the biggest-selling Canadian-made rap song of all time in Canada.
- The Weeknd (a.k.a. Abel Tesfaye) for co-writing the hit song "Wicked Games," which reached No. 1 on the MuchMusic Countdown Chart. "Wicked Games" was co-written by Carlo Montagnese, Rainer Millar-Blanchaer, and Martin "Doc" McKinney.
- Bradley Rempel, of the band High Valley, for co-writing "Let it Be Me", which reached the top of the CMT Countdown Chart. His co-writers are Philip Barton (BMI) and Jared Crump (SESAC).



(left to right) Co-writers David Myles, Classified and Michael Boyd at the SOCAN No.1 Award party for their hit song "Inner Ninja."



(left to right) Dragonette members Joel Stouffer, Dan Kurtz and Martina Sorbara with their SOCAN No.1 Award for the song "Run Run Run."

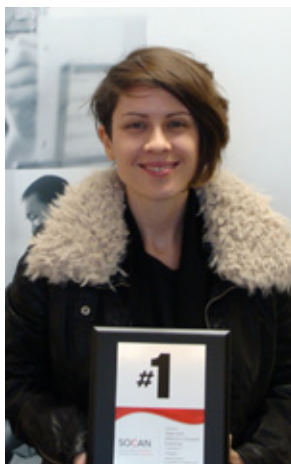
THE FOLLOWING FRANCOPHONE SONGWRITER MEMBERS ACHIEVED THE NO. 1 POSITION ON QUEBEC'S BDS CHARTS AND WERE HONOURED BY SOCAN IN 2013:

- Steve Veilleux for "Si on se t'nait," performed by Kaïn.
- Amylie Boisclair for "Les Filles," self-performed.
- Marie-Mai Bouchard and Fred St-Gelais for
- "C.O.B.R.A.," performed by Marie-Mai, and
- "Nous sommes les mêmes," performed by Marc Dupré.
- Marc Dupré and Annie Villeneuve for "Le sais-tu," performed by Annie Villeneuve.
- Sylvain Cossette for "Pour toujours," self-performed.
- Karim Ouellet and Claude Bégin for "L'Amour," performed by Karim Ouellet.
- Daniel Bélanger for "Si tel est ton désir," performed by Jean-Marc Couture.
- Marc Dupré, Nelson Minville, Fred St-Gelais, IP Tyler, Christopher Ward and Robert Wells for "Un coup sur mon cœur," performed by Marc Dupré.
- K-Maró and Thierry Leteurre for "On se fout de nous," performed by Shy'm and published by Ambitious Boys Club and Warner Chappell Music France.
- Vincent Vallières, Michel-Olivier Gasse and Olivier Langevin for "Stone," performed by Vincent Vallières and published by Éditions Trente Arpents.

SOCAN ALSO HONOURED THE FOLLOWING PUBLISHER MEMBERS IN 2013:

- Vivian Barclay of Warner Chappell Music Canada Ltd., for publishing Michael Bublé's "It's a Beautiful Day," which scaled the peak of the Nielsen BDS Adult Contemporary chart.
- Jodi Lutz, on behalf of ole, for publishing "It's Friday" by Dean Brody, which hit No. 1 on CMT's Top 20 Countdown Chart.
- Shawn Marino of Universal Music Publishing Canada, representing Irving Music of Canada, for publishing "Stompa" by Serena Ryder, which reached No. 1 on MuchMoreMusic's Countdown Chart.
- Janet Baker of EMI Music Publishing Canada, also representing Sony/ATV Music Publishing Canada, for publishing:
 - "The Veldt" by deadmau5, which topped the MuchMusic Countdown chart.
 - "Started From the Bottom" by Drake, which reached No. 1 on the MuchMusic Countdown chart and the *Billboard* R&B Hip-Hop Airplay chart.
 - "Surprise Surprise" by Billy Talent, which peaked on the Nielsen BDS Album Rock chart.
 - "Stand Up And Run" by Billy Talent, which topped the same chart.

In addition, Warner-Chappell's Vivian Barclay and EMI's Janet Baker both earned awards for co-publishing "Swimming Pools (Drank)" by Kendrick Lamar, which reached the top of the *Billboard* Mainstream R&B Hip-Hop chart; and Barclay, Lutz, and Universal's Shawn Marino all earned awards for co-publishing "NYCE 2 Know Ya" by K-OS, which topped the MuchMusic and MuchMoreMusic Countdown charts.



Tegan Quinn of Tegan & Sara shows off her SOCAN No.1 Award for her song "Closer."



The Weeknd poses with his SOCAN No.1 Award for the song "Wicked Games."



(left to right) Publishers Jodi Lutz (ole), Janet Baker (Sony), Vivian Barclay (Warner Chappell), Shawn Marino (Universal) with their SOCAN No. 1 Awards.



ABOUT SOCAN

WHO WE ARE

SOCAN is a member-based and member-governed organization that represents the Canadian performing rights of more than three-million Canadian and international music creators and publishers. SOCAN is proud to play a leading role in supporting the long-term success of its more than 120,000 Canadian members, and the Canadian music industry overall. SOCAN licenses more than 125,000 businesses in Canada, and distributes royalties to its members and music rights organizations (MROs) around the world. SOCAN also distributes royalties to its members for the use of their music internationally in collaboration with its peer MROs. www.socan.ca

STRATEGY

SOCAN's activities are prepared and deployed within the framework of a five-year Strategic Plan, which is refreshed and renewed annually. We welcome you to read our plan.

VISION

To raise the bar for music rights.

BUSINESS PURPOSE

SOCAN serves and champions music creators and publishers. We advocate for them and protect their rights, license access to the world's music, and collect and distribute royalties in Canada and around the world.

STRATEGIC OBJECTIVES

- Improve Member Recruitment and Retention
- Increase, Maintain and Develop Revenue Sources
- Optimize / Improve Value
- Strengthen Reputation with Industry Stakeholders
- Improve Visibility of Copyright Advocacy
- Expand Role
- Transform Corporate Culture

GOVERNANCE

Core to SOCAN's operational success is a robust governance structure that helps us to maintain the trust and respect of members, licensees, employees, media and the government, and allows us to operate in an open and transparent way.

We pride ourselves on a sound governance structure that supports us in achieving our Vision and Strategic Objectives. This structure includes a Code of Conduct for Directors and a Policy on Committees of the Board. There is a regular evaluation of the CEO's performance process by the Board and a self-assessment questionnaire completed by the directors to measure the Board's own performance.

SOCAN provides an orientation program on Governance Policies and Procedures for new directors, and a refresher for returning directors. Directors are provided with a Resource Guide at the start of their three-year term and there are structured education and orientation sessions. While the formal interface between the Board and Management is through the CEO, there are numerous opportunities, both formal and informal, for Board members to interact with management. Directors are encouraged to discuss matters that they may wish to pursue with management. Board members are also able to meet with other employees at social functions throughout the year.

For full Governance information, please visit socan.ca.

BOARD OF DIRECTORS



FROM LEFT TO RIGHT

Earl Rosen

de Sade Songs

Rosaire Archambault

Éditorial Avenue

Denis Wolff

Ho-Tune Musique

Vivian Barclay

Warner Chappell Music Canada Ltd.

Gary Furniss

Sony/ATV Music Publishing Canada

Victor Davies

Composer

Stan Meissner

President

Songwriter

Glenn Morley

Composer

Gilles Valiquette

Songwriter

Ed Henderson

Composer

Jim Vallance

Songwriter

Jean-Robert Bisaillon

Songwriter

Jennifer Mitchell

Casablanca Media Publishing Inc.

Marc Ouellette

Composer

Craig Horton

Nettwerk Music Publishing

Geneviève Côté

Frilance Édition Inc.

Neville Quinlan

peermusic Canada

EXECUTIVE TEAM



BACK ROW

Mike McCarty

Chief Membership &
Business Development Officer

Gilles Daigle

General Counsel,
Legal Services

Jeff King

Chief Operating Officer

Janice Scott

Vice President,
Information Technology

Andrew Berthoff

Chief Communications & Marketing Officer

Randy Wark

Vice President,
Human Resources &
Chief Administrative Officer

Catharine Saxberg

Head of International Relations

David Wood

Chief Financial Officer

Michael Lewin

Vice President,
Industry Initiatives

FRONT ROW

Jennifer Brown

Vice President,
Licensing

Eric Baptiste

Chief Executive Officer

Kit Wheeler

Head of Distribution

COMMUNITY & ENVIRONMENT

As an employer of choice, we engage our 300 + employees to not only grow within their careers, but to also contribute to the working environment and the surrounding communities in which we live and work. We are committed to thinking nationally and acting locally, and understand that the most meaningful differences can be made by dedicating efforts to the community and environment.

In 2013, SOCAN employees supported many charities, programs and community-based initiatives that impacted our communities:

- Leukemia & Lymphoma Society of Canada
- Camp Oochigeas (programs for kids living with childhood cancers)
- Sick Kids: Cancer Research
- Sick Kids: Music Therapy Program
- Eva's Place (shelter that provides support to homeless youth)
- Sun Youth (programs to improve youth through education, awareness and material assistance)
- Yonge St. Mission
- Angel Tree Program (Salvation Army)

We also recognize it's our responsibility to positively impact the environment by reducing our consumption of water, energy and physical waste. We are focused on integrating greater environmental sustainability throughout our business, and have teamed up with vendors to provide price-neutral products that conserve energy, reduce and divert waste, and are made up of sustainable materials.

SOCAN will continue to make business decisions that benefit the environment, enhance our communities, while sustaining our own members' success through hard work and dedication.

