

Annual Report

2003-2004

Our Vision

Ontario is recognized as a leading global jurisdiction to invest in, create, produce, distribute and enjoy original cultural media product.

OUR MANDATE

The objects of the Corporation are to stimulate employment and investment in Ontario:

- a** by contributing to the continued expansion of a business environment in Ontario that is advantageous to the growth of the cultural media industry and to the growth of new employment, investment and production opportunities in Ontario;
- b** by facilitating and supporting innovation, invention and excellence in Ontario's cultural media industry by stimulating creative production, format innovation and new models of collaboration among sectors of the cultural media industry;
- c** by fostering and facilitating co-operation among entities within the cultural media industry and between the public and private sectors to stimulate synergies in product development and the creation of products with original Canadian content;
- d** by assisting in the promotion and marketing of Ontario's cultural media industry as a world-class leader;
- e** by administering provincial tax credit programs and such other programs and initiatives as may be required by legislation or a Minister of the Government of Ontario; and
- f** by acting as a catalyst for information, research and technological development in the cultural media industry provincially, nationally and internationally.



Ontario

Ontario Media
Development
Corporation

Société de
développement
de l'industrie
des médias
de l'Ontario

ONTARIO MEDIA DEVELOPMENT CORPORATION

175 Bloor Street East, South Tower, Suite 501, Toronto, Ontario M4W 3R8

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OVERVIEW

CULTURE IS OUR BUSINESS

Culture is big business in Ontario – and Ontario Media Development Corporation (OMDC) plans to make it even bigger. Cultural media industries contribute approximately \$5.3B to Ontario's economy, directly employ more than 40,000 in highly skilled jobs and thousands more in related industries such as printing and retailing. OMDC supports this contribution by providing the investment, research and tools to inspire home-grown creativity and drive continuous growth in a burgeoning sector.

In 2003/2004, OMDC delivered on its mandate to boost job growth and investment in Ontario. Innovative new programs such as *Pioneering Content*, *Gold Label* and the enhanced *Trillium Book Awards/Prix Trillium* – brought much-needed financial and professional development to the book and magazine publishing, film and television, music and interactive digital media industries.

Key achievements included:

- Issuing more than 1,300 certificates for tax credits representing an investment of more than \$100M in Ontario companies
- Supporting the creation of three new magazines – *2 Magazine*, *Boating Industry Canada* and *The Peer Review* – through the *Volume One* program
- Sponsoring Ontario game developers at major events such as the Game Developers Conference in San José and E3 in Los Angeles
- Partnering with Canadian Independent Record Production Association (CIRPA), the Canadian Consulate General in Los Angeles and Telefilm Canada on CIRPA's *Film and Television Music Mission* to Los Angeles. The event cleared the way for 15 Canadian music companies (nine from Ontario) to develop lucrative contacts in the United States film and television industry which resulted in synchronization licensing deals of \$130,000 with more to come
- Providing scouting support to help producers cover the costs for location scouting trips to the province – making it even easier to choose Ontario. Additional funding provided by the Ontario Tourism Marketing Partnership attracted six new productions to Ontario, representing \$70M in new foreign production activity

The year was filled with new ideas and approaches for showcasing Ontario's cultural industries and their products on the international stage and attracting new business to the province. The following pages highlight our expanding role in the growth of culture.

As we look ahead, OMDC's goal is to continue to focus its energy and resources on stimulating job growth and investment in Ontario. We will develop partnerships with our cultural stakeholders, encourage competitiveness among the industries, seek new markets for Ontario's cultural products and promote Ontario as the best place to do business.



A Message from the Chairperson
To the Minister:
The Honourable Madeleine Meilleur
Minister of Culture

Dear Minister Meilleur:

I am pleased to present the Annual Report for Ontario Media Development Corporation (OMDC) for the fiscal year 2003/2004.

OMDC and its predecessor OFDC, have supported cultural industries for almost 20 years and significantly raised Ontario's profile internationally. This year stands out for its innovation and achievement. OMDC continued to seek new markets for Ontario's cultural products, give companies the tools to better market themselves, create opportunity for competition and innovation and facilitate lucrative business connections.

With the increasing globalization of culture, OMDC's role will become even more important to the success of our industries. This year the board worked with senior staff to create a five-year strategic plan that will provide the roadmap for innovation, partnership and limitless growth in one of Ontario's most promising sectors.

We look forward to delivering on that plan.

A handwritten signature in dark ink, consisting of the letters 'MS' followed by a long, horizontal, slightly wavy line.

Marcelle Lean
Chair

A Message from the Chief Executive Officer



This has been a year of unprecedented action and achievement. Once again, staff met the challenge, introducing new programs to boost the province's cultural industries and continuing their work with industries to innovate and create new opportunities for international growth.

Perhaps the best measure of OMDC's achievement is reflected in a sampling of the enthusiastic client feedback that we received throughout the year.

- Noted McClelland & Stewart Publisher, Doug Gibson of the *Warm Up With Winter Reading* project, "everyone involved wins ... my thanks for this successful innovation."
- Jeremy Nelson, Publisher of the new *Peer Review*, wrote of *Volume One's* magazine start-up program, "Peer Review has been able to make the investment in quality writing, design, and most importantly, publicity and marketing, that allow a new magazine to thrive and grow."
- Ian Kelso, President of New Media Business Alliance commented: "the strategic and financial support provided through *pl@tform* will provide a much-needed boost to Ontario's aspiring interactive digital media content companies."
- Lastly, Ryerson University Professor Charles Zamaria (also Financial Director of the Independent Production Fund, Bell Fund and Cogeco Fund) said of OMDC's *Six Degrees Conference*... "OMDC is recognized throughout the community as a forward-thinking and extremely useful catalyst for bridging gaps and moving forward with the delicate balance of business and culture. It's what all public agencies should be doing. OMDC does it so very well!"

Through OMDC's collective creativity and determination, Ontario's cultural media industries continued to grow and expand at home and throughout the global marketplace. As we move ahead, we will continue to seek ways to support cultural innovation and ingenuity.

A handwritten signature in dark ink, appearing to read 'Michel Frappier'.

Michel Frappier
Chief Executive Officer



GROWING EMPLOYMENT, INVESTMENT AND PRODUCTION OPPORTUNITIES

International exposure: OMDC has introduced innovative new programs and enhanced existing programs to ensure that Ontario media products have the best possible exposure in the international marketplace.

OMDC, Telefilm Canada, the Department of Foreign Affairs and International Trade, Canadian Film and Television Production Association and nine provincial funding agencies sponsored an exhibit at the International Pavilion at the Cannes Film Festival to promote Ontario as a location of choice for international filmmakers. OMDC and the Toronto International Film Festival Group (TIFFG) also co-hosted a reception in Cannes to promote Ontario as a world class production centre and to raise TIFFG's profile among the international press.

At the American Library Association (ALA) Conference, held for the first time in Canada in more than 30 years, OMDC provided funding to Ontario book publishers for:

- booth space for eight Ontario publishers' exhibits
- an Ontario Publishers' Directory, which provided American librarians with specific ordering, distribution and contact name information
- an evening networking reception, held in conjunction with the Association of Canadian Publishers and other industry stakeholders.

Thanks to OMDC's partnership with Telefilm Canada at the Canada Stand at the National Association of Television Production Executives (NATPE) Market in New Orleans, 48 Canadian companies, (17 based in Ontario) received funding to exhibit their products and gain invaluable exposure.

OMDC's Music Mission to UK enabled six Ontario record company representatives and artist managers to attend the *In the City Conference* in Manchester followed by three days in London where they attended networking and market intelligence sessions with UK labels, managers, publishers, media and retail.

Soundtracks for the Big Picture, featuring music from Ontario's most talented recording artists was another innovation OMDC developed this year. In a mass promotion effort, the CD was sent to 750 music supervisors and decision-makers at all major American film and television studios. The intent was to increase the licensing potential of Canadian music in North American feature film and television production.

Introductions and professional development: Breakfast meetings at the Toronto International Film Festival's Match Club provided opportunities for Ontario producers to meet their counterparts from around the world. OMDC produced a 30-second trailer showing clips from an astounding number of well received and high profile productions that were made in Ontario. The trailer was shown at more than 300 industry screenings at the Festival.

OMDC Sales Office at TIFF promoted Ontario films on a world stage, with 16 titles in the festival. OMDC newsletters, tax credit information and the Ontario Production Guide CD were distributed to industry delegates.

Twenty-six incorporated not-for-profit industry associations received support through OMDC's *Sector Organization Support (SOS)* program for programing focused on professional development and networking for cultural entrepreneurs.

DID YOU KNOW

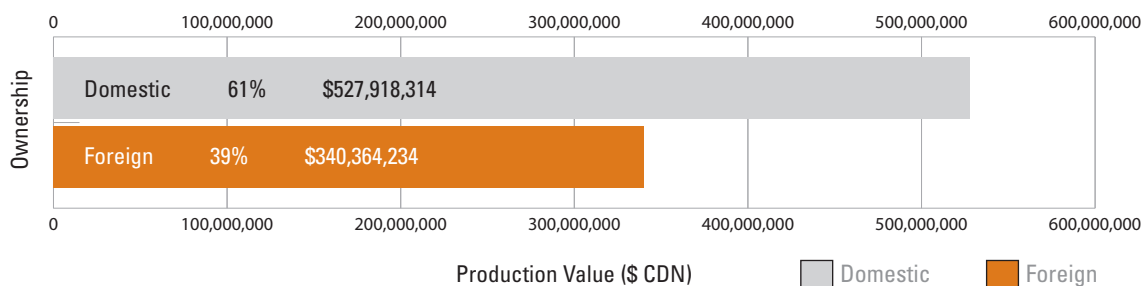
- Ontario Media Development Corporation (OMDC) is an agency of the Ministry of Culture
- Until 2000, OMDC was called Ontario Film Development Corporation (OFDC)

OMDC supported the Canadian Magazine Publishers Association at *Word on the Street* in Toronto by sponsoring a Magazine Event Tent featuring four different readings, and a writing and panel workshop. A direct marketing package containing four different subscription offers for consumers was distributed.

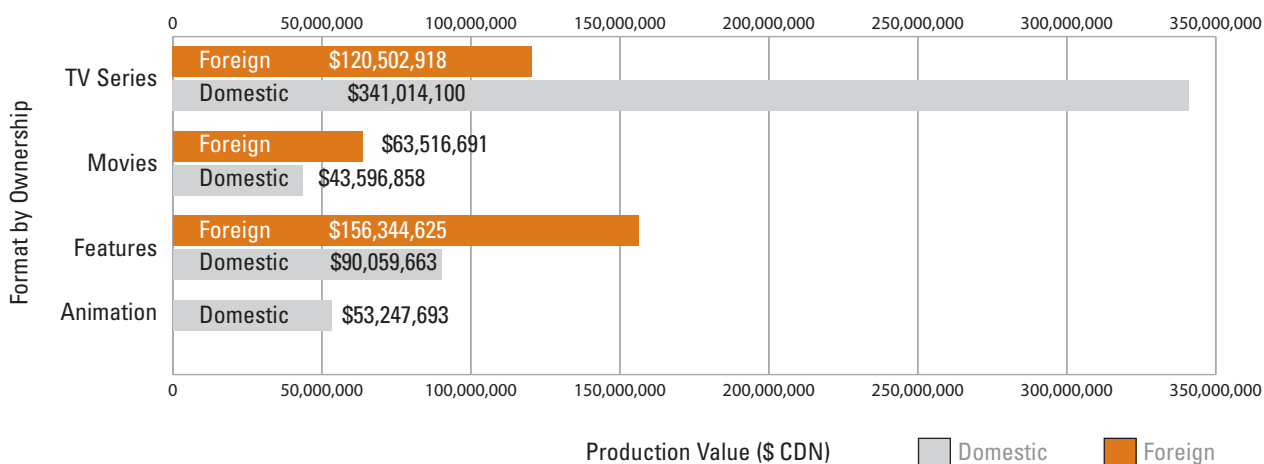
OMDC sponsored and introduced a series of "Cyber Lunches" addressing current issues in the new media industry at the annual film and television conference in Banff.

In partnership with Banff Executive Leadership Inc., OMDC debuted *Executive Forum: Leading the Business of Culture* in Toronto in May. The program brought together 14 executives from the cultural media for five days of invaluable information-sharing on the leadership challenges of managing and growing their businesses. Open to Canadian-owned, Ontario-based companies in the book and magazine publishing, film and television, music and interactive digital media industries, the program offered a unique opportunity to compare business models. "I learned a great deal from the facilitators and guest speakers and just as much from my peers," said magazine publisher Mary Hughes of Harworth Publishing.

2003/2004 ONTARIO'S FILM & TV PRODUCTION ACTIVITY



2003/2004 BREAKDOWN OF ONTARIO'S FILM AND TELEVISION PRODUCTION ACTIVITY BY FORMAT



INNOVATION, INVENTION AND EXCELLENCE IN ONTARIO'S CULTURAL MEDIA

The 16th Annual Trillium Book Awards/Prix Trillium Book Prize of \$20,000 went to Nino Ricci for *Testament* and Austin Clarke for *The Polished Hoe* and Michel Ouellette's *Le testament du couturier* for the French Language Prix Trillium. The Inaugural Trillium Book Award for Poetry was given to Eric Charlebois for *Faux-fuyants*.

OMDC's new *Pioneering Content* program awarded strategic and financial support to 12 innovative, cross-sector projects. The program provides cash grants of up to \$70,000 per project team, as well as strategic support and consultations with industry professionals. The projects sponsored included an interactive film/console game, an on-line community building tool for the music industry and a wireless survey tool integrated with a current affairs documentary.


Industry Fellowships distributed three bursaries to entrepreneurs in various cultural industries – two producers attended the Sundance Independent Producers' Conference, and one person attended at the Banff New Media Institute's Interactive Screen program.

Thirty producer/director teams submitted short film projects to the *Al Waxman Calling Card Program* for Drama. OMDC screened four new *Al Waxman Calling Card* Dramas in partnership with several industry sponsors. OMDC's *Al Waxman Calling Card* Documentary films were nominated for three Gemini Awards – an excellent achievement for the program and filmmakers.





With an eye on the future of the industry, OMDC launched *pl@tform* for the interactive digital media industry at the nextMEDIA International New Media Festival. The program will provide seed funding to help create commercially viable interactive digital media products.

We are proud to present the winners of the

TRILLIUM BOOK AWARD




The Trillium Book Award was created by the Ontario Government to support Ontario writers.
Congratulations to these authors and publishers.
For further information, visit the OMDC website at www.omdc.on.ca

In English Language	In French Language	Trillium Book Award for Poetry
		
<i>The Polished Hoe</i> Austin Clarke Thomas Allen Publishers	<i>Testament</i> Nino Ricci Douleday Canada	<i>Le testament du couturier</i> Michel Ouellette Le Nord
		
		<i>Faux-fuyants</i> Eric Charlebois Le Nord

Be the first to celebrate Ontario's writers.
Look for these books at fine bookstores everywhere.

The Ontario Media Development Corporation is an Agency of the Government of Ontario.



CO-OPERATION AMONG PUBLIC AND PRIVATE ENTITIES

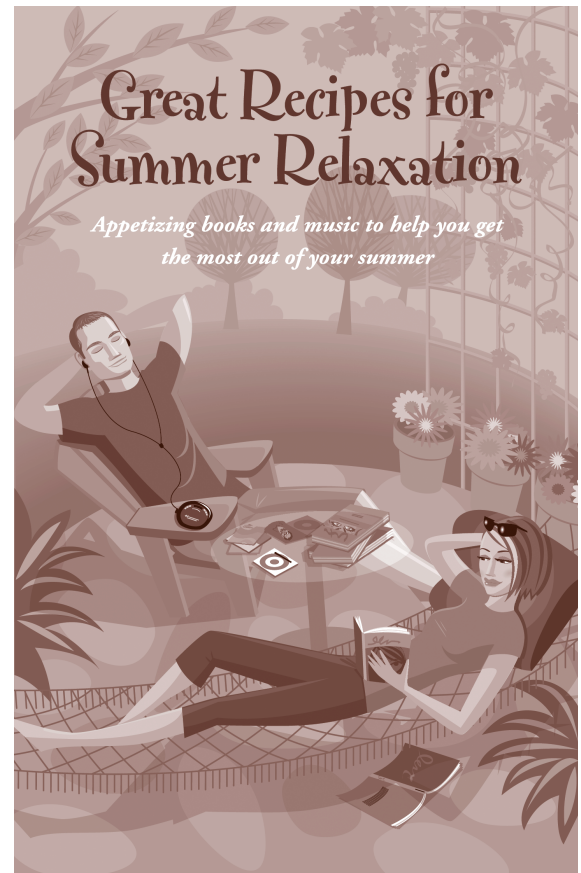
OMDC sponsored two unique direct marketing campaigns including: *Great Recipes for Summer Relaxation*, a 24 page brochure of Ontario-produced book and music products created in association with the Organization of Book Publishers of Ontario (OBPO) and Canadian Independent Record Production Association (CIRPA) and inserted in June 2003's LCBO *FOOD & DRINK* Magazine. Another successful campaign with OBPO and Canadian Booksellers was *Warm Up With Winter Reading*, a 24 page color brochure promoting Ontario books. This brochure was distributed through three Canadian magazines (*Toronto Life*, *Canadian House & Home* and *Today's Parent*) and 47 Ontario book stores and 93 libraries within the Toronto Public Library System.

In partnership with FilmOntario and the City of Toronto, OMDC opened a new *Toronto Ontario Film Office* in Los Angeles. The office will promote the many advantages of filming in Ontario including its diversity of locations, tax credits and industry assistance.

Ontario partnered with the Canadian Independent Record Production Association (CIRPA) to send a group of Canadian music labels, including eight Ontario companies, to Los Angeles for a two-day Music for Film and Television trade mission in November. The objective was to promote the labels, artists and catalogues for licensing to American studios, production companies and music supervisors.

DID YOU KNOW

- Ontario's sound recording tax credit provides a 20 per cent rebate on production and marketing costs for eligible sound recordings
- OMDC enhances Ontario music companies' profiles at international markets such as MIDEF and Popkomm, resulting in significant volume of new sales each year
- OMDC partnerships facilitate a large number of new business meetings between international and Ontario delegates at events such as Canadian Music Week (CMW) and North by Northeast (NXNE)



ADMINISTERING PROVINCIAL TAX CREDITS

DID YOU KNOW

- OMDC is a trend setter in developing international market support for Ontario's film and television products
- The Los Angeles Marketing Office – a partnership with FilmOntario and the City of Toronto – actively markets the benefits of Ontario's film and television industry to Hollywood and solicits new productions to come to the province.
- Ontario film tax credits – co-administered by OMDC – represent an annual influx of close to \$100M in financing for Ontario companies

Tax credits are a major incentive for doing business in Ontario. Tax credits make Ontario companies more competitive internationally, encourage the development of new cultural products, create jobs in Ontario and attract investment to Ontario-based projects. OMDC co-administers six tax credits with the Ontario Ministry of Finance:

- Ontario Film and Television Tax Credit to promote Canadian-content film and television productions
- Ontario Production Services Tax Credit to attract foreign film production to Ontario
- Ontario Computer Animation and Special Effects Tax Credit to strengthen Ontario companies that produce computer animation and special effects for film and television
- Ontario Book Publishing Tax Credit to support the first three books of Canadian authors by an Ontario publisher
- Ontario Interactive Digital Media Tax Credit to encourage the development of original content by Ontario companies
- Ontario Sound Recording Tax Credit to build Ontario-based Canadian labels

To further support the growth of Ontario companies, OMDC focused significant effort on improving the administration of the tax credits this year. Customer service improvements have streamlined the application process and reduced the turn-a-round time to receive a credit. OMDC worked closely with the Ministry of Finance to share information and maximize efficiencies in the review of claims. OMDC also consulted with Canada Revenue Agency (CRA) and Canadian Audio-Visual Certification Office (CAVCO) to share best practices and to streamline the review of claims for film and television productions.

In 2003/2004, the average turnaround time for all credits was 19.2 weeks, down significantly from previous years.

OMDC increased promotion of the Ontario Interactive Digital Media Tax Credit, and the Ontario Sound Recording Tax Credit. In 2003/2004, applications were submitted for more than 150 sound recordings. The number of applications received for the Ontario Interactive Digital Media Tax Credit increased by 24 per cent from the previous year.



TAX CREDIT APPLICATIONS RECEIVED AND CERTIFICATES ISSUED IN 2003/2004

	NUMBER OF APPLICATIONS	NUMBER OF CERTIFICATES ISSUED	NUMBER OF PROJECTS	ESTIMATED VALUE OF TAX CREDIT
Ontario Book Publishing Tax Credit	192	247	244	\$ 1,763,423
Ontario Sound Recording Tax Credit	159	530	201	\$ 2,102,870
Ontario Film & Television Tax Credit	345	360	357	\$ 69,575,501
Ontario Production Services Tax Credit	107	116	116	\$ 28,958,754
Ontario Computer Animation & Special Effects Tax Credit	49	38	153	\$ 4,526,781
Ontario Interactive Digital Media Tax Credit	36	24	206	\$ 1,554,474
Grand Total for all Tax Credits	888	1,315	1,277	\$ 108,481,803

Notes: 1) The estimated value of tax credit is related to the certificates issued, not the applications received in this period.

2) OCASE and OIOMTC applications are based on the applicant's fiscal year of activity and may include multiple productions.

3) Multiple OSRTC certificates are issued for each project and may include up to 3 certificates for each album certified.

INFORMATION, RESEARCH AND TECHNOLOGICAL DEVELOPMENT

To enhance Ontario's competitiveness on the international stage, today and in the future, OMDC must keep its finger on the pulse of the latest industry innovations and news.

Accurate studies and information assist OMDC and its industries in program and industry development and ensure its competitiveness going forward. Several key studies were conducted:

- OMDC partnered with Women in Film and Television – Toronto (WIFT-T) to create *Employment in Canadian Screen Based Media: A Statistical Profile* that provides a snapshot of work in the film and television industries and examines the growing new media industry. The study makes available statistical information about Canada's screen-based media workforce, work trends and preparedness for an increasingly global future
- OMDC and the Canadian Magazine Publishers Association conducted a *Pan Industry Research Gap and Needs Study* to assess the availability of statistical and research information relevant to periodical publishing in Canada and identify gaps and research needs
- OMDC continued to measure Ontario's competitiveness with other production locations. A budget comparison was completed and OMDC is compiling data on infrastructure, studios and equipment in competing jurisdictions
- OMDC and the Organization of Book Publishers of Ontario conducted a comprehensive analysis of the economic impact of the Canadian-owned publishing industry in Ontario

The launch of the innovative database, *Locations Ontario* set a precedent in the industry and garnered international attention for its more than 4,000 complete digital records representing 90,000 digital images accessed daily by more than 750 industry professionals.

Pioneering Content

Pioneering Content is a new initiative designed to stimulate the development of cultural products for tomorrow. The program provides cash grants of up to \$70,000 to six project teams. Innovation and commercial potential are the key evaluation criteria.

Pioneering Content connects professionals from different cultural media sectors and facilitates introductions to a network of technology researchers affiliated with program partners Communications and Information Technology Ontario (CITO), as well as executives from CHUM Television and Goodmans LLP.

In 2003/2004, the program awarded strategic and financial support to 12 prototype projects:

- **Blobheads:** an interactive video game based on the *Blobheads* books and television series
- **Bookshorts:** a short dramatized film based on Susan Swan's novel, *What Casanova Told Me*, with an interactive player to be released simultaneously with the book
- **NowLive:** on-line community building and promotion tool for the music industry featuring Indie artists Linda McLean and Lynn Harrison
- **Inside Music DVD+:** The Show, a rising R&B group, featured on an emerging disc technology that marries music content on one side with video content on the other
- **Juno Beach:** a production model for print and interactive publishing
- **Somnambulism:** an interactive film/console game for the Xbox platform that pushes the boundaries of narrative gaming
- **The Intrepid Project:** non-linear content modules composed of many hundreds of individual content pieces (audio, text, video, games, etc.) to create role playing scenarios that enable users to engage in collaborative learning
- **Real-time Interactive Television Avatars (RITA) Screener:** a live interactive television game show where contestants are challenged to answer skill testing questions in a virtual studio and at home
- **VoxPoll:** wireless survey tool that uses the text messaging capacity of mobile phones to generate real-time audience feedback
- **Odd Job Jack Described:** video description technology in an episode of *Odd Job Jack* – an animated television and web series about one guy's misadventures in temporary employment and his quest to get a full-time life
- **Geographica:** a synthesis of new Canadian technologies and new and existing content to create a web-accessible manner to explore and discover Canada in virtually unlimited ways
- **Burnt Toast Emotion:** enhanced captioning of two segments from *Burnt Toast*, a TV film comprised of a series of eight mini-opera vignettes. The emotive captioning DVD will create a new level of accessibility for deaf and hard of hearing audiences

"This is an excellent program," said Diane Williamson, President, Digital Wizards (Ontario) Inc. "In our cross-sector project, we worked with publishers to produce *Juno Beach*, Canada in World War II, as a book and CD-ROM that links to a website. ... All project partners were investing financially but without the program and the grant we would not have been able to complete the financing."

DID YOU KNOW

- OMDC provides profile and marketing assistance for publishing houses attending festivals in Ontario and abroad
- OMDC co-administers an Ontario tax credit that provides a rebate to Canadian-owned publishers of up to \$30,000 of production and marketing costs per title
- OMDC works with the magazine industry to support innovative marketing strategies to promote readership of Ontario magazines

Spotlight on...

Volume One

Volume One was created to stimulate the creation of new magazines in Ontario and to help publishers get them into production and on to shelves. The industry juried program provided each publisher with funding towards the cost of creating and publishing their new magazine. They were also matched with established industry consultants to ensure their magazine's long-term viability. The magazines were all successfully launched and are delivering on their business plan proposals.

Publishers received goods and services from program sponsors Cornerstone Publishing Services, Clarity/Liquid and MediaXchange.

The program's first three recipients were:

- ***Boating Industry Canada***: a trade publication addressing the business information needs of the marine trade in Canada
- ***The Peer Review***: a magazine for Canadian graduate students and people engaged in a lifetime of learning
- ***2 Magazine***: for couples 25-34, offering advice, profiles and features of interest to that age group

"Through *Volume One*, *The Peer Review* has been able to make the investments in quality writing, design, and, most importantly, publicity and marketing, that allow a new magazine to thrive and grow." Jeremy Nelson, Publisher.

Spotlight on... Location Promotion

Expanded service in anchoring production to the province

The *Toronto Ontario Film Office* in Los Angeles, California is a public-private partnership between Ontario Media Development Corporation, FilmOntario (The Ontario Film and Television Consortium) and the City of Toronto Film and Television Office.

The new partnership, established in June 2003, enabled the partners to pool their resources and provide an effective platform from which to promote the many benefits of filming in Ontario.

The office promotes the benefits of filming in Ontario, the diversity of locations, the comprehensive infrastructure and the cost-effectiveness of producing in Ontario. The office also assists Ontario-based producers in making contacts and obtaining introductions to creative development and acquisition decision-makers in Los Angeles.

Locations Ontario - OMDC's New Online Digital Locations Database:

Locations Ontario, launched in 2004, has set a precedent in the industry and has garnered international attention for its innovation. The database contains more than 4,000 digital locations, encompassing over 90,000 individual digital images. It is used daily by more than 750 local industry professionals.

This interactive and fully searchable locations library has revolutionized the way film and television producers scout potential filming sites for their upcoming productions. Accessible 24 hours-a-day, seven days-a-week, this resource leads the way in digital imaging techniques and online photographic package delivery.

Spotlight on...

Gold Label

Ontario's independent music labels now have the means to launch the big-league marketing and promotional tactics they've only dreamed of thanks to a new program. *Gold Label* provides funding to Canadian-owned and controlled Ontario-based recording labels that support new and emerging Canadian artists.

"The greater goal here is building stronger labels that will be able to support the rise of Canadian talent, both at home and internationally," says Marcelle Lean, Chair of OMDC. "Not to mention the employees they'll need to hire for their growing operations."

Companies submit marketing ideas that are new to their business plan. Industry juries judge the viability of the ideas.

A major benefit of *Gold Label* is the access to industry advisors, which can help the labels develop and execute their strategies including A & R, marketing, sales, promotion, publicity, business development and international marketing, distribution and retail.

In its first year, four companies received \$40,000 each under the program. Recipients included Arts & Crafts, Curve Music, Linus Entertainment and Sonic Unyon.

Earl Rosen, an owner and founder of Marquis Classics, a Toronto-based independent music label says, "OMDC has responded to the music industry's need to help growing young labels capitalize on their opportunities. The flexibility in the program definition, which allows the applicants to tailor a plan specifically to their needs, is very welcome."

Spotlight on...

Market Access Program

Ontario Media Development Corporation promotes the attendance of cultural entrepreneurs at international events and markets through the *Market Access Program*. Cultural media industry companies enhance their industry contacts, advance their business development strategies and move their projects forward.

OMDC pre-selects *Market Access Program* sites by consulting with the industry to determine key events and markets. Each site has its own industry focus and target participant and is operated as an individual initiative under the *Market Access Program* banner.

Market Access Program participants have access to financial support to cover some of their travel, accommodation, registration expenses and strategic support to assist them in preparing for their attendance at the event or market. Support varies based on participant requirements and the specific market or event. For all *Market Access Program* sites, successful applicants are required to pay a portion of the costs associated with their participation in the program.

Spotlight on...

DID YOU KNOW

- OMDC co-administers a tax credit that provides a 20 per cent rebate on development and marketing costs for original, interactive digital media content
- OMDC supports the attendance of Ontario game developers at key conferences such as the *Game Developers Conference* and *E3* to create sales and marketing opportunities
- OMDC's *pl@tform* program, offered in partnership with New Media Business Alliance (NMBA), provides Canadian-owned and controlled, Ontario-based interactive digital media companies with funding to assist in the creation of new commercially-focused content projects

Al Waxman Calling Card Program

The *Al Waxman Calling Card Program* for Drama and Documentary provides emerging Ontario film/television producers and directors with funding to create a short film. The *Al Waxman Calling Card Program* provides filmmakers with the opportunity to hone their skills, demonstrate their abilities and prove their readiness to make commercial length, market supported projects. The completed films and the talent of the creative teams are promoted through a program sponsored industry screening and broadcast.

This year, five Dramatic *Al Waxman Calling Card* recipients were:

- **Elliot Smelliot** - Johnathan Orson, producer; Anita Doron, director
- **Keys to the Coffin** - Hoda Elatawi, producer; Keith Davidson, director
- **Lake** - Srdjan Vilotijevic, producer; Ryan Redford, director
- **My Uncle Navy and Other Inherited Disorders** - Deborah MacDonald, producer; Adam Swica, director
- **Safe** - Bryce Mitchel, producer; Kris Booth, director

Three Documentary *Al Waxman Calling Card* shorts were:

- **Cheating Death** - Rosalie Bellefontaine, producer; Eric Geringas, director
- **Hook Line Sinker** - Donna Gall, producer; Andrew Fedosov, director
- **Nine Months, Six Blocks** - Leslie Thomas, producer; Christopher Romeike, director

The successes of OMDC's *Al Waxman Calling Card Program* is the attention and recognition that new filmmakers receive. *Pop Song* from the Calling Card filmmaking team of David "Huey" Hayman (producer) and Charles Officer (director) screened in the Perspective Canada Program at the 2003 Toronto International Film Festival.

"OMDC *Calling Card Program* was a wonderful experience, not only because of the great short film that we were able to produce, but also because the process solidified our wonderful creative and productive director/producer relationship," says Hayman. "Charles and I found that we work quite well together and there is no doubt we will be doing this again in the near future."



A Promise



Drop Off



Ghosts



Masterpiece Monday

OMDC hosted a well attended industry screening of four new *Al Waxman Calling Card* dramatic shorts on November 26, 2003 at the Isabel Bader Theatre.

Sector Organization Support

The *Sector Organization Support (SOS)* program offers financial support to incorporated “not-for-profit industry organizations” undertaking business development initiatives for the cultural media industries. These initiatives must promote potential for measurable commercial transactions for Ontario companies that create and sell content in the magazine and book publishing, film and television, music and interactive digital media industries.

OMDC's financial contributions for SOS range from \$1,500 to \$15,000, depending on: the number of participants in the initiative, the length of the initiative, the relevance of the initiative to SOS objectives and the industry and the potential commercial impact of the initiative.

The following not-for-profit industry organizations received OMDC SOS support:

- Academy of Canadian Cinema and Television
- Association of Canadian Publishers
- l'Association des professionnels de la chanson et de la musique
- Atlantic Film Festival – Strategic Partners
- Banff Television Foundation
- Book and Periodical Council
- Canadian Business Press
- Canadian Film Centre's h@bitat
- Canadian Film and Television Production Association (CFTPA)
- Canadian Independent Record Production Association (CIRPA)
- Canadian Magazine Publisher's Association (CMPA)
- Canadian Screen Training Centre's Summer Institute of Film and Television
- Canema – Canadian New Media Awards
- Centre for Aboriginal Media's Imaginative Media Arts Festival
- Cinéfest – The Sudbury Film Festival Inc.
- Documentary Organization of Canada (DOC) - formerly Canadian Independent Film Caucus
- Hot Docs
- Interactive Multimedia Arts and Technologies Association (IMAT)
- Moc Docs
- Music and Film in Motion
- National Screen Institute (NSI)
- New Media Business Alliance (NMBA)
- Ottawa International Animation Film Festival
- Smart Toronto
- Trinity Square Film and Video
- Women in Film and Television – Toronto (WIFT-T)

Ontario Media Development Corporation (OMDC) Board of Directors

OMDC's Board of Directors sets the Corporation's strategic directions. Members are appointed by Order-in-Council for a term not exceeding three years.

Marcelle Lean, Chair appointed February 7, 1998; reappointed February 7, 2003

Peter E. Steinmetz, Vice-chair reappointed February 7, 1998; reappointed February 7, 2001

Lawrence A. Brenzel appointed November 18, 1998; reappointed February 7, 2001

Azim Fancy appointed November 18, 1998; reappointed February 7, 2001

Tomas Fiore appointed June 17, 1998; reappointed February 7, 2001

Joseph Garwood appointed December 9, 1998; reappointed February 7, 2001

Valerie Hussey appointed February 27, 2002 to no later than February 6, 2005

Robin Peerenboom appointed June 17, 1998; reappointed February 7, 2001

Melinda Rogers appointed February 26, 2001 to no later than February 6, 2004

Stephen Stohn appointed February 7, 2001 to no later than February 6, 2004

John Simcoe appointed February 7, 2003 to no later than February 6, 2006

Sylvia Sweeney appointed February 17, 1999; reappointed February 7, 2002 to March 24, 2003*

Kevin Warn appointed May 17, 2000 to no later than February 6, 2003

Suzanne Weiss appointed November 18, 1998; reappointed February 7, 2001

Bruce Westwood appointed February 7, 2001 to no later than February 6, 2004

Andrew White appointed March 20, 2002 to no later than February 6, 2005

Al Zikovitz appointed February 15, 2001 to no later than February 6, 2004

* resignation date

Total remuneration of the Board of Directors for the fiscal year ending March 31, 2004 was \$ 25,216.83.



Management's Responsibility for Financial Statements

The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, and in accordance with the accounting policies described in Note 2 to the financial statements. Where estimates or judgements have been required, management has determined such amounts on a reasonable basis in conformity with Canadian generally accepted accounting policies.

Management is responsible for all information in the financial statements and has certified that all information connected with the financial statements has been provided to the Provincial Auditor.

To assist management in the discharge of its responsibilities, Ontario Media Development Corporation maintains internal controls that are designed to provide reasonable assurance that its assets are safeguarded, to enable only valid and authorized transactions and to ensure that accurate, timely, and comprehensive financial information is prepared.

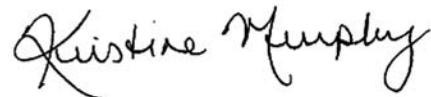
Ontario Media Development Corporation's Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Board has appointed an audit committee from among its own members. The audit committee meets periodically with senior management and the Provincial Auditor, to discuss audit, internal control, accounting policy and financial reporting matters. The financial statements are reviewed by the audit committee before approval by the Board of Directors.

The Provincial Auditor conducts an annual audit in accordance with subsection 14(1) of Ontario Regulation 672/00 under the *Development Corporations Act*. The auditor's report outlines the scope of the auditor's examination and opinion and appears on the following pages.



Michel Frappier
Chief Executive Officer

July 12, 2004



Kristine Murphy
Director of Business, Affairs and Research

July 12, 2004

Auditor's Report

To the Board of Directors of the Ontario Media Development Corporation and the Minister of Culture.

I have audited the statement of financial position of the Ontario Media Development Corporation as at March 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
July 12, 2004



Gary R. Peall, CA
Acting Assistant Provincial Auditor

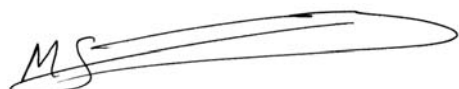
Statement of Financial Position

as at March 31, 2004

	2004 (\$ 000'S)	2003 (\$ 000'S)
ASSETS		
Cash and cash equivalents	7,543	7,896
Accounts receivable	71	32
Prepaid expenses	30	32
Accrued interest	38	13
Current Assets	7,682	7,973
Capital Assets (Note 3)	1,059	588
	8,741	8,561
LIABILITIES		
Accounts payable - programs	469	726
Accounts payable - other	377	403
Due to the Province	433	108
	1,279	1,237
COMMITMENTS (NOTE 8)		
NET ASSETS		
Invested in capital assets	1,059	588
Unrestricted	6,403	6,736
	7,462	7,324
	8,741	8,561

The accompanying notes are an integral part of these statements.

On behalf of the Board:



Marcelle Lean
Chair



John Simcoe
Member, Audit Committee

Statement of Operations

For the Year ended March 31, 2004

	2004 (\$ 000'S)	2003 (\$ 000'S)
REVENUE		
Ministry of Culture	9,429	9,475
Tax credit administrative fees	532	537
Interest	250	218
Return of investment under assistance programs	38	25
SARS funding (Note 7)	240	—
Other	127	180
Legal settlement (Note 6)	—	1,000
	10,616	11,435
EXPENSES		
Operating expenses (Note 4, Schedule 1)	6,146	5,854
Industry Development Initiatives	2,431	1,055
Toronto International Film Festival Group grants	1,265	1,265
Ontario Book Initiative (Note 5)	223	1,264
Canadian Film Centre grants	200	200
Research Initiatives	109	100
SARS expenditures (Note 7)	104	—
	10,478	9,738
EXCESS OF REVENUE OVER EXPENSES	138	1,697

The accompanying notes are an integral part of these statements.

Statement of Changes in Net Assets

For the Year ended March 31, 2004

		2004 (\$ 000'S)		2003 (\$ 000'S)
	INVESTED IN CAPITAL ASSETS	UNRESTRICTED	TOTAL	TOTAL
Balance, beginning of year	588	6,736	7,324	5,627
Excess (deficiency) of revenue over expenses	(462)	600	138	1,697
Investment in capital assets	933	(933)	—	—
Balance, end of year	1,059	6,403	7,462	7,324

The accompanying notes are an integral part of these statements.

Statement of Cash Flows

For the Year ended March 31, 2004

	2004 (\$ 000'S)	2003 (\$ 000'S)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses	138	1,697
Amortization of capital assets	462	381
	600	2,078
CHANGES IN NON-CASH WORKING CAPITAL		
Accounts receivable	(39)	43
Prepaid expenses	2	69
Accrued interest	(25)	(11)
Accounts payable and Due to the Province	42	326
	(20)	427
NET CASH GENERATED THROUGH OPERATING ACTIVITIES	580	2,505
CASH FLOWS FROM (USED IN) FINANCING AND INVESTING ACTIVITIES		
Net purchase of capital assets	(933)	(523)
NET INCREASE (DECREASE) IN CASH	(353)	1,982
Cash and cash equivalents at beginning of year	7,896	5,914
Cash and cash equivalents at end of year	7,543	7,896

The accompanying notes are an integral part of these statements.

Operating Expenses

For the Year ended March 31, 2004

Schedule 1

	2004 Actual (\$ 000'S)	2003 Actual (\$ 000'S)
Salaries, Wages and Benefits	3,489	3,231
Corporate Expenses and Operations	472	460
Consulting Services	338	443
Amortization of Capital Assets	462	381
Advertising, Promotion & Publications	358	200
Program Support	866	880
Travel	154	171
Legal (Note 6)	7	88
TOTAL OPERATING EXPENSES	6,146	5,854

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

March 31, 2004

1. BACKGROUND

The Ontario Media Development Corporation (the 'Corporation') is an agency of the Ministry of Culture of the Government of Ontario, and as such is not required to pay income taxes. The Corporation, formerly known as the Ontario Film Development Corporation, was amended in December 2000 by a regulation made under the *Development Corporations Act*. The regulation revised the Corporation's name, its objects and its powers. The Corporation promotes the economic growth of Ontario's cultural media sector and focuses on strategic partnerships among all the industries - film, television, sound recording, book and magazine publishing and interactive digital media.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Capital assets are amortized on a straight-line basis over the following terms beginning in the year of acquisition or year of use, if later:

Furniture and Office Equipment	10 years
Computer Hardware	3 years
Customized Computer Software	3 years
Website	3 years
Leasehold Improvements	5 years

(c) Revenue Recognition

Tax credit administrative fees are recognized when earned, which is normally upon receipt. The return of investment under assistance programs is recorded on a cash basis because a reasonable estimate of the amounts to be collected cannot be made.

(d) Contributed Services

Contributed services are received for certain events and are not recognized in the financial statements.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, current bank accounts and short-term deposits with terms of maturity of less than 93 days.

(f) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses. Actual amounts could differ from these estimates.

3. CAPITAL ASSETS

Capital assets consist of the following:

	2004 (\$ 000'S)		2003 (\$ 000'S)	
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
Furniture and Office Equipment	286	60	226	60
Computer Hardware	285	232	53	126
Customized Computer Software	960	521	439	392
Website	36	4	32	1
Leasehold Improvements	386	77	309	9
	1,953	894	1,059	588

4. RELATED PARTY TRANSACTIONS

Certain office accommodation costs have been absorbed by the Ministry of Culture and are not included in the Statement of Operations.

5. ONTARIO BOOK INITIATIVE

The Ontario Book Initiative was a one-time strategic investment totalling \$1,487,000 designed to assist the book publishing industry. The final 15% payment of \$223,000 was made during the 2003/04 fiscal year.

6. LEGAL SETTLEMENT

The Corporation received \$1,000,000 in 2003 representing the settlement of a legal action. Legal expenses reported for 2003 on Schedule I include \$69,000 of costs related to this action.

7. SARS PROGRAM

The Ministry of Culture provided \$200,000 in financial assistance to OMDC via the Cultural Tourism Marketing Fund in October 2003. These funds are to support marketing activities designed to offset industry declines due to the 2003 SARS outbreak. SARS expenditures in fiscal 2003/04 totalled \$104,000. An additional \$100,000 from this fund will be forthcoming in 2004/05 once contract obligations have been met. Additionally, the City of Toronto provided \$40,000 in financial assistance to OMDC.

8. COMMITMENTS

(a) Program Commitments

The Corporation has approved grants in the amount of \$454,000 (2003 - \$413,000) which will be paid out of existing funds over the next year if and when certain requirements are satisfactorily met by recipients. This amount is not reflected in the Statement of Operations.

(b) Lease Commitments

The Corporation is committed under operating leases for premises and computers to future minimum payments totalling \$259,000 for premises and \$105,000 for computers. The lease for premises expires October 31, 2008, and the leases for computers expire at various times during the next three years.

(c) Commitments for Assets Under Development

The Corporation has entered into contracts for website and database development. Future commitments for these projects total \$71,000.

9. OBLIGATION FOR EMPLOYEE FUTURE BENEFITS

The Corporation's employees are entitled to benefits that have been negotiated centrally for Ontario Public Service employees. The future liability for benefits earned by the Corporation's employees is included in the estimated liability for all provincial employees and is recognized in the Province's consolidated financial statements. These benefits are accounted for by the Corporation as follows:

(a) Pension Plans

The Corporation provides pension benefits to its classified full time employees through participation in the Public Service Pension Fund and the Ontario Public Service Employees' Union Pension Fund. These plans are accounted for as multi-employer defined contribution plans and the expense represents the Corporation's required contributions to the plans during the year. The Corporation's required contributions to the pension plans for the year ending March 31, 2004 were \$170,000 (2003 - \$115,000) and are included in Salaries, Wages and Benefits in Schedule I.

(b) Non-Pension Post-Employment Benefits

The cost of severance and unused vacation entitlements earned by eligible employees is recognized when paid to them upon termination of their employment. The cost of non-pension post-retirement benefits is the responsibility of the Ontario Management Board Secretariat and accordingly is not included in the financial statements.

10. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the current year's financial statement presentation.

11. SUBSEQUENT EVENT

The Corporation's funding from the Ministry of Culture for fiscal 2004/05 will be reduced by \$3.3 million from the fiscal 2003/04 funding level. It is management's intention to utilize the Corporation's Unrestricted Net Assets to compensate for the reduced Ministry allocation.

SUPPLEMENTAL INFORMATION

UNAUDITED

THE FOLLOWING CHART ILLUSTRATES 85.3% OF OMDC'S EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2004 ARE PROGRAM-RELATED.

Expenditure Breakdown

For the year ended March 31, 2004

Expenditure Breakdown For the Year ended March 31, 2004	Corporate	Program Related	2004 Total \$000's
Direct Support (from Statement of Operations):	—	4,332	4,332
From Schedule 1:			
Salaries, Wages and Benefits	883	2,606	3,489
Corporate Expenses and Operations	222	250	472
Consulting Services	124	214	338
Amortization of Capital Assets	212	250	462
Advertising, Promotion & Publications	81	277	358
Program Support	—	866	866
Travel	14	140	154
Legal	3	4	7
Total Expenditures	1,539	8,939	10,478
% of total	14.7%	85.3%	100.0%