

# ONTARIO MEDIA DEVELOPMENT CORPORATION

**ANNUAL REPORT** 2005 | 2006





**Ontario**

Ontario Media  
Development  
Corporation


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

**Ontario Media Development Corporation (OMDC)**

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# Foreword

## Culture is our Business

Behind every profit-making enterprise is a great idea. This is particularly the case when the “products” in question are books, magazines, television, film, music or interactive digital games and media. In fact, when it comes to our cultural media, the idea *is* the product.

Yet in order for great ideas to blossom, both financial and strategic supports must be in place. In 2005-06 Ontario Media Development Corporation, with renewed funding, connected creativity with resources so that Ontario’s cultural media could flourish.

OMDC helps Ontario talent thrive and prosper both at home and in international markets...and thus to enrich lives. Successful cultural media also enrich Ontario’s economy, generating employment and industrial growth in other culture and non-culture industries. We know - because *Culture is Our Business*.

## 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 cooperation 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 by 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.

# Message from the Chair

To the Minister: The Honourable Caroline Di Cocco  
Minister of Culture

Dear Minister Di Cocco,

On behalf of Ontario Media Development Corporation's (OMDC) Board of Directors, it is my privilege to present the Annual Report for the fiscal year 2005-06.


At OMDC, our motto *Culture is Our Business* underscores the important role that Ontario's cultural industries play in the province's economy. As a key part of the province's entertainment and creative cluster, these industries contribute billions of dollars to the economy and generate tens of thousands of jobs annually. Research has shown that the entertainment and creative cluster will be a key driver of the provincial economy over the next 20 years – far outstripping growth in many traditional industries.

On March 28, 2006, in recognition of the vital role the cluster plays, the Government of Ontario made a one-time award of \$23 million to OMDC. These monies were in addition to the March 2006 Budget announcement of \$7.5-million over three years for an **Entertainment and Creative Cluster Partnerships Fund** for skills development, capacity building, and prototype development and marketing, to be co-administered by OMDC.

The **Cluster Partnerships Fund** will build on the success OMDC has achieved in our cultural industries to date.

As you read through these pages, you will see many examples of how OMDC's dynamic programs tangibly help our stakeholders achieve their business goals. We are grateful for the confidence that the Ministry has placed in OMDC, and we look forward to ensuring that Ontario continues to be recognized as a leading global jurisdiction in which to invest, create, produce and enjoy original cultural media products.

Respectfully submitted,



Kevin Shea  
Chair

# Message from the Chief Executive Officer

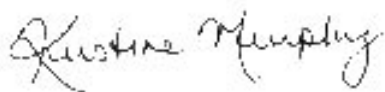
OMDC is a leader in supporting Ontario's cultural industries achieve their business goals - creating prosperity and great cultural content for Ontarians. OMDC's mandate is to facilitate economic development opportunities for Ontario's six cultural media industries: books, magazines, film and television, music and interactive digital media.

As the catalyst for Ontario's cultural media, we promote, enhance and leverage investment, jobs and original content creation. We do this through a combination of tax credits, programs and services.

Guided by our dedicated Board of Directors, OMDC's staff demonstrate a strong commitment and passion to deliver meaningful initiatives to all our clients in all sectors. OMDC takes its responsibilities seriously and the following were just a few of this year's highlights:

- OMDC was a founding sponsor of **iSUMMIT 2006** which brought together over 300 professionals from the music, film, television, mobile, interactive digital content and video game industries to learn about emerging trends and explore business opportunities.
- OMDC's **Market Access Program (MAP)** helped 89 Ontario companies to take their cultural products to foreign markets.
- OMDC's **Film Initiative** invested \$1.5 million in 15 domestic feature films. The fund was aimed at providing capital to offset development and final funding costs for indigenous feature film production in the province.
- OMDC's **Six Degrees of Integration Conference** struck a responsive chord for over 300 attendees with its theme *Cultural Industries and the New Technologies* (how new technologies have changed – and will continue to change – the creation, distribution and delivery of cultural products).
- OMDC **Book Fund** provided 36 Ontario publishers with funds to pursue innovative marketing initiatives.

Respectfully submitted,



Kristine Murphy  
Chief Executive Officer, (A)

# Original Content: Nourishing the Roots

## OMDC Funds Stimulate Originality

Through funding, expert consulting and other services, OMDC programs support both the creation, and the successful marketing and sale, of original products by Ontario's cultural industries.

OMDC Book Fund, OMDC Magazine Fund, OMDC Music Fund, OMDC Film Initiative and OMDC Interactive Digital Media Fund are encouraging continued growth across Ontario's cultural media sectors.

### OMDC Book Fund

36 Ontario publishers received funding in 2005. Of these, 29 have reported actual and projected sales of \$3,935,741 on an investment of \$594,694. Therefore, for every dollar in funding provided, the return in sales is an impressive \$6.61.

#### 2005 OMDC Book Fund Recipients:

Annick Press	House of Anansi Press	Pippin Publishing
Between the Lines	Insomniac Press	Porcupine's Quill
Brick Books	Irwin Law	R.K. Publishing
Canadian Scholars' Press	James Lorimer and Company	Sara Jordan Publishing
Coach House Books	Kids Can Press	Second Story Press
Cormorant Books	Maple Tree Press	Sumach Press
Crabtree Publishing Company	McArthur & Company	Thomas Allen Publishers
Dundurn Press	McClelland & Stewart	Thompson Educational Publishing
ECW Press	Napoleon Publishing	Tundra Books
Éditions Prise de parole	Natural Heritage Book	University of Toronto Press
Éditions du Vermillon	Oberon Press	White Knight Publications
Groundwood Books	Pembroke Publishers Ltd.	Wilfrid Laurier University Press

*"The OMDC Book Fund has been of enormous benefit to M&S and its fellow Canadian publishing companies. The speed and efficiency with which the program is juried and delivered allows us to develop marketing initiatives that are timely and truly useful. Additionally, the flexibility of the program allows each company to draft marketing plans that are suitable to its list and situation. The OMDC funding - above and beyond what our company would normally commit to marketing plans - also permits us to experiment and innovate beyond our tried and true publicity. This is increasingly crucial as traditional book media opportunities shrink and publishers must find new ways to bring our books to the consumer's attention."*

— Susan Renouf, Vice President and Associate Publisher, McClelland & Stewart

# Original Content: Nourishing the Roots

## OMDC Magazine Fund

The Fund provided support to 22 Ontario independent magazine publishers. This year saw particularly intense competition and the jury was impressed with the overall quality of the applications. Successful applicants received up to 75% of their total project budget, capped at a maximum of \$25,000.

### OMDC Magazine Fund Recipients:

Alternatives Inc., <i>Alternatives Journal</i>	JM Publishing DIY, <i>Boat Owner</i>
C.E.BIZ Corp., <i>C.E.BIZ</i>	Jon R Group, <i>Visitor Guide</i>
Canadian Art Foundation, <i>Canadian Art</i>	Media Matters Inc., <i>Collision Repair</i>
Canadian Geographic Enterprises, <i>Canadian Geographic</i>	No Fear Publishing, <i>Fab</i>
Canadian Independent Film and Television, <i>Take One</i>	North Island Publishing, <i>Masthead</i>
Canadian Newcomer Magazine Inc., <i>Canadian Newcomer</i>	Outpost Inc., <i>Outpost</i>
Canadian Review of Books Ltd., <i>Books In Canada</i>	Promotive Communications Inc., <i>Biotechnology Focus</i>
Corporate Knights Inc., <i>Corporate Knights</i>	Sky News Inc., <i>Sky News</i>
Explore Media Ltd., <i>Explore</i>	Solstice Publishing, <i>Ski Canada</i>
Gripped Inc., <i>Gripped</i>	Verge Magazine Inc., <i>Verge</i>
Harworth Publishing, <i>SpaLife</i>	Youth Culture Inc., <i>Vervegirl</i>

*"Financing from the OMDC Magazine Fund made it possible to leverage Outpost's 10<sup>th</sup> anniversary into a campaign we otherwise would not have been able to afford. With advertising revenues now climbing, the results of our project are already being felt.... As an independent, entrepreneurial magazine publisher, we believe this is a model funding program for our industry: project-based, with a timely turnaround, that helps finance growing our business through implementing creative ideas."*

— Matt Robinson, Publisher, *Outpost*

## OMDC Music Fund

11 Ontario record labels were selected to receive support from OMDC Music Fund. The Fund provides up to \$25,000 to Ontario-based recording labels to assist in the growth of their business through new initiatives. Its goal is to strengthen independent recording labels in the province.

### OMDC Music Fund Recipients:

Casablanca Kids Inc.	Last Gang Records Inc.	Six Shooter Records
The Children's Group Inc.	Linus Entertainment Inc.	True North Records
Do Right Music	Marquis Records	Urbnet Communications
Hi-Bias Records Inc.	Paper Bag Records	

*"The OMDC Music Fund allowed Last Gang Records to focus on our international licensing relationships over the past year. As a result we have seen real success with Metric, MSTRKRFT, Emily Haines and Death From Above 1979 in the UK, Europe, Japan and Australia. This support came at a critical juncture in the label's development and helped us to build our company on the strength of our great Canadian talent."*

— Chris Taylor, Last Gang Records

# Original Content: Nourishing the Roots

## OMDC Film Initiative

2005 saw the very successful launch of OMDC Film Initiative - a pilot program to provide support for final development costs and last-in production funding for Ontario feature film production.

- The Initiative was designed to support a range of projects that bring both cultural and economic benefit to the province. Ontario-based producers were able to apply for up to \$50,000 for development projects and up to \$250,000 for their final funding component, enabling projects to go into production. Funding is in the form of a repayable advance.
- Response to the call for applications was impressive, with 63 received: 36 development projects and 27 production projects. OMDC Film Initiative supported eight production projects (an investment of \$1,230,000) and six development projects (an investment of \$230,000). The total production budgets (based on applications) for films receiving production support through OMDC Film Initiative was over \$50 million.

OMDC Film Initiative Production Recipients:	OMDC Film Initiative Development Recipients:
<i>100 Films and a Funeral</i> , 100 Films Inc. <i>Away From Her</i> , Pulling Focus Pictures Inc. <i>Citizen Duane</i> , Accent Entertainment Corp. <i>Fugitive Pieces</i> , Serendipity Point Films Inc. <i>Poor Boy's Game</i> , Conquering Lion Prod. <i>Rumspringa</i> , Amaze Film + Television Inc. <i>Step</i> , Sienna Films Inc. <i>Weirdsville</i> , Darius Films Inc.	<i>Finn On The Fly</i> , Amaze Film + Television Inc. <i>High Life</i> , Triptych Media Inc. <i>One Eyed Jacks</i> , Capri Films Inc. <i>Raven</i> , Pebblehut Too Inc. <i>Smashed</i> , Alcina Pictures Ltd. <i>Think Like A Heel</i> , Sarrazin Couture Entertainment Inc.

*As a recipient of the production stream of OMDC Film Initiative, Julia Sereny, producer, Sienna Films, commented that without this crucial investment, her film Step would not have been possible: "The OMDC Film Initiative will help to bring indigenous production back to Ontario, which will mean substantial local spending and great support in sustaining local small businesses like ours."*



# Original Content: Nourishing the Roots

## OMDC Interactive Digital Media Fund

22 applications were received for Interactive Digital Media Fund, and OMDC invested a total of \$550,000 in eight projects. The approximate value of the projects receiving support through the Fund is \$2.7 million.

### OMDC Interactive Digital Media Fund Recipients:

Bitcasters: *Hollywood Tycoon*  
Capybara Games Inc.: *Rising Tide*  
Marblemedia: *The Art of Seduction*  
OmniG Software: *Snow Rally Canada*

QuickPlay Media: *The Mars Project Interactive*  
SailorJones Media: *Fundamental Freedoms*  
Splashworks.com Inc.: *Mariposa*  
TerraBuilder: *TerraBuilder: Moon*

*"The OMDC provides the rare kind of support and assistance that really contributes to our business. Thanks to the OMDC we're doing more original projects with much more potential than ever before."*

— Nathon Gunn, President/CEO Bitcasters

## Five pl@tform Projects go Live on Sympatico/MSN

OMDC's pl@tform program administered by New Media Business Alliance officially launched five projects to the public via Sympatico/MSN, in 2005-06. These projects were designed to provide emerging interactive digital media producers with the opportunity to showcase their talents via a grant of up to \$30,000.

*Move or Die* created by Zap Dramatic and *Above the Clouds* created by Email from the Edge Inc. were launched in April 2005. They were also featured at a product showcase launched at the Design Exchange during **Digifest**, Canada's annual festival showcase of digital culture. In October 2005, Sympatico/MSN launched the second cycle of pl@tform-supported projects which included The Learning Edge Corp.'s *NovICE: A Beginner's Guide to Hockey*, *Global Kitchens* created by Snoek Media, and The Wired Schoolhouse Inc.'s *Wine Dating Game*.

# Trillium Book Award/Prix Trillium

## Paying Tribute to Ontario Authors

Everyone in St. Lawrence Hall on April 27, 2005 was in a celebratory mood at the presentation of the **18th Annual Trillium Book Awards**. OMDC-administered awards are the province's premier accolade for literature.

English and French-language juries reviewed an unpre-cedented 325 titles. The Honourable Madeleine Meilleur, Minister of Culture and OMDC Chair Marcelle Lean shared the honour of presenting the results of the juries' deliberations. The results were:

- ***All That Matters*** (Doubleday Canada), Wayson Choy's intimate telling of Kiam-Kim Chen's coming-of-age in the Vancouver Chinatown of the 1930s and '40s, was the recipient of the \$20,000 English language Trillium Book Award.
- Antonio D'Alfonso collected the \$20,000 Prix Trillium for ***Un vendredi du mois d'août*** (Leméac Éditeur).
- Taking home the Trillium Book Award for Poetry as well as a cheque for \$10,000 was Maureen Scott Harris, for her work ***Drowning Lessons*** (Pedlar Press).

### **The 2005 French Finalists for the Trillium Book Award/ Prix Trillium were:**

Marguerite Andersen, *Parallèles*  
(Les Éditions Prise de Parole)

\* Antonio D'Alfonso, *Un vendredi du mois d'août*  
(Leméac Éditeur)

Jacques Flamand, *Quand éclate la pierre (1986-2004)*  
(Les Éditions du Vermillon)

Maurice Henrie, *Les roses et le verglas*  
(Les Éditions Prise de Parole)

Nathalie Stephens, *L'injure*  
(Éditions de l'Hexagone)

### **The 2005 English Finalists for the Trillium Book Award/ Prix Trillium were:**

Shaughnessy Bishop-Stall, *Down To This*  
(Random House Canada)

Roo Borson, *Short Journey Upriver Toward Ōishida*  
(McClelland & Stewart)

Catherine Bush, *Claire's Head*  
(McClelland & Stewart)

\* Wayson Choy, *All That Matters*  
(Doubleday Canada)

Jane Jacobs, *Dark Age Ahead*  
(Random House Canada)

Alice Munro, *Runaway*  
(McClelland & Stewart)

Michael Winter, *The Big Why*  
(House of Anansi Press)

### **Finalists for the Trillium Book Award for Poetry were:**

\* Maureen Scott Harris, *Drowning Lessons* (Pedlar Press)

Ray Hsu, *Anthropy* (Nightwood Editions)

Rachel Zolf, *Masque* (The Mercury Press)

\* Winners

# Supporting High Quality Ontario Cultural Products...in Global Markets

## OMDC effectively enhances Ontario's presence at international markets in four distinct ways:

- 1) Partnering with all levels of government and with industry associations in sponsoring marketing activities at major international markets.
- 2) Financially assisting Ontario arts and media producers so they can optimize their presence at international markets and events.
- 3) Providing strategic support to Ontario cultural entrepreneurs to enable their attendance at international marketing events, in order to maximize other sales opportunities.
- 4) Creating new international market opportunities through networking, education and awareness-raising.

## Exporting Culture

As part of its **Export Marketing** activities, OMDC supports Ontario's presence at major international festivals and markets. The Corporation partnered with organizations from other provinces, and with Telefilm, at the **MIPTV** and **MIPCOM TV** markets in Cannes. These are the two most significant sales events on the TV calendar, with over 40 Ontario companies registered at each market. The result was that Ontario companies reported over \$20 million in actual and anticipated sales and pre-sales for the two markets.

OMDC, together with federal and provincial partners, also supported the *Canada Pavilion* at the **Cannes Film Festival**, creating a marketing and business hub for Ontario producers and distributors attending the festival. This year - for the first time ever - two Ontario-based filmmakers had films in official competition at the same time: Atom Egoyan's *Where the Truth Lies* and David Cronenberg's *A History of Violence*. OMDC and partners Directors Guild of Canada - Ontario, and the Toronto Film and Television Office, capitalized on this unprecedented marketing opportunity by placing three daily ads in the London-based trade magazine *Screen International*, promoting Toronto and Ontario as great places to do business.

## Bringing Cultural Media to New Markets

In the fiscal year 2005-06, OMDC's **Market Access Program (MAP)** provided financial and strategic support to 89 Ontario companies so that they could reach foreign markets by attending events. Actual and anticipated sales to foreign markets by Ontario cultural media firms total approximately \$62,000,000.

- In May 2005 six Ontario-based game developers attended **E3**, a digital game culture conference, in Los Angeles.
- The first **Canadian book publishers' mission to China** landed in Beijing in June 2005 for a 10-day tour. OMDC partnered with the Association of Canadian Publishers to assist the eight participating Ontario book publishers in finding new opportunities in the Chinese market (the fastest-growing consumer market in the world).

*Professionals who benefited from the OMDC MAP initiative in 2005-06 offered warm praise for the program. Michelle, Henderson, of The Children's Group remarked: "Through our pre-planned meetings and the Ontario Reception we were able to explore new opportunities with our current clients, and potential future clients. Our meeting experiences were of the highest quality and provided us with a number of opportunities to expand our business around the world."*

- Eight Ontario documentary producers attended the **Sunny Side of the Doc** event, in Marseilles, France in June-July 2005, with OMDC support. Sunny Side is a key annual venue bringing together 1,800 buyers, commissioning editors, producers and high-level international decision-makers at forums and presentations. The event generates a dynamic atmosphere and yields valuable connections for the development of effective co-production agreements.

# Supporting High Quality Ontario Cultural Products...in Global Markets

- Eight Ontario label executives travelled to **Popkomm** with MAP support in September 2005. Popkomm takes place in Berlin, Germany, and is the second largest European music market.
- OMDC supported the attendance of eight Ontario feature film producers at the **American Film Market** in Santa Monica, California in November 2005, to pursue project packaging and sales.
- Also in November, OMDC made it possible for seven Ontario documentary producers to participate in the **International Documentary Forum** in Amsterdam. The Forum is the single most important pitching market for access to international documentary broadcasters.
- January 2006: Ontario music labels struck a chord in London, UK with OMDC-supported **Canada UK Music Symposium** presented by the Canadian High Commission in London, UK.
- Also in January 2006, the Corporation supported 11 Ontario labels at **MIDEM** in Cannes, France. In addition, OMDC was one of the partners of *The Canada Stand* at this year's event, as well as organizing international advisors who were on hand to offer strategic pre-market wisdom on major sales territories. OMDC also organized a very successful Ontario networking reception in partnership with eight senior Ontario companies, linking Ontario companies with major international contacts.
- OMDC supported three Ontario interactive digital media producers working in the field of e-learning, to attend **BETT, the Educational Technology Show**, in January 2006 in London, England.
- In January 2006, OMDC supported the attendance in Washington, DC of four television producers at the **Washington Sunny Side Rendezvous** to pitch and pursue project pre-sales with French and American broadcasters and co-producers.
- The following month, five Ontario producers, sponsored by OMDC, attended the **Berlin International Film Festival**. OMDC helped to coordinate their presence at *The Canada Stand* and facilitate meetings. To aid the Ontario delegation in promoting the advantages of shooting in Ontario and co-producing with Ontario producers, OMDC co-sponsored a well-attended networking reception at the Canadian Embassy.
- Also in February 2006, eight senior executives from Ontario-based cultural media industry companies were selected to participate in the **KidScreen Summit** in New York. Five of OMDC's six cultural industry groups were represented there.
- The same month, four Ontario producers attended the **UK TV Immersion** in Manchester, England with support from OMDC. This Telefilm-led initiative brought 25 Canadian and British TV producers together to explore co-production opportunities and develop relationships based on common understanding of the business models involved.
- In March 2006, OMDC supported six Ontario game developers to attend the **Game Developers Conference** in San José, CA. The companies attended the conference sessions and participated in networking events organized by OMDC.
- OMDC MAP initiative provided support to 11 Ontario independent record companies to attend **SXSW Music Festival and Conference** in Austin, Texas in March. This respected event is the most important showcasing and networking opportunity for entry into the US marketplace.

*Earl Rosen of Marquis Records thanked OMDC for its support at the UK Pre-Midem seminar and at MIDEM. "I made invaluable contacts which will lead to future business for Marquis. This was one of the most productive MIDEMs I've had in many years. The OMDC's participation was very helpful in being able to achieve our goals."*

# Supporting High Quality Ontario Cultural Products...at Home

## Markets and Festivals are Good Sales Opportunities

In addition to its international marketing programs and initiatives, OMDC actively supports Ontario's cultural media in domestic markets. In 2005-06, actual and anticipated sales to domestic markets by Ontario cultural media firms totalled approximately \$3,200,000.

OMDC supported domestic sales at a wide variety of events in 2005-06, through its **Markets and Festivals** program. Read on for a selection of the year's highlights:

- **Film Circuit** run by the Toronto International Film Festival® Group, received funding from OMDC in 2005-06. The Film Circuit promotes and screens Canadian and international independent cinema in regional centres in Ontario and beyond, building audiences and increasing revenues.
- **The 2005 Hot Docs Canadian International Documentary Film Festival**, April-May 2005, was the most successful to date. OMDC sponsored critical business activities such as the *Toronto Documentary Forum*, the *Rendezvous Pitching Sessions* with commissioning editors and the new *Producer-to-Producer Speed Meet* to facilitate international co-productions.
- **Mags University**, June 2005. OMDC sponsored several Canadian Magazine Publishers Association industry sessions including *Getting on the Radar: Meet the Media Buyers and Planners*, which brought together magazine advertising salespeople with key media buying decision-makers. OMDC also sponsored a Canadian Business Press session on planning for the future, which included one-on-one meetings with Canada's leading futurist, Richard Worzel.
- **Banff Worldwide Television Festival**, June 2005. OMDC sponsored the daily *Face-to-Face* sessions. Ontario producers were able to book meetings with Canadian and international broadcasters and distributors to pitch their projects in development and their completed shows.
- **Canadian Film Centre's Worldwide Short Film Festival**, June 2005. OMDC sponsored the *Short Films, Big Ideas Symposium*, which provided access to programmers, agents and producers and generates film sales to buyers and distributors from around the world.
- **North by Northeast**, June 2005. OMDC built on last year's success of the *Reel Music Event*, which brought together the domestic film, television and music industries for a three-pronged event. The day started with an industry round table discussing how the industries can build better business relationships between sectors. This was followed by over 200 one-on-one meetings between the participants. Events closed with a networking reception at the National Film Board of Canada.
- **2005 Toronto International Film Festival® (TIFF)**. Sponsorship of OMDC Sales Office at TIFF saw over 900 buyers and sellers, up from 700 in 2004. Reports indicate a strong year for sales with Ontario feature films like *Metal* and *Lie with Me* reporting multiple territories sold.
- **Ontario-UK Co-production Forum**, September 2005. Working in partnership with the British Consulate in Toronto, OMDC took the lead and brought together over 20 Ontario companies with over 20 British companies and brokered approximately 200 one-on-one meetings. This activity has resulted in at least one confirmed co-production partnership in early 2006.
- **Strategic Partners Co-production Conference**, September 2005. OMDC supported the attendance of eight producers at this Halifax gathering, for one-on-one meetings with producers and executives from the UK, US and Germany.
- **The Industry Forum** at the **Cinéfest Sudbury International Film Festival**, September 2005, received support from OMDC in 2005-06. The Forum continues to provide networking and business development opportunities for attendees at the festival.

# Supporting High Quality Ontario Cultural Products...at Home

## Markets and Festivals continued

- **Word on the Street**, September 2005. This popular literary-themed outdoor event attracted over 200,000 people in 2005 and provided a major opportunity to reach out to an audience of enthusiastic readers. Magazines Canada received OMDC support for the Magazines Tent.
- **Ontario Cultural Pavilion**, February 2006. OMDC provided support to the Pavilion, which showcased Ontario books, music and magazines, at the Ontario Library Association Super Conference. This event supported three stakeholder associations – Organization of Book Publishers of Ontario (OBPO), Magazines Canada and Canadian Independent Record Production Association and received additional support from the Ministry of Culture and Ontario Libraries Association.
- **Canadian Music Week**, March 2006. OMDC sponsored key events including the *4th-Annual Music for Screen-Based Media Series* of programming and the *3rd International Marketplace*, founded by OMDC to create a business hub for local and international delegates.
- **Digital Music Summit**, March 2006. Presented by the Canadian Music Publishers Association, this invitation-only event brought together industry executives from the music content and digital technology and distribution sectors to explore rapid changes in the distribution and marketing of music. This information is vital to developing new partnerships and business models.
- **iSUMMIT 2006: Content That Pays**, March 2006. The first ever iSUMMIT conference, organized by Ontario's interactive digital media association, took place in Toronto, and attracted over 300 professionals from a number of industries including film, television, music, mobile, interactive digital content and video games. A "sold out" event, iSUMMIT provided opportunities for people involved in the digital content industry to learn about emerging trends, network with new and existing contacts and explore business opportunities.

## OMDC Supports Cultural Media Trade Organizations

OMDC provides targeted financial support to industry trade organizations for activities that most closely match the mandate of the Agency. In 2005-06, OMDC supported 11 initiatives by Ontario trade organizations, representing all six cultural media sectors. Notable projects included:

- **Magazines Canada's Ontario Newsstand Campaign** to increase the sales of independent magazines at retail locations throughout the province. Last year the Campaign reported gains in placement and sales of over 10%.
- OMDC supported **Magazines Canada** in the delivery of their *School for Circulation*.
- **The WIFT-T Film Incubator** is a hothouse program for script development and packaging that will move several Ontario projects closer to production readiness through 2006.
- **The Canadian Screen Training Centre 03 Sessions** at the Summer Institute of Film and Television in Ottawa were developed to meet OMDC's business focus by bringing senior participants together with visiting industry executives to pitch their film and TV projects. Several projects pitched last year found development support.
- OMDC partnered in the "**Book Charrette**", under the direction of the Association of Canadian Publishers (ACP). A "think-tank" format, this event brought together 12 creative thinkers from various backgrounds to explore ways to raise the profile of Canadian authors and publishers in the public eye, and in the eyes of potential funders. A broad range of creative marketing and policy/regulatory ideas emerged from the lively session. The ACP will provide a detailed report, with a full strategic direction plan for next steps.
- OMDC also provided support to the following Ontario trade organizations in 2005-06: Canadian Music Publishers Association, Documentary Organisation of Canada, New Media Business Alliance and Ontario Book Publishers Organization.

*"We at NMBA are very excited by the overwhelming success of our first iSUMMIT. We have already heard from a number of our speakers, sponsors and delegates that they are looking forward to another in 2007," stated Ian Kelso, President of NMBA. "We are very grateful for the support of the OMDC as founding partners in this endeavour."*

# Ontario: Ready for its Close-Up

## Securing Ontario's Place in the Spotlight

The **Film Group** at OMDC plays an effective role in building upon Ontario's already considerable competitiveness for film and television activity. The Group aggressively markets the province to domestic and international clients, and supports these promotional activities with a wealth of services. These are:

- 1) Complimentary location scouting and facilitation service to domestic and international clients.
- 2) Innovative marketing tools - including the *Digital Locations Database*.
- 3) Leadership and support to the LA Marketing Office.
- 4) Advocating for improved industry services, through regular communication with key stakeholders.

OMDC's Film Group marketing activities in 2005-06 promoted Ontario as a versatile, good-value location for film and television:

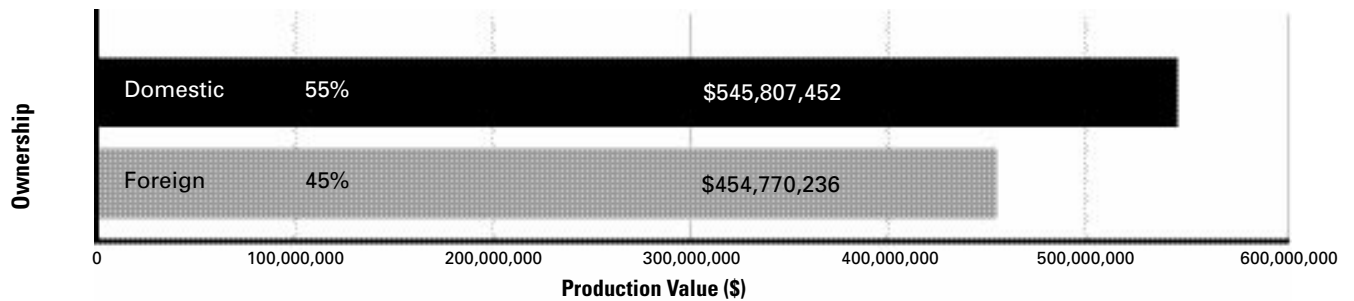
- **Digital Locations Database.** The Database grew this year to include almost 6,000 individual locations, representing over 123,000 individual images: a key component of OMDC marketing efforts. The site saw over 31,000 online visits during 2005-06 and was used to create 821 digital location packages. In response to stakeholder feedback, OMDC is currently in the planning phase of a major re-build of its database system, designed to increase its speed and user-friendliness and lay the groundwork for future cross-platform use.
- **Regional Film Forum.** For the third consecutive year, OMDC hosted this one-day event in November. Staff presented information on the film and television production industry and OMDC programs and services to local film liaison representatives from across the province. This Forum is a powerful way for OMDC to provide leadership, share expertise and encourage networking amongst regional film contacts in order to share the financial benefits that film and television production bring to Ontario's economy.
- **Toronto / Ontario Film Office.** Operated in partnership with FilmOntario and the City of Toronto, the Film Office continues to make a significant contribution to the health of Ontario's foreign production activity, providing on-the-ground marketing in Hollywood to attract film and television production to Ontario as well as assisting domestic producers and suppliers in accessing the LA marketplace. During the 2005-06 fiscal year, a total of 19 productions representing \$196 million in economic activity in the province, chose to film in Ontario after receiving assistance from the Film Office.
- **Development of New Brand Look and Feel.** Working with our partners at FilmOntario and the City of Toronto, OMDC participated in the development of new branding and marketing materials, to help market Ontario's film and television industries both at home and abroad. Materials featuring the new "You Belong Here" tagline and a distinctive design look, were unveiled during the October LA marketing mission and at the American Film Market.
- **Marketing Missions.** OMDC senior staff from the Industry Development and Tax Credit Groups participated in several marketing missions to Los Angeles and New York this year. These missions cemented our relationships with key clients, gathered intelligence about the current production scene and promoted the advantages of filming in the province. Several projects that ultimately chose to shoot in Ontario were initially discussed at these meetings, including 20<sup>th</sup> Century Fox's *Jumper*, *Take The Lead* from New Line Cinema, and three feature films from Sidney Kimmel Entertainment, *Charlie Bartlett*, *Talk To Me* and *Lars and The Real Girl*.

*Richard Donner, director of 16 Blocks, reports: "My crew in Toronto was without a doubt one of the best, if not THE best crew I've ever worked with. The Ontario Media Development Corporation was professional and very supportive, and they were always there to support our efforts. It's been a wonderful experience."*

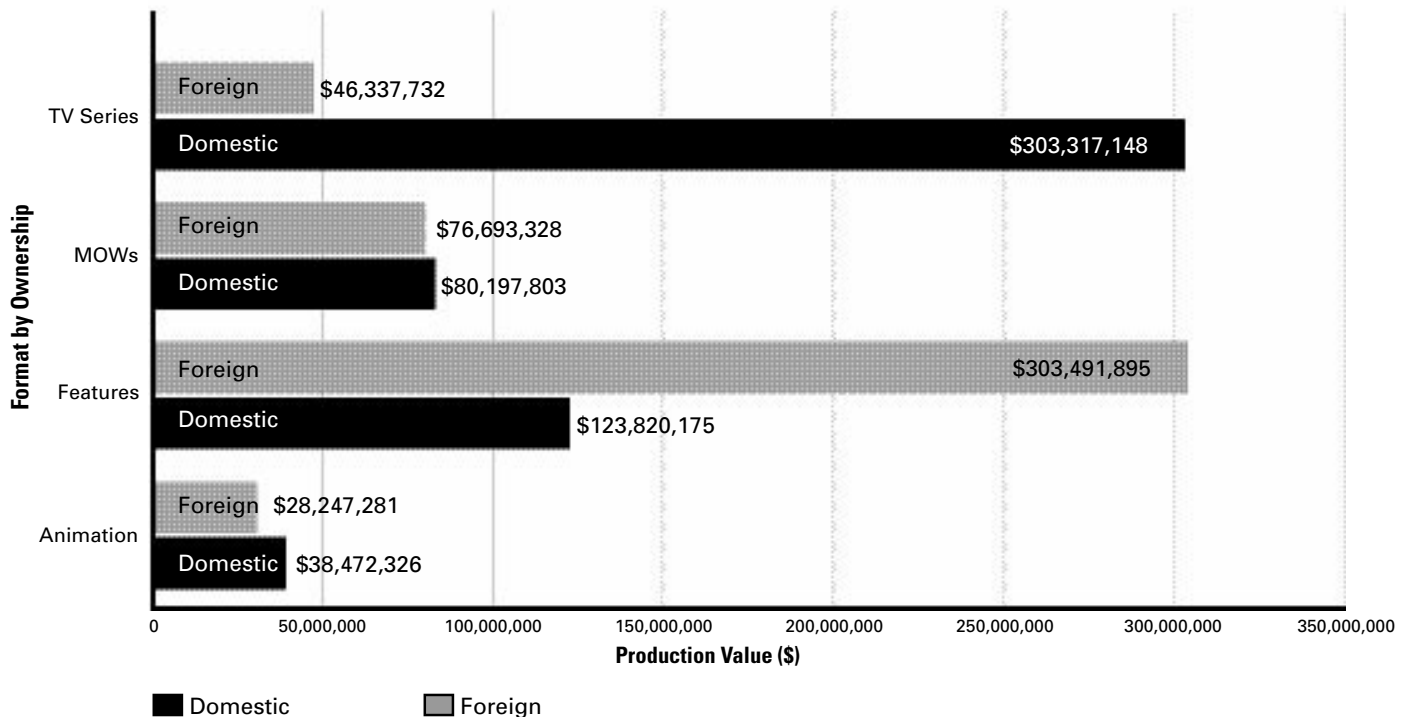
# Ontario: Ready for its Close-Up

## Film and Television Shooting, 2005-06

### 2005-06 Ontario's Film & Television Production Activity



### 2005-06 Breakdown of Production Activity by Format



Ownership	Production Value (\$)	Percentages
Foreign	454,770,236	45%
Domestic	545,807,452	55%
Total	1,000,577,688	

Source: OMDC Figures reported are amounts spent in Ontario.



# Tax Credits Help Ontario's Cultural Media Make an Impact

## Tax Credit Applications on the Rise

OMDC co-administers six refundable **tax credits** with the Ministry of Finance. These apply to the film, television, digital media, book publishing and music industries. These valuable credits anchor jobs, protect investment and stimulate content production in Ontario. Many recipients credit the programs with sustaining or increasing their production in an increasingly competitive environment.

2005-06 was a very successful year for tax credits at OMDC. The Agency certified 1,084 cultural projects to an estimated tax credit value of \$110,248,166. We received 942 applications: up by 23% from 766 in fiscal year 2004-05.

## OMDC CO-ADMINISTERED TAX CREDITS:

### Ontario Film and Television Tax Credit

A 30% refundable tax credit available to eligible Ontario-based Canadian corporations on qualified Ontario labour expenditures for eligible film and television productions.

### Ontario Production Services Tax Credit

An 18% refundable tax credit available to eligible Ontario-based Canadian and foreign-controlled corporations on qualified Ontario labour expenditures for eligible film and television productions.

### Ontario Computer Animation and Special Effects Tax Credit

A 20% refundable tax credit available to Ontario-based Canadian and foreign-controlled corporations on qualifying Ontario labour expenditures for digital animation and digital visual effects created in Ontario for film and television productions.

### Ontario Interactive Digital Media Tax Credit

A 20% refundable tax credit available to eligible Ontario-based Canadian and foreign-controlled corporations on eligible Ontario expenditures for interactive digital media products created in Ontario.

### Ontario Book Publishing Tax Credit

A 30% refundable tax credit available to eligible Ontario-based Canadian corporations on eligible expenditures for eligible literary works created in Ontario.

### Ontario Sound Recording Tax Credit

A 20% refundable tax credit available to eligible Ontario-based Canadian corporations on qualifying production and marketing expenditures for eligible sound recordings performed by an emerging Canadian artist or group.

## Tax Credit Applications Received and Certificates Issued in 2005-06

	Number of Applications	Number of Certificates Issued	Number of Projects	Total Project Value
Ontario Book Publishing Tax Credit	285	263	263	\$8,823,566
Ontario Sound Recording Tax Credit	99	357	141	\$7,435,673
Ontario Film & Television Tax Credit	383	293	293	\$646,278,446
Ontario Production Services Tax Credit	77	67	67	\$802,940,121
Ontario Computer Animation & Special Effects Tax Credit	56	49	141	\$163,175,872
Ontario Interactive Digital Media Tax Credit	42	35	179	\$20,422,535
Grand Total for all Tax Credits	942	1,064	1,084	\$1,649,076,213

**Note:** OCASE and OIDMTC applications are based on the applicant's fiscal year of activity and may include multiple productions. OSRTC Projects may receive more than one certificate per project.

# Tax Credits Help Ontario's Cultural Media Make an Impact

## Changes to the Tax Credits

2005-06 saw significant changes made to all six of the cultural media tax credits over the course of Provincial Budgets, delivered this fiscal year.

### The Ontario Provincial Budget of May 11, 2005:

- Increased the Film and Television Tax Credit rate from 20% to 30% and increased the Production Services Tax Credit rate from 11% to 18%.
- Removed the 48% cap that had previously existed for the Computer Animation and Special Effects tax credit.
- Clarified the definition of the term "eligible Canadian author", for the Book Publishing Tax Credit, and expanded the eligibility categories for the credit.
- Relaxed requirements for the Sound Recording Tax Credit regarding the minimum period of time a company has to be in the sound recording business, the minimum playing time of recordings, and distribution arrangements.
- Relaxed the Interactive Digital Media Tax Credit requirement to demonstrate a minimum 90% ownership of copyright in eligible products.

The result of these changes will be enhanced competitiveness of Ontario's cultural media tax credits, and also their increased accessibility.

### The Ontario Provincial Budget of March 23, 2006:

- Proposed extending the Production Services Tax Credit Rate of 18% until March 31, 2007.
- Proposed increasing the Interactive Digital Media Tax Credit from 20% to 30% for corporations qualifying under the existing provisions.
- Proposed extending the eligibility for this credit at a rate of 20% to corporations that exceed the current size test, and to fee-for-service work done in Ontario.

**Note:** As these budget enhancements had not passed into law by the close of 2005-2006, OMDC certified Interactive Digital Media Tax Credit products on the basis of existing legislative requirements; however, once the changes have been passed, they will be retroactive based on the details of the budget announcement.

## Other Tax Credit News from 2005-06

### Tax Credit Application Times Reduced

Although OMDC saw an increase in tax credit applications in 2005-06, the average turnaround time for all cultural media tax credits actually decreased slightly, to 14 weeks.

### OMDC Continues to Provide Expert Support to Applicants

In addition to certifying cultural products, the tax credits department engaged in significant outreach efforts to increase awareness and understanding of the credits and to update stakeholders on the numerous Budget changes. OMDC organized and/or participated in 17 presentations on the tax credits, from information sessions to cultural industry events and conferences.

### Presentation at Committee

The Standing Committee on Public Accounts selected the 2004 Value for Money Audit of the cultural media tax credits to be presented at committee. OMDC appeared with the Ministries of Finance and Culture, and presented before the Standing Committee on Public Accounts. As a result, the Standing Committee tabled its "Media Tax Credits" report in the Legislature. The report contained several recommendations to OMDC and the Ministries of Finance and Culture. OMDC continued to work with the other parties towards updating the Memorandum of Understanding that governs the administration of the tax credits.

# Leadership and Knowledge Brokering

At OMDC “**knowledge brokering**” is a key principle, underpinning all aspects of our mandate. Simply put, it means offering the benefits of authority and expertise as a resource to encourage business opportunities between cultural industries. Knowledge brokering activities include the Six Degrees of Integration Conference, OMDC website, and the Agency’s many research initiatives.

## “Six Degrees of Integration”

On February 8-9, 2006, OMDC and co-sponsor PricewaterhouseCoopers presented the fifth annual **Six Degrees of Integration** conference, which brought together over 200 leaders from Ontario’s cultural industries (book and magazine publishing, film and television, music and interactive digital media companies).

The theme this year was: “Cultural Industries and the New Technologies.” The event focused on how technology has changed – and will continue to change – the creation, distribution and delivery of cultural products.

- Futurist and trends expert Jim Carroll opened the conference with a thought provoking talk about how new technologies have forever changed the way we consume, distribute and experience cultural products.
- PricewaterhouseCoopers presented a dynamic global trend update on the entertainment industry.
- The Canadian Internet Project’s benchmark study “Canada Online!” examined how Canadians’ Internet use is affecting cultural consumption compared with the rest of the world.
- Lycos executives spoke about how their company is providing a platform for independent cultural creators, as well as more established companies, to market and distribute their products.

## Integration in Action

The Six Degrees of Integration conference ended with a dynamic panel discussion, moderated by TVO’s *Studio 2* producer and host Paula Todd. Industry experts provided insights into the challenges and opportunities of dealing with today’s “wired” reality. Raja Khanna of QuickPlay Media urged content producers to take advantage of what he called “the five minute window.” Epitome Pictures’ Linda Schuyler has met this challenge with *Degrassi’s* two-minute “webisodes”, which help create anticipation for the next series. Regulating this new environment will be a challenge, as policymakers and lawyers work to ensure that the rights of producers and artists are protected, according to Susan Abramovitch, Partner and Head of Entertainment & Media at Goodman & Carr LLP. Tracey Jennings, Tax Entertainment & Media Leader with PricewaterhouseCoopers, encouraged the audience to take a proactive approach by setting up new business models to take advantage of tax savings in international distribution and development. Alfred Tolle, CEO of Lycos, said his company is seeking to expand future possibilities for artists, musicians, writers and photographers who are looking to create their own “storefronts” on the internet to market and share their ideas and products within their own social network.

# Leadership and Knowledge Brokering

## OMDC on the Web

OMDC website continues to provide both the public, and industry stakeholders, with an easy place to find the latest information on its many programs and services as well as current industry insights. Over the course of this fiscal year, there were 377,724 visits to our site. OMDC site visitors were also able to log on for a podcast of the Six Degrees of Integration Conference.

## Research and Long-Term Planning

- OMDC along with the Ministries of Finance and Economic Development and Trade, and the new Ministry of Research and Innovation, were involved in a working group of **Ontario's Entertainment and Creative Cluster**, led by the Ministry of Culture. The first meeting of the group occurred in September 2005 to create a strategic approach to the province's ongoing support for economic growth in the creative and cultural industries.
- In December 2005, OMDC coordinated and hosted two **roundtable discussions** between the Minister of Culture and representatives from the television and film industries, to discuss challenges and opportunities facing the two sectors. At the conclusion of each roundtable, industry representatives committed to providing the Minister with a written strategy.

# OMDC Reports, 2005-06

## OMDC Research and Reports

This fiscal year three research studies were completed:

### Canadian Books Count: Ontario Library Acquisition Study

OMDC supported a study carried out by the OBPO called *Canadian Books Count: A Study of the Ontario Library Acquisition Process*. The study was conducted in order to help publishers better understand the acquisition process, to assess the proportion of Canadian-authored titles in Ontario libraries, and to determine the factors influencing book buying decisions. The study was released at the Ontario Library Association's Super Conference in Toronto in February 2006. It shows that, on average, Canadian-authored books account for 26% of public library holdings and 34% of school library collections.

The report makes several recommendations to increase the holdings of books written by Canadians in Ontario's libraries, including:

- Developing a tracking system to allow sales of Canadian books to be monitored throughout the acquisition and cataloguing process;
- Reaching a common definition of what constitutes a "Canadian author".

The report also offers ways in which publishers and wholesalers can work together to make it easier for the library community to identify and purchase Canadian books.

## Selected Culture Industries in Ontario, 1996 to 2004

In fiscal 2005-06, OMDC commissioned a report (produced by Statistics Canada) called *Profile of Selected Culture Industries in Ontario, 1996 to 2004*. The report:

- Examines the book and magazine publishing, sound recording, and film, video and audio-visual industries;
- Analyzes recent trends in the supply of and demand for cultural goods and services;
- Analyzes government spending on each selected industry;
- Examines labour force trends and characteristics.

## Canadians and the Internet

OMDC supported the launch of the **Canadian Internet Project survey *Canada Online!*** and officially released the study - to considerable media attention - at a press conference in November 2005. OMDC is pleased to be a partner with the Canadian Media Research Consortium and other sponsors of this comprehensive benchmark survey, which compares Canadian Internet users and non-users, and explores the impact of online technologies in Canada from an international perspective. Revelations from the survey include:

- 82% of *all Canadians* have been online at one time or another.
- The majority of Canadians are heavy Internet users, with 56% saying they are online for seven or more hours per week.

Complete copies of the studies are available on OMDC website at [www.omdc.on.ca](http://www.omdc.on.ca).

# 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** – designated February 7, 1998; retired February 7, 2006

**Peter E. Steinmetz, Vice-chair** – designated February 7, 1995; re-designated February 7, 2004

**Lillyann Goldstein** – appointed April 14, 2004

**Valerie Hussey** – appointed February 27, 2002; re-appointed February 7, 2005

**Bryan Leblanc** – appointed April 28, 2004

**Bob Richardson** – appointed November 10, 2005

**Melinda M. Rogers** – appointed February 26, 2001; re-appointed February 7, 2004

**Jeffrey Shearer** – appointed October 7, 2004

**John B. Simcoe** – appointed February 7, 2003; re-appointed February 7, 2006

**Anne-Marie Smith** – appointed February 7, 2006

**Stephen Stohn** – appointed February 7, 2001; re-appointed February 7, 2004

**Julie Thorburn** – appointed April 28, 2004

**Sheldon S. Wiseman** – appointed April 14, 2004

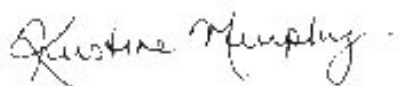
Total remuneration to the Board of Directors for the fiscal year ending March 31, 2006 was \$11,950.00

# Management's Responsibility For Financial Statements

The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and are the responsibility of management. Where estimates or judgments have been required, management has determined such amounts on a reasonable basis in conformity with Canadian generally accepted accounting policies.

Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities. 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 Office of the Auditor General of Ontario 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 Office of the Auditor General of Ontario conducts an annual audit in accordance with subsection 14(1) of Ontario Regulation 672/00 of the Development Corporations Act. The auditor's report outlines the scope of the auditor's examination and opinion.



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Kristine Murphy  
Chief Executive Officer, (A)



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Cherith Muir  
Director, Business Affairs &  
Research, (A)

July 28, 2006

# Auditor's Report

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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, 2006 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, 2006 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 28, 2006



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Gary R. Peall, CA  
Deputy Auditor General



# Statement of Financial Position

as at March 31, 2006

	2006 (\$ 000's)	2005 (\$ 000's) (As restated - Note 9)
<b>ASSETS</b>		
Cash and cash equivalents	4,156	3,575
Due from Ministry (Note 3)	23,000	2,639
Accounts receivable	57	133
Prepaid expenses	77	43
Accrued interest	13	3
Current Assets	27,303	6,393
Capital Assets (Note 4)	773	838
	<b>28,076</b>	<b>7,231</b>
<b>LIABILITIES</b>		
Accounts payable - programs	603	362
Accounts payable - other	252	437
Due to the Province	522	477
Accrued employee benefits obligation (Note 9)	463	363
Deferred revenue (Note 3)	23,000	2,639
	24,840	4,278
<b>COMMITMENTS (Note 7)</b>		
<b>NET ASSETS</b>		
Invested in capital assets	773	838
Unrestricted	2,463	2,115
	<b>3,236</b>	<b>2,953</b>
	<b>28,076</b>	<b>7,231</b>

The accompanying notes are an integral part of these statements.

On behalf of the Board:



Peter Steinmetz  
Chair (A)



John Simcoe  
Member, Audit Committee

# Statement of Operations

For the Year ended March 31, 2006

	2006 (\$ 000's)	2005 (\$ 000's) (As restated - Note 9)
<b>REVENUE</b>		
Ministry of Culture	10,125	6,186
Tax credit administrative fees	762	532
Interest	199	154
Return of investment under assistance programs	20	84
SARS funding	-	100
Other	108	91
	<b>11,214</b>	<b>7,147</b>
<b>EXPENSES</b>		
Operating expenses (Notes 5 and 6)	6,100	6,188
Industry Development Initiatives	3,433	3,251
Toronto International Film Festival Group grants	1,265	1,265
Canadian Film Centre grants	-	225
Research Initiatives	133	31
SARS expenditures	-	323
	<b>10,931</b>	<b>11,283</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>283</b>	<b>(4,136)</b>

The accompanying notes are an integral part of these statements.

# Statement of Changes in Net Assets

For the Year ended March 31, 2006

			2006 (\$ 000's)	2005 (\$ 000's) (As restated - Note 9)
	Invested in Capital Assets	Unrestricted	Total	Total
Balance, beginning of year	838	2,115	2,953	7,089
Excess (deficiency) of revenue over expenses	(479)	762	283	(4,136)
Investment in capital assets	414	(414)	-	-
<b>BALANCE, END OF YEAR</b>	<b>773</b>	<b>2,463</b>	<b>3,236</b>	<b>2,953</b>

The accompanying notes are an integral part of these statements.

# Statement of Cash Flows

For the Year ended March 31, 2006

	2006 (\$ 000's)	2005 (\$ 000's) (As restated - Note 9)
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	283	(4,136)
Amortization of capital assets	479	475
	762	(3,661)
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
Accounts receivable	75	(62)
Due from Ministry	(20,361)	(2,639)
Prepaid expenses	(33)	(13)
Accrued interest	(10)	35
Accounts payable and Due to the Province	101	(3)
Accrued employee benefits obligation	100	(10)
Deferred revenue	20,361	2,639
	233	(53)
<b>NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES</b>	995	(3,714)
<b>CASH FLOWS USED IN FINANCING AND INVESTING ACTIVITIES</b>		
Net purchase of capital assets	(414)	(254)
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>581</b>	<b>(3,968)</b>
Cash and cash equivalents at beginning of year	3,575	7,543
<b>Cash and cash equivalents at end of year</b>	<b>4,156</b>	<b>3,575</b>

The accompanying notes are an integral part of these statements.

# Notes to Financial Statements

March 31, 2006

## 1. BACKGROUND

The Ontario Media Development Corporation (the 'Corporation') is an agency of the Ministry of Culture of the Government of Ontario created under Regulation 672/00 of the *Development Corporations Act*, and as such is not required to pay income taxes. 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

Government operating grants are recognized in the period received. If not received or where grants relate to a future period, they are deferred and recognized in the subsequent period.

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. DUE FROM MINISTRY

On March 28, 2006 the Ministry of Culture approved additional one-time funding for the Corporation of \$23.0 million, which the Board of Directors has allocated to strategic priorities over the next three fiscal years.

# Notes to Financial Statements

March 31, 2006

## 4. CAPITAL ASSETS

			2006 (\$000's)	2005 (\$000's)
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and Office Equipment	295	113	182	209
Computer Hardware	62	36	26	10
Customized Computer Software	992	604	388	346
Website	60	40	20	40
Leasehold Improvements	390	233	157	233
	<b>1,799</b>	<b>1,026</b>	<b>773</b>	<b>838</b>

## 5. OPERATING EXPENSES

	2006 (\$ 000's)	2005 (\$ 000's) (As restated - Note 9)
Salaries, Wages and Benefits	4,019	3,808
Corporate Expenses and Operations	443	480
Consulting Services	172	340
Amortization of Capital Assets	479	475
Advertising, Promotion & Publications	204	258
Program Support	625	673
Travel	158	154
	<b>6,100</b>	<b>6,188</b>

## 6. RELATED PARTY TRANSACTIONS

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

## 7. COMMITMENTS

### a) Program Commitments

The Corporation has approved grants and loans in the amount of \$1,059,000 (2005 - \$100,000) which will be paid out of existing funds over the next year if and when certain requirements are satisfactorily met by recipients.

### b) Lease Commitments

The Corporation is committed under operating leases for premises, computers and office equipment to future minimum payments totalling \$153,000 for premises and \$200,000 for computers and office equipment. The lease for premises expires October 31, 2008, and the leases for computers and office equipment expire at various times during the next four years.

# Notes to Financial Statements

March 31, 2006

## 8. 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 defined contribution plans as the Corporation has insufficient information to apply defined benefit plan accounting. The pension expense represents the Corporation's required contributions to the plans during the fiscal year. The Corporation's required contributions to the pension plans for the year ended March 31, 2006 were \$215,000 (2005 - \$200,000) and are included in Operating expenses.

**b) Accrued Employee Benefits Obligation**

The costs of any legislated severance and unused vacation entitlements earned by employees are recognized when earned by eligible employees. These costs for the year amounted to \$100,000 (2005 - (\$10,000)) and are included in employee benefits in Operating expenses.

**c) Other Non-Pension Post-Employment Benefits**

The cost of other non-pension post-retirement benefits is determined and funded on an ongoing basis by the Ontario Ministry of Government Services and accordingly is not included in these financial statements.

## 9. CHANGE IN ACCOUNTING POLICY

In prior years, the Corporation did not record the liabilities pertaining to the legislative severance and compensated absences components of its employee future benefit costs because these liabilities had been determined and recognized by the Province in its financial statements. While the Province continues to accrue for these costs each year and to fund them annually when due, the Auditor General has requested and management has agreed that the Corporation also recognize the liability for these costs in these financial statements. This change in accounting policy was implemented in the current year and has been applied retroactively. The effect of this change is as follows:

	2005 Previously stated	Increase (Decrease)	2005 Restated
Accrued employee benefits obligation	-	363	363
Deficiency of revenue over expenses	(4,146)	10	(4,136)
Net assets - April 1, 2005	7,462	(373)	7,089

# Supplemental Information

## Unaudited

THE FOLLOWING CHART ILLUSTRATES THAT 85.5% OF OMDC'S EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2006 ARE PROGRAM-RELATED.

### Expenditure Breakdown

For the Year ended March 31, 2006

	Corporate	Program Related	2006 Total (\$000's)
Direct Support (from Statement of Operations):	-	4,831	4,831
From Note 5:			
Salaries, Wages and Benefits	1,056	2,963	4,019
Corporate Expenses and Operations	243	200	443
Consulting Services	23	149	172
Amortization of Capital Assets	149	330	479
Advertising, Promotion & Publications	86	118	204
Program Support	-	625	625
Travel	31	127	158
<b>Total Expenditures</b>	<b>1,588</b>	<b>9,343</b>	<b>10,931</b>
<b>% of total</b>	<b>14.5%</b>	<b>85.5%</b>	<b>100%</b>





