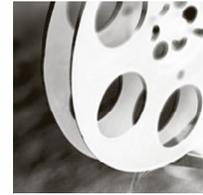


ONTARIO MEDIA DEVELOPMENT CORPORATION

2004
2005
annual report





Foreword

CULTURE IS OUR BUSINESS

At OMDC, the terms “Culture” and “Business” are not mutually exclusive. In fact, as our motto suggests, the worlds of ideas, entertainment and bottom-line economics are tightly intertwined. Culture is a key requirement for our society’s social development, yet far from being an economic burden, cultural media are a revenue-generating force. Ontario’s film, television, book and magazine publishing, music and digital media industries create livelihoods, bring investment and stimulate spending in Ontario. When we state that “Culture is our Business”, we mean that our focus, passion and commitment centre exclusively on enriching Ontario’s cultural media.

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 through 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.



Message

FROM THE CHAIR

To the Minister: The Honourable Madeleine Meilleur
Minister of Culture

Dear Minister Meilleur,

On behalf of Ontario Media Development Corporation's (OMDC) Board of Directors, it is my pleasure to present the Annual Report for the fiscal year 2004/2005.

In the fifth year of our expanded mandate, OMDC is confident that the Ministry-led Sunset Review – an independent analysis of all our programs and services – will reinforce OMDC's significant contribution to the continued health, vigour and growth of Ontario's cultural media industries.

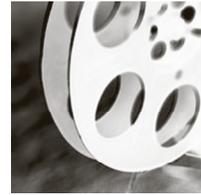
At OMDC we have continued to build upon our reputation for providing Ontario's book and magazine, film and television, music and interactive digital media industries with vital programs and services. Our efforts strengthen Ontario's cultural industries by exploring new revenue streams, by providing access to international markets and by encouraging innovative content and new marketing initiatives.

OMDC's mandate has always been to increase jobs and investment in Ontario's cultural industries and we proudly acknowledge that "Culture is Our Business." We look forward to building on the strength of Ontario's cultural media industries which contribute more than \$5.3 billion to our economy annually and generate more than 40,000 highly skilled jobs.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'MS', followed by a long horizontal line.

Marcelle Lean
Chair



Message

FROM THE CHIEF EXECUTIVE OFFICER

This past fiscal year, Ontario Media Development Corporation worked effectively to foster stronger relationships with industry associations, ensuring that our programs and initiatives continued to spur innovation and growth across Ontario's cultural industries.

Among this year's highlights were:

- OMDC's *International Marketplace* at Canadian Music Week 2005, which literally brought the world's music business to meet with Ontario music labels and publishers;
- OMDC's Market *OntarioBooks* awarded 48 Ontario independent book publishers total funding support of \$700,000 to assist in marketing and selling books domestically and internationally;
- In July 2004, OMDC launched its new corporate website with an improved design that is faster and easier to navigate; the site now offers a better 'search' function so that all clients can access the most current information for each of our cultural media industries.

The Office of the Provincial Auditor completed its *Value for Money Audit* regarding tax credits. The audit involved a review of the administrative processes of OMDC as well as those at the Ministry of Finance, and the policy role of the Ministries of Culture and Finance. In their conclusions the auditors reaffirmed that OMDC had the necessary procedures and administrative improvements in place to assess the eligibility of applicants for tax credits.

Thanks to our dedicated Board and staff, OMDC continues to be a dynamic agency committed to ensuring that Ontario is recognized globally as a leading jurisdiction in which to invest, to create, to enjoy and to export original cultural media content.

Respectfully submitted,

Michel Frappier
Chief Executive Officer



OMDC

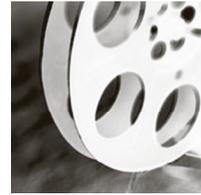
Marketing Ontario's Creativity to Ontarians...

In response to increased competition for shelf space, OMDC is augmenting marketing efforts at home by creating local sales opportunities. Notably successful among such events are:

- **Kids Read Ontario** – an initiative that the Organization of Book Publishers of Ontario (OBPO) has undertaken, funded by OMDC, to increase the presence of Canadian-authored, Ontario-published children's and young adults' books in Ontario public libraries.
- **Ontario Newsstand Program** – a marketing campaign undertaken by the Canadian Magazine Publishing Association (CMPA), with funding from OMDC, Canadian Heritage and the Canadian Magazine Fund, to increase the newsstand sales of Ontario magazines to consumers. The campaign included the purchase of promotional space in HDS stores, Chapters/Indigo and independent retailers. Newsstand marketing materials such as catalogues, backer cards, direct mail campaigns, and racking were also produced for this campaign. The program resulted in a 9% increase in the total number of unit sales (about 11% in dollars) during the promotional period, while overall newsstand sales in Ontario were down by 1% in retail dollars. In effect, Magazines Canada newsstand sales outperformed the industry by 12%.

...To North Americans

- As part of its domestic marketing programs, OMDC is the main financial sponsor of a multi-faceted campaign administered by the OBPO to bring Canadian-authored, Ontario-published books to the attention of those who teach Canadian Studies in North America. An online catalogue, which will be updated regularly, is being created and will contain title descriptions and links to the specific publisher for easy purchasing. Targeted mailings will highlight the online catalogue and draw attention to the selection of appropriate books available for Canadian Studies programs. A contract sales and marketing representative will also be hired to attend key Canadian Studies conferences and represent Ontario publishers.



...And to the World

OMDC continues to support Ontario's book publishers, music, television and digital media producers and filmmakers at international markets – the most powerful approach to maximizing sales opportunities.

- OMDC supported the **Canada Pavilion at MIPCOM-TV** in Cannes, with 47 Ontario companies doing business on the stand. Market results indicate growing buyer demand compared to last year with sales up by 75% to over \$5 million.
- Sixteen tracks by Ontario artists were chosen by Toronto critics for the second OMDC CD compilation **Sound Tracks for the Big Picture Vol. II – Critics Pix** – and Warner Music Canada is manufacturing the compilation at no cost to OMDC. The CDs will be distributed to film and television music supervisors throughout North America and the UK to promote licensing of Ontario music in the lucrative film and television market.
- **OMDC International Marketplace** at Canadian Music Week March 2-5, 2005 was an unqualified success. More international delegates attended than ever before, with delegations including the British Phonographic Institute with 13 UK companies, Export France with five companies, and delegations from Australia and Japan. The newly re-branded OMDC International Marketplace registered over 80 international delegates and facilitated over 200 meetings between domestic and international delegates. Feedback has been tremendous: Revolver Records, a large UK independent has already signed an Ontario artist for the UK and consolidated a relationship with Ontario's True North Records.
- **OMDC's Market OntarioBooks** awarded 48 Ontario-based independent publishers with total funding support of \$700,000 to assist these companies in marketing and selling books domestically and internationally. This resulted in \$5.5 million in sales.

INDUSTRY LEADERS SAY...

"Through my work I travel internationally frequently and along with CMW I often attend music conferences. I can't remember a time when I've found it as easy to meet local businesses at any of the events I've attended as I did this year. Through OMDC offering the use of the room and producing the international delegates book it was easy for me to contact other businesses and also for them to contact me. As a result of this, not only did I meet people from many different countries but I met managers and record labels based in Ontario – some of whom I'm sure I'll go on to develop working relationships with. So thank you to your team for having the foresight to provide such a facility."

*Paul Adams, Magus Entertainment (co-manager Duran Duran), New York.
(regarding the business support offered by OMDC International Marketplace at Canadian Music Week).*

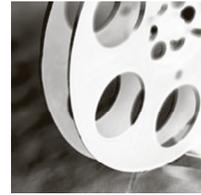


OMDC

MEETING, NETWORKING AND MARKETING, 2004-5

The **OMDC Markets & Festivals Program** has had an exciting year. Just a few highlights were:

- **Atlantic Film Festival**, to which OMDC supported the attendance of eight Ontario producers to meet potential project partners at the *Strategic Partners Co-Production Conference*.
- **Canadian Film Centre's Worldwide Short Film Festival** – OMDC supported the Sales Office and the *Inti-meets* program, providing the opportunity for producers and filmmakers to meet in small groups with buyers, distributors and other producers to discuss buyers' interest in completed and prospective projects.
- **Cinéfest Sudbury Film Festival Industry Forum and Producer Familiarization Tour** brought four industry decision-makers to Sudbury to encourage production in that northern city and to meet with Festival delegates.
- **Digifest 2004** – OMDC, in partnership with the New Media Business Alliance presented *Business on the Move*, brokering 23 meetings between content aggregators and producers of interactive digital media content, and using the event to launch the projects from cycle one of **Pioneering Content** to an audience of approximately 150 attendees from the cultural media sector.
- **Digital Music Summit** – OMDC supported this one-day business summit sponsored by the Canadian Music Publishers Association. It brought together representatives from Ontario's music industry and online/mobile content businesses, to explore new distribution channels.
- **Hot Docs Canadian Documentary Festival 2004** provided access for Ontario documentary producers to over 50 international broadcasters and distributors. OMDC also initiated the *Producer-to-Producer* meetings, creating a forum for Ontario producers to find international partners.
- OMDC supported the inaugural *Vortex*, an accelerator program to assist entrepreneurs with innovative ideas and create marketable product held during the **McLuhan International Festival of the Future**.
- **North by Northeast 2004** – OMDC worked with Canadian Independent Record Production Association (CIRPA), Women in Film and Television – Toronto, and Documentary Organization of Canada to initiate 60 meetings between film and television producers and music labels to facilitate music licensing and the creation of soundtracks featuring music from Ontario labels. The meetings were followed by a networking event with over 120 attendees.
- **Ontario Cultural Pavilion** at the Ontario Libraries Association Conference, with the Ministry of Culture. The Pavilion was officially opened by Minister Meilleur during a well-attended reception, and the event promoted Ontario books, music and magazines to over 4,000 key library buyers from across the province. This initiative was presented in partnership with the Organization of Book Publishers of Ontario (OBPO), Canadian Independent Record Production Association (CIRPA) and the Canadian Magazine Publishers Association (CMPA).



OMDC

MEETING, NETWORKING AND MARKETING, 2004-5

- **Ottawa International Animation Festival – TV Animation Conference and Meetings.** The OMDC funded business-to-business meetings and hosted a well-attended Calling Card Information Session.
- **Salon du livre de Toronto – 12th French Book Fair,** September 30 – October 3: Ontario's French language publishers such as Vermillon, Prise de Parole, and Les Éditions David promoted titles and authors to the 13,500 public who attended the event and the 145 exhibitors that represented some 850 French publishers from around the world.
- **Toronto International Film Festival Group** received support from the OMDC and hosted the OMDC Sales Office. In 2005 there were 12 Ontario feature films on offer, with sales reported to 13 territories worth close to \$4 million.
- **The Sunny Side of the Doc Encounters** in Toronto was a co-production forum supported by the OMDC. Chair Marcelle Lean welcomed a French delegation of documentary filmmakers and broadcasters to meet their Ontario colleagues and learn about French and North American broadcasters' editorial criteria, how to target a project for the two markets, how to identify financing organizations in each of the two countries and how to find co-production partners.

INDUSTRY LEADERS SAY...

"My experience working on the applications to **Market OntarioBooks** confirmed that this is a terrific program that really responds to the needs of Ontario's book-publishing community. It recognized the industry's own experience and expertise, and encouraged innovation. Overall I was wowed by the high calibre of the submissions – I only wish there had been the budget to fund them all fully!"

Diane Davy, President, Castledale Inc. – consultants to the cultural industries (Market OntarioBooks jury member).



OMDC

CULTIVATES ONTARIO PRODUCERS' SALES

INDUSTRY LEADERS SAY...

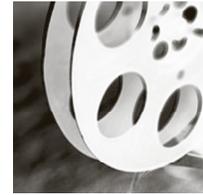
"The Amersterdam Documentary Forum (IDFA) was a fantastic experience. . . Commissioning editors are accepting my calls, answering my emails and are interested in the projects I am pitching!"
Barbara Shearer, Pink Slip Productions.

"As a small company experienced in other genres, but just starting out in children's animation, this program (the **KidScreen Summit MAP**) was a huge support. It allowed us to gain access to broadcasters throughout USA, Australia and Europe for potential sales of our existing series and possible pre-sales of our programs in development."

Andrea Nemtin, PTV Productions.

During the fiscal year, OMDC's Market Access Program (MAP) supported 86 companies at 14 markets reporting over \$15 million in deals including:

- **American Film Market** (Los Angeles, USA). Eight Ontario producers attended to pursue project sales and packaging objectives, with support from an industry consultant. The group reported deals of \$750,000 on project sales and financing activities.
- **Amsterdam Documentary Forum** (Rotterdam, Holland) is a part of the International Documentary Film Festival Amsterdam (IDFA), which is Europe's largest gathering of television commissioning editors and independent documentary producers. OMDC invested \$13,500 to help producers attend, resulting in actual and projected sales of over \$2 million.
- **Berlin Film Festival** (Berlin, Germany). Six Ontario producers were supported to attend the second most important film festival in Europe after Cannes and a vital pitching market, to pursue co-production and financing objectives on projects in development. Toronto-based Rhombus Media's *Childstar* was a featured film in the program.
- **BETT** (London, UK) – The Educational Technology Show, is the world's leading forum for information and communication technology products and services for the education marketplace. OMDC-supported attendees made actual and anticipated sales of \$3 million.
- **Electronic Entertainment Expo (E3)**. (Los Angeles, USA). Six game producers attended the biggest gaming event in the world showcasing the people, trends and opportunities which define today's competitive and lucrative game industry. Deals in progress as of March 2005 totalled over \$5 million.
- **Game Developers' Conference** (San Francisco, USA). OMDC supported the attendance of five interactive digital media companies at this event with early reports indicating good potential business results. Ontario participant and start-up company Metanet Software Inc. was the recipient of the Audience Choice Award at the event's Independent Games Festival in the Web/ Downloadable category for their game, *N*. Projected deals totalled over \$1.25 million.
- **KidScreen Summit** (New York, USA). Eight Ontario companies from the book, music, interactive digital media and television sectors attended the leading children's content market event in North America, with potential sales reported of over \$1.5 million.
- **MIDEM** (Cannes, France). Eleven Ontario companies attended this pre-eminent music market event to pursue international licensing opportunities. Five first-time attendees received paid Canada Stand registration, financial assistance and the opportunity to work with a program advisor. Six returning attendees also received financial assistance and consultation services.
- **Popkomm** (Berlin, Germany). Eight Ontario record companies developed international business opportunities by attending Popkomm. Companies also participated in a business development seminar hosted by the Canadian Embassy in Berlin. At this day-long event, Canadian companies were introduced to the German industry and a host of independent German record companies. OMDC also funded the Canada Stand run by CIRPA. Actual and projected sales reported were \$470,000.
- **South by Southwest Music Conference** (Austin, USA). Five Ontario companies attended North America's most important music showcase to pursue international licensing opportunities. This program was presented in co-operation with CIRPA and the Department of Canadian Heritage Trade Routes program.



OMDC

CULTIVATES ONTARIO PRODUCERS' SALES

- **Sunnyside of The Doc** (Marseille, France). Six producers attended this key market, a new initiative this year. Attendees reported not only making sales, but increasing their networks towards future international sales, with estimates of over \$2 million in program sales and pre-sales.
- **New Media Business Alliance's Ontario and Essex Trade Event**, a one-day series of business meetings between Ontario and UK interactive digital media producers, supported by OMDC funds.
- **New Media Mission to Australia and Singapore.** OMDC is constantly pursuing new export development market opportunities. By partnering with the Bell Broadcast and New Media Fund, OMDC was able to support five Ontario companies to participate in this mission to open up co-production and export opportunities for convergence content in the Pacific Rim. As a result of their participation, these companies have gained strategic market knowledge and established collaborative partnerships for potential co-productions and export opportunities. The total early estimates of the value of deals coming out of this initiative is \$172,500.
- **The 29th Annual Toronto International Film Festival® (TIFF).** Once again OMDC provided operating funding and sponsored the very successful OMDC Sales Office, promoting sales of Ontario feature films at the Festival. Ten Ontario producers were selected to participate in OMDC's **Market Access Program** to attend the **Match Club** at TIFF. OMDC was pleased to arrange a meeting between Ontario and UK producers where guests had the opportunity to pitch projects and network resulting in a Canada-UK co-production planned to shoot in 2006.

OMDC supported The Canada Stand partnership at these two television markets:

- At **MIPCOM** (Cannes, France) An important European film and television market that brings all the key audiovisual, interactive, mobile and advertising players together. Ontario companies reported sales of over \$5 million.
- At **MIP-TV** (Cannes, France), the world's premier audiovisual market held each April, Ontario companies reported \$21 million in sales and presales.

INDUSTRY LEADERS SAY...

"There is no question that the OMDC facilitated effective networking. I have been a member of some of the most influential music industry trade associations all my professional career – no one has ever worked so hard to create opportunities for success. Thank you."

*Michelle Henderson,
The Children's Group Inc.*



Helping Professionals GROW THEIR TALENTS

INDUSTRY LEADERS SAY...

"The OMDC conference is an important one because it bridges the gap between the cultural sectors. I appreciate the chance to look beyond the magazine industry and mix it up with my colleagues from other sectors, swapping stories, finding common ground, and learning new approaches. Thanks OMDC!"

Sharon McAuley, Senior Director, Marketing Consumer Publications, Transcontinental Media.

As always, in the fiscal year 2004/2005 OMDC, offered valuable opportunities for cultural media entrepreneurs to build on success.

- **CMPA's Advertising Sales Essentials** is a program that teaches the essential elements of advertising sales. Nineteen participants attended the program, 12 of whom were from Ontario. OMDC supported the meeting of the participants with media buyers and sellers through two sessions: a panel session entitled *What Agencies Want*, and an *Agency Media Kit* feedback session in which media professionals assessed the individual media kits of the participants' magazines.
- **CMPA's 10th annual Circulation School** was held in February 2005 for those who are new to circulation, for individuals looking to fast-track their careers and for staff at smaller magazines, who need to maximize their magazine's circulation potential. The second event, the *Professional Publishing Program*, took place over four days in March and assisted magazine publishers with the fundamentals of how to grow their businesses.
- **Canadian Film Centre's Interactive Art and Entertainment Program.** Graduates of this program emerge as leaders in interactive content development and launch new careers as producers, interactive media designers and business development professionals. By developing new companies, the program makes a direct contribution to Ontario's economy by creating employment and content creation opportunities. OMDC's support for this program will allow for the incubation and creation of three new projects: "Days of the Week", "Purrspective" and "Marginalia".
- **Canadian Screen Training Centre Summer Institute of Film & Television.** OMDC worked with SIFT this year to create the **O3 – One-on-One Sessions**, an opportunity for more senior screenwriting and producing participants to have one-on-one meetings with a variety of key industry guests, including broadcasters and executive producers, and pitch their market ready projects. SIFT reports that one Ontario producer who pitched at O3 was able to negotiate a development deal with one of the visiting broadcasters.
- **DOC – Hot Docs Mentorship program** helped five emerging filmmakers get their projects into the hands of senior commissioning editors at the Hot Docs International Documentary Festival under the mentorship of experienced executive producers.
- **2004 Magazines University.** OMDC – through the Canadian Business Press (CBP) and Canadian Magazine Publishers Association (CMPA) – supported a number of sessions including *Getting on the Radar: Meet the Media Buyers and Planners*. This session brought magazine advertising staff together with media buying decision-makers from agencies, providing direct feedback to the individual magazines on their sales package, and extending valuable business connections to major brands and buyers.
- **Six Degrees of Integration** was the title of the 2004 OMDC annual conference, and leadership was its theme. Keynote speakers at this well-attended event included Allan Gregg of the Strategic Counsel, Graham Henderson, President of Canadian Recording Industry Association (CRIA), Jay Switzer, President and CEO of CHUM Ltd. and Minister of Culture Madeleine Meilleur.



Nurturing ORIGINAL CONTENT

- Ontario cultural media companies created valued, original and sometimes provocative content during 2004/5 – thanks, in part, to OMDC programs and financial or fiscal support. In January 2005, the **Al Waxman Calling Card** film *Hardwood* gained international critical acclaim, receiving a nomination for an Academy Award® in the Best Short Documentary category. *Hardwood* was directed by Hubert Davis and produced by Erin Faith Young (Faith Films/Hardwood Pictures Inc.), in co-production with the National Film Board (NFB) of Canada. It received assistance from OMDC, working closely with program partner NFB, to promote the film, the filmmakers and the program in order to enhance the film's chances of success and its overall visibility.
- *Hardwood* also garnered numerous other awards including Best Documentary Short at the Canadian Film Centre's Worldwide Short Film Festival, the Gold Sheaf Awards at the Yorkton Short Film and Video Festival for Best of the Festival, and Best Documentary Short subject, Best Direction Non Dramatic, and Best Editing.
- Two completed Calling Card documentaries premiered on TVO's *The View From Here* in January 2005: *Reality Quest* and *I Spy*. Al Waxman Calling Card for Drama *Masterpiece Monday* won the Gold Award (Comedy Short) at Worldfest in Houston.
- OMDC funding was given to one new documentary short by an emerging producer selected by an industry jury:
 - *Harvest Queens*
(Janis Hass, producer/
Julia Nunes, writer/director)
- OMDC funding was given to five new drama projects by emerging producers, selected by an industry jury:
 - *Dry Whiskey*
(Philip Svoboda, producer/
Rob Budreau, writer/director)
 - *Santa Baby*
(Robert Richardson, producer/
David Widdicombe, director)
 - *Scarlet Runners*
(Charlotte Disher, producer/
Teresa Hannigan, writer/director)
 - *Short Tongue Freddy*
(Craig Cornell, producer/
Kevin Schjerning, director)
 - *Symbolism and Irony of Shakespeare's Hamlet*
(Priya Rao, producer/Rebecca Sernasie, director)
- In November 2004, the following four new Calling Card Drama films were screened for an industry audience of more than 300 at the Isabel Bader Theatre:
 - *Nigel's Fingerprint*
(Kim Kuthteubl and Amy McConnell)
 - *Popsong*
(David Hayman and Charles Officer)
 - *Elliott Smelliott*
(Jonathan Orson and Anita Doron)
 - *Safe*
(Bryce Mitchell and Raj Panikkar)
- **OMDC's Gold Label** program awarded five independent Ontario record labels with \$25,000 each to support marketing and other strategic business initiatives. The five successful companies were:
 - Aporia Records
 - Borealis Records
 - Jordan Music Productions
 - NorthernBlues Music
 - Teenage USA Recordings

INDUSTRY LEADERS SAY...

"OMDC's Gold Label program empowers up-and-coming music professionals to think more strategically and get a boost in implementing goal-oriented new marketing initiatives through another of OMDC's key programs".

*Julie Ann May, President,
Reddington Communications.*



Nurturing ORIGINAL CONTENT

INDUSTRY LEADERS SAY...

"Communications and Information Technology Ontario is enthused by the synergy of our collaboration with OMDC on the Pioneering Content program, which helps us to bring research in communications technology into the commercial marketplace. Efforts to commercialize CITO research through the cultural media industries will bring many benefits to our respective sectors while spawning economic growth in the province."

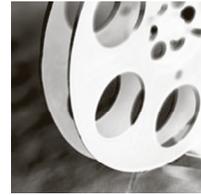
Ron Killeen, Vice President of Business Development and Research, Acting Managing Director of CITO and recent Pioneering Content juror.

- **Pioneering Content** awarded \$70,000 each to four new teams including:
 - James DesRoches of Stable Research for *Echo Live*
 - Stephen Fine of Elliot Interactive for *Mobile Phone Languages Game*
 - Diane Williamson of Digital Wizards for *Geo Tracker 1.0*
 - Dan Fill of Decode for *GiggleFactory.com*

Twenty expressions of interest were received, with eight full applications adjudicated by the industry jury. Partners on the projects represent companies from all six of OMDC's sectors.

- **pl@tform** gives emerging Ontario new media companies a boost by supporting new market-focussed projects for delivery on Sympatico/MSN. OMDC funded three new interactive digital media projects in partnership with the New Media Business Alliance (NMBA). Titles and companies are:
 - The Learning Edge Corp.
NovICE: A Beginner's Guide to Hockey – an interactive and entertaining learning site about Canada's favorite game
 - Snoek Media
Global Kitchens – a delicious multicultural journey into the personal stories of four chefs and the savoury delicacies they create
 - The Wired Schoolhouse, Inc.
The Wine Dating Game – a revolutionary interactive game where you choose the "wine date" to match your mood and situation

- **OMDC's Volume Two** program, developed with input from the Canadian Magazine Publishers Association (CMPA), Canadian Business Press (CBP) and OMDC's Magazine Advisory Committee, was launched. Projects with clear, objective and measurable results that support the overall business growth and increase the financial viability of the magazine publisher were selected to receive funding. Twenty-three titles received support for projects to increase circulation, newsstand sales, advertising sales and for strategic marketing initiatives. Titles included *Explore*, *Take One*, *This Magazine*, *The Walrus*, *Sky News* and *Prefix Photo*.



Rewarding FINE LITERATURE

OMDC is proud to administer the **Trillium Book Awards / Prix Trillium 2004** – the province’s leading award for literature. The Ontario government established the Trillium Book Award in 1987 to recognize literary excellence and diversity of Ontario writers and writing. The winners for the 17 Trillium Awards/Prix Trillium were announced by the Honourable Madeleine Meilleur, Minister of Culture and by Marcelle Lean, OMDC Board Chair. “Independent industry peer juries selected the winners from more than 300 submissions, one of the largest number of entries ever received,” noted Lean.

The recipients of the 17 Annual Trillium Book Awards/Prix Trillium were:

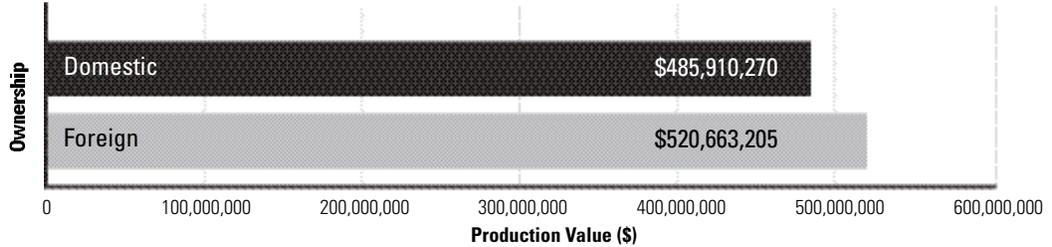
- **Trillium Book Award (English-language category):**
Thomas King – *The Truth About Stories*
Publisher: House of Anansi Press
- **Prix Trillium (Co-winners, French-language category):**
Serge Denis – *Social-démocratie et mouvements ouvriers*
Publisher: Les Éditions du Boréal
François Paré – *La distance habitée*
Publisher: Le Nordir
- **Trillium Book Award for Poetry (English-language category):**
Adam Sol – *Crowd of Sounds*
Publisher: House of Anansi Press
- **Trillium Book Award for Poetry (French-language category):**
Angèle Bassolé-Ouèdraogo – *Avec tes mots*
Publisher: Éditions Malaïka



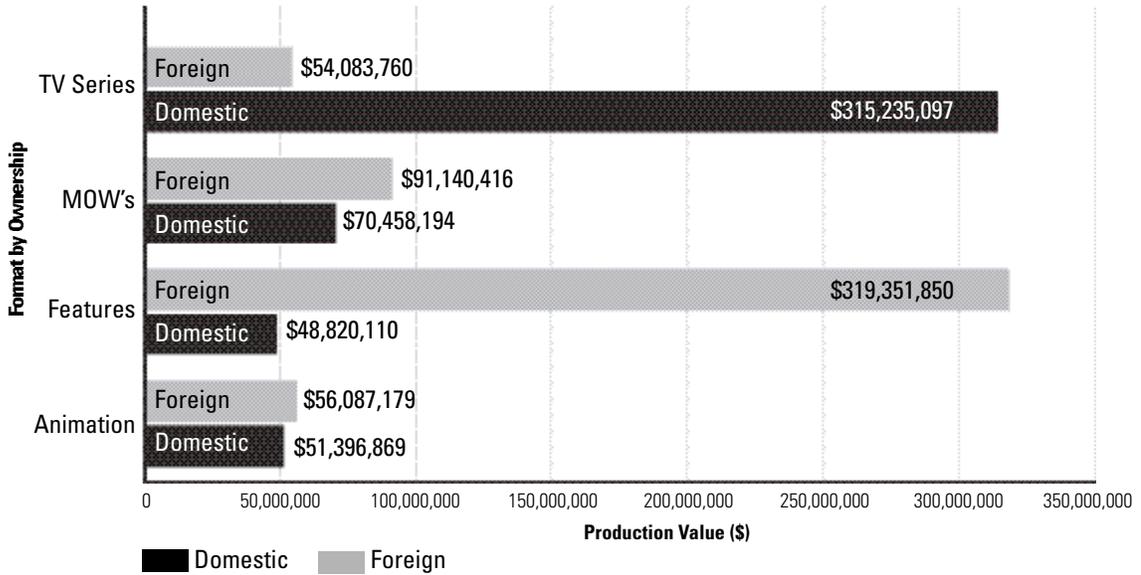
Helping Ontario Play a Starring Role

FILM AND TELEVISION SHOOTING, 2004-5

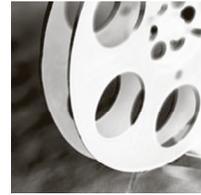
2004/2005 Ontario's Film & Television Production Activity



2004/2005 Breakdown of Ontario's Film & TV Production Activity by Format



Ownership	Production Value (\$)	Percentages
Foreign	520,663,205	52%
Domestic	485,910,270	48%
Total	1,006,573,475	



Helping Ontario Play a Starring Role

FILM AND TELEVISION SHOOTING, 2004-5

The Film Commission markets Ontario's film and television production industry domestically and abroad, providing location scouting, liaison and facilitation assistance to productions interested in shooting in the province. A few highlights from the past year are:

- OMDC led a **joint marketing mission** to Los Angeles the week of October 18-22, 2004, with representatives from the City of Toronto and Ontario's unions and guilds. The group attended high-level client meetings with studio and television executives and independent producers to discuss upcoming projects slated for Ontario. They also met with Alain Dudoit, the Canadian Consul General to L.A. and senior Consulate representatives, to discuss the challenges facing the Ontario industry.
- **The Digital Locations Library** *Locations Ontario* celebrated the one-year anniversary of its launch in March. Its always-available online database now contains more than 5,000 Ontario locations, with a total of 100,000 plus individual images. Client reaction to the new system has been very positive. According to Barbara Lieberman, Producer of the TV movie *Murder in The Hamptons*, "The digital package really helped convince Lifetime that there were Hampton-type locations existing in Toronto and the movie could be shot there."
- The **OMDC enhanced scouting program**, supported by funding from the *Ontario Tourism Marketing Partnership*, supported a total of 49 shows over the 15 months of the program, of which 21 productions subsequently chose to film in Ontario, representing over \$333 million in expenditures in the province. Of these, the producers of five shows, representing \$79 million in activity, indicated that they would not have chosen Ontario had it not been for the assistance provided.
- The **Toronto Ontario Film Office in Los Angeles** continued to provide a coordinated, highly effective marketing presence to key decision makers. This joint initiative of the OMDC, FilmOntario and the City of Toronto, tracked over 200 projects resulting in over \$200 million in production to Ontario's economy.
- The OMDC launched **In the Loop** – a new weekly e-mail service that will go out to all location industry professionals. Designed to share information and gather ideas, the service is set to build a stronger, more informed film community.
- A **Location Contacts Forum** was held for film commission and economic development staff from across Ontario whose primary business is promoting filming in their area. The event included an introduction to the latest OMDC marketing activities, a preview of the digital library, and several panel discussions. Enthusiastically received, its 70 attendees have asked for it to be held every year.

INDUSTRY LEADERS SAY...

"Recently I was involved in bringing a Universal/Focus feature film to Canada called *Assault on Precinct 13*. While I very much wanted to film the project in Toronto, the Director and Co-producers, being French, wanted to shoot in Montreal. Without the support provided by the OMDC, we would no doubt be in pre-production in Montreal."

Don Carmody, Producer, Assault on Precinct 13.



Tax Credits

OMDC co-administers six refundable tax credits with the Ministry of Finance for the film, television, digital media, book publishing, and music industries.

- The Ontario Film and Television Tax Credit (OFTTC)** is a refundable tax credit available to eligible Ontario-based Canadian corporations of 30%* of qualified Ontario labour expenditures for eligible film and television productions.
- The Ontario Production Services Tax Credit (OPSTC)** is a refundable tax credit to eligible Ontario-based Canadian and foreign-controlled corporations of 18%* of qualified Ontario labour expenditures for eligible film and television productions.
- Ontario Computer Animation and Special Effects (OCASE) Tax Credit** is a refundable tax credit to Ontario-based Canadian and foreign-controlled corporations of 20% of 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 (OIDMTC)** is a refundable tax credit to eligible Ontario-based Canadian and foreign-controlled corporations of 20% of eligible Ontario expenditures for interactive digital media products created in Ontario.
- Ontario Book Publishing Tax Credit (OBPTC)** is a refundable tax credit to eligible Ontario-based Canadian corporations of 30% of eligible expenditures for eligible literary works created in Ontario.
- Ontario Sound Recording Tax Credit (OSRTC)** is a refundable tax credit to eligible Ontario-based Canadian corporations of 20% of qualifying production and marketing expenditures for eligible sound recordings performed by an emerging Canadian artist or group.

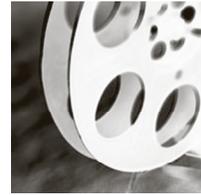
OMDC continued to streamline the administration of the tax credits application process. In 2004/05, these efforts reduced the average turnaround time for all cultural media tax credits to 14.3 weeks – down significantly from the previous 19.2 week average, in 2003/04.

Tax Credit Applications Received and Certificates Issued in 2004/2005

	Number of Applications	Number of Certificates Issued	Number of Projects	Estimated Value of Tax Credit	Total Project Value
Ontario Book Publishing Tax Credit	231	181	181	\$1,772,117	\$7,922,253
Ontario Sound Recording Tax Credit	69	212	96	\$1,040,580	\$6,563,030
Ontario Film & Television Tax Credit	350	400	400	\$90,685,372	\$858,464,632
Ontario Production Services Tax Credit	48	70	70	\$35,851,619	\$806,393,633
Ontario Computer Animation & Special Effects Tax Credit	31	30	108	\$5,885,118	\$93,756,782
Ontario Interactive Digital Media Tax Credit	37	29	272	\$3,023,298	\$19,385,046
Grand Total for all Tax Credits	766	922	1,127	\$138,258,104	\$1,792,485,376

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.

*As proposed in the December 21st, 2004 Ontario Budget announcement.



Tax Credits

- OMDC organized five **Tax Credit Information Sessions** during the year. Representatives from the audit and tax advisory divisions of the Ministry of Finance participated in these sessions. In addition, OMDC tax credits staff presented information and promoted the tax credits at 10 cultural industry events and conferences.
- The Office of the Provincial Auditor completed its work for the **Value for Money Audit** of the tax credits. The audit involved a review of the administrative processes of the OMDC as well as the administration at the Ministry of Finance, and the policy role of the Ministries of Culture and Finance. In conducting the audit, the auditors noted that OMDC had reasonable procedures and administrative improvements in place to assess the eligibility of applicants for the tax credits.

INDUSTRY LEADERS SAY...

"We're very grateful that the McGuinty government is stepping up to reinvest in our industry. (Tax credits) pay off in greater stability; in strengthening and building Ontario's role as Canada's domestic film and television centre; and in greater competitiveness in the global production industry. That's excellent news for the 20,000 people working in the film and television industry."

Brian Topp, Executive Director of ACTRA Toronto and co-chair of FilmOntario.

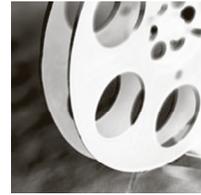


Researching

THE CULTURAL CUTTING EDGE

The OMDC continues to pave the way for the cultural media of the future, by initiating and funding research projects.

- The agency partnered with the Canadian Media Research Consortium on the **Canadian Internet Project**, a benchmark survey and study of Canadians' internet use and non-use patterns and their economic, cultural and social implications in Canada.
- **Getting Real: Volume 2, 2004** – The study, an economic profile of the Canadian documentary production industry, was prepared for the Documentary Organization of Canada (DOC) by Nordicity Group Ltd. The research was sponsored by OMDC, the CRTC, National Film Board (NFB), Canadian Heritage and Telefilm Canada.
- A consultant's report on computer animation techniques was completed in February. The research, sponsored by OMDC, BC Film and the Canadian Audio-Visual Certificate Office, will inform OMDC's administration of the Computer Animation and Special Effects Tax Credit.
- OMDC released its annual film and television production activity statistics which track both foreign and domestic film and television production in the province by calendar year-end and provides a further breakdown by format.
- OMDC works on an ongoing basis throughout the year with each of the sectors' trade organizations including: Canadian Magazines Publishers Association (CMPA), Canadian Independent Record Production Association (CIRPA), Ontario Book Publishers Association (OBPO) and New Media Business Alliance (NMBA) to lay the foundations for valuable research projects and studies.



In-House at OMDC

CORPORATE ACTIVITIES, 2004-5

- The CEO and Director of Business Affairs and Research attended the **Association of Provincial Funding Agencies** (APFA) meeting in Halifax in September 2004. APFA approved the second annual Statistical Report coordinated by OMDC which contains program descriptions and production activity. Also in Halifax, the Director of Tax Credits attended a meeting of the National Tax Credits Committee.
- OMDC made a written submission February 18, 2005 to the **Standing Committee on Canadian Heritage** with respect to the Committee's Hearings on the Canadian Feature Film Industry. The Agency plans to appear before the Committee during its hearings in Toronto in April.
- OMDC's new **corporate website** launched in July 2004. Featuring new design and detailed profiles of the cultural media industries, the site is faster and easier to search than its predecessor. The site is also more information-rich and is easier to keep updated with new content.



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; re-designated February 7, 2003

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

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

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

Julie Thorburn – appointed April 28, 2004

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

Sheldon S. Wiseman – appointed April 14, 2004

Total remuneration to the Board of Directors for the fiscal year ending March 31, 2005 was \$24,870.85

Management's Responsibility

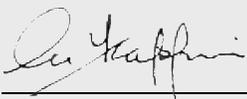
FOR FINANCIAL STATEMENTS

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.

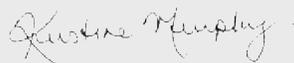
The Ontario Media Development Corporation's Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Board has appointed an audit committee from among its own members. The audit committee meets periodically with senior management and the Office of the Auditor 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.



Michel Frappier
Chief Executive Officer

July 15, 2005



Kristine Murphy
Director, Business Affairs & Research

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, 2005 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, 2005 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 15, 2005



Gary R. Peall, CA
Deputy Auditor General

Statement of Financial Position

AS AT MARCH 31, 2005

	2005 (\$ 000's)	2004 (\$ 000's)
ASSETS		
Cash and cash equivalents	3,575	7,543
Due from Ministry (Note 3)	2,639	–
Accounts receivable	133	71
Prepaid expenses	43	30
Accrued interest	3	38
Current Assets	6,393	7,682
Capital Assets (Note 4)	838	1,059
	7,231	8,741
LIABILITIES		
Accounts payable – programs	362	469
Accounts payable – other	437	377
Due to the Province	477	433
Deferred revenue (Note 3)	2,639	–
	3,915	1,279
COMMITMENTS (Note 8)		
NET ASSETS		
Invested in capital assets	838	1,059
Unrestricted	2,478	6,403
	3,316	7,462
	7,231	8,741

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, 2005

	2005 (\$ 000's)	2004 (\$ 000's)
REVENUE		
Ministry of Culture	6,186	9,429
Tax credit administrative fees	532	532
Interest	154	250
Return of investment under assistance programs	84	38
SARS funding (Note 7)	100	240
Other	91	127
	7,147	10,616
EXPENSES		
Operating expenses (Notes 5 and 6)	6,198	6,146
Industry Development Initiatives	3,251	2,431
Toronto International Film Festival Group grants	1,265	1,265
Ontario Book Initiative	—	223
Canadian Film Centre grants	225	200
Research Initiatives	31	109
SARS expenditures (Note 7)	323	104
	11,293	10,478
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(4,146)	138

The accompanying notes are an integral part of these statements.

Statement of Changes in Net Assets

FOR THE YEAR ENDED MARCH 31, 2005

	2005 (\$ 000's)		2004 (\$ 000's)	
	Invested in Capital Assets	Unrestricted	Total	Total
Balance, beginning of year	1,059	6,403	7,462	7,324
Excess (deficiency) of revenue over expenses	(475)	(3,671)	(4,146)	138
Investment in capital assets	254	(254)	–	–
Balance, end of year	838	2,478	3,316	7,462

The accompanying notes are an integral part of these statements.

Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31, 2005

	2005 (\$ 000's)	2004 (\$ 000's)
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	(4,146)	138
Amortization of capital assets	475	462
	(3,671)	600
CHANGES IN NON-CASH WORKING CAPITAL		
Accounts receivable	(62)	(39)
Due from Ministry	(2,639)	–
Prepaid expenses	(13)	2
Accrued interest	35	(25)
Accounts payable and Due to the Province	(3)	42
Deferred revenue	2,639	–
	(43)	(20)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	(3,714)	580
CASH FLOWS USED IN FINANCING AND INVESTING ACTIVITIES		
Net purchase of capital assets	(254)	(933)
NET DECREASE IN CASH	(3,968)	(353)
Cash and cash equivalents at beginning of year	7,543	7,896
Cash and cash equivalents at end of year	3,575	7,543

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

MARCH 31, 2005

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 31, 2005 the Ministry of Culture approved additional funding for the Corporation of \$2.6 million.

Notes to Financial Statements

MARCH 31, 2005

4. Capital Assets

	2005 (\$ 000's)		2004 (\$ 000's)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and Office Equipment	295	86	209	226
Computer Hardware	140	130	10	53
Customized Computer Software	906	560	346	439
Website	60	20	40	32
Leasehold Improvements	388	155	233	309
	1,789	951	838	1,059

5. Operating Expenses

	2005 (\$ 000's)	2004 (\$ 000's)
Salaries, Wages and Benefits	3,818	3,489
Corporate Expenses and Operations	480	479
Consulting Services	340	338
Amortization of Capital Assets	475	462
Advertising, Promotion & Publications	258	358
Program Support	673	866
Travel	154	154
	6,198	6,146

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. SARS Program

The Ministry of Culture provided \$100,000 (2004 – \$200,000) in financial assistance to OMDC via the Cultural Tourism Marketing Fund. These funds are to support marketing activities designed to offset industry declines due to the 2003 SARS outbreak. SARS expenditures in fiscal 2004/05 totalled \$323,000 (2003/04 – \$104,000).

Notes to Financial Statements

MARCH 31, 2005

8. Commitments

a) Program Commitments

The Corporation has approved grants in the amount of \$100,000 (2004 – \$454,000) 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, computers and office equipment to future minimum payments totalling \$208,000 for premises and \$293,000 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 five years.

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 multiem-

ployer 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 ended March 31, 2005 were \$200,000 (2004 – \$170,000) and are included in operating expenses.

b) Non-Pension Post-Employment Benefits

The cost of severance and unused vacation entitlements earned by eligible employees are 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 was not included in the financial statements.

10. Future of the Corporation

In connection with the conclusion of the Corporation's five-year mandate in fiscal 2004/05, the Ministry initiated a review, the outcome of which is not yet known. Consequently, the future of the Corporation cannot be determined at this time. For the 2005-06 fiscal year, the Ministry of Culture allocation to the Corporation is \$7,486,000, as indicated in the Government's Expenditure Estimates.

Supplemental Information

Unaudited

THE FOLLOWING CHART ILLUSTRATES THAT 84.8% OF OMDC'S EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2005 ARE PROGRAM-RELATED.

Expenditure Breakdown

For the Year ended March 31, 2005

	Corporate	Program Related	2005 Total (\$ 000's)
Direct Support (from Statement of Operations):	–	5,095	5,095
From Note 5:			
Salaries, Wages and Benefits	999	2,819	3,818
Corporate Expenses and Operations	359	121	480
Consulting Services	72	268	340
Amortization of Capital Assets	174	301	475
Advertising, Promotion & Publications	104	154	258
Program Support	–	673	673
Travel	12	142	154
Total Expenditures	1,720	9,573	11,293
% of total	15.2%	84.8%	100.0%

Ontario Media Development Corporation (OMDC)

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