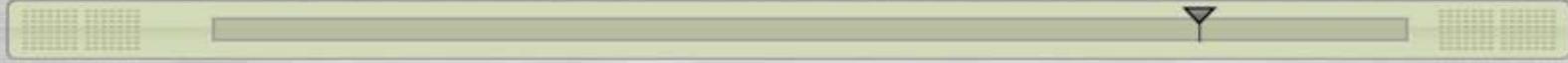




Manifoba 

FILM & SOUND



2006 - 2007



ANNUAL REPORT



Letter of Transmittal
July 31, 2007

Honourable Eric Robinson
Minister of Culture, Heritage and Tourism
Room 118, Legislative Building
450 Broadway
Winnipeg, Manitoba
R3C 0V8

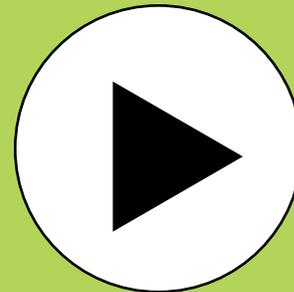
Dear Minister Robinson:

In accordance with Section 16 of the Manitoba Film and Sound Recording Development Corporation Act, I have the honour to present to the Annual Report of the Manitoba Film and Sound Recording Development Corporation for the fiscal year ended March 31, 2007.

Respectfully submitted,



Cheryl Barker
CHAIRPERSON



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2006 | 2007 MESSAGE FROM THE CHAIRPERSON & CHIEF EXECUTIVE OFFICER

On behalf of the **Manitoba Film and Sound Recording Development Corporation (MANITOBA FILM & SOUND)** and the Board of Directors, we are pleased to present the Annual Report for the fiscal year ending March 31, 2007.

Twenty years ago Manitoba's first agency mandated to support our province's film and sound recording industries was established. In 1987, the Manitoba Cultural Industries Development Organization (CIDO) was born as a provincial/federal partnership with the purpose to grow and develop Manitoba's cultural industries. After becoming a not-for profit corporation in 1992 with sole funding received from the Department of Culture, Heritage and Tourism, the agency then became a statutory crown corporation of the Province of Manitoba in 1998. **MANITOBA FILM & SOUND** maintained its vision to create a prosperous environment for established and emerging film and sound recording professionals. As fiscal year 2006/2007 draws to a close, **MANITOBA FILM & SOUND** looks forward to fiscal year 2007/2008, the corporation's 20th anniversary year, with a new guiding statement that embodies the work we have done for the past 20 years and will continue to do: **MANITOBA FILM & SOUND** exists so that our film and sound industries flourish.



On stage at the Aboriginal Peoples Choice Music Awards PHOTO: Scott Stephens • The 2006 WCMA's held in Winnipeg PHOTO: A. Fernando for the WCMA • Gail Egan (Potboiler Productions), Carole Vivier (MFS) and Julia Keatley (Keatley Entertainment) at the Manitoba Party at TIFF • Guy Maddin's *Brand Upon the Brain!* screening in Hollywood PHOTO: Tom Thomson

With the ongoing support of the Province of Manitoba, **MANITOBA FILM & SOUND** contributes to the success of Manitoba's motion picture and music industries through the administration of our film and sound recording programs, the Manitoba Film and Video Production Tax Credit, industry sponsorships and support to Manitoba artists, companies and associations. The support provided by **MANITOBA FILM & SOUND** in terms of funding and programming has paid large dividends, not only to those who are funded, but to all Manitobans through economic and cultural growth.

Fiscal year 2006/2007 was filled with homegrown success stories. Some industry and organizational highlights for the year include:

- **MANITOBA FILM & SOUND** was pleased to provide support to the inaugural **Aboriginal Peoples Choice Music Awards**, held in Winnipeg at the MTS Centre on November 3, 2006. The awards show was the first of its kind and was an overwhelming success, a testament to the local organizing committee. A total of 5,600 registered online voters honoured the 34 Manitoba nominees with ten awards.
- Also held in Winnipeg this year was the **Western Canadian Music Awards** and accompanying **Western Canadian Music Week**. The collection of conferences and showcases were well attended by local and national musicians and industry professionals. Manitoba artists took home 11 trophies handed out on October 23.
- **2006 marked the first time there was continuous film production activity in Manitoba throughout a calendar year.** In total there were 55 projects shot in Manitoba in 2006/2007 and a total of seven offshore productions.

- Manitoba filmmaker **Guy Maddin** had tremendous success on the festival circuit with his latest film, *Brand Upon the Brain!*, which **MANITOBA FILM & SOUND** brought to Hollywood for a special screening as part of Premier Gary Doer's business mission to California in December. The silent film was screened with a live orchestra, Foley artists and featured the very talented Alanis Morissette providing the film's live narration.
- **MANITOBA FILM & SOUND's location department was kept busy all year long**, with an unprecedented number of location scouts in the months of September, October and November. **MANITOBA FILM & SOUND** hosted scouts for producers from major companies including FOX Television Studios, Warner Bros. Features and Spyglass Entertainment.

These success stories are only but a few of the many accomplishments realized by **MANITOBA FILM & SOUND** recording artists over the last year. The individuals who create, produce, distribute and market motion picture and music in this province demonstrate immense talent and unwavering dedication to their craft. We are proud to support Manitoba's established and emerging film and sound recording artists as they reach audiences here in Manitoba, as well as across Canada and now more than ever, around the world. And to the employees of **MANITOBA FILM & SOUND**, who contribute daily to the success of the Corporation, we express a sincere appreciation for their enthusiasm and commitment, without which none of this would be possible.



The packed lobby of the Egyptian Theatre for the screening of *Brand Upon the Brain!* PHOTO: Tom Thomson • Cheryl Barker • Carole Vivier • On location at Lake Manitoba for the filming of *Whiteout*

MANITOBA FILM & SOUND has flourished under the guidance of its Board of Directors, and we recognize and thank them for their dedication and guidance over the past year. Together, the Board of Directors participated in setting a strategic vision for the Corporation, an important step to ensure the continued support of Manitoba's film and sound recording industries. We acknowledge and thank departing board member Léo Dufault for his contributions during his appointment.

Furthermore, on behalf of **MANITOBA FILM & SOUND** and its Board of Directors, we express our appreciation to the Government of Manitoba for their ongoing support, the Departments of Culture, Heritage and Tourism as well as Competitiveness, Training and Trade for continuing to invest in the growth and development of Manitoba's cultural industries.

Finally, **MANITOBA FILM & SOUND** thanks the individuals working everyday in our province's film and sound recording industries. It is these people, the musicians, the filmmakers, the writers, the producers and the craftspeople, whose talent, creativity and dedication ensure the continuing success of Manitoba's motion picture and music industries.

Cheryl Barker, CHAIRPERSON

Carole Vivier, CHIEF EXECUTIVE OFFICER/ GENERAL MANAGER



THE CORPORATION

The Manitoba Film and Sound Recording Development Corporation (**MANITOBA FILM & SOUND**) is a statutory corporation of government proclaimed under The Manitoba Film and Sound Recording Development Corporation Act. Funded by the Province of Manitoba through the Department of Culture, Heritage and Tourism, the management of **MANITOBA FILM & SOUND** reports directly to the Board of Directors appointed by the Lieutenant Governor.

MANITOBA FILM & SOUND exists so that our film and sound industries flourish.

Board of Directors

The activities of MANITOBA FILM & SOUND are monitored by the Board of Directors, which includes:

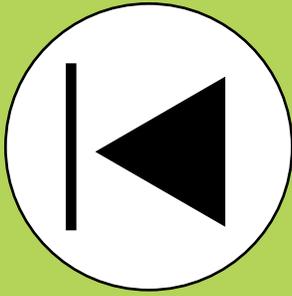
Cheryl Barker	CHAIRPERSON
Lisa Meeches	VICE-CHAIR
Heather Barker	CHAIR, FINANCE AND PLANNING COMMITTEE
David Dandeneau	CHAIR, PROGRAMS COMMITTEE
Alana Langelotz	CHAIR, PERSONNEL COMMITTEE
Joy Keeper	
Gerry Atwell	
Ric Paquette	
Léo Dufault	(to February, 2007)

LEFT Christine Horne and Cole Hauser star in *The Stone Angel*, co-produced by Manitoba company Buffalo Gal Pictures and Skogland Films.

Personnel

The Corporation is administered by the Chief Executive Officer and General Manager, who reports directly to the Board of Directors.

Carole Vivier	CHIEF EXECUTIVE OFFICER/GENERAL MANAGER AND FILM COMMISSIONER
Monique Ledohowski	MANAGER, FINANCE AND OPERATIONS
Louise O'Brien-Moran	MANAGER, FILM PRODUCTION
Kevin Walters	MANAGER, SOUND RECORDING PROGRAMS
Sebastien Nasse	SENIOR ANALYST, FILM, TELEVISION AND TAX CREDITS
Alexis Jones	COMMUNICATIONS & CORPORATE AFFAIRS COORDINATOR
Bridget Marten	ADMINISTRATIVE ASSISTANT
Lola Ilelaboye	FILM PRODUCTION COORDINATOR
Ian Russell	FILM PRODUCTION COORDINATOR
Andrea Kaptein	FILM PROGRAMS ADMINISTRATIVE ASSISTANT
Melissa Kaminsky	SOUND PROGRAMS ADMINISTRATIVE ASSISTANT
Mark Glucki	LOCATIONS SYSTEMS OPERATOR (to February, 2007)
Anna Walker	SOUND PROGRAMS ADMINISTRATIVE ASSISTANT (to February, 2007)
Lindsay Woollard	FILM PROGRAMS ADMINISTRATIVE ASSISTANT (to November, 2006)
Shawna Balas	LOCATIONS COORDINATOR (to October, 2006)
Dani Jubinville	SENIOR FILM PROGRAMS ANALYST (to July, 2006)



2006 | 2007 YEAR IN REVIEW

MANITOBA FILM & SOUND's objectives are to create and stimulate employment and investment in Manitoba by developing and promoting Manitoba companies producing, distributing and marketing film, television, video and sound recording projects, as well as to promote Manitoba as a film location for offshore production companies. MANITOBA FILM & SOUND is a member of the Association of Film Commissions International (AFCI).

MANITOBA FILM & SOUND views economic considerations as critical to fulfilling its cultural mandate.

To achieve the Corporation's objectives, MANITOBA FILM & SOUND consults and works closely with industry associations and representatives, including the Manitoba Motion Picture Industry Association (MMPIA); the Manitoba Audio Recording Industry Association (MARIA); the Winnipeg Film Group (WFG); Film Training Manitoba (FTM); the National Screen Institute (NSI); the City of Winnipeg and local unions and guilds.

FUNDING OF MANITOBA PRODUCTIONS AND SOUND RECORDING PROJECTS

In 2006/2007, production activity in Manitoba reached just over \$114 million dollars. **MANITOBA FILM & SOUND** invested in 17 television and feature film projects through the [Market Driven Television Production Financing Program](#), the [Market Driven Feature Film Financing Program](#) and the [Emerging Talent Matching Funds](#) program. Investment in these projects of \$1.54 million supported over \$47 million in production budgets. Of the funds allocated to film and television productions, 33% went to [Aboriginal produced or co-produced projects](#).

In fiscal year 2007, **MANITOBA FILM & SOUND** provided \$186,800 to 16 sound recording projects, which included albums from [Doc Walker](#), [Nathan](#), [The Wailin' Jennys](#), [Steve Bell](#) and [Romi Mayes](#). Two projects were funded in the [Out-of-Province Recording Artists Fund](#), a pilot program whose aim is encourage production activity in the Manitoba sound recording industry by providing re-payable financial support for recordings featuring non-Manitoba artists who record their projects in Manitoba.

SPONSORSHIP

MANITOBA FILM & SOUND recognizes the importance of supporting Manitoba's motion picture and music organizations through sponsorship/partnership opportunities.

This year **MANITOBA FILM & SOUND** was pleased to provide sponsorship/partnership support to over 20 national and international industry events, including: the [NSI FilmExchange Film Festival](#), the [Genie Awards](#), the [Western Canadian Music Awards](#), the inaugural [Aboriginal Peoples Choice Music Awards](#) and as one of the many partners in the [Canadian Pavilion at the Cannes Film Festival](#), [Mipcom Television Market](#) and the [American Film Market](#). **MANITOBA FILM & SOUND** continues to support local events such as the [Jazz Winnipeg Festival](#), [Le festival des vidéastes du Manitoba](#) and the [Winnipeg Aboriginal Film and Video Festival](#). In 2006, **MANITOBA FILM & SOUND** was pleased to sponsor the launch of the [Blockbuster Festival Collection: Canada](#), an initiative which saw Manitoba-made films [Lucid](#) and [Niagara Motel](#) placed on the shelves of every Blockbuster outlet across Canada.

INDUSTRY SUPPORT

MANITOBA FILM & SOUND supports industry organizations in order to develop the business skills and talents of developing and established filmmakers and sound recording professionals. Among the organizations that receive industry support from **MANITOBA FILM & SOUND** are the [Winnipeg Film Group](#), the [National Screen Institute](#), as well as [MMPIA](#) and [MARIA](#) through contributions to the [Manitoba Music and Motion Pictures Development Project](#), known as the [M3P Program](#). The M3P Program supports the market development activities of Manitoba's film and sound recording artists and companies.



Eric Paulsson (Producer), Elan Mastai (Screenwriter), Sean Garrity (Director, *Lucid*), Dylan Akio Smith (Director) at the launch of the Blockbuster Festival Collection

FILM AND TELEVISION INDUSTRY

Manitoba crews and suppliers were kept busy as calendar year 2006 marked the first time there was continual production activity throughout the year. Manitoba productions and artists were recognized at awards shows and festivals across Canada and around the world.

Gemini and Genie Awards

These awards shows celebrate the best in Canadian film and television. Manitoba productions and professionals had nominations in eight categories and took home four awards at the 2006 Gemini Awards.

Locally produced and MANITOBA FILM & SOUND supported production *The Tale of the Magic Flute* won in the Best Performance in a Performing Arts Program or Series. Other Manitoba winners were *Hockey Brawl: Battle on Thin Ice* in the Best Sports Program or Series, *Til Debt Do Us Part* in the Best Lifestyle/Practical Information Series and *Jordan Wheeler* in the Best Writing in a Children's or Youth Program or Series for his work on *renegadepress.com Bomber Boys: The Fighting Lancaster* and *Ken Leishman: The Flying Bandit* both also received nominations.

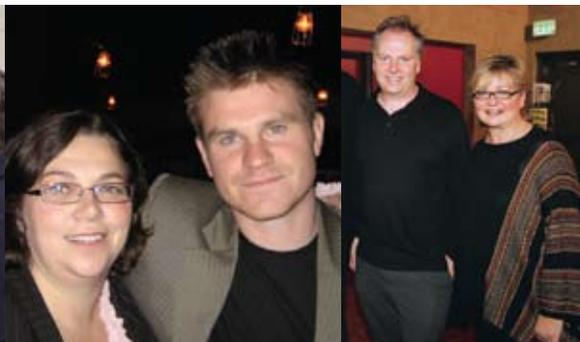
The Genie Awards saw actress **Caroline Dhavernas** receive a nomination in the Best Supporting Actress category for her role in the locally shot film, *Niagara Motel*, directed by **Gary Yates**.

Film Festivals, Markets and Missions

Once again, MANITOBA FILM & SOUND hosted a party with MMPIA at the Toronto International Film Festival (TIFF). The Manitoba Night party was a great success and provided fantastic networking opportunities while celebrating the Manitoba films screening at TIFF: **Guy Maddin's *Brand Upon The Brain!*** and *Nude Caboose, Elizabeth Short* by **Deco Dawson** and *Où est Maurice* by **Matthew Rankin** and **Alex Rzesowski**.

In addition to sending representatives to the **American Film Market** in Santa Monica, the **Independent Feature Project** in New York and the **Cannes Film Festival** and **Mipcom** in Cannes, France, MANITOBA FILM & SOUND was pleased to participate in the Premier-led business mission to California in December. As an avenue to increase the profile of Manitoba and Manitoba's talent in the movie-making capital of the world, MANITOBA FILM & SOUND, with the help of its many partners and sponsors including **Greg Lachow** and **Jamie Hook** from **The Film Company**, brought Manitoba filmmaker **Guy Maddin** and his film *Brand Upon the Brain!* to Hollywood. The film was screened with the accompaniment of a live orchestra, interlocutor and Foley artists. Featuring **Alanis Morissette** as the interlocutor, the 600-seat Egyptian Theatre was at capacity. The event was a tremendous success, reflecting positively on the reputation of the creative talent coming out of this province.

MANITOBA FILM & SOUND also joined a group of established Manitoba producers and industry representatives on a mission that enabled participants to create and strengthen relationships with contacts in Cardiff, London and Dublin.



Premier Gary Doer, Carole Vivier (MFS), Alison Emilio and Greg Lachow (The Film Company) at the screening *Brand Upon the Brain!* PHOTO: Tom Thomson. • Writer/Director Marshall Lewy and stars Anna Paquin and Breckin Meyer on the set of *Blue State* • Louise O'Brien-Moran (MFS) and Andrew Paquin, an L.A.-based Producer of *Blue State*, at the Manitoba Party at TIFF • Guy Maddin (Director) and Carole Vivier (MFS) at the *Brand Upon the Brain!* screening PHOTO: Tom Thomson.

SOUND RECORDING INDUSTRY

2006/2007 was an exciting year for Manitoba, as our province was host to both the **Western Canadian Music Awards** and the inaugural **Aboriginal Peoples Choice Music Awards**. The success of these events was mirrored by the successes achieved by Manitoba recording artists and professionals honoured on a regional, national and international level.

Western Canadian Music Awards

Eleven of Manitoba's top artists and professionals were awarded trophies at the fourth annual **Western Canadian Music Awards** held in Winnipeg. **MANITOBA FILM & SOUND** supported groups the **Perpetrators** won in the **Outstanding Blues Recording** category for their album *"The Gas and the Clutch"* and **Mood Ruff** won for *"I Do My Own Stunts"* in the **Best Rap/Hip-Hop Recording** category. Among the industry professionals honoured with awards was **Heather Bishop**, **MANITOBA FILM & SOUND** Board Member and independent artist, activist and entrepreneur, who was awarded the **Industry Builder Award** and radio legend **Howard Manshein** who was the recipient of the **Heritage Award**. Manitoba rock band **Harlequin** was inducted in the **Western Canadian Music Hall of Fame**.

Other Manitoba winners were:

Outstanding Christian Recording:

Fresh I.E. – "Truth is Fallin' in tha Streetz"

Agency of the Year: Paquin Entertainment:

Best Album Design:

Ron Sawchuk – Album "From Paris to Kyiv", *Fragmenti*

Engineer of the Year: Brandon Friesen

Live Music Venue of the Year: West End Cultural Centre

Aboriginal Peoples Choice Music Awards

Over 5,600 online votes were cast to select the winners of Canada's first ever **Aboriginal Peoples Choice Music Awards (APCMA)**. The awards show was part of the **Manito Ahbee Manitoba Aboriginal Festival** that took place in Winnipeg November 2-5. Out of 110 artist submissions, 56 nominees were named and registered online voters picked the winners in each of the 17 categories. The awards show, which was aired live on APTN, was held at the MTS Centre with over 4,000 people in attendance. **MANITOBA FILM & SOUND** was thrilled to support the APCMAs and many of its winners.

Manitobans had 34 nominations and 10 wins. The Manitoba winners were:

Best Duo or Group: Eagle & Hawk – "Life Is..."

Best Songwriter: Hank Horton – "I've Told You Leona"

Best Blues CD: Billy Joe Green – "Muskrat Blues and Rock & Roll"

Best Producer/Engineer:

Dezmond Mentuck and D.J. St. Germain – "C-Weed"

Best Album cover Design: Tracy Bone – "No Lies"

Best Rock CD: Eagle & Hawk – "Life Is..."

Best Country CD: Hank Horton – "I've Told You Leona"

Best Fiddle CD:

J.J. Lavallee & The Freebird Band – "Jimmy's Breakdown"

Best Instrumental CD:

J.J. Lavallee & The Freebird Band – "Jimmy's Breakdown"

Best Aboriginal Music by non-Aboriginal Artist:

Sierra Noble – "Orange Blossom Special"



J. C. Campbell performs at the APCMA. PHOTO: Scott Stephens • Alicen Schneider (NBC), Carole Vivier (MFS), Grant Johnson and Sean Stevens of Novillero at SXSW in Austin, Texas
• Carole Vivier and guests at a Manitoba-hosted dinner at Midem

More Manitoba Music Success

At the Canadian Aboriginal Music Awards, **MANITOBA FILM & SOUND** supported group **Eagle & Hawk** won in the **Best Group or Duo** category along with Manitoba's other winners **Highway 373** and **Cliff Maytwayashing**. **Eagle & Hawk** had great success with their "*Life Is...*" album, as it also garnered the group two wins at the **Indian Summer Music Awards** and a win in the **Best Pop/Rock** category at the **Native American Music Awards**.

At the **Canadian Folk Music Awards**, a cappella group **Madrigaia** won in the **Best Vocal Group** category, beating out fellow Manitobans **The Wailin' Jennys**. **James Keelaghan** won **Best Singer – Traditional** for his album "*A Few Simple Verses*".

The 2007 **Junos** headed out to Saskatoon and making the trip were Manitoba's five nominees: **Doc Walker** for **Country Recording of the Year**, **The Wailin' Jennys'** "*Firecracker*" and **The Duhks'** Grammy-nominated "*Migrations*" in the **Roots & Traditional Album of the Year (Group)** category, **Starfield** for **Contemporary Christian/Gospel Album of the Year**, and **David Travers-Smith** for **Recording Engineer of the Year** for his work on "*Firecracker*".

Music Festivals, Conferences and Showcases

At this year's **North by Northeast (NXNE)** in Toronto, 14 local acts showcased at Canada's largest music conference and festival. **MANITOBA FILM & SOUND** along with **MARIA** hosted the 12th annual **Manitoba Barbeque**, one of the most sought after invites of the conference.

It was another record year for Manitobans hitting the stage at **South by Southwest (SXSW)** in Austin, Texas. Ten local acts showcased at the annual music conference, including, **Inward Eye**, **Cara Luft**, **Scott Nolan** and **Novillero**. And for the 10th year, **MANITOBA FILM & SOUND** along with **MARIA** and **NXNE** presented the **Canadian Barbeque**, which featured performances by **Nathan** and **Paper Moon**.

As part of the Premier-led business mission to California in December, **MANITOBA FILM & SOUND**, along with **MARIA** and **Manitoba Trade Routes** brought Manitoba band **Nathan** to Los Angeles for an afternoon showcase for some of the top music supervisors, studio executives and film/television reps from **NBC Universal**, **E! Entertainment**, **The CW**, **Disney/ABC** and **Myspace**. The showcase was a huge success, with rave reviews for **Nathan** and their incredible live performance. Since the showcase, **Nathan** had a song placed in the hit **NBC** drama series, **Heroes**. This song placement came after Manitoba indie-pop group, **Novillero**, appeared as themselves on an episode of the Emmy-winning **USA Network** cable series, **Monk**.

MANITOBA FILM COMMISSION AND LOCATIONS DEPARTMENT

MANITOBA FILM & SOUND is a full-service film commission that offers a broad range of location services including script breakdown, location scouting as well as government, business and industry liaison. **MANITOBA FILM & SOUND** is a member of the Association of Film Commissioners International (AFCI).

The diversity of Manitoba's locations and strength of its crews have always been key factors in bringing offshore production to the province. Although most guest productions typically shoot the majority of their picture in **Winnipeg**, with its popular filming spots like the **Exchange District**, many rural Manitoba settings have become sought after locations. Production activity outside of **Winnipeg** has been reaching new levels with many productions in 2006/2007 shooting on location around the province. Some of the recent productions to shoot outside **Winnipeg** include: **Blue State** (**Birds Hill Park**, **Sedons Corner**, the **Whiteshell**), **The Lookout** (**Hartney**, **Sanford**, **St. Pierre-Jolys**), **Falcon Beach** (**Winnipeg Beach**) **The Stone Angel** (**Hartney**, **Balmoral**, **Otterburne**) and **The Heaven Project** (**Brandon**, **Stonewall**, the **Whiteshell**).

As a result of the scouting activity, in 2006/2007 Manitoba was chosen as a location for several guest productions including:

The Horsemen – **Mandate Pictures**

Whiteout – **Warner Bros. Features**

The Heaven Project – **Armada Pictures**

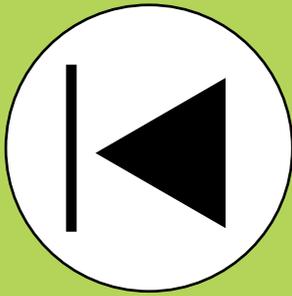
You Kill Me – **Code Entertainment**

Christmas Wish: The Road Not Taken – **Once Upon a Time Films**

What If God Were the Sun – **Fox Television Studios**



Carole Vivier (MFS) introduces Nathan at their showcase in Los Angeles • Keri Latimer of Nathan performs during their showcase for music execs in L.A. • Producers from *Snow Country* and Louise O'Brien-Moran (MFS) on a scout in Churchill, Manitoba • Producer Don Carmody and Carole Vivier (MFS) on set of the film *Whiteout* at Watson's Point on Lake Manitoba



TAX CREDIT

Since the introduction of the **Manitoba Film and Video Production Tax Credit** in 1997, Manitoba's production activity has increased from an average of 6.75 productions a year before 1997 to an average of 37.5 productions a year after 1997 and the implementation of the Manitoba Tax Credit. The Manitoba Tax Credit was introduced as a means to provide an incentive to the private film and television production industry to create economic development and employment growth in the province, and the increase in productions demonstrates the tax credit program is achieving its objectives. In 2005, the base rate of the tax credit was increased ten percent to 45% and two 5% bonuses, the **Frequent Filming Bonus** and the **Rural Bonus**, were introduced, providing further incentives to indigenous and offshore producers. Combined with the current 45% base rate, qualifying productions may now access a tax credit up to 55% on eligible Manitoba labour expenses.

The Manitoba Tax Credit, along with **MANITOBA FILM & SOUND's** equity financing, is essential to the growth of the province's film and television industry. The Manitoba Tax Credit can also be credited with bolstering both co-production (Manitoba shared ownership and control) and foreign location shooting (non-Manitoba owned and controlled) activity in Manitoba.

FIGURE 1

TYPE	NUMBER OF PROJECTS	PROJECTED PRODUCTION BUDGETS
Feature Films	12	\$65.4 million
TV Series	8	\$59.3 million
Movie of the Week, TV Specials	19	\$43.2 million
Documentary/Doc.Series	47	\$23.6 million
TOTALS	86	\$191.5 million

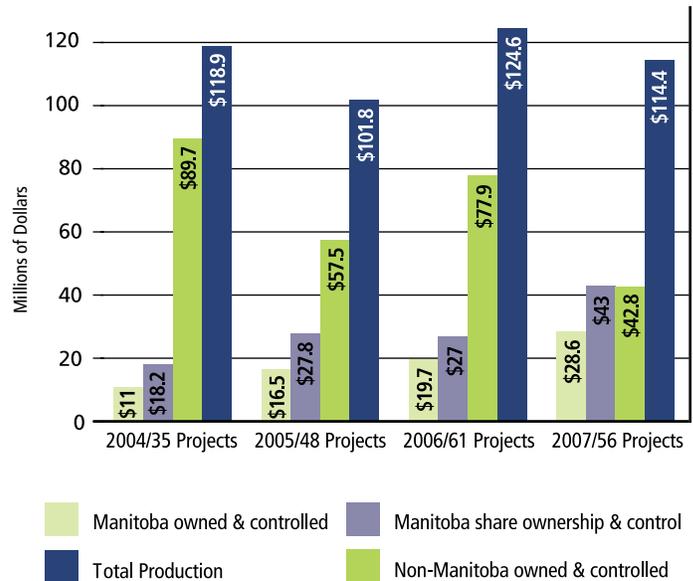
A total of 86 applications (both A & B) were in various stages of processing during the 2007 fiscal year representing approximately \$191 million in production activity.

PRODUCTION ACTIVITY

Film & Television

Both indigenous and co-production activity experienced increases of 45% and 59% respectively in 2007, while overall production activity decreased slightly, down 8% from 2006. The decrease in foreign location productions can be attributed to producers taking advantage of co-production opportunities, the ACTRA strike of 2006 along with the rising Canadian Dollar.

Figure 2

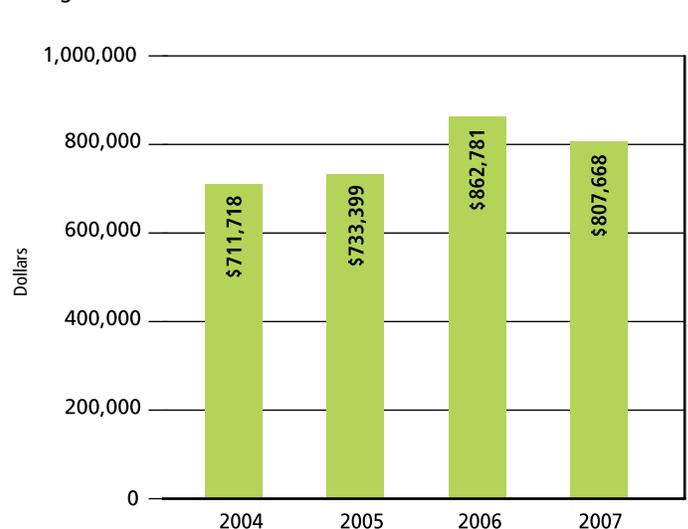


Note: These figures represent production activity reported as at fiscal year ending March 31, 2007. The final amounts reported from previous years may vary due to changes provided upon final reporting.

Sound

There were higher quality but fewer album recordings as well as music video production applications in 2007, which is reflected in the 6% decrease in music production projects from 2006.

Figure 3



Note: These figures represent production activity reported as at fiscal year ending March 31, 2007. The final amounts reported from previous years may vary due to changes provided upon final reporting.

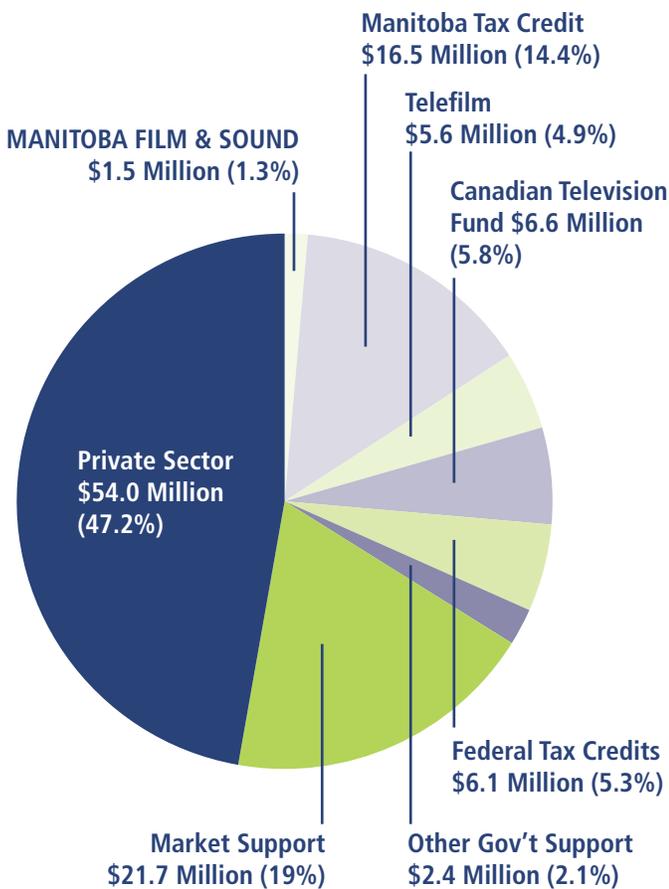
OTHER DOLLARS LEVERED

Film

Financing of independent productions requires financial investment from several sources. **MANITOBA FILM & SOUND**'s equity commitment to a project will often trigger other investors to participate. Outside of **MANITOBA FILM & SOUND** and the **Manitoba Tax Credit**, other sources for production financing investments come from Telefilm Canada and the Canadian Television Fund; Market support (broadcaster licences, distribution advances); Federal and Other Government Support and Tax Credits, and the Private Sector (i.e. production company investment, deferrals, corporate sponsorships and private investments).

As Figure 4 demonstrates, with Manitoba's 15.7% equity financing and estimated tax credit support, \$114.4 million in indigenous, co-production and foreign production activity occurred in fiscal year 2007. This amount reflects \$96.4 million in investment from other sources. This is a clear indication that Manitoba's modest investment attracts millions of dollars of additional revenues into Manitoba's economy.

Figure 4

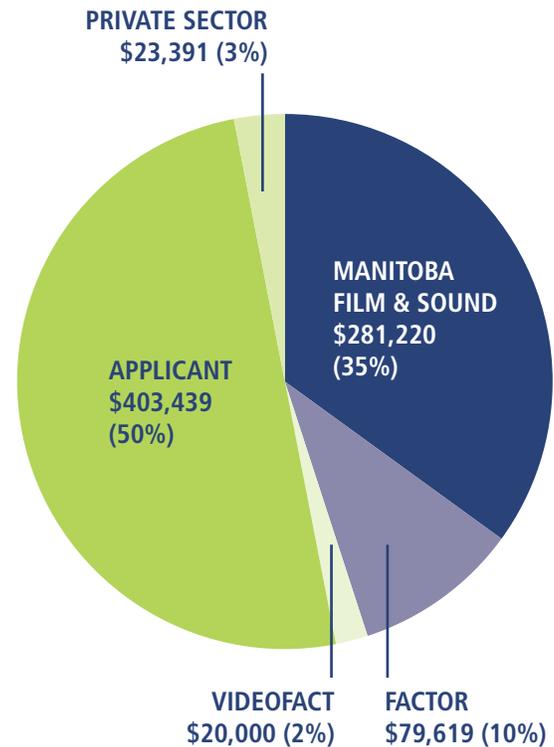


Source: Fiscal year 2007 film production activity of \$114.4 million is compiled from data provided in equity and tax credit applications submitted to **MANITOBA FILM & SOUND** as at March 31, 2007.

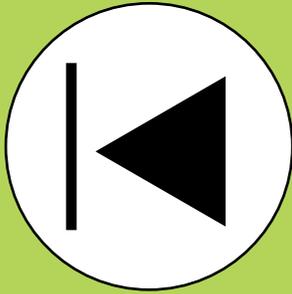
Sound

Available funding from other sources for the sound recording industry is limited (**FACTOR**, Video **FACT**, Canada Council) and therefore, very competitive. **MANITOBA FILM & SOUND**'s investment is the key element of support to Manitoba's emerging and established musicians. With more and more Manitoba acts making a name for themselves on an international level, it is important that the funding support from **MANITOBA FILM & SOUND** remain relevant in the face of increased marketing and touring budgets.

Figure 5



Source: Fiscal Year sound production activity of \$807,668 is compiled from data provided in CD, Demo and Music Video applications submitted to **MANITOBA FILM & SOUND** as at March 31, 2007.



JURIES

The evaluation and adjudication of applications submitted to the Corporation by industry professionals and colleagues remains a central part of **MANITOBA FILM & SOUND**'s guidelines with respect to the Sound Recording and Demo Recording Programs.

Jurors for Sound Recording Programs are drawn from all sectors of the provincial sound recording industry and include record label employees, engineers, musicians, songwriters, agents, talent managers, lawyers and publicists. Sound Recording proposals must be unanimously recommended for funding by a minimum of two juries.

MANITOBA FILM & SOUND thanks the following jurors who so generously gave their time:

- | | | |
|----------------|------------------|---------------------|
| Darcy Ataman | Susan Israel | Aaron Schubert |
| Sam Beardman | Todd Jordan | Jack Shapira |
| John Batiuk | John Kendle | David Sherman |
| Jacque Black | Ginette Lavack | Thom Sparling |
| Kevin Clifford | Keith MacPherson | Ray St. Germain |
| Joel Dixon | Howard Mandshein | Jacques St. Goddard |
| Shirley Elias | John Marlow | Sara Stasiuk |
| Rick Fenton | David McLeod | Rachel Stone |
| Vince Fontaine | Arthur Pearson | Stephan Thliveris |
| Chris Frayer | Lloyd Peterson | Rose Thomas |
| Corey Frazer | Errol Ranville | Corey Tickner |
| Alan Greyeyes | George Raymond | Chris Wiebe |
| Morgan Hamill | Rob Rousseau | Zane Zalis |

Market Driven Television Production Financing Program and Market Driven Feature Film Production Financing Program

The **Television and Feature Film Production Programs** assist in the production financing of fully developed feature film or television projects through non-interest equity investments and/or recoupable advances. The projects are reviewable based on their economic impact on Manitoba and are awarded bonuses for Community Development, Including Aboriginal, Métis and Francophone production companies, working with key creative positions, such as Manitoba writers and directors, and lastly for shooting in the winter.

During fiscal year 2007, 14 new applications were approved for a total investment of \$1,509,345.

Recipient	Project
Farpoint Films Inc.	<i>Wild Cherry</i>
2YO Productions Inc.	<i>Breakbound</i>
Buffalo Calf Pictures Inc.	<i>The Boys Who Came To Play</i>
Nobody Productions Inc.	<i>Nobody</i>
Sabrina's Law Productions Inc.	<i>Sabrina's Law</i>
5130557 Manitoba Inc.	<i>Manitoba Moments: Photo Finish</i>
5268380 Manitoba Inc.	<i>The Sharing Circle Season 15</i>
Walk All Over Me Manitoba Inc.	<i>Walk All Over Me</i>
Eagle Vision Inc.	<i>Elijah</i>
Torchrunners Films Inc.	<i>Fronrunner</i>
OP Development Inc.	<i>Falcon Beach Season II</i>
Stone Angel Manitoba Inc.	<i>The Stone Angel</i>
Walking Down Broadway Ltd.	<i>Brand Upon The Brain!</i>
Heaven Project Partners Inc.	<i>The Heaven Project</i>



Billy Merasty as Elijah Harper in *Elijah* • Steve Byers and Jennifer Kydd in a scene from *Falcon Beach*

Emerging Talent Matching Funds Program

This program is designed to support entry-level filmmakers who have received production funding awards through a competitive process from a recognized industry organization. This program encourages skills advancement and the development and application of standard industry practices for entry-level producers and directors.

During fiscal year 2007, three applications were approved for a total investment of \$27,500.

Recipient	Project
Endstop & Elsewhere	<i>The Last Moment</i>
Jason Harper	<i>Windigo: The Human Being</i>
Working Sista Productions Inc.	<i>Sister</i>

Manitoba Music & Motion Pictures Development Project Programs

The Manitoba Music & Motion Pictures Development Project (M3P) Programs are administered by MMPIA and supported with program assistance from MANITOBA FILM & SOUND.

The M3P programs administered by MMPIA in 2007 include the Access to Markets Program, the Professional Development Fund, the Marketing Plan Program and the Access to Festivals Program.

In fiscal year 2007, MANITOBA FILM & SOUND committed \$30,000 to the M3P Programs administered by MMPIA.

Market Driven Feature Film Development Financing Program and Market Driven Television Development Financing Program

Through these programs, eligible applicants receive financial assistance for the development of viable motion picture concepts into screenplays for television and theatrical release. Financing under both of these programs takes the form of a recoupable loan and is committed according to phases. Should the project qualify for production financing, the development loan could be converted into an equity investment.

In fiscal year 2007, 11 applications were approved for a total investment of \$65,818.

Recipient	Project
OP Development Inc.	<i>Cricket</i>
Bedbugs Films Inc.	<i>Shed Devil</i>
Buffalo Gal Pictures Inc.	<i>See the Child</i>
Farpoint Films Inc.	<i>Wild Cherry</i>
Reel Effective Productions Ltd	<i>When I Grow Too Old To Dream</i>
5236045 Manitoba	<i>The Wave Theory of Angels</i>
Niigaan Media	<i>Misko</i>
5260191 Manitoba Inc.	<i>Restorative Justice</i>
juliette Inc.	<i>The Igloo, Phases II & III</i>
Merit Motion Pictures Inc.	<i>Do No Harm</i>



A scene from *Frontrunner* • Jeff Daniels and Joseph Gordon-Levitt star in *The Lookout*, which opened in theatres in March 2007 • *The Stone Angel*, shot in Manitoba



SOUND RECORDING PROJECTS SUPPORTED IN 2006 | 2007

Sound Recording Production Fund

This program provides support for the production of culturally relevant and commercially viable sound recordings by Manitoba's sound recording industry. All types and classes of commercially viable sound recording productions are eligible for support.

Applicants are subject to jury evaluation by a panel of qualified industry professionals and business and financial experts.

During the 2007 fiscal year, 16 applications were approved for a total investment of \$186,800.

Recipient	Project
Mayes and Carmichael	<i>Romi Mayes - "Sweet Somethin' Steady"</i>
RGK Entertainment Group	<i>Doc Walker</i>
Moses Mayes & the Funk Family Orchestra	<i>Moses Mayes - "Second Ring"</i>
Lindsay Jane	<i>Lindsay Jane</i>
Kraink	<i>Kraink</i>
Easily Amused Music	<i>Easily Amused</i>
Sid Robinovitch	<i>Sid Robinovitch</i>
Camerata Nova Inc.	<i>Camerata Nova</i>
Arbor Records Ltd.	<i>Ryan D'Aoust</i>
Arbor Records Ltd.	<i>Tracy Bone</i>
Burning Circus Productions	<i>Alverstone</i>
Coalition Entertainment	<i>The Waking Eyes</i>
Signpost Music Ltd.	<i>Steve Bell</i>
Unison Studios and Recording Inc.	<i>The Details</i>
Noonan Productions	<i>Kimberley Dawn</i>
Nathan Music Co.	<i>Nathan - "Key Principles"</i>

Out of Province Artist Sound Recording Program

Introduced as a pilot program in 2006, the **Out of Province Artist Sound Recording Program** was designed to encourage production activity and business development in the Manitoba sound recording industry by providing re-payable financial support for recordings featuring non-Manitoba resident artists.

In fiscal year 2007, two applications were approved for a total contribution of \$20,000.

Recipient	Project
441 Studios Ltd.	<i>Rob Reynolds</i>
Arbor Records Ltd.	<i>Asani</i>



LEFT Leslie Oldham of Paper Moon performs at a WCMA showcase PHOTO: A. Fernando for the WCMA • Mood Ruff performs at a WCMA showcase PHOTO: A. Fernando for the WCMA • J.P. Hoe PHOTO: Sam Baardman • Allison Shevernoha of Paper Moon PHOTO: A. Fernando for the WCMA

SOUND RECORDING PROJECTS SUPPORTED IN 2006 | 2007

Demo Recording Fund

This program is designed to assist in the production of demo recordings by Manitoba artists to be used for promotional purposes. All genres of music are eligible for support.

During the 2007 fiscal year, 26 applications were approved for a total amount of \$50,315.

Recipient	Project
Glen Willows	<i>Sons of York</i>
Unison Studios and Recording Inc.	<i>The Nods</i> <i>The Details</i> <i>Quinzy</i>
Beth Martens	<i>Beth Martens</i>
Jodi Rademaker	<i>Jodi King</i>
Jaylene Johnson	<i>Jaylene Johnson</i>
Segue	<i>Segue</i>
Smallman Records	<i>Comeback Kid</i> <i>Sights & Sounds</i>
Marianne D'Elia	<i>Marianne D'Elia</i>
Dominique Reynolds	<i>Dominique Reynolds</i>
Jennilee Martineau	<i>Jennilee Martineau</i>
The Waking Eyes	<i>The Waking Eyes</i>
Alana Levandoski	<i>Alana Levandoski</i>
Mark Reeves	<i>Mark Reeves</i>
Greg Leskiw	<i>Greg Leskiw</i>
Burning Circus Productions	<i>Ash Koley</i>
Domenica	<i>Domenica</i>
Billy Simard	<i>Farrah Meade</i>
D.J. St. Germain	<i>D.J. St. Germain</i>
After All These Years	<i>After All These Years</i>
Vanessa Kuzina	<i>Vanessa Kuzina</i>
Keith MacPherson	<i>Jaylene Johnson</i>
In His Grip Music	<i>Amanda Stott</i>
Johnny Marlow	<i>Patrick Keenan</i>

Recording Artist Touring Support Program

The **Recording Artists Touring Support Program** assists Manitoba recording artists reach audiences to promote their sound recording products through touring. The album to be toured is assessed on its Canadian content, with specific emphasis on Manitoba content, quality, suitability for radio play and sales potential.

In fiscal year 2007, 34 applications were approved for a total contribution of \$96,391.

Recipient	Project
Dust Poets	<i>Dust Poets - "Lovesick Town": US and Canadian Tour</i>
Alana Levandoski	<i>Alana Levandoski - "Unsettled Down": European Tour, UK/Spain Tour</i>
Marshmal-O-Music	<i>Amanda Falk - "Amanda Falk": Western Tour</i>
Mainstage Management	<i>James Keelaghan - "Then, Again": European/UK Tour</i>
The Perpetrators	<i>The Perpetrators - "The Gas And The Clutch": Eastern Tour, European Tour</i>
Paper Moon Music	<i>Paper Moon - "Broken Hearts Break Faster Every Day": Western Tour, Eastern Tour, US Tour</i>
The Afterbeat	<i>The Afterbeat - "Personals": Manitoba and Eastern Tour</i>
Easily Amused Music	<i>Easily Amused - "Simple Stuff": US Tour</i>
Farrell Bros. Productions	<i>The Farrell Bros. - "Dead End Boys": European Tour</i>
Greg MacPherson	<i>Greg MacPherson - "Sun Beats Down": European Tour</i>
Lives of Many	<i>Lives of Many - "until we lay this to rest": Eastern and Western Tour</i>
BURNTHE8TRACK	<i>BURNTHE8TRACK - "The Ocean": Western Tour</i>



Matt Epp PHOTO: Sam Beardman • Novillero at NXNE PHOTO: manitobamus.com • Dan Frechette PHOTO: Sam Beardman

Recording Artists Touring Support Program continued

Coalition Entertainment	<i>The Waking Eyes - "Video Sound": German Tour</i>
Red Letter Music	<i>Christine Fellows - "Paper Anniversary": US Tour</i>
The Perms	<i>The Perms - "Better Days": Western Tour</i>
Novillero	<i>Novillero - "Aim Right For The Holes in Their Lives": US Tour</i>
Craig Bjerring	<i>Oldseed - "When you laugh the world laughs with you when you cry you cry alone": Ontario and Western Tour</i>
Unison Studios and Recording Inc.	<i>J.P. Hoe - "The Live Beta Project": US Tour</i>
Blue Case Tunes	<i>Cara Luft - "The Light Fantastic": Western Tour</i>
MICO BAND	<i>MICO BAND - "Our Living Language": Western Tour</i>
Jaylene Johnson	<i>Jaylene Johnson - "Finding Beautiful": Western Tour</i>
Cat Jahnke Music	<i>Cat Jahnke - "None Of Those Things": Western Tour</i>
Nathan Music Co.	<i>Nathan - "Key Principles": Western Tour</i>
J.P. Hoe	<i>J.P. Hoe - "The Live Beta Project": US Tour</i>
Mayes and Carmichael	<i>Romi Mayes - "Sweet Somethin' Steady": US Tour</i>
The Harlots	<i>The Harlots - "Connoisseur of Ruin": Ontario Tour</i>

Record Product Marketing Support Program

This program provides support for the marketing and promotion of Manitoba sound recording products. Marketing support is available for sound recording products that meet Manitoba sound recording content requirements.

During the 2007 fiscal year, 18 applications were approved for a total contribution of \$78,643.

Recipient	Project
Sky Oyster Music	<i>Alana Levandoski - "Unsettled Down"</i>
Signpost Music Ltd.	<i>Steve Bell - "My Dinner With Bruce"</i>
Paper Moon Music	<i>Paper Moon - "Broken Hearts Break Faster Every Day"</i>
Kray Industries Limited	<i>The Perms - "Better Days"</i>
Kray Industries Limited	<i>Pushing Daisies - "How It Makes You Feel"</i>
Steeple Chaser	<i>Steeple Chaser - "Standing On The Verge"</i>
Tuna Salad Holdings Inc. dba Redtail Records	<i>Art Turner - "Sonora"</i>
Jazgrl Production	<i>Jodie Borle - "And Then I Did"</i>
cbg Artist Development	<i>Platinum Black - "Platinum Black"</i>
Paquin Entertainment Group Inc.	<i>The Attics - "Once A World"</i>
The Harlots	<i>The Harlots - "Connoisseur of Ruin"</i>
J.P. Hoe	<i>J.P. Hoe - "The Live Beta Project"</i>
StrongFront A/V Productions Inc.	<i>C-Weed - "Hey"</i>
Doc Walker Inc.	<i>Doc Walker</i>
Nathan Music Co.	<i>Nathan - "Key Principles"</i>
Moses Mayes & the Funk Family Orchestra	<i>Moses Mayes - "Second Ring"</i>
Paper Moon Music	<i>Paper Moon - "Broken Hearts Break Faster Every Day"</i>
The Perms	<i>The Perms - "Better Days"</i>



Cat Jahnke performs at NXNE PHOTO: manitobamusic.com • Shelley Marshall of Nathan performs during their showcase in L.A. • Mark Reeves PHOTO: Sam Baardman

SOUND RECORDING PROJECTS SUPPORTED IN 2006 | 2007

Music Video Fund

The **Music Video Fund** is designed to encourage the production of music videos in order to aid in the promotion and marketing of album projects with national distribution. The project must be designed for a Manitoba recording artist to promote a previously released or soon-to-be released recording and must meet the Manitoba content points with regards to production of the video.

During the 2007 fiscal year, three applications were approved for a total contribution of \$24,000.

Recipient	Project
Sky Oyster Music	<i>Alana Levandoski - "Unsettled Down"</i>
Big Rig Entertainment Inc.	<i>Shadez - "Every Dollar Counts"</i>
cbg Artist Development	<i>Platinum Black - "Platinum Black"</i>

Market Access Program

As a program of the **M3P Project**, the **Market Access Program** is administered by MARIA and supported with program assistance from **MANITOBA FILM & SOUND**.

The aim of the program is to provide Manitoba artists and music industry professionals with professional development opportunities by attending professionally organized music industry conferences, showcases and other related approved events.

In fiscal year 2007, MANITOBA FILM & SOUND committed \$30,000 to the Market Access Program, which provided funding assistance to 98 applications.



ABOVE D. Rangers perform at NXNE PHOTO: manitobamusic.com

RIGHT Anna Paquin and Brekin Meyer in *Blue State*



MANAGEMENT'S RESPONSIBILITY

To the Board of Directors of
Manitoba Film and Sound Recording Development Corporation:

Management has the responsibility for preparing the accompanying financial statements and ensuring that information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with Canadian generally accepted accounting principles.

In discharging its responsibility for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The Board of Directors and the Finance and Planning Committee are composed entirely of directors who are neither management nor employees of the Company. The Finance and Planning Committee also undertakes the responsibilities of an Audit Committee. The Finance and Planning Committee is appointed by the Board to review the financial statements in detail with management and to recommend them to the Board prior to their approval of the financial statements for publication.

External auditors are appointed to audit the financial statements and report directly to the Finance and Planning Committee; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the management and the Finance and Planning Committee to discuss their audit findings.



Carole Vivier, CEO
Winnipeg, Manitoba
April 25, 2007

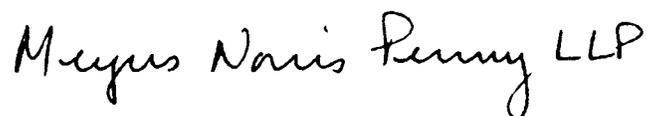
AUDITORS' REPORT

To the Board of Directors of
Manitoba Film and Sound Recording Development Corporation

We have audited the balance sheet of Manitoba Film and Sound Recording Development Corporation as at March 31, 2007 and the statements of revenues and expenses and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Winnipeg, Manitoba
April 25, 2007

MANITOBA FILM & SOUND BALANCE SHEET

Balance Sheet As at March 31, 2007	2007	2006
ASSETS		
Current		
Cash (Note 3)	\$ 1,602,748	\$ 1,695,134
Accounts receivable	24,173	13,078
Prepaid expenses	21,600	21,507
Inventory	5,921	3,049
	<u>1,654,442</u>	<u>1,732,768</u>
Capital Assets (Note 4)	<u>63,218</u>	<u>65,436</u>
	<u>\$ 1,717,660</u>	<u>\$ 1,798,204</u>
 LIABILITIES		
Current		
Accounts payable	\$ 46,631	\$ 42,678
Deferred revenue (Note 5)	149,000	145,000
Carry-over commitments (Note 6)	1,037,208	1,296,986
	<u>\$ 1,232,839</u>	<u>\$ 1,484,664</u>
 NET ASSETS (Note 7)		
Invested in capital assets	\$ 63,218	\$ 65,436
Unrestricted	<u>421,603</u>	<u>248,104</u>
	<u>484,821</u>	<u>313,540</u>
	<u>\$ 1,717,660</u>	<u>\$ 1,798,204</u>

On behalf of the Board of Directors:



Director



Director

STATEMENT OF REVENUES AND EXPENSES AND NET ASSETS

For the year ended March 31, 2007	2007	2006
REVENUES		
Province of Manitoba funding	\$ 3,173,700	\$ 3,413,378
Interest income	73,994	48,276
Program recoupments	167,766	158,478
Other income	17,220	-
Total Revenues	\$ 3,432,680	\$ 3,620,132
EXPENSES		
Film and Television Programs Funding		
Development Financing Programs	\$ 65,818	\$ 134,736
Production Financing Programs	1,509,345	1,481,547
Access to Markets Program	30,000	30,000
Low Budget Feature Film Development Financing Program	-	7,466
Emerging Talent Matching Funds Program	27,500	15,650
Portfolio Investment Envelope Program	(30,000)	70,000
	\$ 1,602,663	\$ 1,739,399
Sound Programs Funding		
Sound Recording Production Fund	\$ 186,800	\$ 177,620
Sound Recording Production Fund – Out of Province Artists	20,000	-
Demo Recording Fund	50,315	57,481
Music Video Fund	24,000	39,237
Record Product Marketing Support Fund	78,643	56,639
Recording Artist Touring Support Fund	96,391	109,308
Portfolio Investment Envelope Program	6,000	10,000
Market Access Fund	30,000	30,000
	\$ 492,149	\$ 480,285
Interactive New Media Funding (Note 8)		
Development	\$ -	\$ 40,000
Production	-	70,764
Access to Markets Program	-	11,011
	\$ -	\$ 121,775
Industry Support		
Film		
Industry Associations (Note 9)	\$ 71,000	\$ 60,449
Sponsorships/Partnerships	70,018	64,899
Interactive Media		
Industry Associations (Note 8)	-	123,467
Sound Recording		
Industry Associations (Note 9)	75,000	65,000
Sponsorships/Partnerships	28,115	10,750
	\$ 244,133	\$ 324,565
Film Commission/Locations Services	\$ 321,237	\$ 290,752

STATEMENT OF REVENUES AND EXPENSES AND NET ASSETS CONTINUED FROM PREVIOUS PAGE

For the year ended March 31, 2007	2007	2006
Programs Delivery (Note 11)		
Salaries	\$ 337,680	\$ 331,829
Marketing/Operating	77,002	146,023
	<u>\$ 414,682</u>	<u>\$ 477,852</u>
Administrative Expenses		
Salaries	\$109,919	\$107,752
Marketing/Operating	76,616	67,030
	<u>\$ 186,535</u>	<u>\$ 174,782</u>
TOTAL EXPENSES	<u>\$ 3,261,399</u>	<u>\$ 3,609,410</u>
Excess of Revenues over Expenses	\$ 171,281	\$ 10,722
Net Assets, Beginning of Year	313,540	302,818
NET ASSETS, END OF YEAR	<u>\$ 484,821</u>	<u>\$ 313,540</u>

STATEMENT OF CASH FLOW

For the year ended March 31, 2007	2007	2006
Cash provided by (used for) the following activities		
Operating Activities		
Excess of revenues over expenses	\$ 171,281	\$ 10,722
Amortization	16,655	16,281
	<u>187,936</u>	<u>27,003</u>
Changes in Working Capital Accounts		
Accounts receivable	(11,095)	6,175
Carry-over commitments	(259,778)	560,644
Inventory	(2,872)	5,457
Prepaid expenses	(93)	(7,608)
Accounts payable	3,953	(17,396)
Deferred revenue	4,000	(245,679)
	<u>(265,885)</u>	<u>301,593</u>
	<u>\$ (77,949)</u>	<u>\$ 328,596</u>
Financing Activity		
Term loans payable	\$ -	\$ (13,673)
Investing Activities		
Purchases of capital assets	\$ (14,437)	\$ (24,443)
Repayment of notes receivable	-	13,673
	<u>\$ (14,437)</u>	<u>\$ (10,770)</u>
(Decrease) Increase in Cash Resources	<u>(92,386)</u>	<u>304,153</u>
Cash Resources, Beginning of Year	<u>1,695,134</u>	<u>1,390,981</u>
CASH RESOURCES, END OF YEAR	<u>\$ 1,602,748</u>	<u>\$ 1,695,134</u>

NOTES TO FINANCIAL STATEMENTS

1. Nature of Business

Manitoba Film and Sound Recording Development Corporation (the "Corporation") is a statutory corporation created by the Province of Manitoba through The Manitoba Film and Sound Recording Development Corporation Act. The chief objective of the Corporation is to foster growth of the Manitoba film and sound recording industries by providing financial and other assistance.

The Corporation has been designated by the Minister of Finance to administer the Manitoba Film and Video Production Tax Credit Program, including registration of productions and review of tax credit applications.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Inventory

Inventory is valued at the lower of cost or net realizable value.

Equipment

Equipment is recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives. The annual rates are as follows:

Website	30%
Computer equipment.....	30%
Furniture.....	20%
Leasehold improvements.....	5%
Equipment.....	20%

Program funding

The Corporation provides grant funding to Manitoba companies and individuals in order to promote Manitoba's film and sound recording artists and industries. The grant may nominally take the form of equity financing from which, in the future, there may be a recovery of principal or return on investment.

Revenue recognition

a) Program Recoupments

Any recovery of principal or return on investment of programs

funded is recorded as program recoupments when received or reported by the applicant.

b) Province of Manitoba Funding

Province of Manitoba funding is based on the Province of Manitoba's annual allocation to the Corporation and is recorded as revenue when received.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization of equipment is provided based on the Corporation's estimated useful lives of those assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Recent accounting pronouncements

In January 2005, the Canadian Institute of Chartered Accountants issued new recommendations for the recognition and measurement of financial instruments, and amendments to the existing presentation and disclosure standards, effective for interim and annual financial statements with fiscal years beginning on or after October 1, 2006. The Corporation expects to apply these recommendations for its financial statements dated March 31, 2008. Transitional provisions are complex and vary based on the type of financial instruments under consideration. The Corporation expects that the impact of these new standards on its financial statements will be minimal.

3. Cash

Cash on deposit earns monthly interest at the Chartered Bank's commercial rates.

4. Capital Assets

	2007		2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Website/Database	\$ 23,751	\$ 12,631	\$ 11,120	\$ 10,156
Computer equipment	82,218	69,067	13,151	10,682
Furniture	50,761	48,712	2,049	4,568
Leasehold improvements	53,700	18,563	35,137	37,854
Equipment	5,120	3,359	1,761	2,176
	<u>\$ 215,550</u>	<u>\$ 152,332</u>	<u>\$ 63,218</u>	<u>\$ 65,436</u>

5. Deferred Revenue

The Province of Manitoba has provided funds directed to specific programs in the next fiscal year.

These funds consist of:

	2007	2006
Sound Portfolio Investment Envelope Program	\$ 51,500	\$ 77,500
Film Portfolio Investment Envelope Program	<u>97,500</u>	<u>67,500</u>
	<u>\$ 149,000</u>	<u>\$ 145,000</u>

6. Carry-Over Commitments

Due to lead times required to obtain all the resources necessary to complete film, video and sound recording projects, the Corporation approves applications for funding which may not be disbursed until subsequent fiscal periods. Particulars of such approved funding in fiscal year ended March 31, 2007 and prior years, which were not fully advanced as at March 31, 2007 are as follows:

	Year of Commitment			Total	
	06/07	05/06	Prior	2007	2006
Film					
Development Financing Programs	\$ 28,439	\$ 1,400	\$ -	\$ 29,839	\$ 54,615
Production Financing Programs	589,588	105,124	29,990	724,702	875,021
Access to Markets Program	3,000	-	-	3,000	3,000
Emerging Talent Matching Funds	6,250	1,800	-	8,050	8,650
Portfolio Investment Envelope	-	12,000	30,500	42,500	62,000
Industry Support	7,100	250	-	7,350	18,931
	<u>\$ 634,377</u>	<u>\$ 120,574</u>	<u>\$ 60,490</u>	<u>\$ 815,441</u>	<u>\$ 1,022,217</u>
Sound					
Sound Recording Production Fund	\$ 115,650	\$ 25,000	\$ 592	\$ 141,242	\$ 116,607
Sound Recording – Out of Province Artists	20,000	-	-	20,000	-
Demo Recording Fund	15,280	400	-	15,680	17,412
Record Product Marketing Fund	21,695	2,500	-	24,195	11,720
Recording Artist Touring Fund	8,650	-	-	8,650	10,600
Music Video Fund	-	-	-	-	4,700
Portfolio Investment Envelope	-	3,000	6,000	9,000	16,000
Market Access Fund	3,000	-	-	3,000	3,000
	<u>\$ 184,275</u>	<u>\$ 30,900</u>	<u>\$ 6,592</u>	<u>\$ 221,767</u>	<u>\$ 180,039</u>
Interactive Media					
Development	-	-	-	-	\$ 5,500
Production	-	-	-	-	29,230
Industry Support	-	-	-	-	60,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 94,730</u>
Total Commitments	<u>\$ 818,652</u>	<u>\$ 151,474</u>	<u>\$ 67,082</u>	<u>\$ 1,037,208</u>	<u>\$ 1,296,986</u>

NOTES TO FINANCIAL STATEMENTS

7. Net Assets

	Invested in capital assets	Unrestricted	2007	2006
Balance, beginning of year	\$ 65,436	\$ 248,104	\$ 313,540	\$ 302,818
Excess (deficiency) of revenues over expenses	(16,655)	187,936	171,281	10,722
Investment in capital assets	14,437	(14,437)	-	-
Balance, end of year	\$ 63,218	\$ 421,603	\$ 484,821	\$ 313,540

Unrestricted assets are comprised of current and prior years' project revenue recoupments that are allocated to future years' programming and program delivery budgets.

8. Interactive New Media Funding

Pursuant to the Manitoba Treasury Board Secretariat Minute 49A/2005 – Item 18 dated December 18, 2005, the full responsibility for the administration of the Interactive New Media Fund was transferred from the Corporation to the Department of Energy, Science and Technology.

9. Industry Association Support

The Corporation indirectly supports the on-going development of creative talent, business skills and capacity building of various film, television and sound recording professionals by providing funding for specific programming administered by MARIA, MMPIA, the National Screen Institute Canada and the Winnipeg Film Group. Programs supported include the Aboriginal Music Program, Features First, Drama Prize, Totally Television, Global Marketing, Post-Production and Marketing funds.

10. Lease Commitments

The Corporation occupies leased premises subject to minimum monthly rent of \$4,856 until August 2009 plus various equipment leases with quarterly payments until March 2012. Future minimum annual payments as are follows:

2008.....	66,389
2009.....	66,389
2010.....	32,194
2011.....	7,305
2012.....	7,305

11. Programs Delivery

Programs delivery also includes the expenses associated with the delivery of the Manitoba Film & Video Production Tax Credit Program (MTC). While the value of the MTC does not flow through the Corporation, the delivery of it does and is therefore determined to be worth noting. A total of 86 applications were received for processing during the 2007 fiscal year (2006 – 86), representing in excess of \$191 million worth of production activity (2006 - \$159 million). Production activity includes projects which took place in current and prior years. The tax credits are subject to approval by the Province of Manitoba.

12. Economic Dependence

The Corporation's primary source of income is derived from the Province of Manitoba in the form of an operating grant.