

THAT'S A WRAP!

Film Year in Review



Nova Scotia Film Development Corporation
Annual Report 2005/2006

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*The Hunt for the BTK Killer
von Zerneck/Sertner Films
Photo Credit: Chris Reardon*



*Snow Angels
Crossroads Films
Photo Credit: Chris Reardon*



Congratulations to the Nova Scotia Film Development Corporation and to our network of local producers, actors, and film crews for their part in creating a 16 per cent increase in the industry. In fact, half of the productions in the province last year were local, and helped to grow the industry to an impressive \$121 million in production activity.

Our winning reputation as a centre of film excellence is solid. Local production companies are well-respected nationally and internationally. Awards keep coming in, and business relationships prosper and grow. With almost 2,500 dependable, resourceful, and creative Nova Scotians employed in many related occupations, Nova Scotia enjoys its position as Canada's fourth largest in this sector, consistently bringing in more than \$100 million annually.

The province continues to support the industry in a number of ways: through a film industry tax credit; through the Nova Scotia Film Development Corporation equity funds; and through participation in trade missions and film festivals. Remaining competitive in this worldwide industry is essential to its success and to the growth of employment opportunities for Nova Scotia's creative community.

Thank you to the management, staff and the Board of Directors for your dedication to the Nova Scotia Film Development Corporation. You provide the industry with the support and expertise required to ensure that Nova Scotia remains competitive, and consistently sends the message that Nova Scotia is open for business.

I am sure that once you read this annual report, you will understand the scope and success of this industry, and see why Nova Scotia continues to draw the international film and television industry to our shores year-after-year. I look forward to working with the board as we continue to build on our success.

Sincerely,

Richard Hurlburt
Minister
Nova Scotia Economic Development



*Trailer Park Boys - The Movie
TPB Productions Limited
Photo Credit: Michael Tompkins*



On behalf of the Board of Directors, I am pleased to present the Government and the people of Nova Scotia with the 2005-2006 Annual Report on the activities of the Nova Scotia Film Development Corporation.

The Nova Scotia Film Development Corporation's (NSFDC) mandate is to grow Nova Scotia's film, television, and new media industry with its partners by stimulating investment and employment and by promoting Nova Scotia's producers, productions, locations, skills and creativity in global markets. With production activity of \$121 million this year, we are proud to report that our goal is being met. This level of activity represents a 16 percent jump and marks the largest increase in two years.

During the year, the Corporation led a successful trade mission to Australia and New Zealand from February 13-24. It was the first of its kind for Nova Scotia's film industry with sixteen producers participating in the mission. Visits to Melbourne, Adelaide, and Sydney, Australia and Auckland, New Zealand resulted in many introductions, meetings, and business deals. Australia and New Zealand are great markets of opportunity for Nova Scotia-produced film and television productions given the similarities between our countries' cultures, sensibilities, and public support programs for the film and television industry.

Much cooperation is required to sustain the current level of production activity, and through membership in the Film Advisory Committee (FAC), NSFDC once again partnered in a *Thank You Halifax Regional Municipality, Thank You Nova Scotia* campaign recognizing the support provided by residents of the province. The FAC has membership from the production community, unions and guilds, Halifax Regional Municipality, and suppliers and meets regularly to share information and address concerns.

The success of Nova Scotia's film industry could not have been achieved without the active support of the Province of Nova Scotia. The Premier, the Honourable Rodney MacDonald, and the Minister of Economic Development, the Honourable Richard Hurlburt, remain strong supporters of film, television, and new media with a commitment to vigorously promote Nova Scotia as a film, television, and multi-media production location.

The Board is proud of the CEO, Ann MacKenzie, and her team at the NSFDC. The level of activity in the film industry and community partnerships is a testament to their hard work and commitment to their clients.

To conclude, the Board of the Nova Scotia Film Development Corporation is proud to have worked with the many talented and committed people involved in growing our film, television, and new media industry and we are pleased to have been able to make a significant contribution to the economy in Nova Scotia.

A handwritten signature in blue ink that reads "Bonnie L. Kirby". The signature is written in a cursive style.

Bonnie Kirby
Chair, NSFDC



Bonnie Kirby, *Chair*



Bonnie Kirby
Chair 2005 - 2006, Halifax



Richard Hebb, *Director*

Paul MacKinnon
Director 2002 - 2006, Halifax



Ernest Dick
Director 2002 - 2006, Granville Ferry



Paul MacKinnon, *Director*

Richard Hebb
Director 2005 - 2006, Dayspring



James Gogan, *Director*

James Gogan
Director 2005 - 2006, Sydney



Ernest Dick, *Director*

Debra Forsyth-Smith
Director 2006, Timberlea



Debra Forsyth-Smith, *Director*

“Other provinces have a higher tax credit, but not as many experienced film crew as Nova Scotia ... I’m happy to say for *Relative Chaos*, the crew is 99% local ... That is great.”

- *Randy Sutter*



Board Chair, Bonnie Kirby, and NSFDC CEO, Ann MacKenzie, on set with producer, Randy Sutter, and actress, Charisma Carpenter.

Relative Chaos
von Zerneck/Sertner Films
Photo Credit: Chris Reardon



Bo on the Go!
The Halifax Film Company Ltd.

Summary - Program Funds Contracted & Tax Credits Finalized for the year ended March 31, 2006

Equity Investments	\$2,629,604
Development Loans	\$143,992
Special Projects	\$167,400
Total Program Funds	\$2,940,996
Finalized Tax Credits	\$7,597,720
Total Contracted Program Funds & Finalized Tax Credits	\$10,538,716

Production	Producer	Amount
Equity Investments Contracted March 31, 2006		
Best Evidence: Top 20 UFO Cases	Redstar Films Ltd.	\$70,000
Bo On The Go! - Cycle I	The Halifax Film Company Ltd.	\$250,000
Bug And A Bag Of Weed, A	Afterdark Productions Inc.	\$50,000
Cheap Draft, Bad Language, Fast Cars, Women and a Video Camera	Second Wave Productions Inc./ The Monster Productions Inc.	\$59,000
Chef at Home II	Ocean Entertainment Ltd./ Cellar Door Productions Inc.	\$162,000
Chef at Large V	Ocean Entertainment Ltd./ Cellar Door Productions Inc.	\$130,000
Delilah & Julius Interactive	Collideascope Digital Productions Inc.	\$30,000
Dreamwrecks	Arcadia Entertainment Ltd.	\$157,500
Drug Warriors	imX communications inc.	\$119,000
Fields of Fear	Redstar Films Ltd.	\$23,000
Kiviug	Triad Film Productions Ltd./ Drumsong Communications Inc.	\$60,000
Mabou Christmas	Cambrian Productions Inc.	\$85,000
October 1970	Big Motion Pictures Ltd./ Barna-Alper Productions Inc.	\$150,000
One Hit Wonder	Amygdala Pictures Inc.	\$20,000
Poko - Cycle III	The Halifax Film Company Ltd.	\$250,000
Poor Boy's Game	Standing 8 Productions Inc./ Conquering Lion Pictures Inc.	\$250,000
Sea Hunters Shipwreck	Eco-Nova Productions Ltd.	\$9,604
Stone's Throw, A	Palpable Productions Inc./ Acuity Pictures Inc.	\$164,500
Such a Pretty Face	ZIJI Film and Television Ltd.	\$80,000
The Godfather of Celtic Music in Canada: The Life and Times of John Allan Cameron	Creative Atlantic Communications Ltd.	\$37,000
The Motorcycle	Exhibition Five Productions Inc.	\$20,000
Trailer Park Boys - The Movie	TPB Productions Ltd.	\$250,000
Trailer Park Boys VI	TPB Productions Ltd.	\$120,000
Wise Weather Whys	PAL Science Media Inc.	\$83,000
TOTAL		\$2,629,604

Development Loans Contracted March 31, 2006

Burning Rubber	Flashfire Productions Inc.	\$7,100
Cubers	Red Cube Productions Ltd.	\$8,000
Fat Camp	ZIJI Film and Television Ltd.	\$10,000
Fatal Passage	John Walker Productions Ltd./ PTV Productions Inc.	\$9,488
Food Crusade	Ocean Entertainment Ltd.	\$9,935
French Food at Home	Ocean Entertainment Ltd.	\$4,555
Game, The	Arcadia Entertainment Inc./ Minds Eye Entertainment Ltd.	\$12,517
Gregg's Head	Emotion Pictures Ltd.	\$14,520
James A. Houston-The Most Interesting Group of People You Could Ever Meet	Drumsong Communications Inc.	\$7,490
Pros and Cons	Idlewild Films Ltd.	\$13,220
Pushing Up Daisies	Standing 8 Productions Inc./ Trilogy Entertainment North Ltd.	\$12,677
The Lifecoach	Trailer Park Productions Ltd./ Topsail Productions Ltd.	\$15,000
The White Archer	Drumsong Communications Inc.	\$7,490
Touch the Moon	Flashfire Productions Inc.	\$12,000
TOTAL		\$143,992

Special Projects Contracted March 31, 2006

Atlantic Film Festival 2005 Canada Showcase	Atlantic Film Festival Association	\$50,000
Film 5 Program 2005-2006	Atlantic Filmmakers Cooperative	\$40,000
Film 5, Film Training and Production Program 2004-2005	Atlantic Filmmakers Cooperative	\$35,000
Graduate Program in Film	NSCAD University	\$20,000
Media Arts Scholarship/ Mentorship Program	Centre For Art Tapes	\$5,400
NSI Drama Prize	National Screen Institute-Canada	\$12,000
NSI Totally Television	National Screen Institute-Canada	\$5,000
TOTAL		\$167,400

Note: The contract date does not always coincide with the year the commitment is reflected in the Corporation's financial records. Financial records and statistical reporting are based on the commitment date.

Nova Scotia's film, television, and new media industry continued its solid performance in 2005-2006, by recording its eighth consecutive year of production activity exceeding the \$100 million mark, coming in at \$121 million.

Nova Scotia filmmakers continued to create world-class productions that garnered many awards and attracted large audiences. Feature films shot on location in Nova Scotia include Palpable Productions Inc.'s *A Stone's Throw*, co-written and directed by Camelia Frieberg; After Dark Productions Inc.'s *A Bug and a Bag of Weed* and TPB Productions Limited's *Trailer Park Boys - The Movie* directed by Mike Clattenberg and starring everybody's favorites John Paul Tremblay, Rob Wells, and Mike Smith.



On the television side Nova Scotia filmmakers are well recognized for their talent and creativity in Canada. In 2005 they were nominated for a total of 29 Gemini Awards with local productions taking home awards for best series, production design, costume design, art direction, and performance.

A selection of the spectacular work coming out of Nova Scotia includes *Sex Traffic*, a two-part miniseries produced by Chester-based Big Motion Pictures Limited, which won four Gemini's for best dramatic mini-series; production design or art direction in a dramatic program or series; costume design; and performance by an actress in a featured supporting role in a dramatic program or mini-series. As well, Big Motion's producers Wayne Grigsby and David MacLeod continued creating award-winning high-value dramatic programming adding the *October 1970* miniseries to their list of credits. The cult series *Trailer Park Boys*, which won the Gemini for the Best Ensemble Performance in a Comedy Program or Series in 2005, completed its sixth season of the ever-popular series. The Halifax Film Company Ltd. produced the third season of the popular stop-motion animation series *Poko* and the first season of the CGI animated children's series *Bo on The Go!* Local writer Floyd Kane wrote six episodes for the *North South* dramatic series pilot aired by CBC and produced by The Halifax Film Company Ltd. Ocean Entertainment Ltd. continued to build on its reputation of creating entertaining cooking shows with the production of *Chef at Home II* and *Chef at Large V* and Arcadia Entertainment Inc. continued along its ocean-themed shows with the *Dreamwrecks* series for Global. These achievements represent only a sample of the filmmakers and their works created in Nova Scotia.

Nova Scotia's profile as a prime location for film shooting continues to grow and once again guest productions brought an exciting collection of recognizable celebrities to the province. Eight movies for television and three series brought film stars Julia Ormond, Rob Lowe, Tom Selleck, and Jessica Lange to Nova Scotia. The feature film *Snow Angels* starring Kate Beckinsale and Sam Rockwell also filmed in early 2006.

Through the Nova Scotia Film Industry Tax Credit, Equity Investment, Development Loan, New Media, Sponsorship, Special Awards, Partnerships in Training, Distribution Assistance, Bridge Award, and Travel/Market Assistance programs, NSFDC and the Province of Nova Scotia are proud to play a role in developing Nova Scotia's vibrant film industry.

It is my pleasure to work with Nova Scotia's many talented filmmakers, a supportive board of directors, the provincial government, and the dedicated team members of the NSFDC. The film, television, and new media industry requires a great deal of collaboration on all fronts and Nova Scotia's community consistently meets this challenge.

Ann MacKenzie, CA, CPA
Chief Executive Officer

THE NOVA SCOTIA FILM DEVELOPMENT CORPORATION

The Corporation

Created in 1990, the Nova Scotia Film Development Corporation (NSFDC) is a Provincial Crown Corporation reporting to the Minister of Economic Development. The mission of the Corporation is to grow Nova Scotia's film, television, and new media industry with our partners by stimulating investment and employment and by promoting Nova Scotia's producers, productions, locations, skills, and creativity in global markets. The Corporation's vision is "Nova Scotia is entertaining and informing the world through traditional and new media."

Activities designed to assist the Corporation in achieving its goal of growing the film and television industry include:

- assist and promote the development of the private-sector film, television, and new media industry in the province in the areas of funding, marketing, promotion, training and education;
- create and stimulate employment and investment and encourage the making of film, television, and new media productions in the province;
- assist and co-ordinate financial or other assistance by any departments, boards, commissions or agencies of the province to the film, television, and new media industry in the province and co-ordinate any financial or other assistance by any departments, boards, commissions or agencies from other jurisdictions to the film, television, and new media industry in the province; and
- encourage and promote public/private partnership opportunities allowing Nova Scotia producers to access additional private sector funds.

A Board appointed by the Government of Nova Scotia directs the affairs of the Corporation. The administration of the Corporation and its programs and the implementation of the Board's decisions are carried out by the Chief Executive Officer and six other full-time staff. The Corporation's budget covers administration and all of its industry development programs. In 2005-2006 the Corporation's total revenue was \$3.7 million, of which \$3.1 million was available for industry investment activities.

The Personnel

The Chief Executive Officer, Ann MacKenzie, has been with the Corporation since 1997. She reports to the Board of Directors and has chief responsibility for all film industry programs administered by the Corporation. A Director of Finance, Program Administrator, Finance Assistant, and an Office Administrator assist the Chief Executive Officer with film investment/incentive programs and other corporate initiatives. A Locations Officer and a Communications & Locations Assistant assist Ann in marketing Nova Scotia as a film location. The NSFDC has a strong and cohesive team that is able to apply its considerable combined talents toward meeting the Corporation's objectives of growing the film, television, and new media industry in Nova Scotia, and the current year results are just an indication of more to come.



Artist credit: Joel MacKenzie

NSFDC Team

Ann MacKenzie, Chief Executive Officer
Jennifer MacIntyre, Locations Officer
Linda Wood, Program Administrator
Melissa Hawkes, Communications & Locations Assistant
Melissa Lunn, Finance Assistant
Shelley Creighton, Director of Finance
Terri Roberts, Office Administrator

Growing the Film Industry in Nova Scotia

The Nova Scotia Film Development Corporation runs two program streams to develop the film industry in Nova Scotia.

The Corporation's financial programs include equity investments, development loans, new media equity investments, feature film distribution assistance, the CBC/NSFDC Bridge Award, travel/market assistance, partnerships in training, and sponsorship.

The second category of programs is aimed at guest filmmakers. The Locations Department promotes the province as the perfect place to film, which results in co-productions or fully financed foreign films. The Locations Officer maintains an extensive library of photographs representing the entire province, and the Corporation fills numerous location requests throughout the year. Locations packages include information on Nova Scotia, services available to filmmakers, location photographs, and the Nova Scotia Film and Video Production Guide. High-quality and informative, the Guide is a key tool used by producers and production companies when considering shooting in Nova Scotia.

Additionally, the Nova Scotia Film Development Corporation administers the Nova Scotia Film Industry Tax Credit Program on behalf of the Department of Finance. The Film Industry Tax Credit is a labour-based, fully refundable tax credit, which is available to local and guest producers.

Investing in local filmmakers and marketing the province's beautiful locations contributes to the development of a stable and expanding film industry in Nova Scotia.

Local Production

Film Industry Development Programs

The NSFDC administers a variety of economic incentive programs. These programs are accessible to Nova Scotia producers who may be acting alone or in co-productions with out-of-province producers. In the 2005-2006 fiscal year, there were nine financial programs available for Nova Scotia producers: Equity Investment; Development Loan; New Media Equity Investment; Feature Film Distribution Assistance; CBC/NSFDC Bridge Award; Travel/Market Assistance; Nova Scotia Film Industry Tax Credit; Partnerships in Training; and Sponsorship. In 2005-2006, the Corporation made \$3.1 million available for industry investment activities.

During the year, the Corporation financially supported 53 local projects through its investment programs, generating \$60 million in production activity. Forty-two of these projects accessed both the industry development and tax credit programs and accounted for \$44 million of the production activity. Eleven of the projects were supported by the tax credit program only with combined budgets of \$16 million.

Equity Investment, New Media Equity Investment & Development Loans

The Corporation will invest in a qualifying Nova Scotia production up to 40% of the production budget spent in the province to maximum dollar participation per project of \$250,000. This investment triggers other sources of financing and enables producers to make their films.

The Corporation provides equity investments up to one-third of the production budget spent in the province to a maximum dollar participation per project of \$30,000 for new media projects such as CD-ROM, DVD, and Internet-delivered programs that are related to film or television projects.

The Corporation provides development loans of \$15,000 per project to a maximum of one-third of the budget spent in the province. These loans enable producers to develop their ideas to a stage where potential investors will be interested.

During the year the Corporation invested in three feature films, one television mini-series, seven television series, and nine television specials. In addition, the Corporation supported the development of four feature films, five television series, five television specials, and one new media project. The Corporation sponsored seven projects of a training or professional development nature.

Feature Film Distribution Assistance

The Corporation will contribute a recoupable advance up to a maximum of \$50,000 to the theatrical release costs of a Nova Scotia produced dramatic documentary or animated feature film, with the goal of enhancing the marketing campaign for the film and increasing the Canadian box office returns.

CBC/NSFDC Bridge Award

The Corporation partners with CBC Television, Atlantic Region to offer the CBC/NSFDC Bridge Award for emerging producers. This juried program helps emerging producers enter the industry. Successful applicants win a \$10,000 CBC broadcast licence, a

\$20,000 NSFDC equity investment and \$10,000 in services from the CBC. Up to two awards are offered each year in February.

Emerging film producers Tarek Abouamin and Brad Horvath each won a Bridge Award in 2005. Mr. Abouamin produced *The Motorcycle*, a half-hour drama, and Mr. Horvath produced the half-hour drama, *One Hit Wonder*.

Travel/Market Assistance

The Corporation sponsors key festivals and markets, works with Atlantic Canada Film Partners (ACFP) to increase the international profile of Atlantic Canada's film and television industry, and provides financial assistance to local filmmakers to attend markets and festivals with the goal of selling completed works or attracting co-production partners for projects in the development stage. In addition, the Corporation regularly hosts Broadcaster/Distributor Forums to increase Nova Scotia filmmakers' access to key decision-makers. Funding for ACFP is provided by the Atlantic Canada Opportunities Agency on a cost-shared basis.

During the year the Corporation participated as a sponsor in the following markets: Toronto International Film Festival, Cannes Film Festival, MIPCOM television market, Atlantic Film Festival, American Film Market, and Show Canada. The Corporation also actively marketed its programs and the province's locations at the following events: Canadian Film & Television Production Association Prime Time in Ottawa, Cannes Film Festival, Banff Television Festival, Toronto International Film Festival, MIPCOM television market, Atlantic Film Festival, American Film Market, business development trips to New York and Los Angeles, and a formal Trade Mission to Australia and New Zealand.

Additionally, the Corporation provided financial assistance to 49 producers to attend relevant markets as follows:

Travel Market Assistance	# of Producers
Banff Television Festival	6
Berlin International Film Festival	1
Canadian Front 2006	1
Cannes Film Festival	1
Cinemart/Rotterdam Film Festival	1
Hot Docs Canadian International Documentary Festival	4
Chicago First Nation Film and Video Festival	1
KidScreen Summit 2006	2
Los Angeles International Short Film Festival	1
MIPCOM television market	3
MIPTV television market	1
Montreal Festival du Nouveau Cinema	1
NAPTE	1
No Borders International Co-Production Market	1
Reel Screen Summit	2
Strategic Partners	16
Toronto Animated Image Society Screening	1
Toronto International Film Festival	2
Trade Mission to Australia and New Zealand	1
15th Annual International UFO Congress Conference and Film Festival	2

Partnerships in Training

The continued professional development of Nova Scotia filmmakers is important to the Corporation. Therefore, we invest in non-profit organizations dedicated to film industry training and development.

The Atlantic Filmmakers Cooperative's *Film 5 Program* gave four emerging teams of directors, writers and producers the opportunity to produce original work in 2005/2006, under the guidance of a host of mentors, teachers and managers. With their films routinely screening at the Atlantic Film Festival, the program is a launch pad for increasingly higher-profile work.

Investment in the *Media Arts Scholarship/Mentorship Program* at the Centre for Art Tapes resulted in a series of inter-disciplinary learning events as well as more traditional opportunities to build skills.

Through the NSFDC's *Graduate Scholarships in Film*, two scholarships of \$10,000 each will be awarded to students entering the Nova Scotia College of Art and Design University's Graduate Program in Film (MFA Film) in the 2006-2007 academic year. The program is designed to develop independent filmmakers by educating students in the critical, theoretical, and historical components of film while engaging them in an intensive process of production.

The Corporation supported the participation of two Nova Scotia production companies to attend the *Telefilm Canada Media Entrepreneur Incubator Program*, an intensive and individualized business skills program designed to provide an opportunity for senior level producers to develop and enhance their business skills.

The Corporation supported the participation of a Nova Scotia producer, director, and writer team in the National Screen Institute's Drama Prize program, targeted to assist emerging writers, directors and producers to develop, produce, and present a professional quality short film over the course of a year. The Corporation also supported the participation of a Nova Scotia writer in the National Screen Institute's Totally Television program, an intensive and individualized professional development program designed to train aspiring television writer/producer teams through the development of their own television series proposal.

The Corporation provided financial assistance to two producers to participate in the Women in the Director's Chair program, and two producers to attend the North American Television Executive Leadership Program.

Sponsorship

The Atlantic Film Festival and Strategic Partners 2005 - The Atlantic Film Festival hosts public screenings of current films for adults and children, as well as competitions, workshops, and seminars that assist in the development of the industry. Each year, the Festival showcases work from around the world. Most important, it features works by Nova Scotian filmmakers, giving local audiences an opportunity to see original films by the region's up-and-coming talent. Strategic Partners conference is a key conference which provides significant international co-production opportunities for Nova Scotia producers. The Corporation views the Atlantic Film Festival as an important development opportunity for the Nova Scotia film industry and is, therefore, pleased to be a partner.

Locations Department

Attracting new film business to Nova Scotia means jobs for Nova Scotians. It also means expenditures in the province across a broad spectrum of supporting business and services. Guest film and television projects have the additional benefit of showcasing Nova Scotia as a great place to live, visit, and do business.

The Locations Department directs three core activities that contribute to bringing in new film business - business development and marketing, location services, and facilitation during production.

Business Development & Marketing

The Locations Department works to ensure that production companies and key production executives recognize the value of filming in Nova Scotia - value that comes not only through our spectacular geographical setting, but through our creative, dependable and resourceful film industry personnel and strong supporting infrastructure. Nova Scotia's Film Industry Tax Credit, one of the most competitive in the country, completes the offering that Nova Scotia brings to the marketplace.

Highlights of NSFDC's marketing activities in 2005/2006 includes:

- Hosting a Trade Mission to Australia and New Zealand, enabling 16 local producers to meet with a variety of film, television and broadcast companies;
- Business prospecting in New York, where the Corporation made valuable contact with several film and television production companies including Crossroads Films that completed production of the feature film *Snow Angels* in Nova Scotia in January 2006;
- Sponsoring, in partnership with Telefilm Canada, the Department of Foreign Affairs and other provincial funding agencies, a Canadian Pavilion in three key markets: the Cannes Film Market, the American Film Market, and MIP-COM. This pavilion served as a business center for Canadian producers to facilitate sales and future business activities;
- Continued business prospecting in Los Angeles making contact with companies such as New Line Cinema, 2929 Productions, Ascendant Pictures, Trigger Street Productions and Warner Bros. Television among others;
- Hosting familiarization tours of the province for production representatives of Daniel Petrie Jr. Productions as well as production executives in attendance at Strategic Partners.

The Locations Department coordinated attendance at all trade shows, markets and other promotional events in which the Corporation participated over the past year. The Department purchased media for the Corporation, conducted familiarization tours of the province, generated new business leads and undertook direct selling. The Department also managed the production of the industry's signature annual publication, the *Nova Scotia Film and Video Production Guide*.

Location Services

As a member of the Association of Film Commissioners International, the NSFDC is a full-service film commission offering a range of services to clients. These services include script breakdown, access to a digital location library, location scouting and ongoing production liaising as required.

The Locations Department responded to 70 production-specific requests and over 200 inquiries generated through trade shows and attendance at markets. The services of an experienced location scout were provided to 18 different companies.

For 2005-2006, 14 productions filmed in Nova Scotia resulting in \$61 million in foreign production spending in the province. These productions included:

Guest Production March 31, 2006		
Movies of the Week (MOWs)	The Dive from Clausen's Pier	Lifetime Television
	Night Passage	CBS
	Death in Paradise	CBS
	Fatal Error	Lifetime Television
	A Christmas Wedding	Lifetime Television
	The Hunt for the BTK Killer	CBS
	Sybil	CBS
	Bats	CBS
Feature Film	Snow Angels	Crossroads Films
Television Series	Beach Girls	Lifetime Television
	Girl Stuff/Boy Stuff II	YTV
	Katbot	The Family Channel

Two additional projects include a TV Special and an Interactive Website.

Facilitation

When a film or television production selects Nova Scotia as its location, the Corporation's job does not end there. We like to think it's just the beginning. We set to work with our partners on the Nova Scotia Film Advisory Committee - IATSE 849, IATSE 667, DGC-Atlantic Council, ACTRA, HRM Film Office and several private-sector representatives - to ensure that the filmmaker's experience in Nova Scotia is a positive and memorable one. This is crucial to encouraging repeat business and managing Nova Scotia's reputation in the marketplace as a premiere shooting location.

The "Thank You HRM, Thank You Nova Scotia" campaign is a good example of how the industry works to build and maintain a positive film environment in this province. In its third year, the campaign extended a thank you to residents of Nova Scotia

for their hospitality and support of Nova Scotia's film industry. To ensure the sustainability of location filmmaking, it is important to let the general public know they are a key part of the province's success.

Nova Scotia Film Industry Tax Credit

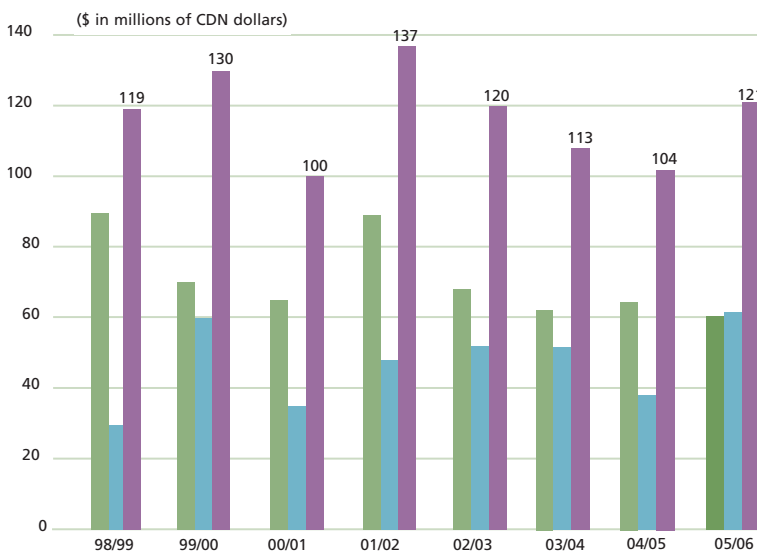
The Nova Scotia Film Industry Tax Credit is a refundable corporate tax credit administered by the Nova Scotia Film Development Corporation on behalf of the Department of Finance. The Film Industry Tax Credit is designed to encourage film and television production in Nova Scotia and is a key financial resource for local productions. It also serves as one of the primary incentives in attracting guest productions to the province. Production companies employing Nova Scotians may be eligible for a tax credit, based on eligible Nova Scotia labour expenditures that are directly attributable to the production. Effective January 1, 2005, the base rate for the Film Industry Tax Credit increased to 35% of eligible labour, to a maximum of 17.5% of production cost. A regional bonus, which can increase tax credit rates by up to 5% of eligible labour and 2.5% of production cost, is available for productions that shoot outside the Metro Halifax area. A frequent filming bonus of 5% of eligible labour is available for qualifying productions that started principal photography on or after January 1, 2005.

For the period April 1, 2005 to March 31, 2006, 37 tax credit certificates were issued for film and television productions. Local producers accessed \$5.3 million while guest producers accessed \$2.3 million for a total of \$7.6 million.

Finalized Nova Scotia Film Industry Tax Credits April 1, 2005 – March 31, 2006

Format	# Of Projects	Tax Credit
TV Series	17	\$5,223,665
Feature Film	3	1,097,310
TV Movie	2	722,306
TV Special/Documentary	12	443,751
Other	3	110,688
Total	37	\$7,597,720

Nova Scotia Film Industry Production Activity from 1999–2006



Nova Scotia	vs.	Guest*
98/99 = 89.5	vs.	29.5
99/00 = 70	vs.	60
00/01 = 65	vs.	35
01/02 = 89	vs.	48
02/03 = 68	vs.	52
03/04 = 62	vs.	51
04/05 = 68	vs.	36
05/06 = 60	vs.	61

Source: Nova Scotia Film Development Corporation

*Please note that "Guest" production refers to Non-Nova Scotia projects filmed in Nova Scotia

**Levy
Casey
Carter
MacLean**
Chartered Accountants

AUDITORS' REPORT

TO THE MEMBERS OF THE BOARD OF THE
NOVA SCOTIA FILM DEVELOPMENT CORPORATION:

We have audited the statement of financial position of Nova Scotia Film Development Corporation as at March 31, 2006 and the statement of operations and changes in net assets 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, 2006 and the results of its operations and changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Halifax, Nova Scotia
May 26, 2006

Levy Casey Carter MacLean
LEVY CASEY CARTER MACLEAN
CHARTERED ACCOUNTANTS

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STATEMENT OF FINANCIAL POSITION

MARCH 31, 2006

ASSETS

	2006	2005
Current		(Restated)
Cash and short term investments	\$ 1,262,651	\$ 995,807
Other receivables	167,025	87,151
Prepaid expenses	19,677	18,710
	1,449,353	1,101,668
Due from Province of Nova Scotia (note 2(e))	11,570	8,660
Property and equipment (note 3)	8,860	16,380
	\$ 1,469,783	\$ 1,126,708

LIABILITIES

Current		
Payables and accruals, trade	\$ 32,958	\$ 23,319
Commitments payable (note 4)	1,372,235	1,056,516
Deferred revenue	52,320	37,534
	1,457,513	1,117,369
Employee future benefits (notes 2(e) and 10)	11,570	8,660
	1,469,083	1,126,029

NET ASSETS

Net assets unrestricted	700	679
	\$ 1,469,783	\$ 1,126,708

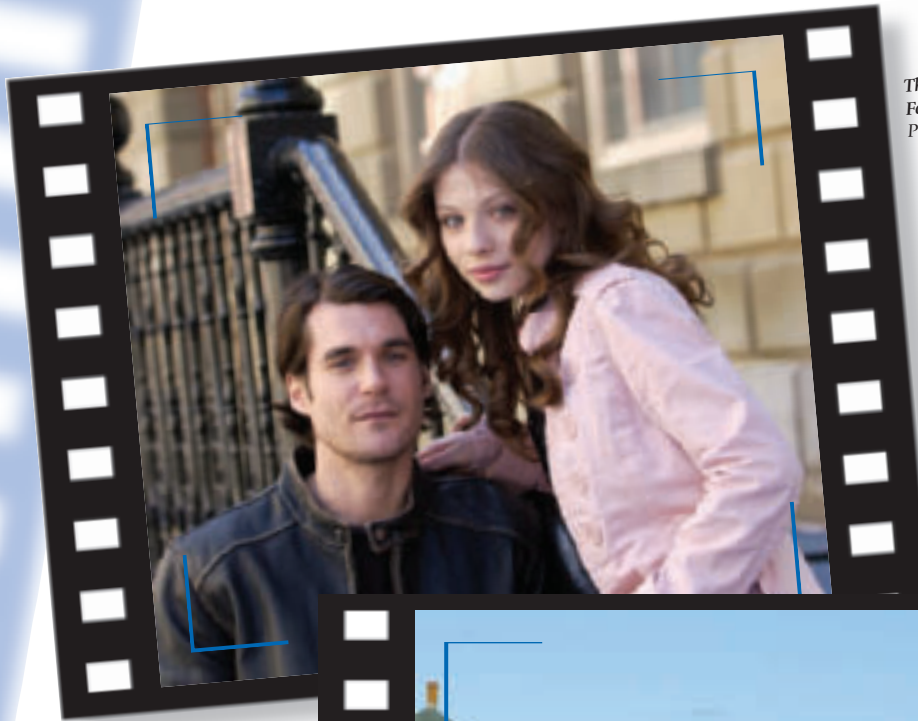
Approved on behalf of the Board

Sonita L. Kirby

Chair

Member





*The Dive From Clausen's Pier
Fox Television Studios
Photo Credit: Chris Reardon*

"Love Halifax - great locations, great people, great food, great rebate! Halifax always gets the job done with a beautiful movie to show for it."

- Jake Rose



*Night Passage
Sony Pictures Television
Photo Credit: Chris Reardon*

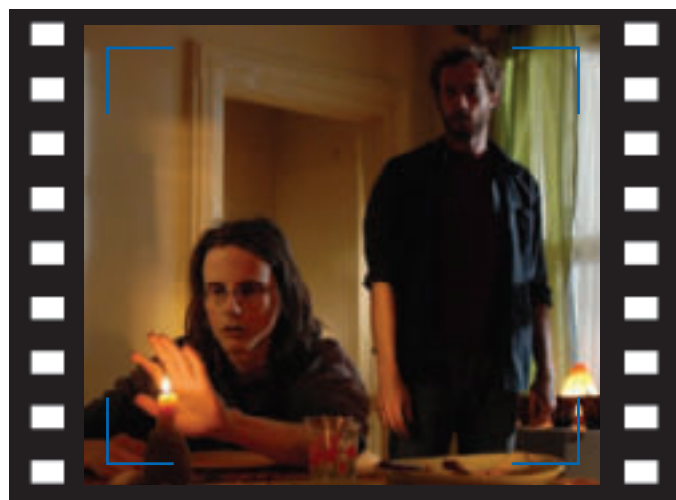


*October 1970
Big Motion Pictures Limited
Photo Credit: Chris Reardon*

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2006

	2006	2005
Revenue		(Restated)
Contributions from the Office of Economic Development	\$ 3,108,700	\$ 2,508,700
Employee future benefits grant - Province of Nova Scotia	2,910	2,560
Recovery of equity investments and development loans (notes 6 & 7)	422,856	340,080
Interest and other income	181,489	176,510
	3,715,955	3,027,850
Expenditures		
Equity investments (note 6)	2,573,804	2,057,485
Project development loans (note 7)	186,271	113,560
Special projects	328,254	232,154
Training assistance, net of recoveries	-	(9,534)
Advertising and marketing	200,560	194,959
Administrative expenses	427,045	442,336
	3,715,934	3,030,960
Excess (deficiency) of revenues over expenditures	21	(3,110)
Net assets, beginning year	679	3,789
Net assets, end of year	\$ 700	\$ 679



A Stone's Throw
Palpable Productions Inc./Acuity Pictures Inc.
Photo Credit: Michael Tompkins

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

1. Authority

The Nova Scotia Film Development Corporation was incorporated through an act proclaimed by the Governor in Council on August 1, 1990. The chief purpose of the Corporation is to promote the development of, and to create and stimulate employment and investment in, the Nova Scotia film and video industry by providing financial and other assistance.

The Corporation has been designated by the Minister of Finance to administer the Nova Scotia Film Industry Tax Credit Program, including review of tax credit applications.

2. Significant accounting policies

a) Statement of Cash Flows

A statement of cash flows is not provided since disclosure in the statement of operations and changes in net assets is considered adequate.

b) Program Loans and Equity Investment

Program loans and equity participation are recorded as a liability and charged to current expenditures when the funding is formally committed. Recoveries derived from equity investments and development loans are recorded as revenue when received. It is not feasible to accrue recoveries from equity investments and project development loans since these recoveries remain uncertain until received, as they are based upon the financial results of the recipients' activities.

c) Amortization

Amortization is calculated using the declining balance method, at rates based on the estimated useful life of the assets, as indicated in note 3.

d) Use of Estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

e) Employee Future Benefits

As at March 31, 2006, the Corporation retroactively adopted the method of accounting for employee future benefits required by The Canadian Institute of Chartered Accountants' recommendations in Section 3461, Employee Future Benefits. The main components of this accounting policy are costs for employee future benefits other than pensions which are accrued over the periods in which the employees ren-

der services in return for these benefits. These benefits are for health insurance programs. A liability for employee future benefits of \$11,570 (2005 - \$8,660) has been included in the financial statements. The liability as at March 31, 2006 and 2005 has been assumed by the Province of Nova Scotia so an offset of the same amount has been recorded as a receivable from the Province of Nova Scotia. The current year's expense incurred for these future employee benefits is \$2,910 (2005 - \$2,560).

f) Comparative figures

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year's financial statements.

g) Revenue Recognition

Unrestricted contributions are recognized as revenue when received or receivable.

Recovery of equity investments and development loan revenue is recorded as received.

Investment and other income is recorded in the period in which the related income is earned.

3. Property and equipment

			2006		2005
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	50%	\$ 15,942	\$ 12,203	\$ 3,739	\$ 7,479
Computer software	50%	18,356	15,022	3,334	6,668
Equipment	20%	3,317	1,530	1,787	2,233
		\$ 37,615	\$ 28,755	\$ 8,860	\$ 16,380

4. Commitments Payable

Because of the lead times required to obtain all the resources necessary to complete film and video productions, the Corporation approves applications for funding which may not be disbursed until subsequent fiscal periods.

5. Costs Paid by the Province of Nova Scotia

During the year, services were provided to the Corporation by government departments and the estimated value of these services is as follows:

	2006	2005
Legal services	\$ 60,000	\$ 25,000
Rent	25,000	25,000
	\$ 85,000	\$ 50,000

The value of these services is not reflected in these financial statements.

6. Equity investments

Production assistance in the form of equity investment is provided to eligible producers for the financing of pro-

ductions that will provide employment and economic benefit to Nova Scotians. Equity investments are made with the condition of repayment through participation in revenues by projects. Revenue is recorded as received.

During the year the Corporation received \$333,698 (2005 - \$314,820) in the recovery of equity investments. The total of equity investments of the Corporation to March 31, 2006 is \$27,692,731 (2005 - \$25,118,927). As at March 31, 2006, \$1,908,915 has been recouped.

7. Project Development Loans

The Corporation provides loans to qualified applicants to support the essential process of development which takes an idea through the stages of research, writing, market analysis and costing, which must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production. Project development loans are interest free and are to be repaid the earlier of the first day of principal photography or on the optioning, sale or transfer of the property to a third party. Total development loans outstanding on March 31, 2006 were \$2,039,728 (2005 - \$2,012,916). Development loans of \$89,158 (2005 - \$25,260) were recouped during the year.

8. Public Service Superannuation Fund

All full-time employees of the Corporation are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The Public Service Superannuation Fund is administered by the Department of Finance. During the year, the Corporation contributed \$22,836 to the fund (2005 -\$19,386).

9. Economic Dependence and Related Party Transactions

The Province of Nova Scotia is a related party of the Corporation. The Corporation is dependent on the Office of Economic Development for annual funding. Details of any transactions between these related parties are separately disclosed.

10. Employee Future Benefits

The Nova Scotia Film Development Corporation provides other retirement benefits to its employees by participating in the Province of Nova Scotia's post-retirement health insurance program. The non-pension post retirement benefits are funded on a pay-as-you-go basis. The Corporation funds on a cash basis as contributions are made. No assets have been segregated and restricted to provide the non-pension post retirement benefits.

An actuarial valuation was prepared for the first time for the fiscal year ended March 31, 2006. The valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect the Corporation's best estimates.

The Corporation has adopted the recommendations of PSAB 3250 and has accounted for the non-pension retire-

ment obligations retroactively. This change has resulted in an increase in the 2005 other retirement obligations of \$8,660.

	2006	2005
Components of Net Periodic Benefit Cost		
Current service cost (employer portion)	\$ 2,250	\$ 2,070
Interest cost	660	490
Actuarial loss (gain)	210	-
Costs arising in the period	<u>3,120</u>	<u>2,560</u>
Differences between costs arising in the period and costs recognized in the period in respect of:		
Actuarial loss (gain)	(210)	-
Net periodic benefit cost recognized	<u>\$ 2,910</u>	<u>\$ 2,560</u>
Weighted-Average Assumptions for Expense		
Discount rate	5.95%	6.05%
Initial weighted average health care trend rate	9.00%	- %
Ultimate weighted average health care trend rate	5.00%	5.00%
Year ultimate rate reached	2010	2010
Change in Accrued Benefit Obligation		
Accrued benefit obligation at the end of the prior year	\$ 8,660	\$ 6,100
Current service cost (employer portion)	2,250	2,070
Interest cost	660	490
Benefits paid	-	-
Actuarial loss (gain)	210	-
Accrued benefit obligation at the end of the year	<u>\$ 11,780</u>	<u>\$ 8,660</u>
Reconciliation of Funded Status to Accrued Benefit Asset (Liability)		
Deficit at the end of year	\$ 11,780	\$ 8,660
Unamortized net actuarial gain	(210)	-
Accrued benefit liability	<u>\$ 11,570</u>	<u>\$ 8,660</u>

11. Financial Instruments

a) Fair value of financial instruments

Financial instruments of the company consist mainly of cash and short term investments, other receivables and accounts payable and accrued liabilities. The carrying values of these financial assets and financial liabilities approximate their fair values.

b) Interest rate risk

The corporation manages its temporary investments based on its cash flow needs and with a view to optimizing its interest income.

The effective interest rate on the temporary investments during the year varied from 2.28% to 3.36% (2005 - 1.80% to 2.28%). The interest rate at the end of the year was 3.36% (2005 - 2.28%) with investments held in money market funds.



*Beach Girls
Robert Greenwald Productions
Photo Credit: Chris Reardon*

Nova Scotia offers world class animation and live action crews. This level of experience produces quality top flight productions.

- Floyd Kane

Floyd Kane, Creator/Producer with cast and crew on location of NORTH/SOUTH.



*NORTH/SOUTH
The Halifax Film Company Ltd.
Photo Credit: Chris Reardon*



*Chef at Home II
Ocean Entertainment Ltd.
Photo Credit: Dugald McLaren*

*A Bug and a Bag of Weed
Afterdark Productions Inc.
Photo Credit: Scott Munn*



*Dreamwrecks
Arcadia Entertainment Inc.
Photo Credit: C. Salisbury*



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Corporation

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tel: 902.424.7177 • fax: 902.424.0617
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Front cover top to bottom:

Delilah and Julius | DECODE Entertainment Inc. and
Collideascope Digital Productions Incorporated

Trailer Park Boys V | TPB Productions Limited., Photo: Michael Tompkins

Cheap Draft, Bad Language, Fast Cars, Women, and a Video Camera
Second Wave Productions Inc./The Monster Productions Inc., Photo: Bill Niven

Beach Girls | Robert Greenwald Productions, Photo: Chris Reardon

Back cover top to bottom:

Dreamwrecks | Arcadia Entertainment Inc., Photo: C. Salisbury

Fatal Error | von Zerneck/Sertner Films, Photo: Chris Reardon

Fields of Fear | Redstar Films Limited, Photo: Redstar Films Limited

Sybil | Warner Bros. Television, Photo: Chris Reardon

Snow Angels | Crossroads Films, Photo: Chris Reardon