2016 was a year of rapid growth and significant impact for LSO. As a result of our advocacy efforts, the Province of Ontario committed to convening an industry-government working group to provide crucial recommendations on how to grow Ontario’s life sciences sector.

We consulted on your concerns, and broadcast them strategically for maximum impact, boosting visibility for members’ issues and initiatives through an increased thought leadership presence and improved communications reach. You can read about some of these initiatives in our Communications section, on Page 8.

In 2016, LSO added both a Communications Manager and Director of Business Development to its staff, enabling us to offer additional value for members.

LSO also raised the profile of our sector on the international stage, coordinating Ontario’s presence at the BIO2016 conference in San Francisco, working closely with the Government of Ontario and a host of partners to ensure Ontario was well-represented at this high-profile event.

Our event programming continued to be a vital networking, learning, and talent hub for our sector. This included educational Breakfast Meetings, our Annual Awards Gala, and Networking Nights. Our mentorship program, hosted on Ten Thousand Coffees, doubled in size. You’ll find facts and figures about these initiatives, and their impact, in the infographic on Page 4.

And, last but not least, we closed out the year with a successful Annual Policy Forum (Page 5) – attended by elected representatives from all provincial parties. This is a prime example of the kind of collaborative leadership we’re becoming known for.

I would like to take this opportunity to sincerely thank our members, sponsors, and partners for their ongoing support. I would also like to recognize the dedication of our LSO staff, Board of Directors and many volunteers who collectively contribute to our organization’s success as the central hub for life sciences in Ontario.

We have the talent, innovation, and institutions to build and sustain a vibrant provincial life sciences sector. In 2017, LSO will continue to be an outspoken advocate for our industry’s success. Together, we can build Ontario life sciences into a major economic driver that will fuel the future of innovation in our province and across Canada.

Jason Field
President & CEO, Life Sciences Ontario
Chair’s Message

In late 2016, I tendered my resignation from the Board of Life Sciences Ontario. It has truly been a privilege and an honour to Chair this organization for the past five years. I want to thank the Board, the staff of First Stage and LSO, and our President and CEO, Jason Field, for their unwavering support and commitment to developing the life sciences sector in Ontario.

As I am now entering retirement, I have an opportunity to reflect on what we’ve achieved as an organization. Our impact, particularly as of late, has been substantial. LSO’s signature initiative in 2016 involved partnering with the provincial government to create a Life Sciences Working Group, to accelerate and secure our sector’s success. The first meeting of this Working Group was held in January 2017. My hope is that the Working Group will make recommendations to unite the industry associations in our ecosystem, which will in turn lead to greater focus, improved efficiency and effectiveness, and a consolidation of resources. If Ontario is to continue its growth – creating more high value jobs and diversifying its economy – government must recognize our sector’s value as a key driver of our prosperity. To be successful in this regard, our industry must come together with unity of voice and purpose.

During my tenure at LSO, I have seen the organization grow into a leadership role for our industry, bringing much positive impact to our ecosystem. LSO has successfully established a networking and educational hub for our sector, creating crucial connections and partnerships for private sector, government, and partner organizations.

We’ve gathered the industry together to tackle pressing challenges and presented them to stakeholders through our Annual Policy Forum, now in its seventh year.

And, most recently, we’ve cemented our role as a key communications and marketing vehicle for our sector.

As for the future? LSO is a private sector, membership-funded organization. It is one of the only provincial associations that receives no government support for its programs. Our hope is that the Government of Ontario will change that as part of its strategy to further support the industry.

Regardless, I know that LSO will continue to work diligently to create value and impact for its members and our sector. I remain committed to the mission and the importance of LSO, and I leave with confidence that it will achieve its goals in 2017, and beyond.

Paul Lucas
Chair, LSO Board of Directors

LSO’s Impact in 2016

AMPLIFYING OUR INDUSTRY’S VOICE

We consulted on sector issues, and broadcast them strategically for maximum impact, boosting visibility for members’ issues and initiatives through an improved communications reach.

- Grew Twitter presence from 1700 to 2500 followers
- Created improved weekly newsletter
- Launched communications & PR services offering

CONNECTING THE LIFE SCIENCES SECTOR

We expanded LSO’s role as a hub for networking and educational events within Ontario’s life sciences sector.

- 600+ attendees at our Knowledge & Networking Breakfast Meetings (including 100+ via a new webinar offering)
- 700+ attendees at our Networking Nights
- 400+ attendees at our Annual Awards Gala

MENTORING THE NEXT GENERATION OF LEADERS

We focused on building our new, online mentorship offering, through our dedicated Life Sciences hub on the TENTHousandCOFFees platform.

- 300+ conversations between mentors and students / job seekers
- 60+ coffee chats scheduled
- Mentorship hub grew to 400+ members

Advocating for the success of Ontario life sciences by securing a commitment from the Province of Ontario to convene an industry-government working group; this initiative will provide critical recommendations on how to grow our sector.

Raising our industry’s profile on the international stage, through coordinating Ontario’s presence at the BIO2016 conference in San Francisco, working closely with the Government of Ontario and a host of partners.

Hosted our 7th Annual Policy Forum, attended by 100+ members of our sector, including representatives from all political parties.
Policy and Government Relations

In 2016, LSO’s Policy & GR Committee intensified its focus on the need for a provincial Life Sciences Working Group to guide our sector. This was a key win for 2016, with the first meeting of this Working Group convened in early 2017. This industry-government collaboration will provide critical recommendations on how to further grow our sector.

In March, President and CEO Jason Field participated in Ontario Premier Kathleen Wynne’s first trade mission to the Middle East. This was an important opportunity to build relationships with key government stakeholders. The mission was an overwhelming success, generating 44 agreements worth more than $180 million.

LSO’s Policy & GR Committee and LSO board members also met with a broad range of government stakeholders during 2016 to build momentum and support for an Ontario life sciences strategy, keeping the economic and social impact of life sciences across the province squarely in view.

Annual Policy Forum

LSO’s Seventh Annual Policy Forum, on Nov. 28, 2016, was attended by 100+ members of our sector, including CEOs and senior executives from LSO’s member companies, and elected officials from all political parties. The event, generously hosted by Borden Ladner Gervais, employed expert panels and a formal polling session to discern our sector’s critical issues of focus – and potential solutions.

A policy document was created and key recommendations circulated to government stakeholders.

The following is a summary.

Barriers to our companies’ and sector’s growth must be urgently addressed, through:

• Injection of seed capital in the $2-5 million range.
• Government centralizing more funds toward winning companies, rather than spreading funding thin, via strong scientific advisors in leadership roles.
• A more catalytic role for government in encouraging private sector investment and capital formation in public markets.
• Building an ecosystem that provides the resources to support investment and growth, and prevents them from going elsewhere.
• Increasing our focus on domestic companies and providing funding to them, in addition to attracting foreign direct investment.
• Finding ways to incentivize the long-term viability of companies that have great science; this will also result in spin-off benefits from companies staying and growing in Canada, and help fuel our life sciences ecosystem.
• Communicating clearly and concisely with government about our sector’s value and needs.
• Abandoning a competitive attitude within Canada, and adopting a national mindset and creating consensus between regions and subsectors on overarching issues, while respecting the diversity of our sector.
• Collaborating across our sector to build crucial partnerships, strongly tell our success stories, and develop specific, cohesive recommendations that government can deliver on.

Annual Awards Gala

LSO’s biggest networking and fundraising event of the year, held at Toronto’s historic Liberty Grand, was attended by approximately 400 members of Ontario’s life sciences sector.

We were humbled to honour our 2016 LSO Award Winners:

Murray McLaughlin – Lifetime Achievement Award
Dr. Bonnie Schmidt – Community Services Award
Allison Barr – Public Services Award
Jason Locklin – Volunteer of the Year
Profound Medical Inc. – Emerging Life Sciences Company of the Year (represented by Steve Plymale)
David G. P. Allan – Life Sciences Leadership Award

We were pleased to have in attendance key government stakeholders, including:

Hon. Michael Chan, Minister of Citizenship, Immigration and International Trade
Hon. Helena Jaczek, Minister of Community & Social Services
Hon. Reza Moridi, Minister of Research and Innovation/Minister of Training, Colleges and Universities
Hon. Bonnie Crombie, Mayor, City of Mississauga
Michael Harris, MPP, Critic, Transportation; Research & Innovation
Peggy Sattler, MPP, Critic, Training, Colleges and Universities; Research & Innovation; Women’s Issues

Our Annual Gala is a key fundraising event for LSO that supports our advocacy, educational, and networking events. Proceeds from our silent auction support Partners In Research charity, with proceeds going directly to the Sanofi Biogenius Challenge.

We are happy to report that the gala, which is LSO’s largest single fundraising event, achieved its financial target, thanks to the outstanding efforts of the Gala Committee and its Chair, Jason Locklin, Awards Committee, and dedicated volunteers and staff.
BIO2016: Showcasing Ontario Innovation

In 2016, LSO again raised our industry’s profile on the international stage, working closely with the Government of Ontario and a host of partners to coordinate Ontario’s presence at the BIO Convention, June 6-9 in San Francisco. With the aim of attracting global trade and investment leads, Ontario's BIO2016 presence showcased our province’s rich life sciences and biotech assets, demonstrating how Ontario’s culture of innovation creates life-changing discoveries and profitable companies.

LSO delivered and supported the Province of Ontario’s presence at BIO2016 by promoting our diverse life sciences community to international stakeholders for both economic development opportunities and research and innovation collaboration.

This included:
- Providing leadership necessary to coordinate all stakeholders via one central point of contact.
- Coordinating the design and implementation of the Province of Ontario’s pavilion within Canada Place, including booth components, and all logistics.
- Ensuring a cohesive presence co-existing with all Canada Place partners, while featuring Ontario’s international economic brand.
- Providing Ontario and Canada Place partners access to meeting tables/spaces, a presentation area, and other common components within Canada Place.
- Managing logistics and promotion for Ontario events, including the Pre-BIO kickoff in April and the Ontario Luncheon at BIO; coordination of marketing/promotion of Canada Place events/initiatives.
- Regular communications to partners leading up to BIO, to ensure a productive and enjoyable experience.
- Managing hoteling for government officials and sponsoring partners to ensure access to appropriate accommodations within close proximity to convention centre.
- Implementing new lead generation system, including training for partners and follow-up.
- Post-BIO debrief, including teleconference, survey, and final report.

Communications

In 2016, LSO’s leadership team made a strategic investment in a full-time communications position, in order to bring our resources in line with other organizations of our scope. We realized there was a need to invest in communications to raise our profile, grow our membership base and sponsorships, educate stakeholders, and influence policy.

Here are some key wins:
- Increased visibility for our sector’s issues and concerns, through an expanded thought leadership presence, publishing editorials on key topics in media and through the LSO website.
- Expanded LSO’s Twitter reach by 40%, from approximately 1,700 followers to 2,400. In 2016, we began to use Twitter to consistently and proactively promote Ontario life sciences companies, innovations, and advocacy messaging, as well as partner events and initiatives.
- Launched a local-industry-first Communications & PR Services offering, providing high-quality, affordable marketing expertise for members and non-members.
- Created an improved and expanded weekly newsletter, including critical industry news, as well as increased visibility for sector events and initiatives.
- Offered increased communications support to members and partners surrounding BIO and key partner events.
Knowledge & Networking Breakfa...
About LSO

Vision: Diversity of Members, Unity of Voice
We envision a vibrant life sciences sector that leads Ontario’s economic growth and job creation while providing solutions to the biggest social challenges facing the province and the world.

Mission
Our mission is to foster commercial success for the sector through advocacy and education, and promoting the industry locally, nationally, and internationally.

Values
• Consultation & collaboration
• Inclusivity and consensus-building
• An aligned voice on key policy matters
• A hub-based approach
• Data-driven decision making
• The equal social and economic benefits of life sciences

LSO advances our sector’s diverse interests by:

- Advocating for cohesive life sciences policy to strengthen this key Ontario sector
- Facilitating economic development and creating data-driven reports
- Mentoring the next generation of life sciences leaders
- Acting as a central hub for the life sciences sector
- Promoting the industry locally, nationally, and internationally

Board of Directors

Paul Lucas
Chair

John Nolty
Vice-Chair
Chief Executive Officer, R&O Foods Company Inc.

Jeff Graham
Secretary
Partner, Baker Ladd, Carson LLP

Mario Picchio
Treasurer
Partner, Ernst & Young LLP

David Alan
Principal,
Cresswell Advisors

Nick DiPirro
President & CEO,
Nellie’s Inc.

Ed Dykstra
President & CEO,
Alternative Canada

Lauren Fischer
Vice President, Corporate Affairs,
Eli Lily Canada Inc.

Jeff Miller
Vice-President,
Cresswell Advisors

Raphael Hoftien
President & CEO,
Major Innovations

Jason Locklin
Director, Government Affairs,
Alcon/Pharma Canada Corp.

Sandor Horvath
Founder, Proactive Partnership,
Head of Life Sciences,
The Humber Institute of Technology

Benjamin Rovinski
Managing Director,
Lumira Capital

Mark Smith
Head,
Government Affairs and Market Access,
Alcon Ltd.

Scott Tanner
Board Member

Nancy Toth
Head, Regulatory and Biological Assessment,
Syngenta Canada Inc.

Paul Van Gelder
Head of Sales & Marketing,
Sawell Pavilion Limited

John van Leeuwen
President,
TechInspirations Inc.

Russell Williams
Vice President Government Relations and Public Policy,
Canadian Diabetes Association

Nancy Tout
Head of Regulatory and Biological Assessment,
Syngenta Canada Inc.

Pat Van Gelder
President & CEO,
Alternative Canada

Alison Symington
Principal, Strategic Life Science Consultant

Rebecca Yu
Head of JLABS @ Toronto,
Johnson & Johnson Innovation

Bernard West
President,
Westworks Consulting Limited

Nick DiPietro
President & CEO,
Natacor Inc.

Janet Northan
Former Director, Strategic Partner Relations and Special Projects,
Thunder Bay Regional Research Institute

Laurence Tout
Head, Regulatory and Biological Assessment,
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Head of JLABS @ Toronto,
Johnson & Johnson Innovation

Bernard West
President,
Westworks Consulting Limited
LSO would like to thank our Board of Directors, many volunteer members and partners, and the staff at First Stage Enterprises for their many contributions to LSO in 2016.

**Executive Committee**

- Ed Dybka
- Jason Field
- Rafi Hofstein
- John Kelly
- Jason Locklin
- Paul Lucas

**Awards Gala Committee**

- Jason Locklin (Chair)
- Christine Beyaert
- Carol Culhane
- David Greb
- Bonnie Kuehl
- Magda O’Sullivan
- Kira Pejersky
- Alison Symington
- Irina Voronin

**Policy and Government Relations Committee**

- Jason Locklin (Co-Chair)
- Shanna Brisebois (Co-Chair)
- David Allan
- Christine Beyaert
- Ellen Chin
- Seth Chitayat
- Jeff Graham
- Rafi Hofstein
- Pamela Kanellis
- Katherine Lal
- Susan MacLean
- Janet Northan
- Mark Smithyes
- Alison Symington
- Bernard West

**Policy Forum Committee**

- John Kelly (Co-Chair)
- Mark Smithyes (Co-Chair)
- Christine Beyaert
- Melisa Foster
- Jeff Graham
- Benjamin Rovinski
- Ryan Wiley

**Knowledge and Networking Breakfast Committee**

- Alison Symington (Chair)
- Tracy Hooey

**Golf Classic Committee**

- John Goudey (Chair)
- Martin Kopp
- Ron Hosking
- John Kelly
- Bruno Maruzzo
- Louis Parisio
- Tim Peters

**Additional Supporting Volunteers**

- Stefanie Mak (Breakfast)
- Jill Osborne (Mentorship)
- Yuan Thompson (Mentorship)
- Andrew Yoshioka (Networking Nights)
Thank You to Our Corporate Sponsors

Platinum

Sanofi

Gold

Gold

Silver

Richmond Hill

EY

Thank You to our Event Sponsors

AstraZeneca

Sanofi

Fasken Martineau

EY

BLG

Alcon

Shift Health

Lilly

University of Toronto Scarborough

Cynapsus

BioTalent Canada

StarFish Medical

Mapi

Creswell Advisors.com

Bio Business

Biotechnology Focus
INDEPENDENT AUDITORS’ REPORT

To the Members and Board of Directors
Life Sciences Ontario
TORONTO
Ontario

Report on the Financial Statements
We have audited the accompanying financial statements of Life Sciences Ontario which comprise the statement of financial position as at December 31, 2016 and the statements of operations and changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility
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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of Life Sciences Ontario as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Norton McMullen LLP
Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada
March 3, 2017
### LIFE SCIENCES ONTARIO
#### STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$139,681</td>
<td>$154,776</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>12,523</td>
<td>45,071</td>
</tr>
<tr>
<td>HST refundable</td>
<td>25,587</td>
<td>36,126</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>24,628</td>
<td>28,859</td>
</tr>
<tr>
<td><strong>Total Current</strong></td>
<td>$202,419</td>
<td>$264,832</td>
</tr>
<tr>
<td><strong>Capital Assets (Note 2)</strong></td>
<td>1,968</td>
<td>1,596</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$204,387</td>
<td>$266,428</td>
</tr>
</tbody>
</table>

#### LIABILITIES

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities (Note 3)</td>
<td>$57,744</td>
<td>$66,690</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>34,629</td>
<td>51,996</td>
</tr>
<tr>
<td><strong>Total Current</strong></td>
<td>$92,373</td>
<td>$118,686</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>112,014</td>
<td>147,742</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>$204,387</td>
<td>$266,428</td>
</tr>
</tbody>
</table>

Approved by the Board:

______________________________
Director

______________________________
Director

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See accompanying notes

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See accompanying notes
LIFE SCIENCES ONTARIO
STATEMENT OF CASH FLOWS
For the year ended December 31, 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH AND CASH EQUIVALENTS WERE PROVIDED BY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USED IN:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenues over expenses</td>
<td>$ (35,728)</td>
<td>$ 42,987</td>
</tr>
<tr>
<td>Items not affecting cash:</td>
<td>629</td>
<td>684</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in non-cash working capital</td>
<td>$ (35,099)</td>
<td>$ 43,671</td>
</tr>
<tr>
<td>balances: Accounts receivable</td>
<td>32,548</td>
<td>(23,578)</td>
</tr>
<tr>
<td>HST refundable</td>
<td>10,539</td>
<td>4,615</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>4,231</td>
<td>1,956</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(8,946)</td>
<td>28,621</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(17,367)</td>
<td>(32,222)</td>
</tr>
<tr>
<td>$ (14,094)</td>
<td>$ 23,063</td>
<td></td>
</tr>
</tbody>
</table>

INVESTING ACTIVITIES
Purchases of capital assets                   | (1,001) | -     |

INCREASE (DECREASE) IN CASH                   | $ (15,095) | $ 23,063 |
CASH - Beginning                              | 154,776 | 131,713 |
CASH - Ending                                 | $ 139,681 | $ 154,776 |

LIFE SCIENCES ONTARIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NATURE OF OPERATIONS
Life Sciences Ontario (the "Organization" or "LSO") was incorporated on December 13, 1989 under the provisions of the Canada Corporations Act and commenced operations shortly thereafter. The Organization is a not-for-profit corporation and is therefore exempt from income taxes.

The Organization represents and promotes Ontario’s vibrant and diverse life sciences sector. The Organization collaborates with governments, academia, industry and other life science organizations in Ontario, across Canada, and globally to promote and encourage commercial success throughout this diverse sector.

1. **SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

   a) **Use of Estimates**

   The preparation of financial statements requires management to make estimates and assumptions based on currently available information. Such estimates and assumptions affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates used.

   Significant estimates include the estimated useful life of capital assets.

   b) **Cash and Cash Equivalents**

   Cash and cash equivalents consists of cash held in a bank account only.

   c) **Capital Assets**

   Capital assets are recorded at cost. Amortization is being provided over the estimated useful life of the assets using the following annual rate and method:

<table>
<thead>
<tr>
<th>Rate</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>declining balance</td>
</tr>
</tbody>
</table>

   d) **Revenue Recognition - Deferral Method**

   Special project revenue consists of funding to undertake specific projects. Special projects revenue is recognized as expenses are incurred. Membership fees, sponsorships, events and meetings and government support are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Membership fees received pertaining to the subsequent period are deferred and recognized as revenue in the appropriate period.
1. **SIGNIFICANT ACCOUNTING POLICIES** - Continued
   
et Financial Instruments

Measurement of Financial Instruments
The Organization initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Organization has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Impairment
Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess or deficiency of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversals is the same as if there had been no write-down. There are no impairment indicators in the current year.

2. **CAPITAL ASSETS**
Capital assets consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Accumulated Amortization</th>
<th>Net Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer</td>
<td>$5,232</td>
<td>$3,264</td>
<td>$1,968</td>
</tr>
</tbody>
</table>

3. **GOVERNMENT PROJECT FUNDING**
During the year, the Organization received project funding from the Province of Ontario to represent Ontario’s life sciences sector at the BIO2016 International Convention. The costs incurred for this project are included in office, general and project expense. Included in accounts payable and accrued liabilities is $24,000 (2015 - $Nil) repayable to the government related to this project.

4. **SPECIAL PROJECTS**
Special projects undertaken by the Organization including adhoc events, projects and reports are described in the LSO Annual Report and include member discount programs with partners as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits Sharing Programs</td>
<td>$5,394</td>
<td>$4,638</td>
</tr>
<tr>
<td>Other</td>
<td>$5,028</td>
<td>150</td>
</tr>
<tr>
<td>Reports &amp; Advocacy</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Queen’s Park Day</td>
<td>-</td>
<td>11,000</td>
</tr>
<tr>
<td>BIO Proposal Bid</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td></td>
<td>$15,422</td>
<td>$25,788</td>
</tr>
</tbody>
</table>

5. **FINANCIAL INSTRUMENTS**

Risks and Concentrations
The Organization is exposed to various risks through its financial instruments. The following analysis provides a summary of the Organization’s exposure to and concentrations of risk at December 31, 2016:

a) **Credit Risk**
Credit risk is the risk that one party to a financial instrument will cause loss for the other party by failing to discharge an obligation. The Organization’s main credit risks relate to its accounts receivable. The Organization provides credit to its members and clients in the normal course of operations. There were no concentrations of credit risk as at December 31, 2016. Actual exposure to credit losses has been minimal in prior years. There is no allowance for doubtful accounts. There has been no change in the assessment of credit risk from the prior year.

b) **Liquidity Risk**
Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly with respect to its accounts payable and accrued liabilities. The Organization expects to meet its obligations by managing its working capital and by generating sufficient cash flows from operations. There has been no change in the assessment of liquidity risk from the prior year.

c) **Market Risk**
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Organization is not significantly exposed to market risk.
LIFE SCIENCES ONTARIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

6. COMPARATIVE FIGURES
   Certain of the comparative figures have been restated in order to conform with the presentation adopted in the current year.

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<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
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</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>EVENTS AND MEETINGS</strong></td>
<td></td>
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<tr>
<td>Annual awards gala</td>
<td>$140,035</td>
<td>$137,613</td>
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<tr>
<td>Golf tournament</td>
<td>68,373</td>
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<td>Silent auctions</td>
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<td>8,802</td>
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<tr>
<td>Networking nights and mentorship</td>
<td>2,000</td>
<td>4,460</td>
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<tr>
<td><strong>Total</strong></td>
<td>$262,990</td>
<td>$280,409</td>
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<tr>
<th></th>
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<tbody>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EVENTS AND MEETINGS</strong></td>
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<tr>
<td>Education awards and programs</td>
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<tr>
<td>Breakfast meetings</td>
<td>4,760</td>
<td>4,243</td>
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<tr>
<td>Networking nights and mentorship</td>
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<td>10,495</td>
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<tr>
<td><strong>Total</strong></td>
<td>$145,958</td>
<td>$155,211</td>
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</thead>
<tbody>
<tr>
<td><strong>EXCESS OF EVENTS AND MEETINGS</strong></td>
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<tr>
<td><strong>REVENUES OVER EXPENSES</strong></td>
<td>$117,032</td>
<td>$125,198</td>
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</table>
To become a member or for information about LSO’s activities, please contact:

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