



Life Sciences Ontario Annual Report 2017

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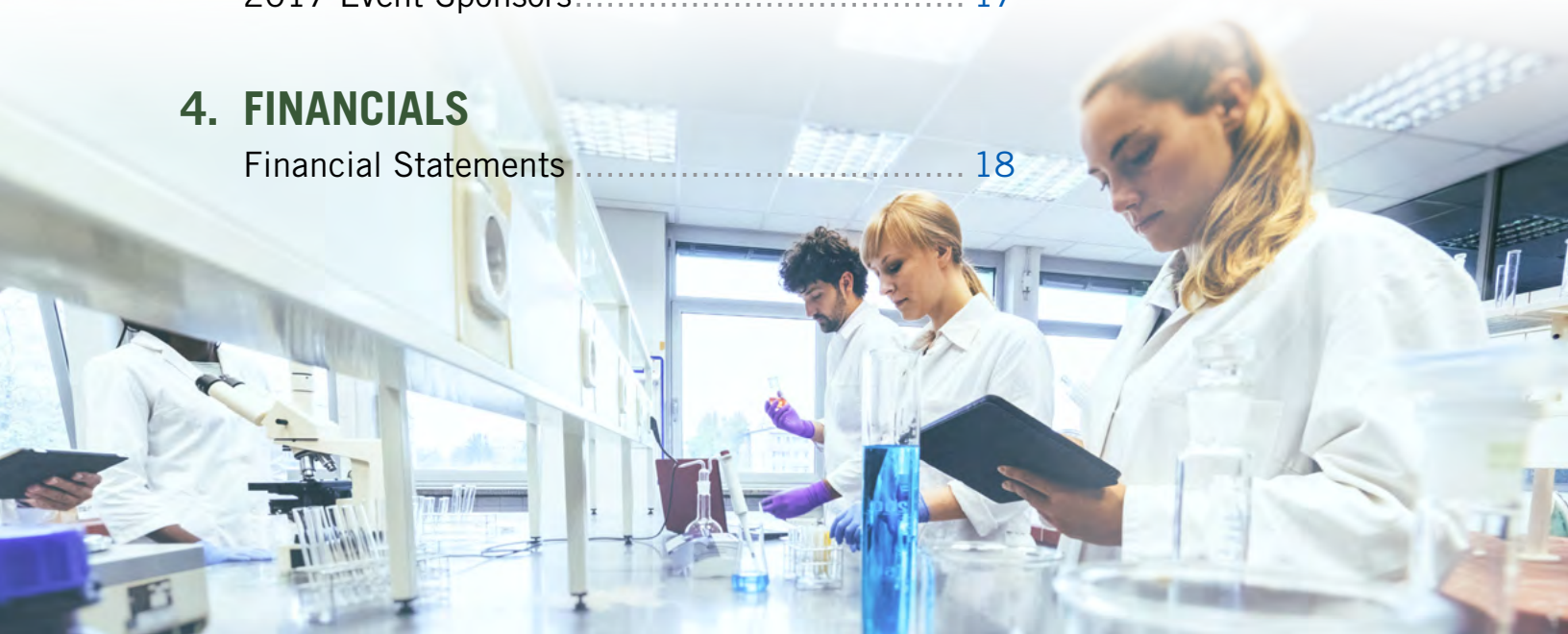
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Message from the President & CEO



Jason Field
President & CEO,
Life Sciences Ontario

“*Life sciences is non-partisan by its very nature. It touches on almost every facet of our success as a province and nation.*”

2017 was a year of significant momentum both for LSO and our sector. However, as many of you within the industry know, it was not without its challenges.

Potential changes to drug pricing and IP policy threatened to disrupt our innovation ecosystem and create negative impacts for Canadian patients. Governments poured resources into innovation but failed to present a clear vision for Canada's life sciences sector.

On the advocacy front, LSO rose to these challenges with thought leadership and policy pieces directly addressing these issues. You'll find a list of these in our Communications section (Page 9). In particular, we tackled issues surrounding the Patented Medicine Prices Review Board (PMPRB) with widely-circulated—including one published in **The Hill Times**—raising awareness and placing pressure on government to understand the issue from an innovation lens, and act accordingly.

Throughout 2017, we also campaigned strongly for a provincial life sciences strategy that will provide a roadmap to accelerate our sector. To that end, we created our **Blueprint for a Coordinated Ontario Life Sciences Strategy**, launched at our Annual Policy Forum in December 2017. It lays out a comprehensive plan and recommendations for policymakers to accelerate the success of life sciences, with specific action around promotion of our sector, access to capital, talent growth, and support for innovation.

The document is endorsed by leading provincial and national life sciences, health, and economic organizations. At our Queen's Park Day, key representatives from all parties agreed that the Blueprint contains core elements that we must work together to achieve—regardless of the outcome of the next provincial election. You'll find a summary of these activities in our Policy and Government Relations section on Page 5.

Life sciences is non-partisan by its very nature. It touches on almost every facet of our success as a province and nation: the food we eat, the health of our population and environment, our research and innovation capacity, and the jobs and wealth that fuel our economic growth. These issues transcend politics. We must all work together to realize our potential. Accordingly, I'm also incredibly proud of LSO's emerging role as a hub for Ontario's life sciences ecosystem, and the work we're doing to connect our sector—through our networking and educational events, support to partners and individual members, and our online outreach. More than 40 new members joined LSO this year—a testament to the value our community places on being a part of this centralized life sciences hub.

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.

We closed off 2017 with a sense of optimism regarding the future of life sciences in Ontario, but an equal sense that there is much work still to be done. In 2018, with your support, LSO will continue to advocate for our industry. Working together, we can accomplish our ultimate goal: leveraging our talent, innovations, and companies to make life sciences a key driver for the economic sustainability of our province and for all Canadians. —

Message from the Chair

As I complete my first year as Chair of LSO, there are two matters that are important to highlight.

First, there is a lingering perception that the sector is divided with too many voices. Too often this has been an excuse for inaction. This perception is simply inaccurate. There are certainly many voices amongst our membership and within our sector, but this diversity is not a reflection of division. Rather, it is a reflection of the passion, innovation, and intelligence of those in the sector. The reality is that in all of these voices there is alignment and agreement that we need a life sciences strategy in the Province of Ontario.



Mark Smithyes
Chair, LSO Board of Directors

“*Now is the time
for an Ontario life
sciences strategy.
The world will not
wait for us.*”

When we set out to build our **Blueprint for A Coordinated Ontario Life Sciences Strategy**, published in 2017, we spoke to representatives from international pharmaceutical companies, small Canadian start-ups, venture capital firms, incubators, agri-food and health sciences companies, bio industrial associations, universities, and individuals. In doing so, every person, association, company, and organization we consulted added to the blueprint and urged us forward. Many co-signed the final document: a blueprint for an Ontario life sciences strategy built by the sector and government in partnership. Such a strategy is essential to provide a vision of where we need to go, create alignment within government on the importance of life sciences, and help broadcast that Ontario has a leading and vibrant life sciences sector to offer the world.

With an election on the horizon, it is important to emphasize that this is not a partisan issue. This is about growing our economy, leveraging the incredible innovation in Ontario, improving the health and well-being of Ontarians, and taking our innovations to the country and to the world. This is about building our sector and transitioning from a time where we are selling Ontario abroad to a day where international companies and investors are beating a path to our door.

So, what are we waiting for? We have in this province the clear alignment and thriving commitment of the sector, we have the LSO Blueprint, and the Ontario government now has the recent report from the Provincial Life Sciences Working Group with input from across the sector. We also have the federal government's interim report from the Health and Biosciences Economic Strategy Table released earlier this year. It could not be more clear: now is the time for an Ontario life sciences strategy. The world will not wait for us.

Finally, it is important to highlight that none of our efforts would be possible without the support of our members, sponsors, partners, and volunteers, including LSO's Board of Directors. I would also like to acknowledge the dedication and enthusiasm of our President and CEO, Jason Field, and his staff. We continue to promote and encourage commercial success throughout this diverse sector and this work would quite simply be impossible without this talented and committed team. I am immensely grateful.

As our membership grows, so does our responsibility. Thank you for believing in our vision of a vibrant life sciences sector in Ontario. Thank you for your ongoing support. Working together, our diversity will continue to be our strength. —

LSO's Impact in 2017

AMPLIFYING OUR INDUSTRY'S VOICE

Published **six major editorials** advancing key industry issues, including two on **proposed changes to PMPRB**.



Grew Twitter presence from **2500 to 3000+** followers



Weekly newsletter subscribers 300+



Outreach support through **communications & PR services**

CONNECTING THE LIFE SCIENCES SECTOR

600+ attendees at our **Knowledge & Networking Breakfast Meetings** (including webinar participants)



900+ attendees at our **Networking Nights**



350+ attendees at our **Annual Awards Gala**



140+ attendees at our **Annual Golf Classic**



MENTORING THE NEXT GENERATION OF LEADERS

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



300+ **Conversations** between mentors and students / job seekers



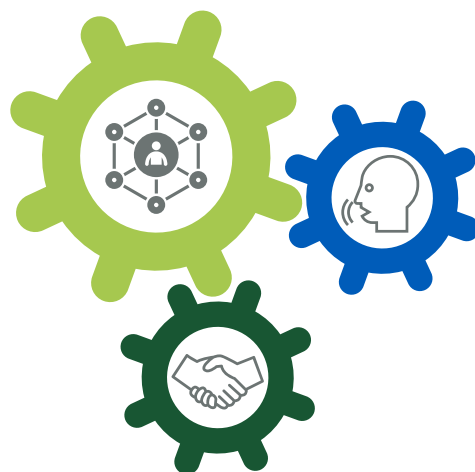
300+ **coffee chats** scheduled



Mentorship hub grew to **650+** members

ADVOCATING FOR THE SUCCESS OF OUR SECTOR

- Launched **LSO's Blueprint for a Coordinated Ontario Life Sciences Strategy**, endorsed by leading provincial and national life sciences, health, and economic organizations.
- Consulted with industry stakeholders at our **Annual Policy Forum and Queen's Park Day**, and issued concrete recommendations for policy action.
- Engaged all political parties in **non-partisan policy outreach**, including facilitating the first meeting with an Opposition MPP at the BIO International Convention.



Policy and Government Relations

In 2017, LSO's Policy and Government Relations Committee focussed on two key objectives:

1. Advocating for a Coordinated Provincial Life Science Strategy

Ontario lacks a billion-dollar biotech success story despite being identified as our greatest economic growth opportunity. To harness this, we must create a competitive business environment for Ontario life sciences. This requires alignment around key policy issues and coordination with regional/partner strategies.

To this end, LSO released its **Blueprint for a Coordinated Ontario Life Sciences Strategy** at its Annual Policy Forum on December 1st, 2017. It recommends a pan-government strategy with specific action around promotion of our sector, access to capital, talent growth, and support for innovation. The Blueprint is endorsed by leading provincial and national partner organizations, including: Bioindustrial Innovation Canada, BIOTECCanada, Chemical Institute of Canada, Innovative Medicines Canada, MEDEC, Ontario Agri-Food Technologies, Ontario Chamber of Commerce, and TO Health.

The Blueprint was promoted and circulated widely via press release and at LSO events. Copies were provided to key government officials from all parties at our Policy Forum and Queen's Park Day, where there was agreement that a coordinated strategy is in the best interests of our province.

To read the full text of the Blueprint, visit:

<http://bit.ly/2i6U9bv>

To read the Executive Summary, visit:

<http://bit.ly/2E3UrJ8>

2. Advancing policy surrounding proposed changes to the Patented Medicine Pricing Review Board (PMPRB)

In 2017, potential changes to drug pricing and IP policy threatened to disrupt our innovation ecosystem and create negative impacts for Canadian patients. In response, LSO elevated this issue, campaigning clearly and consistently for government and the public to understand the issues surrounding PMPRB through an innovation lens.

We published two major editorials on this topic:

- **Big Pharma: Getting away with murder, or saving lives?**
(*Medium*, Feb. 3, 2017)
To read this article, visit: <http://bit.ly/2oKTY8H>
- **Cheaper isn't always better, and prescription drugs are no exception**
(*The Hill Times*, Dec. 14, 2017)
To read this article, visit: <http://bit.ly/2F4I44A>

LSO also directly campaigned key government officials on the above issues with several targeted communications, including a letter to Health Minister Ginette Petitpas Taylor, co-signed by BioAlberta and Montreal InVivo.

As a direct result of our work on this file, the issue of PMPRB was elevated politically, with a question in the legislature from the Opposition leader to the Minister of Health:



According to Life Sciences Ontario, the innovative pharma sector invests over \$1 billion in research and development each year... we understand that these investments are currently at risk.

There are impacts from the proposed federal changes to the Patented Medicine Prices Review Board that could directly impact the research investment and associated jobs in Ontario.

What is the province doing to ensure these investments and jobs stay in Ontario?

In 2017, LSO also facilitated the first meeting at the BIO International Convention with an opposition critic, meeting with **Michael Harris, MPP, Critic for Research, Innovation & Science, Progressive Conservative Party**. (For more detail, see our section on BIO on Page 7.)

LSO wishes to extend a special thank-you to its Policy and Government Relations Committee Co-Chairs, Jason Locklin and Shanna Brisebois, as well as to all Committee members for facilitating this successful event.

Annual Policy Forum

LSO held its 8th Annual Policy Forum on December 1st, 2017 at Borden Ladner Gervais in Toronto. The event was attended by 130+ members of our sector, including CEOs, senior executives, and government officials. It also featured a fireside chat with popular *Globe and Mail* Health Columnist André Picard, further raising the profile of this event.

Following the Policy Forum, a summary and recommendations was created and circulated to stakeholders. **Key recommendations included:**

- Implementing a coordinated, pan-government life sciences strategy that will reduce barriers to entry and retain companies within Ontario as they scale.
- Boosting our access to capital by offering smart incentives in tune with investors, while improving companies' access to existing funds and their ability to develop and attract global talent.
- Creating an overarching roadmap for our health care system, with a robust suite of policies that will incentivize innovation and ensure improved accessibility and quality of care for all Canadians.

- Ensuring an all-of-government mandate with significant supports and resourcing for the role of Chief Scientist, in order to respond to current challenges and create forward-looking policy to further innovation.

To read the full Report & Recommendations from our Annual Policy Forum, visit: <http://bit.ly/2FKaDSO>

We would like to acknowledge our generous event sponsors, our Policy Forum Committee Co-Chairs, John Kelly and Ryan Wiley, and all members of our dedicated Policy Forum Committee for helping make this event a success.



Queen's Park Day



Coming off our successful Annual Policy Forum and the release of our Blueprint document, on December 6th, LSO took to Queen's Park to connect directly with policymakers.

We hosted a productive day of meetings between industry leaders and senior government officials from all parties,

followed by a reception and company showcase.

Speakers at the reception included **The Hon. Reza Moridi**, Minister of Research, Innovation and Science; **Progressive Conservative MPP Michael Harris** (Official Opposition Critic for Research, Innovation and Science), and **NDP MPP John Vanthof** (NDP critic for Agriculture, Food and Rural Affairs).

All made commitments to work toward the success of our sector, regardless of the outcome of the next election. Referencing the LSO Blueprint, Harris added that the province must become a first adopter of Ontario innovation, and put significant resources against the life sciences sector.

We could not have executed this event without the contributions of our partners, MEDEC and Ontario Agri-Food Technologies (OAFT), our Queen's Park Committee—including Committee Co-Chairs Alexis Sciuk and Tyler Whale—and our generous event sponsors. Our sincerest thanks to all those involved.

BIO2017: A Meeting of the Minds

BIO2017 was packed with productive sessions and meetings delving into how we can drive the success of our life sciences sector.

LSO President & CEO Jason Field and Board Chair Mark Smithyes attended on behalf of LSO, organizing the first meeting with an opposition critic at BIO. They met with **Michael Harris, MPP, Critic for Research, Innovation & Science, Progressive Conservative Party**, along with a group of stakeholders from pharma and the broader life sciences community. They discussed policy that will help us to innovate our healthcare system and remain competitive in the global knowledge economy.

Jason and Mark also met informally with **The Hon. Reza Moridi, Minister of Research, Innovation and Science** and **Ontario Chief Investment Officer Allan O'Dette**; **Mississauga Mayor Bonnie Crombie**; and **Brampton Mayor Linda Jeffrey** and her staff to discuss their strategy to build a strong life sciences cluster in the city.

Jason also further solidified ties with our ON/QC life sciences corridor at **Rendez-Vous Quebec**, and met with key international visitors during the **Canada and Ontario Pavilion** openings.

Once again, BIO proved to be a valuable event to promote Ontario's excellence in life sciences to international stakeholders and engage with key regional counterparts.



Annual Awards Gala



Currently in its 14th year, LSO's Annual Awards Gala has formed a reputation as an important platform to recognize the individuals and companies driving the success of Ontario life sciences. It provides an unsurpassed opportunity for networking within our sector, with approximately 400 industry influencers in attendance from the private sector, government, and academia.

This legacy event is LSO's largest single fundraising vehicle—supporting our advocacy, educational, and networking events. It also serves an important charitable function: proceeds from the event's silent auction support the Partners In Research charity, with proceeds going directly to the Sanofi Biogenius Challenge.

We would like to acknowledge our event sponsors and the outstanding efforts of the Gala Committee and its Chair, Jason Locklin; the Awards Committee, and our dedicated volunteers and staff who help make this event a success.



We were humbled to honour our 2017 LSO Award Winners:

Lifetime Achievement Award: **Dr. Morris (Mickey) Milner**,
Past President & CEO, HTX

Volunteer Award: **Dr. Alison Symington**,
Principal, Life Science Strategic Consulting

Community Service Award: **Dr. Rafi Hofstein**,
President & CEO, MaRS Innovation

Life Science Company of the Year: **Synaptive Medical** –
represented by Cameron Piron, President and Co-founder

Life Sciences Leadership Award: **Russell Williams**,
*Vice President Government Relations and Public Policy,
Canadian Diabetes Association*

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

Hon. Reza Moridi,
Minister of Research, Innovation and Science

Dr. Robert Bell, *Deputy Minister of Health*

Hon. Helena Jaczek,
Minister of Community and Social Services
Mississauga Mayor Bonnie Crombie, *Mayor of Mississauga*
Bill Walker,

MPP, Associate Health Critic for Long-Term Care

Sam Oosterhoff,
*MPP, Associate Critic for Research, Innovation and
Science*

Communications



Highlights:

- **Expanded** LSO's thought leadership presence, publishing six major editorials on key topics of importance to our industry, including:
 - Two editorials on the potential ramifications of proposed changes to PMPRB
 - The Case for a Federal Health and Life Sciences Supercluster
 - "Ontario Life Sciences on the Rise" (a piece celebrating our momentum and successes)
 - Building Bridges to Accelerate our Life Sciences Sector
- **Grew LSO's Twitter reach by 25%**, from approximately 2,400 followers to **3,000**. Twitter continues to be a key platform for LSO to proactively promote Ontario life sciences companies, innovations, and advocacy messaging, as well as partner events and initiatives.
- **Continued with our successful Communications & PR Services offering**, providing high-quality, affordable marketing expertise for members and non-members, including Synaptive Medical, Scar-X, and Encycle Therapeutics.
- **Reinstated LSO's Facebook presence** as a tool for engaging diverse audiences and broadening our social media reach.
- **Continued to fine tune our popular weekly newsletter**, including a new dedicated promotional space offering to LSO sponsors.

Knowledge & Networking Breakfasts

LSO's Knowledge and Networking Breakfast Meetings facilitate valuable professional development and networking opportunities.

Issues impacting our industry are discussed and best practices are presented, providing an opportunity for community members to learn from each other.

The meetings are subsidized by a small fee, membership, and sponsorship. The event venue for these meetings is generously provided by Fasken Martineau DuMoulin LLP.



In 2017, LSO hosted nine Breakfast Meetings.

Topics included:

- Medicinal Marijuana: Insights & Challenges
- CRISPR - Application and Challenges
- Challenges and Opportunities Across a Diverse Life Sciences Sector
- Agriculture: Innovation, Investment and Policy
- Showcasing Innovative Success Stories
- Access to Capital
- Procurement, Access and Value of Technologies in Hospitals
- Member Marathon

We would like to acknowledge our generous event sponsors, Committee Chair and LSO Board Member Alison Symington, and our dedicated Breakfast Committee for helping make these events possible.

Networking Nights

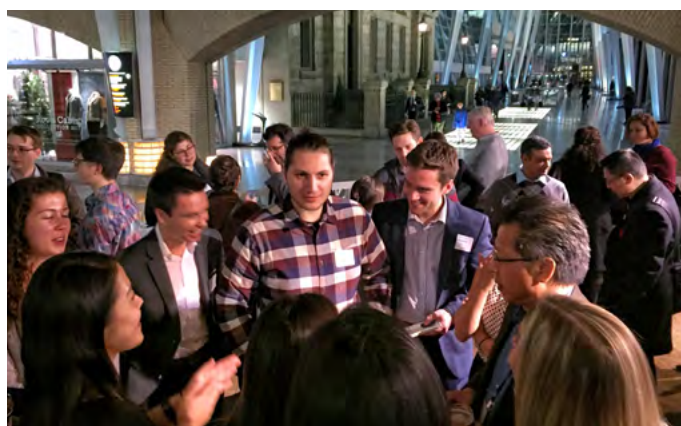
LSO's Networking Nights continue to be a popular hub for members of our sector to connect and socialize in a fun, informal setting.

In 2017, LSO hosted six Networking Nights, with an average of 150 registrants per event.

Participants represented a broad cross-section of the industry, including SMEs, researchers/students, consultants, lawyers, investors, and members of accelerators, multinationals, and government.

LSO greatly appreciates the support of our generous sponsors for these events, as well as the volunteers who help make their operation a smooth, turn-key experience. In particular, we would like to thank Andrew Yoshioka, President of Sanbonki Inc., for helping to make this event an ongoing success.

LSO also wishes to acknowledge our ongoing partnership with our venue hosts at Marché Brookfield Place for providing a welcoming venue and experience for our guests.



Annual Golf Classic

LSO hosted its Annual Golf Classic at Copper Creek Golf Club on August 16th, with 140+ professionals from across our sector in attendance at this sold-out event.

Golfers were treated to breakfast prior to heading out on the links and a networking luncheon on their return to the clubhouse, featuring a raffle and silent auction.

Proceeds from the silent auction support the next generation of life sciences leaders through the Sanofi Biogenius Canada program. We were honoured to have this year's Sanofi Biogenius Canada winner, Tasnia Nabil, speak at the luncheon, outlining how the program has opened up opportunities for her career path in life sciences.

The Annual Golf Classic continues to be a key fundraising vehicle for LSO, directly supporting our mentorship program, Networking Nights, and Breakfast Meetings. LSO wishes to express its gratitude for the generous contributions of our sponsors, our Golf Committee and its Chair, John Goudey, and all those who help make this event a success through their attendance and volunteer work.

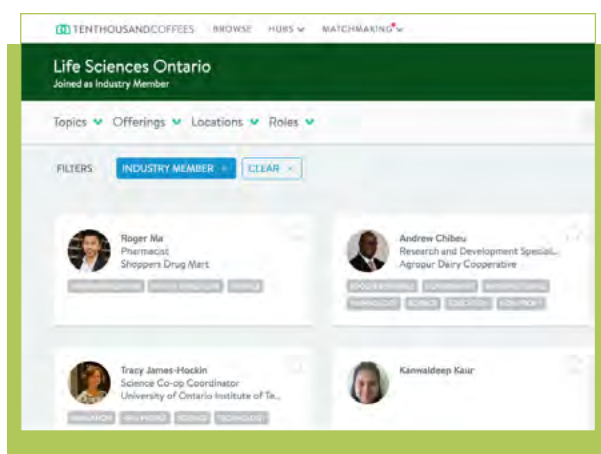


Mentorship Program

Beginning in 2009, LSO has been a leader in providing opportunities for professional growth through its Mentorship Program.

Since 2015, LSO has offered a dedicated mentorship hub on the online Ten Thousand Coffees platform, which connects life sciences experts with students, recent graduates, and job seekers. This exciting model represents the next generation of mentorship and networking, enabling these diverse groups to connect, share advice, and create opportunities, one conversation at a time.

In 2017, LSO's Ten Thousand Coffees hub grew to approximately 680 members, generating more than 300 scheduled coffee chats. Experts represented a variety of subsectors and disciplines (pharma, biotech, academia, healthcare, agriculture) from across Ontario, including Toronto, Mississauga, Hamilton, Kitchener-Waterloo, Ottawa, and London.



About LSO

LSO is a business-led, member-funded, not-for-profit organization with a legacy of more than 25 years advancing the success of Ontario's life sciences sector. Our customized approach to working with member companies and industry partners allows us to leverage the strengths of the LSO network to commercialize Canadian innovation and technologies, while offering value-added support, services, mentorship, and events.

Mission

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



LSO advances our sector's diverse interests by:

Values

- Consultation and 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

Strategic Priorities

1. Raising the profile of Ontario's Life Sciences sector to secure our economic and social prosperity.
2. Advocating for specific public policy action to support our sector's continued growth, such as access to capital, an inclusive and aligned provincial life sciences strategy, and evidence-based decision-making.
3. Delivering unparalleled educational, networking, mentorship, and thought leadership programs to our members.
4. Acting as a centralized hub connecting our sector's diverse clusters to facilitate a strong, aligned life sciences sector with national connectivity.



Board of Directors

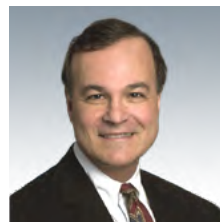
Executives & Officers



Mark Smithyes
Chair
President, Labtician Théa



John Kelly
Vice-Chair
Chief Executive Officer,
KeliRo Company Inc.



Jeff Graham
Secretary
Partner, Borden Ladner
Gervais LLP



Mario Piccinin
Treasurer
Partner, Ernst & Young LLP

Directors



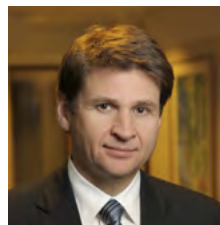
David Allan
Principal,
Cresswell Advisors



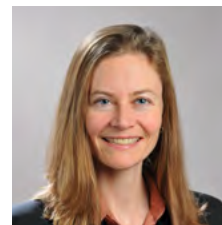
Deborah Brown
Management Consultant



Nick DiPietro
President & CEO,
Natacor Inc.



Ed Dybka
President, QIV Capital Inc.



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



Rafi Hofstein
President and CEO, MaRS
Innovation



Jason Locklin
Director, Value, Access & Policy,
Alexion Pharma Canada Corp.



Susan Marlin
President & CEO,
Clinical Trials Ontario



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



Benjamin Rovinski
Managing Director,
Lumira Capital



Sabina Steinkellner
Chief Commercial Officer,
Sanofi Pasteur Limited



Alison Symington
Principal, Life Science Strategic
Consulting



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



Rebecca Yu
Vice President, Market Access
& External Affairs, Takeda
Canada Inc.



Bernard West
President,
Westworks Consulting Limited



Scott Tanner
Board Member



Nancy Tout
Head of Research & Development,
Syngenta Canada Inc.

Members and Partners



Committee Members

LSO would like to thank our Board of Directors, many volunteer members and partners, and the staff at First Stage Enterprises for their contributions to LSO in 2017.

Executive Committee

Ed Dybka
Jason Field
Rafi Hofstein
John Kelly
Jason Locklin
Mark Smithyes

Policy and Government Relations Committee

Jason Locklin (Co-Chair)
Shanna Brisebois (Co-Chair)
David Allan
Ellen Chin
Donna Corsen
Andrew Defor
Nicole Dekort
Jeff Graham
Rafi Hofstein
Pamela Kanellis
Omar Khan
Alexandra Kyriakos
Susan MacLean
Janet Northan
Mark Smithyes
Alison Symington
Jim Williamson
Bernard West
Nadia Yee

Golf Committee

John Goudey (Chair)
Ron Hosking
John Kelly
Martin Kopp
Bruno Maruzzo
Tim Peters
Jason Saltzman

Additional Supporting Volunteers

Hamza Taufique (Breakfast Meetings)
Andrew Yoshioka (Networking Nights)

Awards Gala Committee

Jason Locklin (Chair)
Christine Beyaert
Bonnie Kuehl
Kelsey Law
Magda O'Sullivan
Jill Osborne
Kira Pejemsky
Sharwatie Ramsaywack
Alison Symington
Mark Vickers

Policy Forum Committee

John Kelly (Co-Chair)
Ryan Wiley (Co-Chair)
Jeff Graham
Ella Korets-Smith
Mark Smithyes
Andrew Retfalvi
Benjamin Rovinski

Knowledge and Networking Breakfast Committee

Alison Symington (Chair)
Tom Cahill
Chris Delvecchio
Tracy Hooley

Queen's Park Day

Alexis Sciuk (Co-Chair)
Tyler Whale (Co-Chair)
Shanna Brisebois
Ellen Chin
Nicole Dekort
Allan Edwards
Kristina Gentes
Pamela Kanellis
Jason Locklin
Susan MacLean
Mark Smithyes

Thank You to Our Corporate Sponsors

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Thank You to Our Event Sponsors



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SCIENCE CO-OP

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BARRISTERS



Building skills for Canada's bio-economy
Un monde de ressources pour la bioéconomie canadienne

NXL ARCHITECTS



Bio Business



SGS

Biotechnology Focus 



Bioindustrial 
Innovation Canada
A Sustainable Chemistry Alliance

LIFE SCIENCES ONTARIO
FINANCIAL STATEMENTS
DECEMBER 31, 2017

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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, 2017 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, 2017 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
February 13, 2018

LIFE SCIENCES ONTARIO
STATEMENT OF FINANCIAL POSITION

As at December 31,	2017	2016
ASSETS		
Current		
Cash	\$ 121,747	\$ 139,681
Accounts receivable	14,773	12,523
HST refundable	21,000	25,587
Prepaid expenses	<u>5,945</u>	<u>24,628</u>
	\$ 163,465	\$ 202,419
Capital Assets (Note 2)	<u>4,217</u>	<u>1,968</u>
	<u>\$ 167,682</u>	<u>\$ 204,387</u>

LIABILITIES

Current		
Accounts payable and accrued liabilities (Note 3)	\$ 70,707	\$ 57,744
Deferred revenue	<u>47,367</u>	<u>34,629</u>
	\$ 118,074	\$ 92,373
NET ASSETS	<u>49,608</u>	<u>112,014</u>
	<u>\$ 167,682</u>	<u>\$ 204,387</u>

Approved by the Board:

_____ Director
_____ Director

See accompanying notes

- 2 -

LIFE SCIENCES ONTARIO

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31,	2017	2016
REVENUES		
Events and meetings	\$ 280,088	\$ 262,990
Membership and general sponsorship	241,487	219,063
Special projects	37,799	15,422
Government project funding	<u>7,081</u>	<u>243,036</u>
	<u>\$ 566,455</u>	<u>\$ 740,511</u>
EXPENSES		
Office, general and projects	\$ 406,906	\$ 555,941
Events and meetings	132,577	145,958
Communications	74,371	63,234
Bank charges	13,916	10,477
Depreciation	<u>1,091</u>	<u>629</u>
	<u>\$ 628,861</u>	<u>\$ 776,239</u>
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (62,406)	\$ (35,728)
NET ASSETS - Beginning	<u>112,014</u>	<u>147,742</u>
NET ASSETS - Ending	<u>\$ 49,608</u>	<u>\$ 112,014</u>

See accompanying notes

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LIFE SCIENCES ONTARIO

STATEMENT OF CASH FLOWS

For the year ended December 31,

2017

2016

CASH AND CASH EQUIVALENTS WERE PROVIDED BY (USED IN):

OPERATING ACTIVITIES

Deficiency of revenues over expenses	\$ (62,406)	\$ (35,728)
Items not affecting cash:		
Depreciation	<u>1,091</u>	<u>629</u>
	\$ (61,315)	\$ (35,099)

Net change in non-cash working capital balances:

Accounts receivable	(2,250)	32,548
HST refundable	4,587	10,539
Prepaid expenses	18,683	4,231
Accounts payable and accrued liabilities	12,963	(8,946)
Deferred revenue	<u>12,738</u>	<u>(17,367)</u>
	\$ (14,594)	\$ (14,094)

INVESTING ACTIVITIES

Purchases of capital assets	<u>(3,340)</u>	<u>(1,001)</u>
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DECREASE IN CASH

	\$ (17,934)	\$ (15,095)
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CASH - Beginning

	<u>139,681</u>	<u>154,776</u>
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CASH - Ending

	<u>\$ 121,747</u>	<u>\$ 139,681</u>
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See accompanying notes

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LIFE SCIENCES ONTARIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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:

	<u>Rate</u>	<u>Method</u>
Computer	30%	declining balance

d) Revenue Recognition

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.

LIFE SCIENCES ONTARIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

e) 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:

	2017			2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer	<u>\$ 8,572</u>	<u>\$ 4,355</u>	<u>\$ 4,217</u>	<u>\$ 1,968</u>

3. GOVERNMENT REMITTANCES

Included in accounts payable and accrued liabilities are government remittances owing of \$6,444 (2016 - \$nil).

4. 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, 2017:

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, 2017. 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 exposed to significant market risk.



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