



Life Sciences Ontario
Annual Report
2019



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Message from the President & CEO



Jason Field
President & CEO,
Life Sciences Ontario

“2019 marked the launch of the first ever LSO Scholarship program...”

The program was such a resounding success that it has been expanded to 30 students across all of Ontario in 2020

2019 was a challenging year for the life sciences sector in Ontario and across Canada. But in facing these challenges, the life sciences community, through LSO and our partners, have rallied together in an unprecedented manner. The support provided by our members, sponsors and many volunteers has enabled LSO to provide thought leadership, advocacy and new programs for this growing sector.

We began 2019 with the launch of our Deloitte Report: Accelerating Prosperity which not only measured the considerable economic contributions of Ontario's life sciences industry (nearly 200,000 jobs supported, \$58B to GDP and \$8.8B in Government revenues), but also quantified the significant growth opportunity represented by the sector with the implementation of a coordinated life sciences strategy (~100,000 new jobs and ~\$30B incremental GDP contributions over the next decade). This research, along with our relentless advocacy, has contributed to the Provincial government beginning consultations as to how they can better support life sciences in Ontario.

Meanwhile, the proposed changes to the federal PMPRB regulations continued to move forward and were passed into legislation without meaningful consultation and in spite of the hundreds of written submissions expressing concerns for the impacts to patients, access to medicines, investments and jobs. Throughout the year, LSO was outspoken in expressing our concerns through presentations, roundtables, submissions, research initiatives, letters and op-eds. We see this as a critical issue for our entire industry and we will continue to voice our concerns throughout 2020.

2019 also marked the launch of the first ever LSO Scholarship program, which was announced by Premier Ford. This program evolved from a meeting of LSO members and Mississauga MPPs led by Streetsville MPP Nina Tangri. The program was piloted to 20 undergraduate students residing in Mississauga who received \$4,000 towards their education and, professional mentoring through one of our sponsoring companies. The program was such a resounding success that it has been expanded to 30 students across all of Ontario in 2020!

LSO also started the year with a brand new office on Bay St.; along with a brand new team consisting of: Brian Craig, Elizabeth Voss, Charlini Nicholapillai, Andy Donovan, Cindy Alexander and Rob Lubinsky. The success we achieved in 2019 is a direct result of the dedication and commitment of this team and I'm honored to work with such an incredible group.

I'd like to sincerely thank all of our members, sponsors, volunteers and partners for their continued support. We will strive to represent and serve you well throughout 2020.

Dr. Jason Field
President & CEO, Life Sciences Ontario

Message from the Chair

As I reflect on my decade on the Board of LSO, I can see just how far the organization has come. We have grown significantly in our presence, our members and our team. 2019 in particular saw significant changes in staff with Jason building the team to take the organization into the next decade. He could not have done better. With Charlini Nicholapillai spearheading Government Relations, Elizabeth Voss leading the events, Andy Donovan building our membership base and Brain Craig as Director of Operations, we are well positioned to build our presence and serve our members. Continuing to support this team is a truly amazing network of volunteers who seem to get stronger every year.

Our success this year with the Deloitte Report, advocating for fairness on industry issues, laying the ground work for a coordinated Life Sciences Strategy or our work to promote and encourage commercial success throughout this diverse sector would have been, quite simply, impossible without this talented and committed group. On behalf of the Board of Directors,



Mark Smithyes
Chair, LSO Board of Directors

thank you to the staff and volunteers for your efforts, your enthusiasm and your dedication; we are immensely grateful. We are also immensely grateful to our members, sponsors and partners who have shown such confidence in the commitment and growth of LSO as a thought leader and champion for our members and the sector.

We have come far as an organization and as a sector, but there is still work to be done. The most glaring gap for me is the absence of a coordinated life sciences strategy in Ontario. A strategy that provides the vision on where we need to go; creates alignment within government on the importance of Life Sciences; helps tell the world that Ontario has to offer a leading jurisdiction with a vibrant life sciences sector. Not built by government but with government, with the Life Sciences' sector and with academia, together.

Another year has passed and we continue to call on the government to work with us on this. Another year has passed and the sector continues to drive forward without their involvement. Another year has passed and the Federal government with their drug price control reform continues to be willfully ignorant to the damage they are doing to the entire life sciences ecosystem and to the resulting delayed and denied access to new medicines for Canadians. While this is increasingly worrisome, there is some reason for optimism. Currently, we have a provincial government that is not just listening but asking questions, a government that is curious and in being so has signaled that it understands the importance of a coordinated life sciences strategy, understands the enormous impact we have on the province's economy and the well-being of Canadians, a government with champions of our sector like MPP Nina Tangri. But we are not there yet. We all need to and will continue to push for this fundamental step.

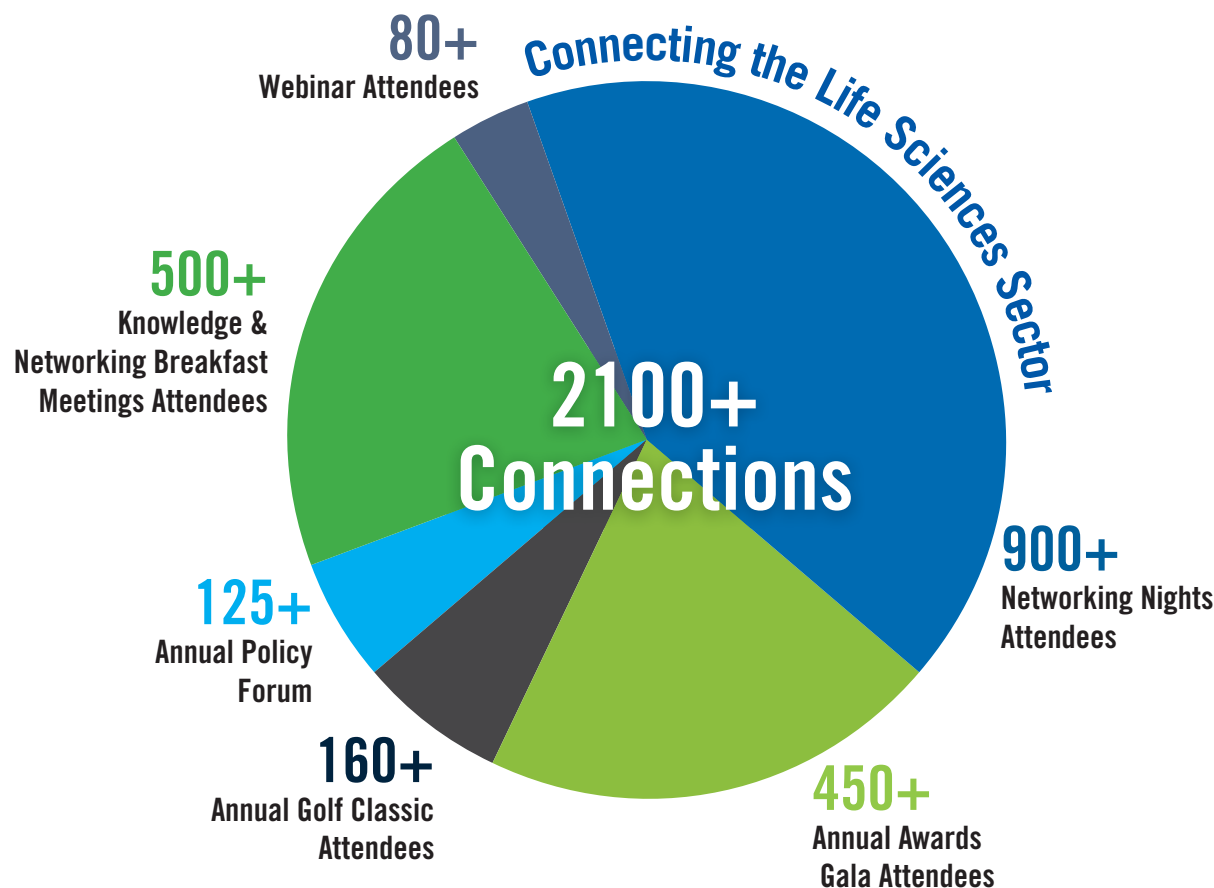
What we have built today without a coordinated life sciences strategy, as we know from the Deloitte Sector report that LSO commissioned last year, is a sector that boasts 6000+ establishments, roughly 200,000 employees, close to \$60B in contribution to the GDP in Ontario and an almost \$9B contribution to government coffers. Add to this an average job growth in the sector that doubles the provincial average with wages almost 25% higher than the provincial average is to say nothing of the enormous impact we have on the well being of the people of this province and indeed, the world.

What we can do with this strategy is limited only by our imagination as we fan the sparks of possibility into flames of achievement. Together we will get this done and build a Life Science sector that is the envy of the rest of Canada and the world.

Mark Smithyes
Chair
LSO Board of Directors

“*Together we will build a Life Science sector that is the envy of the rest of Canada and the world.*”

LSO's Impact in 2019



AMPLIFYING OUR INDUSTRY'S VOICE

Published **8 major editorials** advancing our industry message, including our **2019 Sector Report: Accelerating Prosperity**



Grew Twitter presence from **3800 to 4500+** followers



8800+ Social Media Follows



6000+ Conversations since 2015

MENTORING THE NEXT GENERATION OF LEADERS

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

INCREASING ONLINE VISIBILITY

Of our members and our sector



Website View Increased **36%** over 2018

Policy and Government Relations

2019 was a very productive and successful year for the LSO team. We started out the year with a new staff member, Charlini Nicholapillai, Manager of Public and Government Relations. Charlini comes to LSO with experience working with the provincial government in several minister's offices and having previously worked at MEDEC (now Medtech Canada).



In 2018, LSO commissioned Deloitte to conduct a survey of the economic contributions of the life sciences sector in Ontario along with an analysis of recent trends. LSO was delighted to release the report at the LSO Awards Presentation last February, the report received praise and recognition from across the industry and sector. The Deloitte report and our 2017 Blueprint for a Coordinated Life Sciences Strategy were the foundation of our advocacy for the remainder of 2019 and going on to 2020.



Some key events for 2019 included:

- In January, LSO was approached by MPP Nina Tangri and Novo Nordisk Canada with an incredible opportunity to administer and monitor a scholarship and mentorship program that would be fully funded by companies within the life sciences sector. With the commitment of 8 companies from the Mississauga region, the first ever **Life Sciences Ontario Scholarship Program** was launched! Thank you again to our incredible sponsors and mentors that made this possible – **AstraZeneca, Bayer, Gilead, GlaxoSmithKline, Horizon Therapeutics, Novo Nordisk, Roche Canada and Sanofi.**
- In February, LSO released the highly anticipated 2019 Sector Report, a study of the economic contribution and forecasted impact of the life sciences sector report titled “Accelerating Prosperity: The Life Sciences Sector in Ontario” in Ontario conducted by Deloitte.
- In March, the LSO team was invited to tour Sanofi Pasteur and learn about the rich history of the Connaught Campus and the regulatory challenges faced by Canada’s vaccine manufacturers.
- In addition, in March LSO publicly published an open letter to Prime Minister Justin Trudeau to reconsider the proposed PMPRB reform and stand up for governance and evidence-based policy-making, access to medicines and our innovative life sciences sector.
- In June, LSO alongside the Canadian Centre for Health Economics hosted a roundtable with academics and economists to discuss the economic implications of Health Canada’s changes to the Patented Medicine Prices Review Board (PMBRM) regulations. Participants discussed various approaches to price regulation and how they have been applied in Canada and other jurisdictions.
- In June Dr. Jason Field attended the Bio 2019 Convention in Philadelphia to bring representation from Ontario
- In August, LSO and the C.D. Howe Institute hosted a panel discussion featuring the Hon. Mary Ng, Minister of Small Business and Export Promotion alongside LSO’s very own Dr. Jason Field and Dr. Durhane Wong-Rieger,



President and CEO, Canadian Organization for Rare Disorders for a discussion on how Canada can develop a world leading life sciences ecosystem and help Canadian companies scale-up and grow.

- In addition, LSO submitted a letter to The Globe and Mail’s editor titled “A Cure for Canada’s High Drug Prices”.
- In September LSO attended the Advamed Conference in Boston.
- In November, LSO was invited to The Globe and Mail’s Biomedical Innovation Summit, where Dr. Jason Field was the key note speaker. He called for a coordinated strategy by government to commercialize the

life sciences sector. Two articles were published as a result of this event:

- “Spurring growth in Canada’s life sciences sector”
- “Sizing up Canada’s biomedical field”

In the fall, the committee was hard at work planning the 4th annual LSO’s Queen’s Park lobby day. We had a committed team of volunteers from the committee who helped reach out to MPPs and Ministers to set up meetings. More details can be found later on in this report.



Life Sciences Ontario Scholarship Program



LSO launched the first-ever Life Sciences Ontario Scholarship program in 2019, the first of its kind, designed specifically for Mississauga students. This was a collaboration born out of a meeting in Mississauga between several MPPs and pharmaceutical companies in the region. The opportunity came to LSO through MPP Nina Tangri – who has been a true champion for the life sciences industry in Ontario and Novo Nordisk, one of the founding companies of the program.

LSO officially announced the launch of the scholarship in May with Premier Doug Ford and MPP Nina Tangri at the Novo Nordisk's head office in Mississauga. The event was attended by industry, community leaders, media and staff.



The scholarship program aims to bring awareness of the life sciences industry in Ontario as a significant employer for new graduates, a significant driver of the local economy, an integrated local stakeholder, engaged with and supportive

of the local community; and an existing, innovative and promising industry. In addition, recipients of the scholarship participated in one-on-one Mentoring with an experienced professional within their field of study from one of the sponsoring companies.

At the Mississauga Board of Trader's (MBOT) Good Morning Mississauga event, LSO announced the winners of the

2019 Life Sciences Ontario Scholarship Program. 20 winners were chosen and each received \$4,000.

Thank you again to our sponsors: **AstraZeneca, Bayer, Gilead, GlaxoSmithKline, Horizon Therapeutics, Novo Nordisk, Roche Canada and Sanofi.**

With the incredible success of 2019, LSO will expand the program beyond Mississauga in 2020 and open it up to all of Ontario.



Queen's Park Day

In collaboration with MedTech Canada, LSO hosted its 4th Annual Queen's Park Day on December 2nd. Senior executives met with 20 MPPs throughout the day from all parties.

Together with our partners, we echoed that the contributions made by the Ontario's Life Sciences sector are our greatest untapped opportunity for economic prosperity.

We recommended the need for a coordinated provincial life sciences strategy to capitalize on the economic potential of Ontario's diverse sector drive job growth and create world-leading companies. MPP Nina Tangri, PA to Economic Development, Job Creation and Trade has publicly announced that creating a life sciences strategy is part of her mandate and LSO is actively engaged with her on this file.

During the Queen's Park Day reception, attendees heard from:

- MPP Nina Tangri, Parliamentary Assistant to the Minister of Economic Development, Job Creation and Trade
- MPP Catherine Fife, member of the New Democratic Party of Ontario
- MPP Kathleen Wynne, member of the Liberal Party of Ontario

We also had a few companies on hand showcasing some of the great innovative technologies happening here in the province.



Annual Policy Forum

On Dec 4th, we hosted our Annual Policy Forum, this year's forum was themed around digital transformations in Life Sciences. Digital transformation has played a substantial role in the life sciences sector and it continues to play a central role in its current and future success. It is revolutionizing health care and in order to fully appreciate the economic benefits of our sector, meaningful policy measures need to be put in place in order to bring our nation forward. This year's policy forum examined what key lessons we can learn from our international partners on digitalization in healthcare, the policy landscape in Canada post-federal election, and finally how we can facilitate advancement and adoption through public policies.

Following the forum, a summary and recommendations document was created and circulated to stakeholders and attendees. Some of the key recommendations included:

- Two divergent policy goals: Life Sciences is a huge economic driver but adoption is expensive and is a cost that displaces other investments
- Patients should be the custodian for data
- Privacy is enabling choice
- We need more data on what Canadian's expectations are on how we use data

Canada is an ideal use-case market. In most instances, Canada makes up approximately 2% of global revenues. We are a health technology assessment country which means that what we do may be scalable to larger markets. AI is in our backyard – Canada is becoming known as an AI global hub so for all these reasons it's a perfect use case to start innovating in Canada.



**To read the full Report
and Recommendations
from our
Annual Policy Forum,
visit our website**

<http://bit.ly/PolicyForum2020>



Annual Awards Presentation

LSO held its 16th Annual Awards Presentation dinner on February 27th at the Liberty Grand. This event continues to grow year after year with over 470 tickets sold to the event.

Despite the snow and somewhat unfavorable weather the life sciences community still came together to honour those who have made an impact on this diverse sector. Congratulations to our award winners on all their contributions to the Life Sciences ecosystem



A special thank you to MPP Nina Tangri, Progressive Conservative Party of Ontario, MPP Catherine Fife, New Democratic Party of Ontario and MPP Nathalie Des Rosiers, Ontario Liberal Party for your support and continued advocacy for the Life Sciences sector.

The Awards Presentation 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 in support of Sanofi Biogenius Canada.

We would like to acknowledge our event sponsors and the outstanding efforts of the Awards Presentation Committee and its Co-Chairs, Jason Locklin and Anne Woods; the Awards Committee, and our dedicated volunteers and staff who help make this event a success.



**We were humbled to honour
our 2019 LSO Award Winners:**

Lifetime Achievement Award
Dr. David Naylor, Professor of Medicine and President Emeritus,
University of Toronto

Community Service Award
Dr. Brian Underdown, Biotechnology Consultant, BJU Consulting

LSO Volunteer Award
Jill Osborne, Marketing Manager, GlaxoSmithKline Inc.

Life Science Company of the Year
Exact Imaging

Life Sciences Leadership Award
Dr. Bernard West, President, Westwork Consulting



Knowledge & Networking Breakfasts

LSO's Knowledge and Breakfast Meetings are a long-standing tradition, with the first event being held in September 1989, when LSO was known as TBI (Toronto Biotechnology Initiative).

These events bring together the community for valuable professional development and networking opportunities. We continue to webcast these events so people in other parts of the province can listen in.

In 2019, LSO hosted ten Breakfast Meetings.

Topics included:

- One Health and Integrated Life Sciences Approach
- Rare Diseases
- Scaling Up: Canada's Innovation Challenge
- Regenerative Medicines
- Antimicrobial Resistant
- Unleashing the Power of Data to Drive Innovation
- Building Potential through Diversity
- What's on your mind? Current trends in brain research and the impact on patients
- 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.

The event venue for these meetings is generously provided by Fasken LLP.



Networking Nights

In 2019, LSO hosted 6 Networking Nights including one during Health Innovation Week. This event continues to be a popular event with an average of over 160 registrants per event.



The Networking Nights are an informal evening of networking with others in the Life Sciences Sector.

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

LSO – UTEST Mentorship Program:

In late October 2019, LSO was approached by Silicon Valley Bank and UTEST to host the first LSO-UTEST Mentorship Program. The purpose of the program was twofold, Life Science start-ups are looking for a mentorship program that is customized to meet their organizations individual needs and challenges. At the same time, experience life science executives are interesting in giving back and supporting innovation in the sector. LSO made the decision to launch this initiative because it allows us to continue toward our mission of fostering commercial success for Ontario's life science sector



Annual Golf Classic

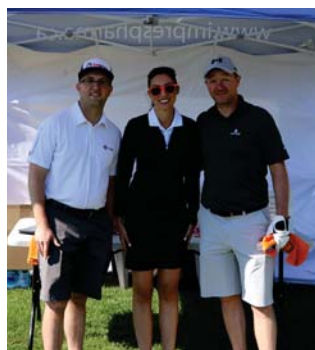
The 19th Annual LSO Golf Classic was held on August 14th at Copper Creek Golf Club. Once again we had tremendous weather for the event.

Over the last few years, the tournament has sold out and 2019 was no difference. To help increase further networking opportunities during the event, new this year, we provided an additional opportunity for a fun 9 hole round of golf in the afternoon. The luncheon brought together players from the morning and afternoon rounds for networking. Some eager people played for the entire day.

Our Annual Golf Classic has consistently been a major fundraiser for LSO, supporting key programs and outreach. In addition, proceeds from the Silent Auction support the next generation of life sciences leaders through the Sanofi Biogenius Canada program.

We were pleased to have Ms. Jessie MacAlpine, Sanofi BioGENEius Canada Alumna. One of Canada's Top 20 Under 20, Jessie is a PhD student studying molecular genetics at the University of Toronto.

We'd like to sincerely thank all those who attended, as well as our sponsors, donors, and volunteers, including our LSO Golf Committee Chair, John Goudey.

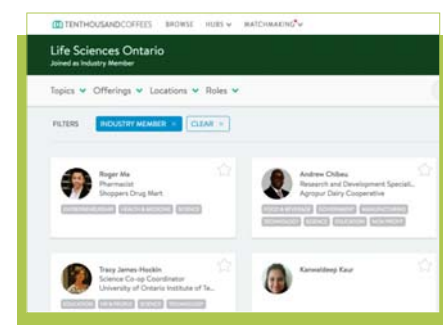


Mentorship Program

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 2018, 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.

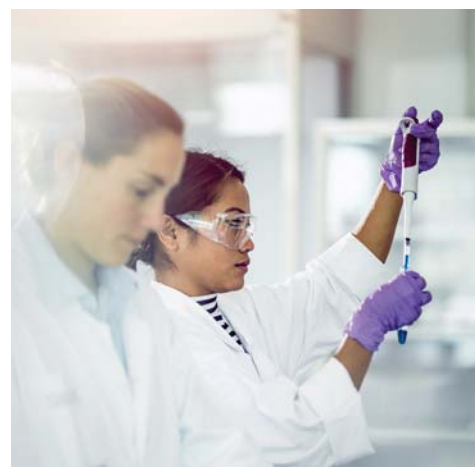


About LSO

LSO is a business-led, member-funded, not-for-profit organization with a legacy of more than 30 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

Executive Committee



Mark Smithyes
Chair



Ed Dybka
Vice Chair
General Manager,
IpSen Biopharmaceuticals
Canada Inc



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



Rafi Hofstein
Member of the Executive
President and CEO, Toronto
Innovation Acceleration
Partners



Susan Marlin
Member of the Executive
President & CEO,
Clinical Trials Ontario



Alison Symington
Member of the Executive
Principal, Life Science
Strategic Consulting

Officers



Mario Piccinin
Treasurer
Partner, Ernst & Young LLP



Rocky Swanson
Secretary
Senior Director, Pharmacy
Performance, Shopper Drug
Mart

Directors



Deborah Brown
Managing Partner, Accelera
Canada



Jason Locklin
Director, Global Value, Access
& Policy, Alexion Pharma
Canada



John Wilkinson
Board Member, Greenfield
Global



Jennifer Chan
VP - Policy and External
Government Affairs, Merck
Canada Inc



Andrea Palmer
CEO and Founder, Awake Labs



Russell Williams
Senior Vice President, Mission,
Diabetes Canada



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



Benjamin Rovinski
Managing Director,
Lumira Ventures



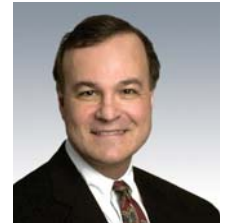
Anne Woods
Managing Director, Life
Science & Healthcare, Silicon
Valley Bank



John Haslam
General Manager, Horizon
Therapeutics Canada



Sabina Steinkellner
Chief Commercial Officer,
Sanofi Pasteur Limited



Jeff Graham
Senior Vice President,
Head of Legal & Regulatory
Compliance, Skypower Global



Bernard West
President,
Westworks Consulting Limited



Thank You to Our Corporate Sponsors

Platinum



Gold



Silver



Committee Members

LSO would like to thank our Board of Directors, many volunteer members and partners, for their contributions to LSO in 2019.

Executive Committee

Ed Dybka
Jason Field
Rafi Hofstein
John Kelly
Susan Marlin
Alison Symington
Mark Smithyes

Awards Presentation Committee

Jason Locklin (Co-Chair)
Anne Woods (Co-Chair)
Shelley Almeida
Luis Barreto
Michelle Hojjati
Dan Juskovic
Ulrich Krull
Murray McLaughlin
Jill Osborne
Magda O'Sullivan
Kira Pejemsky
Benjamin Rovinski
Alison Symington

Policy Forum Committee

Lauren Fischer (Co-Chair)
Ryan Wiley (Co-Chair)
Jeff Graham
John Kelly
Mark Smithyes
Alexandra Spence
Andrew Retfalvi
Benjamin Rovinski

Knowledge and Networking Breakfast Committee

Alison Symington (Chair)
Jamie Barron
Chris Delvecchio
Jodi Garner
Tracy Hooey
Carolyn Lee
Gretchen Newman
Anne Woods

Golf Committee

John Goudey (Chair)
Dan Juskovic
Ross Glover
Parneet Dehl
Brian Good,
Ron Hosking
John Kelly
Bruno Maruzzo
Jason Saltzman
Esther Wiltshire

Additional Supporting Volunteers

Hamza Taufique (Breakfast Meetings)
Fereshteh Davoud (Breakfast Meetings)
Devika Premkumar (Networking Nights)
Andrew Yoshioka (Networking Nights)

Policy and Government Relations / Queen's Park Day Committee

Jason Locklin (Chair)
Susan Baker
Angela Bebhooi
Diane Bigras
Shanna Brisebois
Ellen Chin
Seth Chitayat
Larry Colero
Dana Corsen
Doug Daniell
Nicole DeKort (Co-Chair, Queen's Park Day)
Jacqueline Dobson
Stephanie Dunlop
Jeff Graham
Laura Greer
Grant Gunn
Stephanie Hamzo
John Haslam
Rafi Hofstein
Michelle Hojjati
Lorraine Hudson
Farah Jivraj
Pamela Kanellis
Omar Khan
Jennifer Kitchen
Alexandra Kyriakos
Rob Loney
Susan MacLean
Sean McBride
Kevin Mcguire
Eric Pegolo
Marko Perovic
Alexis Sciuk
Mark Smithyes
Bernard West
Jim Williamson
John Wilkinson (Co-Chair, Queen's Park Day)
Nadia Yee

Thank You to Our Event Sponsors



A science mindset.





LIFE SCIENCES ONTARIO
FINANCIAL STATEMENTS
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Life Sciences Ontario which comprise the statement of financial position as at December 31, 2019 and the statement of operations and changes in net assets and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at December 31, 2019 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

WILLIAM L. McMULLEN, CPA, CA, LPA
JOHN C. KARRAM, CPA, CA, LPA
RODNEY J. RUSSELL, CPA, CA, LPA

PAUL A. SIMPSON, CPA, CA, LPA
PAUL W. McMULLEN, CPA, CA, LPA
MARK D. POTTER, CPA, CA, LPA

MICHAEL J. McNEILL, CPA, CA, LPA
PETER A. SIMPSON, CPA, CA, LPA
DAVID J. NORTON, CPA, CA, LPA (CONSULTANT)

- 1 -

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Norton McMullen LLP

NORTON McMULLEN LLP

Chartered Professional Accountants, Licensed Public Accountants

MARKHAM, Canada

February 11, 2020

LIFE SCIENCES ONTARIO

STATEMENT OF FINANCIAL POSITION

As at December 31,

2019

2018

ASSETS

Current

Cash and cash equivalents	\$ 273,312	\$ 217,115
Accounts receivable	38,504	38,611
HST refundable	6,477	7,502
Prepaid expenses	41,775	41,795
	<u>\$ 360,068</u>	<u>\$ 305,023</u>

Capital Assets (Note 2)

6,834	9,358
<u>\$ 366,902</u>	<u>\$ 314,381</u>

LIABILITIES

Current

Accounts payable and accrued liabilities (Note 3)	\$ 64,546	\$ 77,687
Deferred revenue (Note 4)	161,375	198,475
	<u>\$ 225,921</u>	<u>\$ 276,162</u>

NET ASSETS

140,981	38,219
<u>\$ 366,902</u>	<u>\$ 314,381</u>

Commitment (Note 5)

Approved by the Board:



Director

Director

See accompanying notes

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LIFE SCIENCES ONTARIO**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

For the year ended December 31,

2019**2018**

REVENUES

Events and meetings	\$ 435,063	\$ 358,233
Membership and general sponsorship	370,216	375,709
Special projects	269,903	58,707
Education programs	114,728	8,702
	<u>\$ 1,189,910</u>	<u>\$ 801,351</u>

EXPENSES

Office, general and projects	\$ 567,096	\$ 586,914
Special projects	216,432	39,593
Events and meetings	172,224	143,310
Education programs	113,013	13,992
Bank charges	13,554	11,341
Amortization	2,524	2,210
Communications	2,305	15,380
	<u>\$ 1,087,148</u>	<u>\$ 812,740</u>

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES**\$ 102,762 \$ (11,389)****NET ASSETS - Beginning****38,219** **49,608****NET ASSETS - Ending****\$ 140,981** **\$ 38,219**

See accompanying notes

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LIFE SCIENCES ONTARIO

STATEMENT OF CASH FLOWS

For the year ended December 31,

2019

2018

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

OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenses	\$ 102,762	\$ (11,389)
Items not affecting cash and cash equivalents:		
Amortization	2,524	2,210
	<u>\$ 105,286</u>	<u>\$ (9,179)</u>
Net change in non-cash working capital balances:		
Accounts receivable	107	(23,838)
HST refundable	1,025	13,498
Prepaid expenses	20	(35,850)
Accounts payable and accrued liabilities	(13,141)	6,980
Deferred revenue	(37,100)	151,108
	<u>\$ 56,197</u>	<u>\$ 102,719</u>

INVESTING ACTIVITIES

Purchases of capital assets	-	(7,351)
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INCREASE IN CASH AND CASH EQUIVALENTS

	\$ 56,197	\$ 95,368
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CASH AND CASH EQUIVALENTS - Beginning

	<u>217,115</u>	<u>121,747</u>
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CASH AND CASH EQUIVALENTS - Ending

	<u>\$ 273,312</u>	<u>\$ 217,115</u>
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See accompanying notes

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LIFE SCIENCES ONTARIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 consist of cash held in a bank account and a cashable GIC.

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 rates and method:

	<u>Rate</u>	<u>Method</u>
Computer	30%	declining balance
Furniture and fixtures	20%	declining balance

LIFE SCIENCES ONTARIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES - Continued

d) Revenue Recognition

Special projects and events revenue consists of funding to undertake specific projects and events. Special projects and events revenue is recognized as expenses are incurred. Membership fees, sponsorships, events and meetings and scholarships 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.

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 cash equivalents 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:

	2019			2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer	\$ 12,772	\$ 8,207	\$ 4,565	\$ 6,522
Furniture and fixtures	3,151	882	2,269	2,836
	<u>\$ 15,923</u>	<u>\$ 9,089</u>	<u>\$ 6,834</u>	<u>\$ 9,358</u>

LIFE SCIENCES ONTARIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

3. GOVERNMENT REMITTANCES

Included in accounts payable and accrued liabilities are government remittances owing of \$Nil (2018 - \$7,629).

4. DEFERRED REVENUE

Deferred revenue consists of the following:

	2019	2018
Membership and general sponsorship	\$ 83,900	\$ 66,375
Events and meetings	77,475	27,100
Special projects	-	105,000
	<u>\$ 161,375</u>	<u>\$ 198,475</u>

5. COMMITMENT

The Organization is committed to an office lease agreement ending October 31, 2022. Future monthly payments, excluding sales tax, are \$3,100. The agreement can be terminated by the Organization anytime with 6 month's notice.

6. RELATED PARTY TRANSACTIONS

The members of the Board of Directors are considered related parties. The Organization engaged with a related party in the following transactions:

	2019	2018
Purchase of legal services from a Director	\$ 1,193	\$ 390

These transactions were carried out in the normal course of operations and have been measured at the exchange amount which is the amount of consideration agreed upon by the related parties.

LIFE SCIENCES ONTARIO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

7. 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, 2019:

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. 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.

8. COMPARATIVE FIGURES

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



To become a member or for information about LSO's activities, please contact:

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