

NETWORK OF ANGEL ORGANIZATIONS - ONTARIO

2014 -15 Annual Report



Cumulative totals for firms reported by Ontario
Angel groups & clubs since 2007...

INVESTMENTS BY NETWORK MEMBERS

\$183,615,000

PRIVATE NON-MEMBER FUNDS LEVERAGED INTO DEALS

\$642,196,000

PUBLIC FUNDS LEVERAGED INTO DEALS

\$76,836,000

PUBLIC FUNDS INVESTED INTO ANGEL GROUPS

\$12,769,000*

LEVERAGE ON PUBLIC FUNDING FOR ANGEL NETWORKS

72:1

1,037 ANGEL INVESTORS IN 28 NETWORKS



523 INVESTMENT ROUNDS INTO 313 FIRMS

including co- and re-investment

4,800 JOBS CREATED AND RETAINED

Each metric tallies the reporting by the ANP Angel groups and clubs, as well as post-investment monitoring of companies via LinkedIn, Crunchbase, government sites, and other open sources.

*Cumulative total of provincial and federal government support.

SEE PAGE 19 FOR A BREAKDOWN OF ANP GROUP & CLUB TOTALS





National Angel Summit

October 6–8, 2015

Niagara-on-the-Lake, Ontario

***Harnessing the Power of
Angel Investors***

Register Today!

www.nacocanada.com/2015summit

Join over 300 investors, partners and industry leaders from around the world at the flagship event for the Canadian Angel investor community. The Summit is your once-a-year opportunity to get ahead of the emerging trends that will shape Angel investment next year.

- Network with experienced investors, venture capitalists and other industry leaders
- Develop lasting relationships that can lead to syndication and improved access to deal flow
- Sharpen your investment skills with our professional development workshops
- Gain insights on the most pressing issues affecting Angels today
- Discover national best practices that lead to investor success

Ticket Prices:

- \$695 for ANP or NACO Members (Early-bird rate)
- \$795 for ANP or NACO Members (Regular rate)
- \$995 for non-ANP or non-NACO Members



About NACO

The National Angel Capital Organization accelerates a thriving, early-stage investing ecosystem in Canada by connecting individuals, groups, and other partners that support Angel-stage investing. NACO provides intelligence, tools and resources for its members; facilitates key connections across networks, borders and industries; and helps to inform policy affecting the Angel asset-class.

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Blake Witkin

The impact of Ontario's network of formal Angel organizations continues to grow with every passing year. Community business leaders continue to join the network not only for promising financial returns but to enable local entrepreneurs to grow their ideas into the enterprises of tomorrow. In 2014-15 Angels invested \$49 million into early-stage companies, resulting in a cumulative total of \$183 million invested in 313 companies since 2007. We estimate that Angel investment has helped create or retain approximately 4,800 jobs in the province of Ontario over that same period.

The Angel Network Program ("ANP"), supported by the Ministry of Research and Innovation ("MRI"), ensures that NAO-Ontario's mission to bring Angel investors together with entrepreneurs and companies seeking investment for mutual benefit is realized. Ontario's ten Angel groups have made this process effective and efficient and available in almost all regions of the Province.

After eight years of diligent effort by Angel investors, entrepreneurs, government officials and professionals across the province, it is safe to say that Ontario's Angel Network is now an indispensable part of our entrepreneurial ecosystem. Our post-investment monitoring shows that since 2007, the average \$1 of public funding provided to organizing the Angel network in Ontario has gone on to attract \$72 of investment from the private sector. This leverage of 72:1 shows that early-stage public funding has allowed new ventures to realize their true potential and scale up significantly in value – a boon to the overall economy of the province.

In addition to MRI's ANP, the innovation ecosystem in Ontario has also received generous support from the Investing in Business Innovation program ("IBI"), an initiative ran by the Federal Development Agency for Southern Ontario to foster a more competitive southern Ontario economy by providing business

support to new entrepreneurs and assist them in transforming their ideas into globally-competitive products and services. Since 2010, IBI has provided funding and support both to the province's Angel groups and recognized Angel Clubs, helping to further strengthen Ontario's entrepreneurial ecosystem.

Ontario entrepreneurs continue to receive investment and support from the many hundreds of Angels throughout the province with their industry experience and business acumen helping to foster the success of their ventures. In fact, companies receiving Angel investment have also been shown to have greater longevity than the average start-up, demonstrating the importance of Angel capital and mentoring to the continued success of start-ups. Last year, members of our network were responsible for making 144 investments into 78 companies. That amounts to nearly one Angel-backed deal every two days, bringing 78 budding new enterprises that much closer to realizing their goals and ensuring continued success.

With increased support from the provincial and federal governments, Ontario has been able to become a leader in Angel program development and in the spread of best practices. Several new initiatives connect the Angel community with the Ontario entrepreneur and capital ecosystem. As a non-profit corporation, this past year NAO-Ontario has introduced corporate membership. This initiative brings industry partners in the private sector and other stakeholders closer to entrepreneurs. In May 2015 NAO-Ontario launched a program in support of the Impact Angel Alliance ("IAA") in cooperation with the Ministry of Economic Development, Employment & Infrastructure ("MEDEI"). In concert with our existing Angel groups, the Impact Angel Alliance links early stage social ventures with Impact Angels and ecosystem partners with the Ontario Angel community. These connections not only improve NAO-Ontario's stature within the broader ecosystem but also broaden capital channels for early-stage ventures.

We expect that as the Angel investing ecosystem in Ontario grows, innovative technologies in diverse industries will continue to be commercialized in Ontario. Their positive effects will be felt not only by the people of Ontario but by those of Canada and beyond.

Blake Witkin
Chair of Board of Directors
Network of Angel Organizations – Ontario

Ontario's Angel ecosystem continues to reach new heights each year. The consistency and extent of investment activities across the province clearly show that organized Angels are a growing force and they continue to make a difference for entrepreneurs and the Ontario economy. Every \$1 of public funding granted to Angel groups to support these entrepreneurs has attracted \$72 in private funding. This goes to show the impact that government support for Angels has had on the Ontario Network of Entrepreneurs ("ONE") ecosystem. Both the provincial government, through the Ministry of Research & Innovation ("MRI"), and the federal government, through the Federal Economic Development Agency for Southern Ontario ("FedDev Ontario"), provide support for recognized, organized Angel groups to organize and grow, directly bringing Angels and entrepreneurs together for job creation and economic development.

The period of 2014-15 has been a momentous time for both the Angel investing community and for NAO-Ontario as a non-profit organization. Every year, Angel groups reach significant new milestones, underscoring the impact public support for these groups can have on the future of early-stage ventures across Ontario.

One recent example is the Northern Ontario Angel group ("NOA") investing in its 100th deal; this deal was the fourth round of financing into an Advanced Medical company. The founders of this company explained their preference for Angel financing which stems from the mentorship gained through working with business-savvy Angels. Peterborough Region Angel Network ("PRAN"), a relatively newer Angel group founded in 2012, recently achieved a milestone of their own, reaching its first \$1 million invested into deals. This shows fantastic progress for the group, demonstrating the potential Angel groups have on raising capital for local enterprises.

This year has also seen the launch of the Impact Angel Alliance ("IAA"), an exciting new initiative for the Angel investing community. IAA receives generous support from the Ministry of Economic Development, Employment, and Infrastructure ("MEDEI"). The non-profit organization will collaborate with NAO-Ontario to work with Ontario Angel groups to grow and improve the efficiency of Impact investing around the province.

Internal changes within NAO-Ontario have also resulted in a more automated data collection process for Angel groups, meaning that stakeholders can expect more accurate and timely delivery of Angel investment metrics. The system called Hockeystick will optimize routine reporting and will be a tool for individual Angels and group managers to monitor company progress and financial reporting.



Jeffrey Steiner

Finally, NAO-Ontario would like to welcome our new Chair of the all-volunteer Board of Directors, Blake Witkin. Mr. Witkin is a valued addition, bringing over 20 years of experience in business development in the start-up technology sector to the board. We have also expanded NAO-Ontario's membership base to include more stakeholders to better serve the Angel community. Joining Mr. Witkin as Vice-Chair is Mark Lawrence, whose experience in both founding and investing in companies at various stages of their life has provided boundless expertise to guide the organization. We would also like to thank our outgoing Chair, Dr. Patricia Lorenz, for her service both to NAO-Ontario and to the Angel investing community at large.

All of these exciting changes mean that right now is a great time to become an Angel investor. There are hundreds of thousands of high-net-worth individuals in Ontario; if only a fraction got involved, the effect would be tremendous. When one of these individuals becomes part of the Angel investing ecosystem, they benefit from having the chance to both support aspiring entrepreneurs while making a return on their investments. The entrepreneur benefits in turn from the increased access to early-stage capital essential to their future success. Considering this, let's take some time this fall to recruit more accredited investors into formal Angel groups to make more of these crucial connections happen. Finally, this October the annual National Angel Summit will be hosted in Ontario at Niagara-on-the-Lake. We encourage you to not only participate but also invite your friends and associates that could become involved in the Angel group ecosystem to help support job creation and entrepreneurship in the Province.

Jeffrey Steiner
President & Executive Director
Network of Angel Organizations – Ontario

Success Story: ChipCare



ABOUT: This Toronto-based start-up company specializes in the production of life-saving diagnostics for infectious and non-communicable diseases in remote health settings using a mobile, simple-to-use & lab-quality blood-testing platform.

ANGEL INVESTMENT: Maple Leaf Angels (“MLA”) supported ChipCare’s \$5.045 million Series A financing round following the Angel group’s original investment in the firm’s \$2.2 million seed round.

SUCCESS: ChipCare has quickly advanced from the seed funding stage to a landmark Series A financing round and by 2016 expects to reach out to investors for another round to scale its manufacturing capacity.

ChipCare has valued the broad experience MLA investors have brought to their team with CEO James Fraser saying that, “Having people with marketing, business and entrepreneurship experience has given us a large pool of informal advisors we can draw on as needed”. ChipCare was very open with their investors, inviting them to attend all board meetings in their first two operating years. This open forum of talent has enabled ChipCare to discuss challenges and work with investors to help develop clear paths forward. “The more smart people you have around you, the better,” said Mr Fraser.

Success Story: ExpertFile



ABOUT: Toronto-based start-up ExpertFile is the leading provider of enterprise marketing software used by organizations to manage their experts and thought leaders.

ANGEL INVESTMENT: Angel One Investor Network (“Angel One”), Golden Triangle Angel Network (“GTAN”), Maple Leaf Angels (“MLA”), Capital Angel Network (“CAN”), Georgian Angel Network (“GAN”) and South Western Ontario Angel Group (“SWOAG”) united to make a substantial \$1 million seed financing investment in ExpertFile.

SUCCESS: With the support of Angel groups around the province, ExpertFile has successfully syndicated and is looking forward to continuing its momentous growth in 2015 with plans to expand their North American reach by focusing on increasing their market share in the Education and Health Sectors.

Founder Peter Evans has said that since receiving Angel investment, their team has doubled in size and their average client portfolio has more than doubled with Mr Evans stating that, “Angel capital is a vital stage of capital and we couldn’t get the job done without Angels”.

Success Story: Vida Holdings



ABOUT: Vida Holdings Corp. Ltd. ("Vida") is the developer of Cleanalytic, an innovative catalytic converter technology which provides automakers with an ideal solution to increasing demands for reduced emissions, reduced costs and increased fuel economy.

ANGEL INVESTMENT: Vida has received \$1.5 million in Angel financing from thirty-nine accredited investors - twenty-nine of which are members of the Angel One Investor Network ("Angel One") or the Niagara Angel Network ("NAN") - as well as \$750,000 in matching funds from the Federal Economic Development Agency for Southern Ontario ("FedDev Ontario").

SUCCESS: Vida has achieved significant growth and reached significant milestones to date, which its founder has attributed to the capital, expertise, and general guidance provided by its Angels investors.

"Angels have helped Vida secure its IP, strengthen relationships with large original equipment manufacturers (OEMs), open new market opportunities, develop a manufacturing plan, and lastly they have helped Vida build a strong management team," said founder Stefano Plati. He emphasized that the value Angel groups provide entrepreneurs is convenience, with such groups acting as one-stop-shopping for both capital and mentorship. Having access to both of these essentials in one place saved time, allowed Vida to meet its timeline and market projections without worrying about money and management gaps. "If we needed help, I simply asked and they supported Vida in any way they could," said Mr Plati.

Success Story: SurfEasy



ABOUT: SurfEasy Inc. provides easy-to-use solutions for protecting customers' online privacy and security on any smartphone, tablet or computer.

ANGEL INVESTMENT: Members of Angel One Investor Network ("Angel One"), Georgian Angel Network ("GAN") and Niagara Angel Network ("NAN") invested in the Toronto-based start-up between 2012 and 2013.

SUCCESS: The capital and knowledge of invested Angels contributed to SurfEasy's eventual acquisition by Norwegian software company Opera Software ASA, giving the online security firm exposure to Opera's user base, numbering over 350 million.

With angel funding in place, SurfEasy was able to expand their team while also supporting their sales efforts. The angel funding bridged the gap to profitability and the end result was a doubling of sales in the following years. "Without the support of angel groups and other investors, we wouldn't be where we are today," said founder and CEO Chris Houston.

Now that SurfEasy has been acquired by Opera, there are various plans in store for the company. Houston has stated that this is not the end for the company but instead a beginning. SurfEasy will continue to operate and grow as Opera will act as a partner and provide them with access to their vast user base and resources. The goal is to continue creating innovative solutions while remaining an example of innovation within Ontario, with their development team remaining Toronto-based.





Peterborough Angels reach a watershed \$1 million in investments

The last year has been an exciting time for the Peterborough Region Angel Network (“PRAN”). PRAN has increased the number of both members and active investors, and has surpassed the \$1 million milestone in terms of deals concluded. In its formative stages, PRAN focused exclusively on Peterborough-based opportunities. “Due to a combination of best-practice training and support received from NAO-Ontario and the Angel Network Program; funding from FedDev; enhanced investor education; and active engagement with, and learning from other Ontario Angel groups, PRAN has expanded its scope,” said PRAN Executive Director, Yves Lafortune. “Because of this, as well as improved levels of syndication, PRAN has been successful in identifying additional investment opportunities from beyond our region.”

In addition to providing investment, PRAN members have been mentors to start-ups in the Peterborough community, and have engaged their networks to support the growth of local ventures, with the continuing objective of creating jobs, taking new technologies to market, and facilitating international expansion opportunities.

Northern Ontario Angels reach 100th investment



Northern Ontario Angels (“NOA”), an Angel investor group serving the Northern Ontario region from its base in Thunder Bay, recently reached its 100th investment since 2010. Rna Diagnostics, the recipient of the milestone investment, is an advanced health company that provides tools to improve the lives of women undergoing chemotherapy for breast cancer. This particular investment was NOA’s 4th round of financing, which involved 20 different investors across Northern Ontario. As a syndicated deal, NOA’s 100th investment is also symbolic of the cooperative spirit of Angel investors in Ontario, working together in support of entrepreneurship in the province at large.

Rna Diagnostics, founded in March 2010, has had a long history working with Angel groups in Ontario and has made clear their preference for Angel support. John Connolly, VP Corporate Development, had the following to say: “Angel funding has largely replaced Venture Capital seed funding for start-up Biotech companies like Rna Diagnostics. They provide capital and expertise to start-ups that cannot be found elsewhere. We have Angel investors from groups in Waterloo, Markham, Niagara, Barrie, Oakville and Sudbury. Our Sudbury investors are interested not only in realizing a great return on their investment but also in helping us to build a world class Biotech business in Sudbury”.

Mary Long-Irwin, Executive Director of Northern Ontario Angels, is very excited about striking the 100th deal with Rna Diagnostics: “We’re very happy that our 100th investment happens to be in one of those companies with whom we have been working for many years. It shows that NOA and other groups like us around the province truly believe in the companies we invest in and want to show this commitment by supporting them every step of the way.”

She also said that after 100 deals, the impact of Angel support for these ventures on the economic growth of Northern Ontario in regional centres like Sudbury is clear. However, she expressed that there are always more promising ventures in the region that, with the support of Angels, would allow both these new enterprises and the region thrive. “We are looking forward to building upon this success and reaching our next hundred!” said Ms. Long-Irwin.

ANGEL INVESTOR NETWORKS

ANP ANGEL INVESTOR GROUPS

Angel Network Program-supported Angel investor groups have to adhere to strict criteria and reporting requirements that make them trusted third parties among Angel investors and entrepreneurs across the province, able to work with one another and with government agencies to foster entrepreneurial development and growth.

They must be not-for-profit; have a clear regional focus; adhere to a code of conduct applying to their members, directors and officers; have relationships across the enterprise development ecosystem; maintain a public presence including a website; and play no role within any investment transaction.

In addition, the formal regional Angel investor groups have purposes that go beyond the members' and entrepreneurs' activities. They facilitate the creation and free transfer of both knowledge and social capital for the sake of the Angel investing community and Ontario's economic development.

ANP-supported Angel investor groups take on the duty of maintaining a public profile, while educating entrepreneurs and the general public, and engaging actively with Ontario's economic development networks.

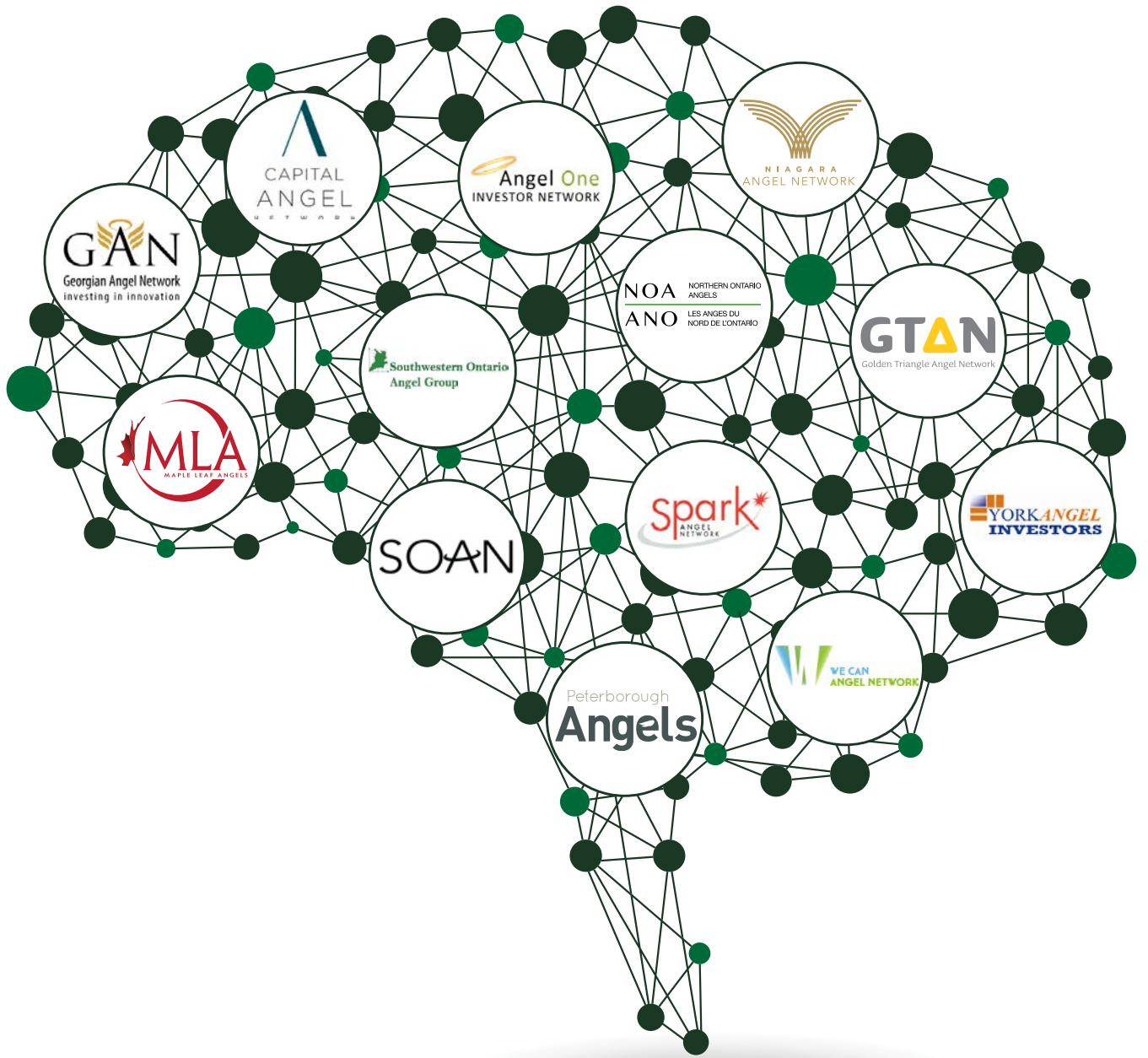
LISTED ANGEL INVESTOR CLUBS

Informal Angel investment clubs, and other Angel investment entities not publicly funded, report on the amounts their members invest and the quantitative aspects of company growth, in return for recognition that makes them eligible for the Investing in Business Innovation program, an initiative of the Federal Economic Development Agency for Southern Ontario ("FedDev Ontario"). They informally engage in Angel investment and the mentorship of entrepreneurs on a private basis.

EXPLANATION OF GRAPHIC

The following graphic lists 13 different Angel groups in Ontario. Please note however that:

1. Windsor-Essex Capital Angel Network ("WECAN") is a chapter of Southwestern Ontario Angel Group ("SWOAG").
2. Both Spark Angels and the Southeastern Ontario Angel Network ("SOAN") are recognized Angel groups but were not funded during the entire time of this report.



Ontario's Angel Network Program



Formal Angel groups efficiently convene accredited investors with entrepreneurs seeking investment and mentorship, overcoming informational barriers to economic growth. For this reason, Ontario's Angel Network Program ("ANP") aimed to create new Angel groups in Ontario where none existed, and continues to foster their success by cross-pollinating them with the best practices of successful Angel groups.

In addition, NAO-Ontario and its Angel groups look to members of the Ontario Network of Entrepreneurs ("ONE"), such as Ontario's Regional Innovation Centres ("RIC"), to find new enterprises that Angels may invest in, and to provide companies not yet investment-ready with mentorship and education.

As a result of the ANP, the profile of Angel investment in Ontario continues to grow and inspire early-stage entrepreneurs, by disseminating showcases and tools, as well as through the community outreach efforts and publicly accessible websites and offices of the Angel groups.

As of March 31, 2015, the ANP had demonstrated that organizing Angel investors generates measurable gains for the innovation economy, with:

- Over 672 members reported by non-profit Angel groups across Ontario, from Thunder Bay to Toronto, Ottawa to London.
- ANP Group members reporting they invested over \$116 million into 215 Ontario technology companies cumulatively since 2007.
- Another \$171-million-plus reportedly invested into these technology companies by non-ANP Network Angels, i.e. venture funds, governments, and other non-ANP members.
- At the point of investment, over 2,080 jobs created or retained by Ontario technology companies receiving Angel investment since 2007.
- 12 recognized groups with 10 receiving funding on March 31, 2015.

Investing in Business Innovation Program

With the support of the Government of Canada's Economic Action Plan through the Federal Economic Development Agency for Southern Ontario.



In order to further encourage the growth of organized Angel investing in southern Ontario, the Federal Economic Development Agency of Southern Ontario ("FedDev Ontario") has been a key supporter of NAO-Ontario through the Investing in Business Innovation ("IBI") program, having approved funding for the program since 2011. IBI's primary purpose is to reach out to foster a more competitive Southern Ontario economy by providing business support to new entrepreneurs to help them transform their ideas into globally-competitive products and services and by increasing their access to private sector investment and advice. Among these benefits is FedDev Ontario's IBI program itself, which supports eligible early-stage businesses by matching qualified Angel investments for a repayable contribution to a maximum of \$1 million per project for up to one-third (33.3%) of eligible costs. Members of all Angel Network Program groups in Southern Ontario are considered to be qualified for this program.

Companies invested in by members of non-profit Angel groups and clubs in southern Ontario (that are listed with NAO-Ontario) have been eligible to apply to the Investing in Business Innovation program.

In addition to communicating Angel organization membership benefits, the IBI program administers the Angel club listing process and helps increase the capacity of Angel organizations in southern Ontario to serve their members effectively.



Impact Angel Alliance

The Impact Angel Alliance (“IAA”) is a non-profit organization, established in 2014 to support an alliance of existing Angel groups, family offices, foundations, venture capital funds, and strategic grant makers seeking to collaborate and co-invest in for-profit impact start-up ventures within Ontario and across Canada.

IAA operates in partnership with NAO-Ontario and in concert with the existing Angel groups across Ontario to grow impact investing across the province. The partnership intends to diversify and improve the quality of impact deal flow to the Angel community, as well as improve efficiency of early stage impact investing in Ontario.

Impact ventures are companies that generate financial returns as well as measurable social, environmental and/or cultural outcomes. IAA was established to answer increased demand for risk capital from a new wave of high potential impact start-ups, and to support Angel investors who are motivated to generate compelling financial returns as well as social benefits from their investments.



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Follow-On Investment Forum

A Follow-on Investment Forum is held annually to showcase second-round Angel investment opportunities brought forward by Angel group members, in collaboration with the MaRS Investment Accelerator Fund ("IAF"), the Regional Innovation Centres ("RIC") and the Sectoral Innovation Centres ("SIC"). The event also showcases the Angel Network Program ("ANP") and supported Angel groups to independent Angel investors or small Angel investing clubs.

Like last year's forum, 2014's event was held for accredited investors who are interested in start-ups on the cusp of global growth, as it showcased pitches from carefully selected Angel-backed companies seeking subsequent rounds of finance. There were also networking sessions sharing the views of thought leaders of the community. The Forum also provided Angels an opportunity to express their interest in the presenting companies electronically; as a result, companies received record interest levels, as well as contact information from interested Angels within 48 hours after the event.

Annual General Meeting

The 2014 NAO-Ontario AGM is an opportunity for NAO-Ontario stakeholders to be informed, decide and provide feedback on the operations and financial health of the overall organization. The purpose of the AGM is to ensure that proper organization governance and transparency is maintained through agenda items such as voting of the Board of Directors and Financial Statements. At this year's AGM, NAO-Ontario welcomed new corporate members comprising a cross-section of its community stakeholders (i.e. entrepreneurs, service providers, Angel investors, and venture capitalists). NAO-Ontario aimed to allow corporate members to influence our strategic deliberation through roundtable discussions led by Directors; with the organization also taking ownership of its key role and stature in Ontario's entrepreneurial ecosystem.

Peer-to-Peer Sessions

Three peer-to-peer sessions occurred, with approximately 20 Angel Group Chairs & Managers from across Ontario gathering in Toronto at Gowlings LLP for each of these planning meetings. Facilitated by NAO-Ontario, on a quarterly basis, the meetings gave Managers and Chairs an opportunity to meet and discuss the Angel investing ecosystem. During the meetings, the Managers and Chairs had the opportunity to share their group's successes and best practices as well as any of their groups' upcoming events, announcements and initiatives.



Age of the Angel 2.1

“Age of the Angel: Best Practices for Angel Groups and Investors” is a practical guide to Angel investor group formation and investment. NAO-Ontario has updated the 1.5 version, incorporating updates to examples and data, some additional Canadianization, and a fundamental rework of the Valuation chapter that takes into account the latest practices and thinking from leading Canadian Angels.

Due Diligence Administrative Program

The Angel Network Program hired two administrators to assist in the Angel investment due diligence process, involving direct coordination with accredited investors in the capacity of collecting, organizing and disseminating pertinent information. No opinions were rendered in the course of this administrative work. We initiated a pilot program where administrators worked with five Angel groups and participated in eleven deal meetings.

Following the success of this pilot program, which was well received by lead Angel investors, the program has been re-instated and expanded to reach every group in Ontario. NAO-Ontario is training local human resources to support lead Angels with due diligence administration. These due diligence administrators continue to organize meetings and coordinate resource collection.

Membership Growth Project

NAO-Ontario conducted two discussions about Angel group membership. Key conclusions from the discussions were distributed to group Managers and Chairs as a “Member Growth Project” document that focused on strategies for potential Angel Group member recruitment. Strategies of note were messaging guidance, recruitment tactics and an analysis of Angel demographics.

Examination of the Impact of Ontario’s Angel Network

The Center for Venture Research provided an external review of the Angel Network Program and the Investing in Business Innovation program in Ontario, using NAO-Ontario data. NAO-Ontario reviewed and edited the report. This tool will be useful for marketing material development and understanding the Angel investing landscape in Ontario.

NAO-Ontario FLSA Compliance

As of March 31, 2015, NAO-Ontario is in full compliance with the French Language Services Act, guaranteeing Francophone speakers’ right to receive services from the organization in their native language. French-speakers will be able to have access to a French-language NAO-Ontario brochure as well as a fluent NAO-Ontario representative who can give them information about the organization. Furthermore, any resources on our website that a Francophone may be interested in can now be made available to them in French upon request.

ANGEL NETWORK PROGRAM (“ANP”) PERFORMANCE MEASURES

Cumulative totals for firms as reported by Ontario Angel groups since inception in 2007 to March 31, 2015

Total Angel investors	672
Total organized Angel networks (or “groups”)	12
Applications received from firms	7,635
Firms that have presented to groups	1,323
Firms on which due diligence has been performed	939
Number of distinct firms invested in (ANP tech deals only)	215
Number of distinct firms invested in (ANP non-tech deals)	51
Number of investment rounds (ANP tech deals only)	383
Number of investment rounds (ANP non-tech deals)	52
Current total investment by all groups' members (ANP tech deals only)	\$116,704,285
Current total investment by all groups' members (ANP non-tech deals)	\$19,442,000
Total private non-member funds leveraged into deals (ANP tech deals only)	\$136,158,110
Total private non-member funds leveraged into deals (ANP non-tech deals)	\$12,090,000
Total public funds leveraged into deals (ANP tech deals only)	\$35,747,825
Total public funds leveraged into deals (ANP non-tech deals)	\$2,167,200
Total jobs created and retained (ANP tech deals only)	2,080
Total jobs created and retained (ANP non-tech deals)	225

INVESTING IN BUSINESS INNOVATION (“IBI”) PERFORMANCE MEASURES

Cumulative totals for firms as reported by Ontario Angel Clubs since inception in 2010/11 to March 31, 2015

Total Club members	365
Total listed or “recognized” Clubs	16
Applications received from firms	1,347
Firms on which due diligence has been performed	387
Number of distinct firms invested in	47
Number of investment rounds	89
Current total investment by Club members	\$47,468,861
Total private non-member funds leveraged into deals	\$37,415,477
Total public funds leveraged into deals	\$8,718,085
Total jobs created and retained (non-tech deals and tech deals)	82

FOLLOW-ON AND POST-MONITORING LEVERAGE PERFORMANCE MEASURES (ANP & IBI)

Supplemental Performance Measures to March 31, 2015

Additional jobs created and retained (Post-monitoring - IBI Clubs, ANP groups tech & non-tech)	2,405
Total private non-member funds leveraged into deals (Post Monitoring - IBI Clubs , ANP groups tech & non-tech)	\$457,082,900
Total public funds leveraged into deals (Post Monitoring - IBI Clubs', ANP groups tech & non-tech)	\$30,202,598

Edel Ebbs is relatively new to Angel investing, joining the Toronto-based Maple Leaf Angels (“MLA”) only last year. Since joining however, Ms. Ebbs has already made an impact in the group, recently being named New Member of the Year at MLA’s Annual General Meeting in June. Yet while Ms. Ebbs is new to the Angel community, she is no stranger to the investment world.

Her first experience came as an assistant portfolio manager at a pension fund responsible for analyzing and investing in private and early stage technology and biotechnology companies. After this she moved on to a career as an equity research analyst, covering larger cap companies in the technology sector at a time where her future employer, RIM (now BlackBerry) was just coming of age as a publicly-listed company. After leaving the capital markets and joining RIM to head up Investor Relations at the company in early 2002, Ms. Ebbs had her first taste of working in a dynamic and highly entrepreneurial environment at one of Canada’s most successful start-up technology companies. It was the satisfaction Ms. Ebbs gained from working in this environment that drove her towards Angel investing upon retirement from the Company.

“While I spent much of my early career analyzing mature public companies, my heart has always been with the early-stage companies and start-ups,” saying her main motivation in becoming an Angel investor was to continue feeling the enthusiasm of the entrepreneurial ecosystem.

A Toronto resident, Ms. Ebbs elected to join Toronto-based MLA after retiring but says she also greatly admires the talent of her Kitchener-Waterloo colleagues and the vibrant Angel community in the region. “In both cities I have met many like-minded colleagues and industry partners who were both highly skilled and passionate about innovation. I have already gotten to know a number of similar individuals during my short time at MLA, who are a terrific group of people in addition to being passionate about Angel investing.”

Ms. Ebbs has encountered a few surprises as a new Angel investor. For example, she has stated that she is both thrilled and surprised by the high level of support given to Angel groups by government organizations like NAO-Ontario and MRI, without whose contributions Angel groups would find it much more difficult to organize and invest in entrepreneurship in the province.



Edel Ebbs

Ms. Ebbs is also positive about the exciting changes that are happening within MLA. One of her proudest achievements this past year is her work on MLA48, Canada’s first Angel investment fund committed to making investment decisions within 48 hours. The fund, which was launched early this year, made its first successful investment this June in a promising start-up called Orchard Labs, a company that enables the buying and selling of pre-owned iPhones through a unique and secure solution. She feels MLA48 is an important step in making it easier for start-ups to access seed funding.

“Speeding up the due diligence process is critical for the success of entrepreneurship in Ontario, as it allows founders to spend more time developing their products and building their companies instead of seeking capital. Improving these processes and building more cooperation between Angel groups will ensure that Angels can do more to foster innovation in Canada.”

Improving the culture of innovation in Canada is something Ms. Ebbs feels very passionate about. “What I want to achieve through Angel investing is to help make the Ontario entrepreneurial ecosystem more effective in harnessing the creative talent of the province while allowing Canadians to fully benefit from it by keeping businesses local.”

Her time at BlackBerry left an indelible mark on her philosophy towards life and Angel investing. “I feel as though I really benefited from a great Canadian success story. So I see Angel investing as a way to give others this opportunity in the future.”

Edel Ebbs
Board Director
Maple Leaf Angels



Randall Howard

Randall Howard is a serial entrepreneur, executive and investor in the technology sector, who has spent more than three decades building and leading high-growth technology organizations globally, with a focus on the US, Canadian, and European markets.

As a founding partner of VERDEXUS, a specialized boutique investment firm distinguished by a hands-on management approach, an active member of the Golden Triangle Angel Network ("GTAN"), and the NACO 2014 Angel of the Year, Mr. Howard's credentials speak to the importance of his assessment of the state of the entrepreneurial ecosystem in Ontario.

A graduate of the University of Waterloo, Mr. Howard has since embarked on a long career in the tech sector, with one of his earliest successes being the founding of MKS Inc., one of Canada's leading enterprise software vendors which later exited to a US acquirer for \$304 million. Having raised significant public market and venture capital, the retrenchment of those sources first drove Mr. Howard towards Angel investing.

"Venture Capital funding had been retreating in Canada since the early 2000s, reaching a crisis during the global economic recession. I got involved because I saw Angel capital as the way to fill this gap in early-stage funding, which is essential to the entrepreneurial ecosystem," said Mr. Howard.

Predating our current technology ecosystem, his experience working in different tech hubs in the US and Europe helped him see the potential that could be realized by developing the ecosystem in Canada. "I had the opportunity to go to Silicon Valley, but instead I thought, 'Why couldn't that be done here in Ontario?'" he said. "The Waterloo-Kitchener region had all of the essential ingredients for entrepreneurship but lacked the ecosystem to capitalize on that."

The outstanding success of Angel groups like GTAN – which since its inception in 2009 has invested in over 50 companies – clearly shows that much has changed since that time. However, Mr. Howard has said that there are still challenges ahead for Ontario to become a truly global leader in entrepreneurship.

Ensuring increased participation of Angels is critical, says Mr. Howard. "Angel investing is an inherently voluntary activity, so more automation of the process is necessary to keep Angels engaged. The ongoing development of guidelines in response to ever-changing industry trends will ensure Angels continue to devote time and money to the cause." NAO-Ontario for its part has been instrumental in developing these guidelines and best practices to strengthen the provincial network of Angel groups.

Regarding securities regulation, he noted that it will be essential to strike the right balance between enabling changes in Angel investing – such as equity crowd-funding – and ensuring both entrepreneurs and investors are protected. Doing so will ensure the entrepreneurial ecosystem of Ontario – thirsty for homegrown Angel capital – will continue to thrive, Mr. Howard concluded.

Advancing the cause of Angel investing has in fact always been one of Mr. Howard's proudest achievements, as well as one of his goals for the future: "I want to continue advancing the cause of Angel investing by injecting professionalism, rigor and innovation into the ecosystem. Ontario has tremendous potential to unlock, and the success of GTAN and other groups like ours in bringing new ideas to market is just the beginning."

Randall Howard
Board Director
Golden Triangle Angel Network



Alan Yang

Alan Yang is a mechanical engineer by training with extensive experience working in power plants in China. Having since immigrated to Canada, Mr. Yang is now the Vice-President of the China Canada Angels Alliance (“CCAA”), a Toronto-based organization devoted to building a cross-border eco-system for Canadian early-stage companies to expand to one of the fastest-growing, large markets in the world, China.

Mr. Yang’s first experience in the investing world was relatively traditional, investing in stocks. He came to realize however that by investing in publicly listed companies, he was “only investing in the byproduct of companies’ business activity rather than becoming involved in the actual business itself.” He therefore became interested in Angel investing so he could become more a part of companies’ future growth. By working with the CCAA, where Mr. Yang’s chief responsibility is deal-screening – approximately 200 per year – Mr. Yang has had this chance to get involved in the early stages of companies while also positioning them for expansion internationally in China.

It is not just Ontario entrepreneurs that benefit from the CCAA’s work. Investing in Ontario is a very attractive prospect for Chinese Angels too, says Mr. Yang, as Ontario remains a top retirement destination for Chinese high-net worth individuals, bringing with them their knowledge and investment expertise. Ontario is ripe for investment, said Mr. Yang, who spoke of the array of talent in the province that simply needs the guidance and capital to take their enterprises to the next level.

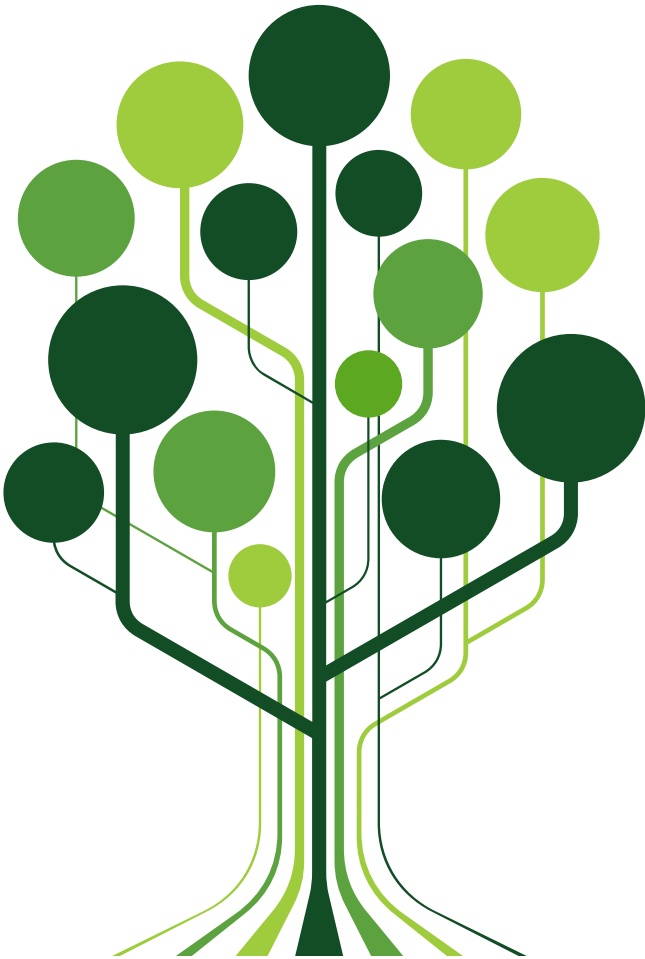
Mr. Yang said he first joined CCAA due to the sterling reputation of its founder, Peter Liu, a recent immigrant to Canada and renowned investor in his home country of China. Mr. Yang enjoys working with Ontario’s talented and intelligent entrepreneurs, who teach him more about the Canadian perspective every day.

In fact there are many reasons for him to be proud of his affiliation with the CCAA, said Mr. Yang, whose proudest moment so far with the organization was helping implement the Chinese Angel Mentorship Program (“CAMP”), a program set up in partnership with the Ontario Centre of Excellence (“OCE”) that will select ten high-potential Ontario start-ups aspiring to grow their business internationally.

Through CAMP, with support from both CCAA and OCE, these ventures are given a platform to scale-up their business and expand into the burgeoning Chinese market. In doing so, these businesses can grow exponentially through exposure to the country’s millions of consumers. His pride comes from being able to enhance the strength and international footprint of both the Chinese and Ontario economies while fostering new relationships between his traditional and adopted homes.

Mr. Yang has said that while he is proud of CAMP, it is just the first step in the CCAA’s ambitious plans for the future. The organization aspires to move beyond its traditional Chinese roots to become the go-to platform for Canadian enterprises seeking to expand globally. With the support of organizations like the CCAA and the enthusiasm of its members to undertake new initiatives to support Angel investing, Ontario is well on its way to becoming the centre for entrepreneurship in Canada.

Alan Yang
Vice-President
China Canada Angels Alliance



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W: NAO-ONTARIO.CA E: INFO@NAO-ONTARIO.CA T: 416 628 1458

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