

# YEAR IN REVIEW

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Network of Angel Organizations - Ontario  
2012/13 Annual Report



CUMULATIVE TOTALS FOR FIRMS REPORTED BY ONTARIO ANGEL GROUPS & CLUBS SINCE 2007...

SEE PAGES 12& 13 FOR A BREAKDOWN OF ANG GROUP & CLUB TOTALS

TOTAL JOBS CREATED  
& RETAINED

2275\*

1223 FROM ANG GROUPS  
56 FROM CLUBS  
944 POST-INVESTMENT  
MONITORING

NUMBER OF INVESTMENT ROUNDS  
(INCLUDING CO- & RE-INVESTMENTS)

266

INTD 169 FIRMS

TOTAL PRIVATE NON-MEMBER FUNDS LEVERAGED INTO DEALS

\$ 163 666 000\*

\$22.8M FROM ANG GROUPS  
\$7.5M FROM CLUBS  
\$32.8M POST-INVESTMENT  
MONITORING

TOTAL PUBLIC FUNDS LEVERAGED INTO DEALS

\$ 43 673 000\*

\$20.2M FROM ANG GROUPS  
\$7.1M FROM CLUBS  
\$15.9M POST-INVESTMENT  
MONITORING

TOTAL INVESTMENTS BY NETWORK MEMBERS

\$91 660 000

TOTAL ANGEL INVESTORS

946

UP 34% FROM LAST YEAR

TOTAL ORGANIZED ANGEL NETWORKS

28

UP 25% FROM LAST YEAR

LEVERAGE ON PUBLIC FUNDING FOR ANGEL NETWORKS

SINCE 2007

40:1

TOTAL AMOUNT OF PRIVATE INVESTMENT PER DOLLAR OF FUNDING PROVIDED BY THE ANG & FEDERAL AGENCIES

EXPLANATION OF METRICS

EACH METRIC ABOVE SUMS REPORTING BY THE ANGEL GROUPS & THE CLUBS, AS WELL AS POST-INVESTMENT MONITORING OF COMPANIES VIA LINKEDIN, CRUNCHBASE, GOVERNMENT SITES, AND OTHER OPEN SOURCES.

- \* POST-INVESTMENT MONITORING HAS SHOWN THAT AS OF JUNE 1, 2013, COMPANIES WITH INVESTMENT FROM ANG GROUPS OR CLUBS HAVE:
  - CREATED OR RETAINED ANOTHER 944 JOBS
  - SECURED \$69.8 MILLION IN ADDITIONAL PRIVATE FUNDS
  - SECURED \$15.8 MILLION IN ADDITIONAL PUBLIC INVESTMENT

TOTAL ANGEL NETWORK PERFORMANCE

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The Network of Angel Organizations – Ontario or NAO-Ontario (legal name: National Angel Network Research and Innovation Program Organization – Ontario) was formed in 2007 by principals of the National Angel Capital Organization (NACO) in order to administer the Angel Network Program, established by the Government of Ontario in July 2007.

NAO-Ontario's mission is to create and grow non-profit Angel investor groups that serve all the regions of Ontario. Building the membership and best practices of these groups builds a more potent combination of mentorship and capital for innovative start-up companies in the province.

A member of the Ontario Network of Entrepreneurs (ONE), NAO-Ontario continues to administer Ontario's Angel Network Program on behalf of the Government of Ontario. NAO-Ontario also administers the Investing in Business Innovation Outreach Program, on behalf of the Federal Economic Development Agency for Southern Ontario (FedDev Ontario).

Ontario Network of Entrepreneurs

Supported by the Government of Ontario, the Ontario Network of Entrepreneurs (ONE) is Ontario's innovation system. The ONE is made up of regional and sector focused organizations designed to help Ontario-based entrepreneurs rapidly grow their companies, and create jobs. For more information visit [www.onebusiness.ca](http://www.onebusiness.ca).

Federal Economic Development Agency for Southern Ontario

The Federal Economic Development Agency for Southern Ontario (FedDev Ontario) was launched in August 2009 to help respond to Ontario's economic challenges. Through its funding initiatives, FedDev Ontario has been driving economic and community development, innovation, and economic diversification, while contributing to the success of communities, businesses, educational institutions and not-for-profit organizations. All of these activities contribute to FedDev Ontario's vision: a prosperous and globally competitive Ontario.

Investing in Business Innovation

Investing in Business Innovation, a FedDev Ontario program, boosts private sector investment in start-up businesses to accelerate the development of new products, processes and practices and bring them to market. It also helps Angel investor networks and their associations attract new investment and support the growth of Angel Investment Funds.





### From strength to strength

NAO Ontario was created in 2007 to administer Ontario's Angel Network Program, which supports incorporated non-profit Angel groups that educate investors and hold events where innovative companies can meet groups of accredited investors interested in investing in early stage companies. In 2011, as the result of the Investing in Business Innovation Program created by the Federal Economic Development Agency of Southern Ontario, NAO Ontario also began to keep listings of additional accredited investors ("Angel clubs") with a minimum of 5 members and receive information on their investments.

As of March 31st, 2013, federal and provincial funding has helped build 12 Angel groups and 16 club networks with total membership of ~950 and leveraged \$255 million in direct member investment (\$91.6M), and co-investment and follow-on investment by non-members (\$163.6M) in 169 Ontario companies, creating more than 2,275 jobs. This represents a leverage of private sector to public funds of more than 40 to 1 and a cost to the public of less than \$2,750 per job created.

This leads us to believe that these new Angel networks have helped grow Ontario-headquartered companies, and have had a positive impact on the communities in which they operate.

Credit for most of these accomplishments must go to the chairs, managers and executive directors of the Angel networks, who have strong roots in their communities and work closely with other members of the Ontario Network of Entrepreneurs (who help companies become investor ready). We have profiled a number of these key leaders in this annual report. With some years of experience now, the data they have provided suggests that Angel backed companies have a higher survival rate than the average startup.

The landscape for entrepreneurship has changed dramatically since 2007. Ontario is now fertile ground with successful entrepreneurs both leading investments in new entrepreneurs and founding incubators. NAO Ontario and individual Angel groups try to support

this ecosystem by regularly interacting with startups both formally and informally, to provide new companies with perspective on what motivates investors and to offer practical advice. For example, NAO Ontario and the Ted Rogers School of Management held a startup day for digital media companies and individual investors, and group managers have participated in TIE Toronto educational events and practice pitch days.

We were fortunate to have Jeffrey Steiner join us as President and Executive Director last summer. An Angel, entrepreneur and lawyer, he is a board director of Canada's Export Development Corporation, a former board director of Ontario Centres of Excellence (OCE) and the former head of the Toronto Economic Development Corporation (TEDCO). While at TEDCO he spearheaded the creation of some of the earliest local incubators and fostered the construction of infrastructure that helped revitalize Toronto's film industry.

NAO Ontario has sponsored events, such as the Toronto Venture Forum, that have attracted potential investors from other provinces and US Angel groups, as well as networking events and workshops. We have also supported the creation of new educational materials, including one that explains how to find a patent application's international search report indicating the patent offices' initial assessment of novelty. NAO Ontario also has begun to tell more of its story with web videos and a regular newsletter.

I would like to thank the governments that have provided a framework via their funding, to network managers, administrators and members who are on the frontlines of investment, to a passionate, enthusiastic and hard-working staff, and to a dedicated volunteer board.

**Dr. Patricia A. Lorenz MBA, CA, CPA, DVM**  
**Network of Angel Organizations - Ontario**  
**Chair of Board of Directors**



It has been a rewarding experience to take the helm of NAO-Ontario this year, and work with all the talented and creative people in Ontario's Angel investment community on a daily basis. Our stakeholders, directors and staff not only confer meaning and purpose upon NAO-Ontario, but also make participation a congenial and interesting undertaking.

NAO-Ontario's Finance Manager, Lisa Taylor, works diligently to fulfill the accountability requirements of both our main programs alongside every Angel investor group's administrator, while facilitating both team and office performance. Our Business Development Manager, Brandon Cornan, has become a key connector for the network, having developed relationships with every stakeholder holding an interest in its continued development. Our Marketing Manager, Yasmine Kusiec, tells the stories of our community and promotes Angel investing as an established asset class in Ontario, as well as collaboration among thought leaders in this space.

Yet the backbone of this community is volunteer effort, exemplified by the Angel groups' boards and lead Angels. NAO-Ontario benefits from the

generous efforts of volunteers, including our corporate officers Ally Tharani (Treasurer) and Safina Chagani (Secretary), and our Board of Directors (Frank Erschen, David Pementier, Andrew Wilkes, and Blake Withn) and our board chair, Dr. Patricia Lorenz. Indeed, not a single Angel investor group could function without the freely given gifts of time provided by hundreds of Ontario's most successful entrepreneurs and investors. Motivated by their passion for enterprise, they are rewarded by the knowledge and social capital they create every day. New businesses and early-stage companies can be great job creators that contribute to Ontario and Canada's economy. Yet these new opportunities or innovative technologies do not yield readily to a standard analysis of costs & benefits, often being expressions of faith and hope for the future based on industry-specific experience or a good eye for talented management.

My own background as an Angel investor and economic development executive may have equipped me to assume this role, but any expectations I may have inherited from previous experience were happily challenged and exceeded by the facts on the ground. The leverage achieved on public funding via Ontario's Angel Network Program (ANP) and FedDev's Investing in Business Innovation Outreach program is astonishing. The amount of investment and job creation catalyzed by both programs is significant. Over \$40 in private capital has been invested in Angel-backed companies for every one of the public dollars invested in Ontario's Angel networks since 2007. But the grassroots zeal for growth, progress and development, not only of the economy, but also of the people of Ontario, is the story that really must be told.

This is why I hope you will appreciate more, within the pages of this annual report, not only what we do, but why it is so important, and why a unique organization like NAO-Ontario exists. With gratitude for your interest, I invite you to get in touch and participate even more – there is strength in numbers!

**Jeffrey Steiner**  
**Network of Angel Organizations - Ontario**  
**President and Executive Director**



# TOP HAT

## Angels received 4.4 times their investment in eighteen months

### Five Venture Capital Firms Buy Out Ontario Angels in Top Hat, a Toronto-Based Start-up

Members of York Angel Investors (YAI) ended their eighteen-month investment relationship with Top Hat when five venture capital firms approached the existing shareholders with a favourable offer.

"I am extremely pleased with the outcome and I'm sure the other Angels who co-invested with me feel the same way," said TJ Machado, member of YAI. "Our exit is a great example of early investors who maintained their position and profit goals when VCs joined the mix."

Participating venture capital firms came from Ontario, Quebec, British Columbia and California.

Members of Golden Triangle Angelnet (GTAN), who provided Top Hat funding in the spring of 2010, also exited on the same terms.

YAI's President, Scott MacCannell, noted that his "members instantly gravitated toward the founder and management team, and their ability to attract investment from GTAN members a year prior. Offering a secondary round of financing to the company was a relatively easy decision."

"We have been very happy with the funding rounds and especially with the quality of investors who have provided amazing insights to us regarding growth and the many aspects of being an entrepreneur. Their experience provided us great directions in understanding the business and execution," said Michael Slagadze, President of Top Hat.

Since inception, Top Hat has attracted significant market share and press coverage. The company now employs over sixty full-time employees, and based on current projections, they hope to hire approximately ten more people by December 31, 2013. You can find their offices in Toronto, San Francisco, Chicago and Sydney, Australia.

### About Top Hat

Top Hat uses technology to significantly improve learning outcomes. Top Hat is an active learning platform that improves student engagement and retention through classroom response, interactive simulations, game-based learning and increased student-instructor interaction.

### About Investment Accelerator Fund and Top Hat

In December of 2011, the Ontario Government's Investment Accelerator Fund (IAF) invested \$250K in Top Hat Monocle and committed to an additional \$250K in milestone payments to leverage the previous Angel investment and help accelerate commercialization. The IAF's investment in Top Hat has returned more than the original capital invested and the IAF still remains an investor in the Company in support of its continued growth.



## 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 Ontario Network of Entrepreneurs members, such as Ontario's Regional Innovation Centres, 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, 2013, the ANP had demonstrated that organizing Angel investors generates measurable gains for the innovation economy, with:

- Over 695 members reported by non-profit Angel groups in all major regions of Ontario from Thunder Bay to Toronto, Ottawa to London.
- Group members reporting they cumulatively invested over \$61.5 million into 126 Ontario companies since 2007
- Another \$82.8 million reportedly invested into these companies, at the same time as the Angels (not including post-Angel follow-on investment), by non-members, venture funds & governments
- From the companies receiving investment that reported their job creation, a total of 1,235 jobs have been created or retained
- Several knowledge-based tools created to share Angel investors' best practices, including a textbook titled *Age of the Angel*.

### Investing in Business Innovation Outreach 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 approved funding over three years (2011-14) for NAO-Ontario's Investing in Business Innovation Outreach (IBIO) program. This program's primary purpose is to reach out to communities, industrial sectors and others across southern Ontario, and inform them of the benefits of joining Angel investor groups and clubs. Among these benefits is FedDev Ontario's Investing in Business Innovation program itself, which has matched investments made in eligible southern Ontario companies by eligible Angel investor groups and clubs, as well as venture capital funds, on a 1:2 basis via repayable, non-interest-bearing loans.

Companies invested 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 IBIO program administers the Angel club listing process and helps increase the capacity of Angel organizations in southern Ontario to serve their members effectively.





## 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, with a clear regional focus; a code of conduct applying to their members, directors and officers; relationships across the enterprise development ecosystem; a public presence including a website; and playing no role within any investment transaction.

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

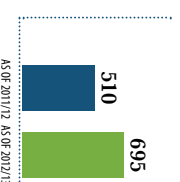
ANP-supported Angel investor groups take on the duty of maintaining a public profile, while educating entrepreneurs and the general public, and engaging actively with Ontario's economic development networks.

## ANP GROUP CUMULATIVE TOTALS SINCE 2007 ...

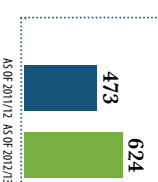
NUMBER OF FIRMS THAT RECEIVED INVESTMENT  
**142**



### ANGEL INVESTOR GROUP MEMBERS



### FIRMS ON WHICH DUE DILIGENCE WAS PERFORMED

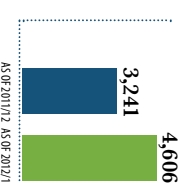


## CURRENT TOTAL INVESTMENT BY GROUPS' MEMBERS \$ 67 154 000

PRIVATE NON-MEMBER FUNDS LEVERAGED INTO DEALS  
**\$ 82 886 000**



### FIRMS THAT APPLIED



### NUMBER OF INVESTMENTS (INCLUDING CO- & RE-INVESTMENTS)

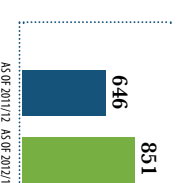


## PUBLIC FUNDS LEVERAGED INTO DEALS (SINCE APR 1, 2011) \$ 20 710 000

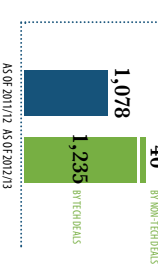
PUBLIC FUNDS LEVERAGED INTO DEALS (SINCE APR 1, 2011)  
**\$ 20 710 000**



### FIRMS THAT PRESENTED TO GROUPS

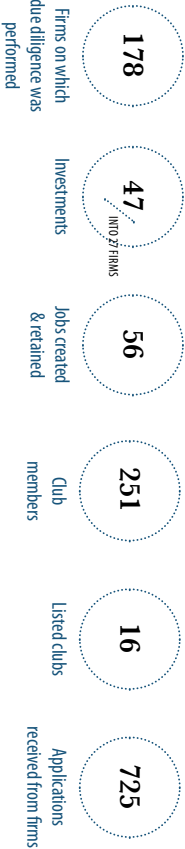


### JOBS CREATED & RETAINED



CURRENT TOTAL INVESTMENTS BY CLUBS' MEMBERS

**\$ 24 506 000** SINCE 2010/11



PRIVATE NON-MEMBER FUNDS LEVERAGED INTO DEALS **\$ 1 6980 000** SINCE 2010/11

PUBLIC FUNDS LEVERAGED INTO DEALS **\$ 7 163 000** SINCE 2010/11

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 eligibility for investing in Business Innovation Incentive funding. They informally engage in Angel investment and the mentorship of entrepreneurs on a private basis.

NAO-ONTARIO HOSTED & SUPPORTED EVENTS

Startup Funding Forum

This was a day-long series of panel discussions, attended by over 100 entrepreneurs, on getting ready for Angel investment. It was hosted by the Ted Rogers School of Management in downtown Toronto, and recorded for the future benefit of entrepreneurs visiting [nao-ontario.ca](http://nao-ontario.ca).

Strategy Retreat

This was hosted with the support of the National Angel Capital Organization (NACO) on February 11, 2013 at the Windsor Arms Hotel, Toronto, for community and government stakeholders, group managers and chairs, as well as NAO-Ontario staff and board of directors, and NACO. The purpose of the full-day event was to start an annual peer-to-peer meeting that focuses on Angel groups' long-term sustainability and consensus decision-making. The agenda included a discussion on select issues, a joint working luncheon (presentations by Bill Mantei and Alex Weeks), as well as a facilitated strategic planning session. Event takeaways included a strategy-retreat package, the facilitator's notes and NAO-Ontario's Angel Group (December 2012) survey results. The evening ended with an hour of social networking.

Peer-to-Peer Sessions

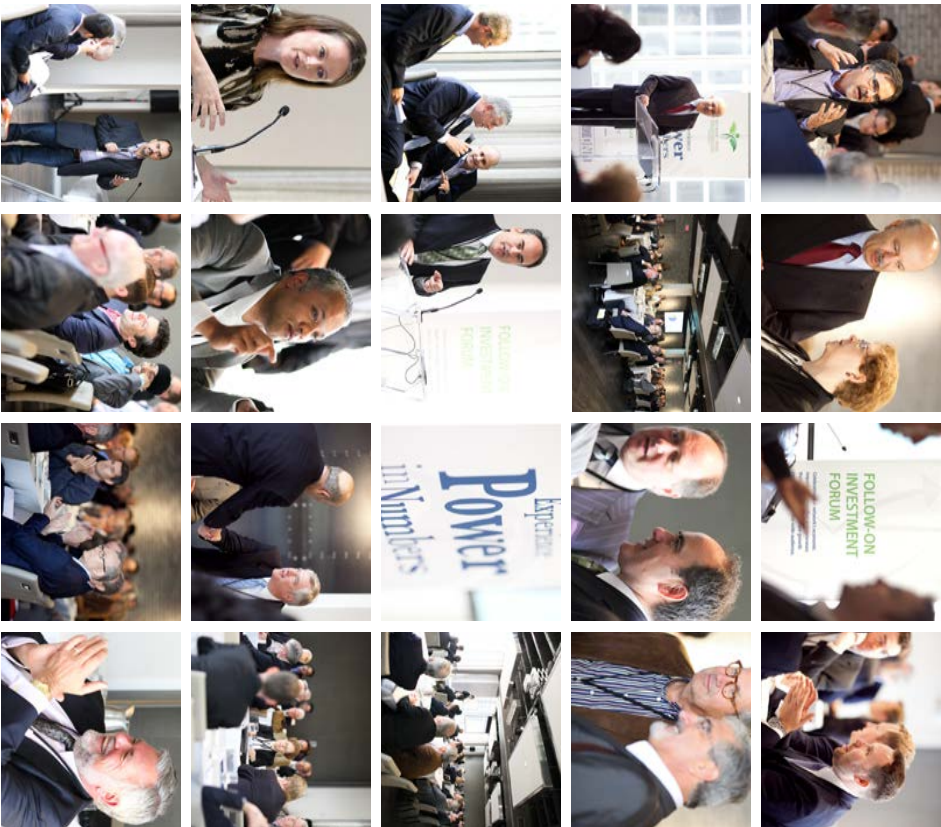
Hosted with the support of NACO, on October 24th in Halifax, Nova Scotia, the purpose of this initial session was to convene NAO-Ontario and NACO staff, as well as Ontario's Angel group managers in an effort to have new community members introduce themselves and network with existing participants, as well as address key issues and collaborate on solutions. A second session was held on December 17th in Toronto for group managers and chairs, and NAOO board and staff to discuss priorities, funding, quarterly reporting metrics, IT collaboration tool and the 2013 Follow-On Investment Forum.

Supported Events:

NAO-Ontario supports Angel group events when they convene the community and its stakeholders and/or build the membership roster of Angels. An example of this would be the LaunchPad 50, hosted by Golden Triangle Angel Network.







#### Follow-On Investment Forum

A Follow-on Funding Forum, held annually to showcase second-round Angel investment opportunities, which are brought forward by Angel group members, in collaboration with M&B's Investment Accelerator Fund (IAF), the Regional Innovation Centres (RICs) and the Sectoral Innovation Centres (SICs). The event also showcases the ANP and/or supported Angel Groups in a particular region to Independent Angel Investors or small Angel Investing clubs.

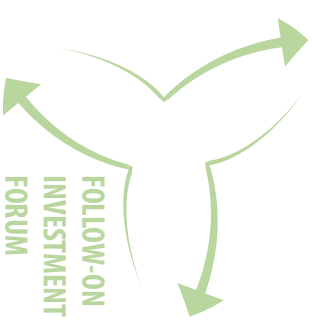
This year's forum was held for accredited investors who are interested in start-ups on the cusp of global growth, as it showcased pitches from carefully selected Angel-backed companies seeking subsequent rounds of finance. There were also networking and sessions sharing expert views on exits from thought leaders of the community.

#### Keynote speakers included:

- Hon. Reza Mordji, Minister of Research and Innovation
- John Ruffolo, Chief Executive Officer, OWERS Ventures
- Parker MacDonell, Founding Member, Ohio TechAngel Fund & Board Member-Elect, Angel Capital Association
- Shannon MacDonnell, Managing Partner, Deloitte
- Yuri Navarro, Executive Director, National Angel Capital Organization

#### Presenting companies included:

- Imagix Inc.
- Ford Biofuels
- Rina Diagnostics Inc.
- Excelion Technology Inc.
- MLM1 Corp.
- Shiny Ads
- ActiDox, Inc.
- XYZ Interactive Technologies





Carmen Gicante, Managing Director of the Southwestern Ontario Angel Group (SWOAG), has been involved in technology entrepreneurship for decades, first while working to commercialize technology for Ontario Hydro, as an entrepreneur himself, and then an early participant in the London regional innovation centre, Techalliance.

Carmen founded SWOAG in late 2007 with the support of Dan Mothesill, founder of NAO-Ontario, after they both informally assisted a London, Ontario company to reach out to Angel investors in southern Ontario and the northern US. This experience helped everyone realize the need for a London-based Angel investor group once again. Several of the founding members of SWOAG were previous members of the since disbanded London Venture Group, - experienced investors who saw the benefit of the SWOAG model and investment processes.

The motivation for SWOAG's growing membership to engage with entrepreneurs

in London and beyond was community citizenship - helping employers get established and grow in their city. They also sought to complete the pathway to success for entrepreneurs who developed a business model and structure under Techalliance's auspices, but then had trouble securing the necessary financing.

SWOAG's abiding challenge has been recruiting enough accredited investors who have successfully developed and cashed out of a tech business themselves, as their expertise and leadership are indispensable to their peer investors, as well as the entrepreneurs. Furthermore, a continuing process of membership development is required to provide sufficient investment capital to address the inevitable completion of personal investment portfolios by long-serving members. However, SWOAG continues to accomplish both.

Carmen's greatest reward has been the exit and continuing participation of one successful entrepreneur who has received SWOAG members' investment. This individual is a strong advocate of being active in their city, the Angel groups and continues to be active in the London area, describing how he built a London-based company with local resources that generated a fairly good return for investors as well as continued high skill employment for Londoners.

SWOAG members have achieved two exits thus far from their investments, and this is no doubt due to their active role in the companies they fund, including board participation and providing expertise in manufacturing and health technology. In addition, it is notable that their investments outside of London have brought jobs and the prospect of manufacturing contacts being brought to southern Ontario.

Carmen S. Gicante  
Southwestern Ontario Angel Group  
Managing Director



Mary Long-Irwinn, Executive Director of Northern Ontario Angels (NOA), has an extensive track record in business and in economic development across Northwestern Ontario. Mary spent ten years as an entrepreneur, ten with the Thunder Bay Chamber of Commerce, ten more managing the Community Futures Development Corporation, and three teaching business at Confederation College.

She originally became involved with Northern Ontario Angels at the request of FedNor (the federal economic development agency for Northern Ontario), in order to determine the viability of Angel investment in northern Ontario. After serving on a volunteer basis for one year, she joined their board for three, then was recruited to succeed their first ED.

Mary firmly believes that business is the bedrock of any community, and their strength is the strength of the economy. She contends that the North has a great deal to offer besides natural resources and landscapes, including

medical and law schools and two of the best-known paleo DNA labs, and in any case a resource economy still depends on the successful development of technology, education and science-based businesses.

Northern Ontario Angels' greatest challenge has been sheer distance. If Mary wants to drive from one end of her territory to the other, it takes 27 hours - one way! But this is often necessary since the North has several smaller clusters of Angel investors rather than one, and flights are prohibitively expensive.

In addition, since traditional business financing approvals occur outside the North, and outsiders only perceive the mills and mines, local Angels must participate in securing the outside financing.

Mary's greatest reward has been to see a deal stitched together and hearing the entrepreneur say they could not have done it without the Angel investors. It has also been gratifying to find that, despite the challenges of distance and dispersion, NOA is one of the leading Angel groups in Ontario, with 300 listed members, of whom 70-80 are active, and 51 deals totalling \$15 million in private investments.

Mary Long-Irwinn  
Northern Ontario Angels  
Managing Director



While once he found the technology community of the National Capital Region limited in its sharing of experiences and mutual understanding, now Parm applauds its unprecedented strength and vibrancy and celebrates his involvement with it.

In common with other Angel investor groups, CAN's abiding challenge has been membership growth and renewal, and the commensurate reward has been working with Ottawa's startups, watching them grow and go global. Members of CAN have syndicated \$11.7 million into 13 companies in 2012 alone. CAN members have seen hundreds of pitches from all types of companies and industries.

The greatest value CAN members provide to the community lies in their breadth of experience in enterprise and industry development. Their funding of opportunities that could become the next economic champions, while also helping open doors to sales for such opportunities, comprises a potent combination that ensures economic dynamism.

Parm Gill is Executive Director of Capital Angel Network (CAN), the flagship Angel investor group for Canada's National Capital Region. He has been a serial entrepreneur since 1995, focusing on internet and information technologies. His first business was an Internet Service Provider, and he went on to start an online funeral services portal, data centres, and a management consulting practice.

**Parm Gill  
Capital Angel Network  
Executive Director**

Parm was born and raised in Ottawa, and from the start wanted to create and build as an independent businessperson, always working with technology in the process. He made his first Angel investment in Ottawa in 1996, and has invested in startup companies in California, Dallas, Florida, Toronto, Vancouver, and Halifax as an Angel as well as through venture fund partnerships.



picture courtesy of exchangegtan.com

Robert Douglas and Carl Furrado are the founders and driving force behind the Golden Triangle Angel Network (GTAN), operational in this region (comprising Kitchener, Waterloo, Guelph and Stratford) since 2009. Robert, a chartered accountant by trade and entrepreneur by instinct, has worked with early-stage companies for virtually all of his career as a coach & mentor. Carl, a financial planner, has long been involved with entrepreneurs as well, and placed his unparalleled connectivity in the community at the service of young startups to help build the region's economic prosperity.

Their impetus for GTAN's creation was their invitation by Dan Mothersill, first president of NAO Ontario, to attend the first co-investment summit in November 2008 at the University of Toronto Faculty Club. Dan suggested they apply to the Angel Network Program and form a group in the Kitchener-Waterloo (KW) area, and within a year of the suggestion, GTAN was officially launched. Rob and Carl view Dan as

the father of this movement, and have a great deal of respect for the work he put in to get Ontario's organized Angel movement underway.

Rob and Carl extol KW as a hotbed of entrepreneurial talent and ideas fostered by four post-secondary institutions within a short distance: Guelph, Conestoga, Waterloo, and Laurier. This vibrant educational community spouts all kinds of ideas that in turn become startup companies, nurtured in an environment that is very collaborative, with a strong community feel that bridges many different entities including the Regional Innovation Centres, the Angel group, educators, centres of excellence, etc. Proof of this spirit is found in the more than 10 high profile technology companies from the region that have gone public.

As demand grows, GTAN continues to be resource-constrained, and a major concern is taxing the time of their team and their many volunteers. The value of their role, at the last mile of the enterprise development pathway, could be even better emphasized with additional communications while the continued growth of their membership can only happen with a personal touch - one does not take out local ads to find trusted mentors and investors.

Rob and Carl's greatest reward has been to see GTAN grow from nothing to over 100 members, and gain the reputation of being the largest and most active Angel investor group in Canada. In addition, they have enjoyed seeing their membership fund 30-odd companies and governments recognize that GTAN is an initiative that needs public support to succeed, because of the high-value, bleeding-edge jobs of tomorrow that are created and sustained in the process.

**Rob Douglas and Carl Furrado  
Golden Triangle Angelnet  
Managing Directors**



ideas. She also finds it very fulfilling to work with successful business people willing to contribute both their time and their money to the next generation of successful entrepreneurs.

Karen and Angel One are committed to building the best possible group of investors, so that the best companies around can be well served. Helping Angel One's regions to participate in this process causes a win for everyone.

Angel One is always striving to maintain capacity in the form of enough lead investors with the right skill sets to effectively manage the process of syndication. However, a new crop of investors with phenomenal skill sets have just recently become involved with Angel One and taken leadership of two new deals, serving as an augury of continued success.

In 17 months, Angel One's 77 members (and growing) have achieved 30 investments out of over 400 applications. Karen has noted that investment decisions are becoming even more sophisticated as the group's members work together for longer, share information more readily, and become collectively more knowledgeable.

**Karen Grant**  
Angel One Investor Network  
Executive Director

Karen got into the field almost by accident, having built up excellent contacts in the technology industry during her time at IBM. This resulted in her original invitation to head the Toronto Venture Group, which opened the door to Angel investing taking over her career.

Karen finds much that is rewarding about the process of organized Angel investment, and gets totally pumped engaging with young companies executing on extraordinary



Terry Kadwell, Operations Manager for Niagara Angel Network (NAN), has been an economic development manager for the South Niagara Community Futures Development Corporation for seven years. Prior to this, Terry was an Assistant to the Honourable Tim Hudak, and then Acting CEO of the Grape Growers of Ontario. Terry works with Fred Davies, who is a NAN Director and Selection Committee Co-Chair, and began his own career in the House of Commons working for several Members of Parliament before moving back to Niagara to start the first Economic Development Program in the City of Port Colborne. In the private sector, Fred started and operated many successful business ventures in construction, manufacturing and retail enterprises. He is also the General Manager of the SNCFCDC.

As the administrative hub for the Network, the SNCFCDC, through Terry Kadwell, has assisted Terry MacIntyre, Fred Davies, Nick DiPietro and others to establish the structure of the group and build its membership. Nick served as Executive Director for a period of time, and as partners, Terry and Nick ran the operations

of the new Angel group. The significant growth in the entrepreneurial potential of Niagara-region educational and innovation institutions like Brock University, Niagara College was, at the time, not being matched by any development of early-stage firm financing capacity. Nick and Terry saw the need to bridge this gap, and knew that the investor base was present.

Niagara region is special because everyone here recognized the need to create a more collaborative network of funders, incubators, and institutions. Only this can increase the local flow of opportunities suitable for Angels, with consequent benefits for local employment and economic activity.

Fred and Terry's greatest reward has been educating the Niagara region as a whole about the potential impact of Angel investment, to the point where NAN is becoming increasingly recognized as a major player in the eco-system. Also, with nine companies having received investment from NAN members, it is gratifying to note that all three of those based in Niagara are generating revenue.

People now realize that by participating, they can create successful companies and a prosperous region.

With 40 members at present, NAN has received 148 applications from entrepreneurs, yielding Angel investment into nine companies. NAN's membership comprises a great diversity of professions and industries, who are sector-agnostic regarding good opportunities.

**Terry Kadwell**  
Operations Manager  
Niagara Angel Network



## Testimonials

"I initially embarked into Angel investing to complement my investment portfolio with private equity. Trying to do this on my own was a complete disaster and very time consuming – given the complexities associated with deal structure and performing the requisite due diligence. Ever since I joined ranks with Angel groups (York Angels Investors and Angel One Investor Network) the process has become far more enjoyable and integral. I now have over 100 fellow Angels from all walks of life who can weigh in and bring a substantial external network to assist in both the investment process and helping our investee companies execute better. The encouragement of Angel investing in Ontario will go far to spur innovation in our province."

**TJ Machado, Angel Investor**

"Innovation and the companies that are the catalyst for this innovation are changing quicker than at any time in recent history. As a result Angels, Micro-VCs, Accelerators and other investors in this eco-system must keep keep up with this rapid rate of change. Organizations such as NAO-Ontario and NACO provide a platform for education, best practices and resources to ensure their members are provided with the most up to date thought leadership on Investing in Early and Growth stage companies. Governments and their agencies understand that these invested companies are a significant job creator for the economy and by funding NAO-Ontario and in turn Angel groups they ensure the tools are in place for this continued job growth and in particular a substantial influence on the knowledge economy. It is the leadership that ensures that Ontario and Canada are attractive places to invest and work. Canadian cities such as Toronto, Waterloo, Montreal and Vancouver are recognized globally as leaders for start-up company acceleration."

**Gerard Buckley Founder and CEO, Jaguar Capital**

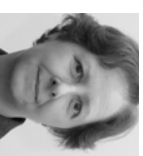
"Once a month for the past year, I connect with other Angels in the Ottawa region over breakfast while entrepreneurs pitch their businesses. As an Angel investor and active member of the Capital Angel Network (CAN), I recognize the power in numbers. Investing with others was critical to completing rounds of financing for three CAN portfolio companies. As a team, we were able to reduce risk and bridge gaps in the start-ups' management team. The value Angel investors offer start-ups multiplies from both a financing and mentorship perspective when provided through a shared network."

**Hicham Adia President, Ardian Fitzroy Enterprises Inc.**

"Through companies I have co-founded, I have received funds from or met with South Western Ontario Angels, Golden Triangle Angels, Niagara Angel Network, Angel One Network, York Angels and Maple Leaf Angels. These groups are relatively new in the scheme of things and have been a huge benefit to capitalizing innovation in Ontario. Please keep up the great work in supporting these groups."

**Mark D. Kershey Magnitude Partners Inc.**

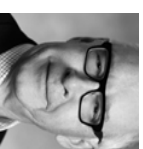
## Directors 2012/13



**Dr. Patricia Lorenz**  
Chair, Board of  
Directors



**Andrew Wilkes**  
Board Director



**David Pamenter**  
Board Director



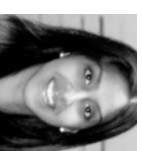
**Blake Wilkin**  
Board Director



**Frank Erschen**  
Board Director



**Ally Tharani**  
Treasurer



**Safna Chagani**  
Secretary

NAO-Ontario's volunteer board of directors, treasurer and secretary comprises passionate individuals who generously donate their time to the betterment of the organization and the Angel community at large.

## Executive & Management Team



**Jeffrey Steiner**  
President & Executive Director  
**Yasmine Kustec**  
Marketing Manager  
**Brandon Cornan**  
Business Development Manager  
**Lise Taylor**  
Finance Manager



# SUMMARY OF FINANCIAL STATEMENTS

## Purpose of the Organization

National Angel Network Research and Innovation Program Organization - Ontario, operating as Network of Angel Organizations-Ontario ("NAO-O"), began operations on December 1, 2006 as an unincorporated entity. NAO-O was incorporated without share capital on March 29, 2007 under the Ontario Corporations Act as a Not-for-Profit organization, and is defined as a non-profit organization under the Canadian Income Tax Act.

The purpose of NAO-O is to deliver and administer funding received from government funding programs in aims of increasing the skills of Ontario entrepreneurs involved with innovative, technology-based companies and to help facilitate pre-seed capital investments to the most promising of these companies. NAO-O is primarily responsible for delivering and administering funding received from the following government programs: The Angel Network Program ("ANP") and The Federal Economic Development Agency for Southern Ontario ("Fed-Dev").

## National Angel Network Research and Innovation Program Organization - Ontario

Statements of Operations  
For the years ended March 31, 2013 and 2012

	General Fund		Ministry Fund		Fed-Dev Fund		Total	Total
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Revenue</b>	<b>\$ 3,976</b>	<b>\$ -</b>	<b>\$ 562,511</b>	<b>\$ 498,042</b>	<b>\$ 310,174</b>	<b>\$ 211,541</b>	<b>\$ 870,661</b>	<b>\$ 709,583</b>
<b>Expenses</b>								
Subcontracted to	-	-	332,156	299,597	-	-	332,156	299,597
Angel Groups	-	-	133,672	142,144	144,556	69,592	278,228	211,736
Salaries and wages	1,763	594	4,407	11,498	83,595	71,224	88,562	82,722
Regional events	-	-	52,138	12,400	27,285	37,659	79,423	50,059
Professional and consulting fee	-	-	19,173	18,053	18,279	7,508	37,452	25,361
Rent	-	-	14,712	9,235	21,340	19,505	37,285	29,335
Office	-	-	5,714	4,920	11,530	6,072	17,244	10,992
Travel	-	-	539	194	3,589	181	4,128	375
Amortization	-	-	-	-	-	-	-	-
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 1,763</b>	<b>\$ 594</b>	<b>\$ 562,511</b>	<b>\$ 498,042</b>	<b>\$ 310,174</b>	<b>\$ 211,541</b>	<b>\$ 870,448</b>	<b>\$ 710,177</b>

## Basis of Presentation

These summary financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNP").

## Fund accounting

The General Fund accounts for NAO-O's administrative activities that aren't specific to one of the funding agreements.

The Ministry Fund accounts for NAO-O's activities that are specific to the grant agreement with the Ministry, and only includes expenses defined as eligible expenses as per the grant agreement.

The Fed-Dev Fund accounts for NAO-O's activities that are specific to the contribution agreement with Fed-Dev, and only includes expenses defined as eligible expenses as per the contribution agreement.

## National Angel Network Research and Innovation Program Organization - Ontario

Statements of Financial Position  
March 31, 2013 and 2012

	2013	2012
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 43,365	\$ 6,458
HST recoverable	29,420	15,647
Contribution receivable	950	-
Accountable advances	14,194	10,277
Prepaid expenses	8,755	8,759
	<b>96,684</b>	<b>40,541</b>
Capital assets	4,993	7,352
	<b>\$ 101,677</b>	<b>\$ 47,893</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	36,106	24,009
Deferred revenue	61,793	22,319
	<b>\$ 97,899</b>	<b>\$ 46,328</b>
<b>Fund balances</b>		
General Fund	3,778	1,565
Ministry Fund	-	-
Fed-Dev Fund	-	-
	<b>\$ 3,778</b>	<b>\$ 1,565</b>
	<b>\$ 101,677</b>	<b>\$ 47,893</b>

## Financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash, contribution receivable and accountable advances. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

## Impairment of financial instruments

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

## Capital assets

Capital assets are recorded at cost less accumulated amortization. Classes of capital assets include computer equipment and furniture and fixtures. Amortization is provided over the term of the funding agreements using the straight line method.

## Revenue recognition

NAO-O follows the deferral method of accounting for contributions. Revenue is recognized in the period in which related eligible expenses are incurred. Funds used to purchase capital assets are initially recorded as deferred revenue and are recognized as revenue on the same basis as the amortization expense is incurred.

## Measurement uncertainty

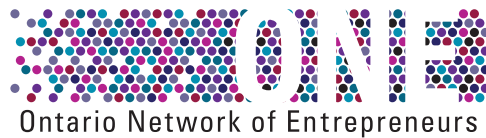
The preparation of financial statements in conformity with ASNP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## Reclassifications

Certain amounts from prior years have been reclassified to conform to the current year's presentation.



Network of Angel Organizations-Ontario is a member of



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