

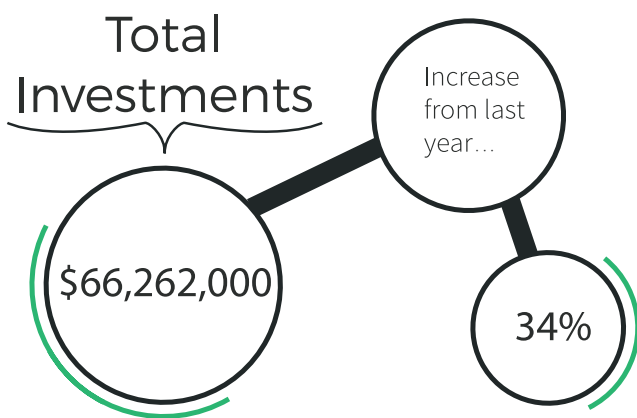


NETWORK *of* **ANGEL**
ORGANIZATIONS
ONTARIO



**ANNUAL
REPORT
2015-16**

Fiscal Year 2015/16*



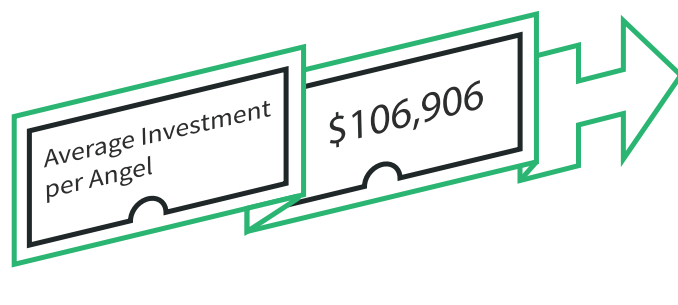
170 Deals  Into 87 Firms

19% increase from last year

904 Investors

12% decrease from last year

26 Angel Networks



Average Group Investment

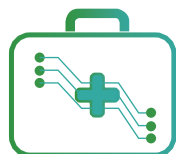
\$389,776

Larger than the five-year average



Digital Media and Information and Communication Technologies

52%



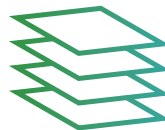
Advanced Healthcare Technologies

17%



Others (i.e. non-tech or out of province)

16%



Materials and Advanced Manufacturing

7%



Clean Technologies

4%



Green Energy and Water Technologies

3%

2007 - 2016 Cumulative Totals*

8200
Jobs Created
and Retained

693 Investment
Rounds into
400 Firms
Including co-investment and re-investment

\$249,877,000
Total Investment
by Network Members

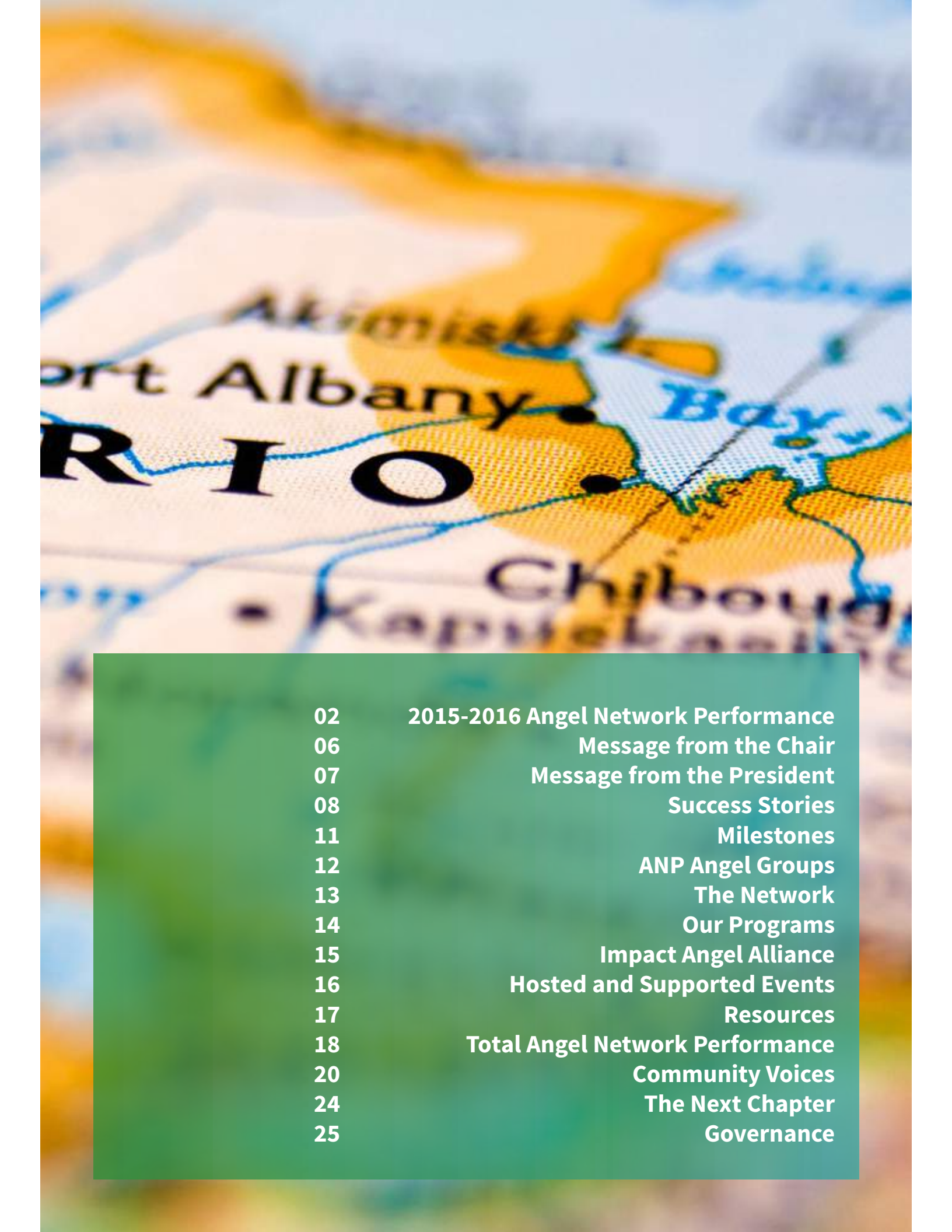
70 : 1
Leverage on Public
Funding for Angel
Networks

Small opportunities are
often the beginning of
great enterprises.

- Demosthenes







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Message from the Chair



As NAO-Ontario prepares to celebrate its 10th year in operation in 2017, the Network has a lot to look back on and celebrate going forward. Through administration of the Angel Network Program ("ANP"), supported by the Ministry of Research and Innovation ("MRI"), as well as the Investing in Business Innovation ("IBI") program, an initiative run by the Federal Development Agency for Southern Ontario, NAO-Ontario is successfully bringing Angel investors together with entrepreneurs and start-up ventures seeking investment for mutual benefit.

Over the past decade, Ontario's network of 13 formal Angel organizations has had a significant impact on both the Angels who have invested their time, money, and business acumen, as well as entrepreneurs who have been on the receiving end of these investments and mentorship contributions. The ANP, with support and collaboration from Angel investors, entrepreneurs, government officials and professionals, continues to play a pivotal role in Ontario's entrepreneurial ecosystem.

In 2015-16 alone, Angels in Ontario invested \$66,262,000 into early-stage companies. Since 2007, this is a cumulative total of \$249,877,000 invested in 400 companies. As a result of these investments over that time period, over 8,000 jobs have been created or retained in the province, thus making a significant contribution to Ontario's job market and economy.

Companies receiving Angel investment have been shown to have greater longevity than the average start-up. This fact is illustrative of the importance of Angel capital and mentoring to the continued success of start-ups. This year, members of our network were responsible for making 170 investments into 82 companies, amounting to nearly one Angel-backed deal every two days and bringing 82 budding new enterprises closer to realizing their goals and ensuring continued growth.

With these accomplishments in mind, Ontario has become a leader in Angel program development and in the spread of Best Practices. Now, as NAO-Ontario looks towards the future, we are excited for the 'next chapter', both building on current programming as well as refreshing the NAO-Ontario brand to expand our reach and create new opportunities for more Angels to join – and grow within – our ecosystem.

We have spent the past year consulting internally with our network, and beyond, to cultivate strategic objectives and a brand image that best reflects our mission and work. This, in turn, will help our groups increase awareness about Angel investing and advocate for its value in order to recruit new members. As a result of our consultation process, we are excited to unveil a new name and logo in the following pages. This is also accompanied by a new mission statement, which more succinctly communicates the purpose of our network as it has evolved over the decade:

To grow Ontario's Angel investing ecosystem to build prosperity, create jobs and strengthen communities.

As we embark on this next chapter, and continue to support and mobilize Ontario's Angel investors, we are mindful of the profound impact the ecosystem has had on the province's capacity for commercializing innovation across a diverse range of industries. The greatest reward of all is this: so long as we continue to bring together Angels and entrepreneurs, we will not simply capitalize on the talents and expertise of hundreds of members; we will also reap the long-term benefits of a more prosperous and innovative Ontario.

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

Message from the President



As Ontario's start-up climate is now on the cutting edge of innovation, and international attention and accolades (one American investor wrote in TechCrunch that "Toronto is poised to become the next great producer of tech start-ups"), there's never been a better time to become an Angel investor. Angel investment is happening now all across this great province. Yes, in big cities like Toronto – but also in thriving smaller communities like Peterborough, Barrie, Niagara Falls, and Thunder Bay, to name just a few.

The provincial government – through the Ministry of Research & Innovation ("MRI") – and nationally – through the Federal Economic Development Agency for Southern Ontario ("FedDev") – provide support for Angel groups to organize and grow, directly bringing Angels and entrepreneurs together for job creation and economic development. Did you know that, for every \$1 of government funding granted to Angel groups to support these entrepreneurs, an additional \$70 has been invested back into the ecosystem? This ratio of 70:1 is evidence of the great impact that government support for Angels has had on the Ontario Network of Entrepreneurs ("ONE") ecosystem.

The period of 2015-16 has been a momentous time for both the Angel investing community, broadly, and for NAO-Ontario, as a non-profit organization. Every year, Angel groups reach significant new milestones that underscore the impact public support for these groups can have on the future of early-stage ventures in the province. One recent example is Southeastern Ontario Angel Network ("SOAN"), based in Kingston. Though SOAN is one of the newest groups to join our network, in the last year it has now reached \$6 million in investments for both tech and non-tech deals. This shows excellent progress for the group and demonstrates the impact Angel groups have on raising capital for local enterprises. Another group, Capital Angel Network ("CAN"), based in Ottawa, has achieved double digits since 2009, with \$12 million in investments into Ontario companies. These, of course, are only a couple

of highlights amongst our groups' and clubs' many successes in 2015-16.

This year has also seen an enhancement to our deal process, as NAO-Ontario introduced virtual platforms, which will improve deal syndication and access to deals through virtual screening programs, making it easier for our Angels to invest in companies. We are constantly striving to make investment opportunities as seamless as possible for our groups, and implementing this system is one way for us to do so.

Finally, NAO-Ontario would like to welcome our new Board member, Parm Gill. Parm is a serial technology entrepreneur who has guided the growth and development of numerous start-up ventures over the years. We would also like to thank our outgoing Board member, Frank Erschen, for his fine service both to NAO-Ontario and to the Angel investing and entrepreneur community-at-large.

With many exciting developments underway, now is great a time to become an Angel investor. There are perhaps hundreds of thousands of high net worth individuals in Ontario; if only a fraction got involved, the effect would be tremendous. When an accredited investor becomes part of a formal Angel group or club, they benefit from having the opportunity to support aspiring entrepreneurs while also contributing to the province's economic growth. The entrepreneur benefits, in turn, from increased access to early-stage capital essential to their future success.

I hope that, as you read through this annual report, you will appreciate why this work 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
President & Executive Director
Network of Angel Organizations – Ontario

Success Stories

Kepler Communications



Kepler Communications, a Toronto-based start-up, is building a communications network in space with many small satellites to enable real-time machine-to-machine communications. Any asset in orbit or on the ground can use the network to send and receive data.

Linda Zhang, a member of York Angel Investors ("YAI"), invested in Kepler in February 2016. She liked the team and the fact that they were experts in their industry and the technology. "As investors, we rely on such expertise," notes Zhang. "They are a group of talented engineers and, as Angels, know the business world very well. I invested because the team was able to turn their idea into a sound business plan," she says.

Angel investment was instrumental to getting Kepler to its current state, giving the company much-needed capital to hit key milestones that will lead to new investors and product deployment. "Not only have the YAI Angels provided us with financial support and mentorship; they've also helped us find follow-on funding," states one of Kepler's Co-Founders, Mina Mitry. "They tend to be very well-connected to the community and can facilitate a lot of introductions, which has helped us tremendously," says Mitry. As a result, Mitry and his team have been able to hit key technical, regulatory, and customer development milestones and are now looking forward to putting two satellites into orbit by the end of 2017.

About

Angel
Investment

Success

Success Stories

BioSensive Technologies Inc.



Waterloo-based BioSensive Technologies Inc. specializes in miniaturized hardware for consumer electronics in the health and fitness sector. The first product the company has developed and is in the process of commercializing is the Ear-O-Smart, the world's first smart earring that can monitor health and is designed specifically for women.

Southwestern Ontario Angel Group ("SWOAG") saw an opportunity with Ear-O-Smart to change the way people use wearables. One member, Lynn Davis, who invested in November 2015 as a first-time Angel, had an opportunity to watch Ashlyn Bird, Co-Founder of BioSensive, pitch to a group of female Angel investors in Summer 2015. "I was impressed with how Ashlyn handled herself. It was a tough environment, but she held her own and listened to what we had to say about her product. That isn't always an easy thing when you've invested a lot into your company," says Davis.

With ongoing support from the Angels, BioSensive is now in the process of finishing its Ear-O-Smart backing design before it commences alpha testing that will allow the company to refine and complete the finished product before it hits the market and starts to generate revenue. "Right now, we've finished our prototype and we'll be starting to collect feedback that will help us to further refine and shape the look and feel of our product," says Bird. "Once we complete the look of the design and get it out to market, we'll look for additional strategic partnerships to help us grow our customer-base and market share more rapidly." Bird can't stress enough how integral the Angels have been to her start-up's development, acknowledging that going to a network like SWOAG has opened many doors. "You get so much out of it, especially at the seed round, and going to SWOAG reassured us that the Angels we were seeking investment from were accredited, which was important." Bird adds one final sentiment. "Angels are passionate and they truly want to see you, your team, and your company grow. They are willing to take on risk that other investors will not."

About

Angel
Investment

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Success Stories

CHAR Technologies



CHAR Technologies, based out of Mississauga, produces SulfaCHAR, a cost-effective and zero-waste method of cleaning renewable natural gas (RNG). The best analogy for SulfaCHAR is that it's a giant Brita Filter for the RNG, filtering out toxic and corrosive hydrogen sulfide (which also smells like rotten eggs). The resulting SulfaCHAR product can then be used directly as a fertilizer since CHAR Technologies catalytically converts the toxic and corrosive sulfur into fertilizer forms of sulfur.

Spark Angels member Jeff Champagne invested in CHAR in mid-March 2016. With Jeff's own experience in the industry and CHAR's technology being "here at the right time", he knew it was a solid investment opportunity. Since then, Champagne and a fellow Angel have already made a successful exit. "My investment was shared with another Spark Angel investor. There was a \$15,000 minimum, which is common, so we pooled our money, two-thirds me and one-third him. Jeff and his colleagues were certainly on the mark, and Champagne was able to partially exit fairly quickly. "We sold my 1/3 and his 1/3, and made a very good profit in under six months. We then used these profits to invest in two other deals, which are longer term," he notes. Champagne still owns 27,000 shares (his remaining 1/3), which he plans on holding long-term because he believes in the technology and the management team and their growth plan. "I think the company value will appreciate over the long term and generate even greater returns – both financially and environmentally."

Working with the Spark Angels has helped CHAR share its story by connecting with the extensive network that the Angels provide. As a result of the Spark Angel investment, the company was also able to unlock a \$750,000 grant from the SD Natural Gas Fund (supported by both Sustainable Development Technology Canada and the Canadian Gas Association). This grant is in support of building a one-tonne/per day SulfaCHAR production system in London, Ontario. This will then allow CHAR to produce commercial quantities of SulfaCHAR to rapidly expand its user base and grow revenue. CHAR has a strong growth strategy, including increasing its own production capabilities, as well as bringing on production partners. While growing its user base in the RNG market, CHAR will begin its exploration of niche traditional gas markets. At the same time, the company will continue research and development into other potential opportunities, driving towards \$3,000,000 in anticipated revenue by the end of 2017.

About

Angel Investment

Success

Milestones

- Northern Ontario Angels Investments Lead to \$91,546,387 Million Annually in Salaries
- Southeastern Ontario Angel Network Reaches \$6,000,000 in Investments

NOA NORTHERN ONTARIO
ANGELS

ANO LES ANGES DU
NORD DE L'ONTARIO

Northern Ontario Angels' ("NOA"), an Angel investor group serving the Northern Ontario region from its base in Thunder Bay, investments have impacted \$91,546,387 annually in management and staff salaries between October 2009 and March 2016.

This job creation has enabled people to support their families as salaries are reinvested into food, clothing, and shelter. Existing positions have been maintained and new positions added as businesses expand or start up.

Between 2009 and 2016, NOA has engaged in 128 deals. These deals created 1324 new full time equivalent (FTEs) positions and maintained 378 FTEs existing positions (as of June 2016). Seventy-eight percent of the jobs are new and accordingly represent new dollars into the Northern Ontario economy. "NOA's investment of \$45.4

million contributes significantly to the overall success and economic growth across Northern Ontario," says Mary Long-Irwin, Executive Director of NOA. "While our Angels' goal is to make a return on their investments, they are equally excited about the prospect that the success of these start-up ventures will lead to long-term, sustainable job creation and maintenance for our Northern Ontario community."

Angel investor groups around the world enable entrepreneurs at various stages of business development and across many sectors. The form these groups adopt can be influenced by members, government support for economic development, geographic location, and culture. The impact NOA has had since 2009 is remarkable given the vast geographic region and limited population base, and is an inspiration for other groups across the province.

SOAN

In its first year of activity, Southeastern Ontario Angel Network ("SOAN") completed one deal with four angels investing a total of \$220,000. Although it was a lean investment total, SOAN was already starting to develop significant interest amongst the Angel community in Southeastern Ontario for participation in this asset class. While investment return is always imperative, most members of SOAN also invest with a desire to impact economic development, in some way, in the region.

In its second year (Fiscal Year 2015), SOAN had 15 investments from Angels into four companies. These companies were all from different sectors and included healthcare, software, food, and manufacturing.

Importantly, these companies were all exploiting new technology and have been positive contributors to employment in Southeastern Ontario.

The total investment, in FY 2015, into these deals was an outstanding \$6 million. "SOAN has had strong interest from members across the region and its early success in making investments in good companies will help the group in its long-term efforts to support the development of local ventures," notes SOAN'S Executive Director, John Molloy. "In the meantime, SOAN's focus has been – and continues to be – creating jobs, taking new technologies to market, and contributing to overall economic growth."

ANP Angel Groups

- Angel Network Program-supported Angel investor groups must adhere to strict criteria and reporting requirements that make them trusted third parties among Angel investors and entrepreneurs across the province. They 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 in any investment transaction. In addition, the formal regional Angel investor groups have purposes that go beyond members' and entrepreneurs' activities. They facilitate the creation

and free transfer of 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.

Recognized Angel Investor Clubs

Recognized 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

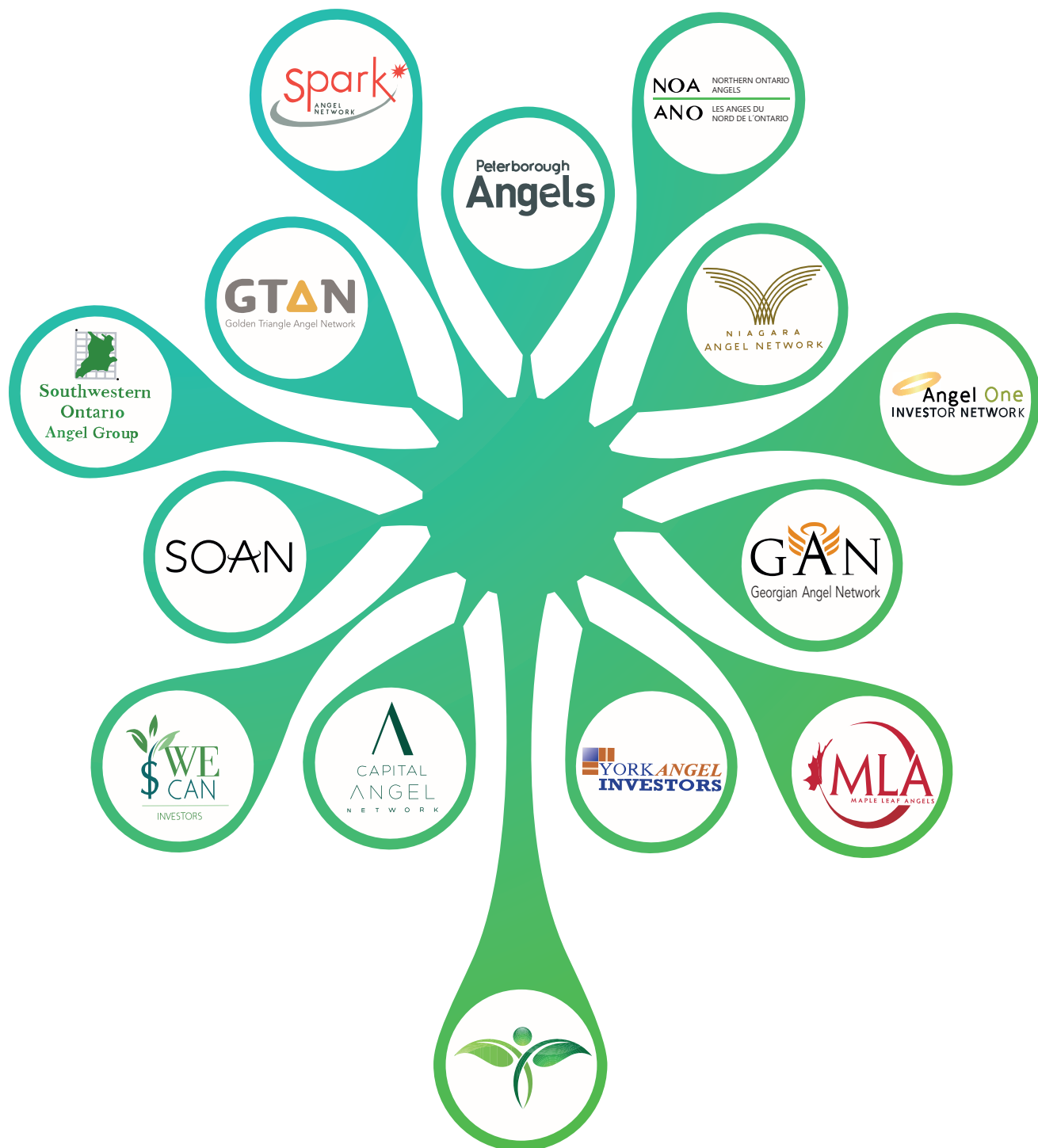
makes them eligible for the FedDev 'Investing in Business Innovation' program. They informally engage in Angel investment and the mentorship of entrepreneurs on a private basis.

Explanation of Graphic

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

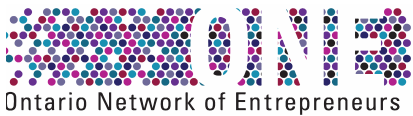
1. Windsor-Essex Capital Angel Network ("WECAN") is a chapter of Southwestern Ontario Angel Group ("SWOAG")

The Network



Our Programs

- 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.
- The Federal Economic Development Agency of Southern Ontario has been a key supporter of NAO-Ontario through its 'Investing in Business Innovation' ("IBI") program.



Ontario's Angel Network Program ("ANP")

Formal Angel groups efficiently convene accredited investors with entrepreneurs seeking investment and mentorship, overcoming informational barriers to economic growth. NAO-Ontario and its Angel groups look to Ontario Network of Entrepreneurs ("ONE") members, such as Ontario's Regional Innovation Centres, to find new enterprises that Angels may invest in, and to provide companies that are 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 31st, 2016, the ANP had demonstrated that organizing Angel investors generates measurable gains for the innovation economy, with:

- Over 518 members reported by non-profit Angel groups across Ontario, from Thunder Bay to Toronto, and Ottawa to London;
- ANP group members reporting they invested over \$148 million into 280 Ontario technology companies cumulatively since 2007;
- Another \$226 million-plus reportedly invested into these technology companies by non-ANP Network Angels (i.e. venture funds, governments, and other non-ANP members);
- Over 2,783 jobs created or retained (at the point of investment) by Ontario technology companies receiving Angel investment since 2007;
- 12 recognized groups receiving funding on March 31st, 2016.

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



Investing in Business Innovation ("IBI") Program

In order to further encourage the growth of organized Angel investing in Southern Ontario, the Federal Economic Development Agency of Southern Ontario has been a key supporter of NAO-Ontario's 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 ANP 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 IBI program.

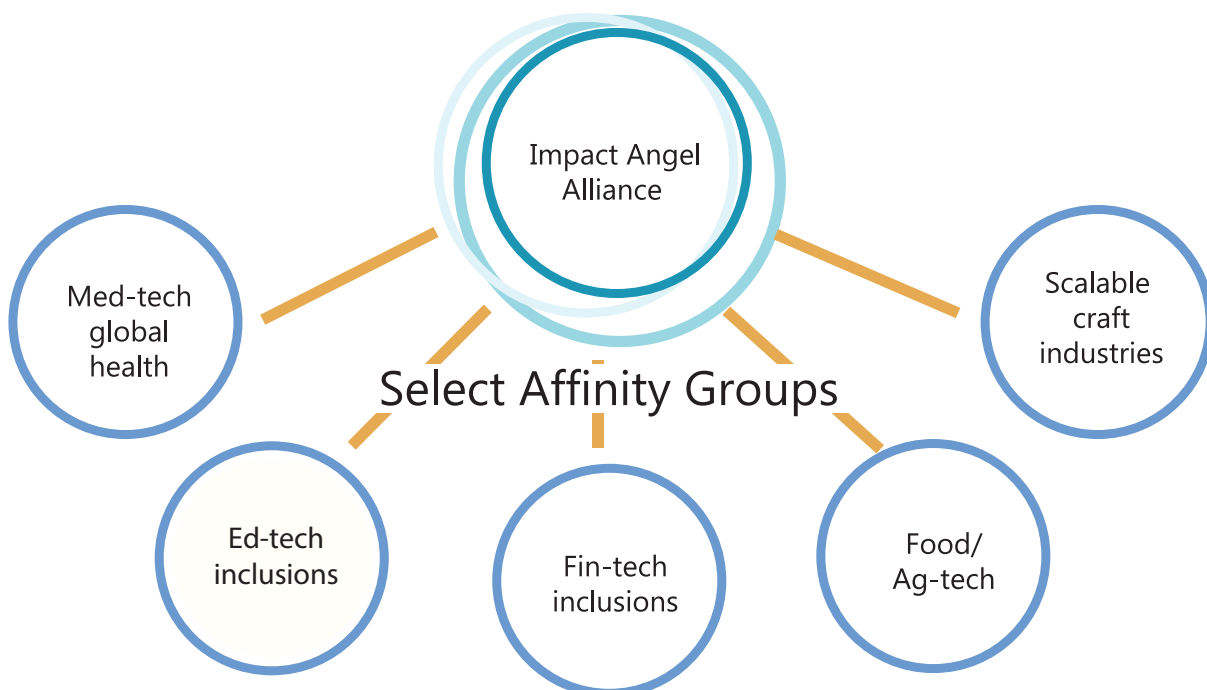
In addition to communicating Angel organization membership benefits, the IBI program administers the Angel club listing process and helps increase the capacity of Angel organizations in Southern Ontario to serve their members effectively.

Impact Angel Alliance

- The Impact Angel Alliance (“IAA”) is a not-for-profit, founded in May 2014 and headquartered in Toronto. IAA was officially funded and launched by The Hon. Brad Duguid, of Ontario’s Ministry of Economic Development, Employment and Infrastructure, on May 25th, 2015.

IAA evolved to enable impact investing among Angel groups, family offices, ventures funds and other institutions who consider themselves “financial first” investors in early stage ventures. Its primary role has been to help its members:

- Identify ventures whose impacts present the highest potential correlation with financial returns;
- Ensure impact outcomes are clear, actionable, measurable, and harmonized with investment terms; and
- Facilitate connections among ventures, investors, mentors, and strategic players who believe impact can provide competitive sustainable advantages over time.



* Venture funds, family offices, Angel groups, strategic investors, and registered dealers

Hosted and Supported Events



NAO-Ontario's Strategic Visioning Mini-Conference

This event was hosted at KPMG's offices in downtown Toronto, and had approximately 60 stakeholders from across the province in attendance, including Angels, VCs, incubators, accelerators, RICs, and government partners. The day featured an update on the state of the ecosystem by OMERS Ventures CEO, John Ruffolo, as well as a workshop component where participants brainstormed the role of NAO-Ontario

going forward. Feedback following the event suggested that participants found it worthwhile, with particular reference made to the visioning components, the results of which continue to inform the ongoing development of NAO-Ontario's strategic plan in the lead-up to the network's AGM in December.

Annual General Meeting

The 2015 NAO-Ontario AGM was an opportunity for NAO-Ontario stakeholders to become informed, make decisions, and provide feedback on the operations and financial health of the network. 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. During this year's AGM, we welcomed additional corporate members comprising a cross-section of our community stakeholders (i.e. entrepreneurs, service providers, Angel investors, and venture capitalists).

Peer-to-Peer Sessions

Four peer-to-peer sessions took place, with approximately 20 Angel Group Chairs and Managers from across Ontario gathering in Toronto and Niagara-on-the-Lake for each of these planning meetings. Facilitated by NAO-Ontario, on a quarterly basis, the meetings afforded Chairs and Managers an

opportunity to meet and discuss the Angel investing ecosystem. During the meetings, the Chairs and Managers were able to share their groups' successes and best practices, as well as upcoming events, announcements, and initiatives.

National Angel Capital Organization (NACO) 2015 Summit in Ontario

The largest gathering of Angel investors in Canada, and a must for anyone looking to invest in or support early-stage companies in Canada, the 2015 Summit was hosted at Niagara-on-the-Lake and attracted approximately 380 delegates from across North America. The majority of Angels in attendance

were from Ontario. NAO-Ontario supported the event financially to increase accessibility and ensure sufficient presence of Ontario Angels. NAO-Ontario also provided in-kind support for administration, registration, and marketing.

Resources

- A Guide for Scientists looking to secure funding; Virtual Screenings to evaluate presentations at a distance; an informational brochure to aid in recruitment; website videos for investors; and a Group Manager's Handbook.

Angel Investing Guide for Scientists

NAO-Ontario released a guide tailored specifically for Canadian scientists who are looking to secure funding from Angel Investors. The guide provides a better understanding of fundamental aspects of Angel investing, such as the fundraising process, pitching, and what Angels look for in an investment deal.



Virtual Joint Screening

NAO-Ontario launched its Virtual Joint Screening program, an initiative that enables groups from across Ontario to remotely view and screen entrepreneurs' presentations from the comfort of their homes or offices. NAO-Ontario hosted three sessions with up to ten group screening committees online per session. Overall, the Virtual Joint Screenings were well received by the Angel groups, who valued the increased access to deal flow and opportunity for syndication. Likewise, entrepreneurs were pleased with the ability to present in front of several different Angel groups simultaneously, with many of them being invited back to multiple Angel group investment meetings as a result.



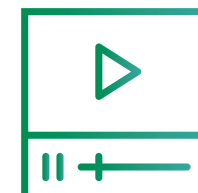
NAO-Ontario Brochure

NAO-Ontario designed an informational brochure about the network and its successes. This marketing tool was included in the NACO Summit Delegate bags to encourage joining a formal Angel Group, thus promoting the Angel Network and providing an avenue for recruitment and promotion of Angel investing in Ontario.



Website Videos

NAO-Ontario added 19 short videos to its website, featuring the network's Angel investors speaking about a diverse range of topics including "attributes of a successful entrepreneur", "Angels' most memorable investments", and "Angels making a difference". The Angel groups are using these clips as a marketing and promotional tool in their recruitment efforts.



Group Manager Handbook

NAO-Ontario, with the support of GTAN, created a group manager handbook. This book is focused on sharing best practises for groups' operations, scaling and growth. It highlights the importance of strong operational structure, community involvement and advocacy, as well as group culture.



Total Angel Network Performance

- Cumulative Totals Reported by Angel Networks since 2007 and Performance Measures Breakdown

Angel Network Program Performance Measures to March 31st 2016	Fiscal Year Total 2015-16	Cumulative Total 2007-2016
Total Angel investors	N/A	518
Total organized Angel networks	N/A	12
Firms that applied since 2007	1,835	11,450
Firms that presented to groups since 2007	334	1,657
Firms on which due diligence was performed since 2007	212	1,151
Number of distinct firms invested in (ANP tech deals only)	65	280
Number of distinct firms invested in (ANP non-tech deals only)	8	63
Number of investment rounds (ANP tech deals only)	121	503
Number of investment rounds (ANP non-tech deals only)	25	77
Current total investment by groups' members (tech firms)	\$31,744,090	\$148,448,375
Current total investment by groups' members (non-tech firms)	\$9,557,500	\$28,999,500
Total private non-member funds leveraged into deals (ANP tech deals)	\$31,634,747	\$167,792,857
Total private non-member funds leveraged into deals (ANP non-tech deals)	\$1,988,005	\$14,078,005
Total public funds leveraged into deals (ANP tech deals)	\$6,038,024	\$41,785,849
Total public funds leveraged into deals (ANP non-tech deals)	\$400,000	\$2,567,200
Total jobs created and retained (ANP tech deals only)	703	2,783
Total jobs created and retained (ANP non-tech deals only)	278	503
Investing in Business Innovatin Program ("IBI") Performance Measures to March 31st 2016	2015-16	2010-2016
Current total investments by Clubs' Members	\$24,960,448	\$72,429,309
Firms on which due diligence was performed	88	475
Investments	24	113
Firms	10	57
Jobs created & retained (by non-tech deals and by tech deals)	133	215
Club members	N/A	386
Recognized clubs	N/A	14
Applications received from firms	284	1,631
Private non-member funds leveraged into deals (since 2010/11)	\$26,974,674	\$64,390,151
Public funds leveraged into deals (since 2010/11)	\$980,000	\$9,698,085
Supplemental Performance Measures to March 31st, 2016	2015-16	2010-2016
Additional jobs created and retained (post-monitoring- IBI Clubs, ANP groups' - tech & non-tech)	2,313	4,718
Total private non-member funds leveraged into deals (post-monitoring- IBI Clubs, ANP groups' - tech & non-tech)	\$91,362,370	\$483,393,520
Total public funds leveraged into deals (post-monitoring- IBI Clubs, ANP groups' - tech & non-tech)	\$807,000	\$31,009,598

Big results require
big ambitions.

- Heraclitus



Community Voices

- Angel Anecdotes

“The essence of being an Angel, to me, is helping aspiring entrepreneurs building a future “winner” in their sector/space. This entails collaboration with other segments of the commercialization ecosystem, both in the private and public sectors. Relationships based on trust are integral to developing a high-functioning framework that benefits entrepreneurs and investors alike. That we can have fun along the way makes the journey that much more enjoyable.”

- Sandy Robertson, Georgian Angel Network

“Reviewing Angel investment opportunities gives me a chance to participate in new and exciting leading edge technologies. I thoroughly enjoy and am invigorated by working with entrepreneurs who have the passion and persistence needed to drive the acceptance and growth of their technologies and their companies.”

- John Molloy, Southeastern Ontario Angel Network

“Angel investing has not only provided us with access to emerging and innovative ideas with global potential, we continue to invest in the smartest entrepreneurs in a generation. We are often the first to recognize the potential of new ideas, not just for profit but also to ensure Canada continues to be a global leader in innovation.”

- Fred Davies, Niagara Angel Network

“While I spent much of my professional career in industries including automotive, manufacturing, and oil & gas, my heart and mind were always focused on the latest design, engineering, and new product launch, as well as R&D and state-of-the-art technologies and lean manufacturing processes. Being part of the Ontario Angel ecosystem has provided me with the unique opportunity to explore a much broader base of industry sectors like: Med-Tech, Fin-Tech, Software and App development from both a technology and investment analysis standpoint.”

- Colin McKillop, Windsor-Essex County Angel Network

“The greatest benefits I’ve received as an Angel investor are two-fold. Firstly, by being a member of GTAN, I’ve been able to expand my network and can say, with full confidence, that I’ve made great friendships with other Angels in the process. Secondly, I’ve established some excellent and mutually-beneficial relationships with start-up founders I’ve met over the years.”

- Steve Gilpen, Golden Triangle Angel Network



“Being an Angel means working with intelligent, like-minded professionals in the Angel investment community to find innovative ideas and to help honest, bright, and passionate entrepreneurs turn their ideas into great businesses.”

- Don Thomson, Angel One Investment Network

“Being a member of Capital Angel Network has offered me exposure to many excellent companies as well as the opportunity to build my personal portfolio, while also having access to others to assist with due diligence and share the load of follow-on investment. The networking aspect of the Angel network has been very enjoyable and it has been a privilege to bring several people into the group.”

- Claude Haw, Capital Angel Network

“Being part of York Angel Investors provides an opportunity to meet, work with, and mentor entrepreneurs who are in different stages of their start-ups, facing similar experiences and challenges. As Angel investors, we have the opportunity to work with like-minded individuals with extensive experience in various fields, and to review and invest in innovative companies that have a potential to yield good returns on our investments.”

- Mohan Markandaier, York Angel Investors

“With my first SWOAG investment, I’ve learned a great deal about private equity structures and the due diligence process required to make an investment decision.

As an investor who trusts in the people as much as the product, I’ve enjoyed meeting passionate entrepreneurs who really believe in their businesses. It is a joy to be able to contribute to the creation of new local ventures.”

- Lina Bowden, Southwestern Ontario Angel Group

“Being an Angel is the simple pleasure of glimpsing at two to three interesting visions of the future every time we host an investment meeting and seeing if and how others congregate toward those visions.”

- Garry Innanen, Spark Angels

“As an Angel investor, it’s been exciting and a privilege to participate in an ecosystem of passionate, innovative entrepreneurs and community-minded investors in Peterborough and across the province.”

- Yves Lafortune, Peterborough Region Angel Network



Community Voices

- ‘Fireside Chat’ with Cliniconex



In June 2016, NAO-Ontario sat down with Capital Angel Network’s Robert White (Angel) and Anthony Mar (Entrepreneur) to discuss Angel investing, and what benefits each party has derived as a result of their involvement in the ecosystem.

NAO-Ontario: Why don’t you start by introducing yourselves?

RW: My name is Rob, and I’m a CPA/CA/CMA and Angel investor who also serves on a number of non-profit boards.

AM: My name is Anthony and I’m the CEO and Founder of Cliniconex. With a professional background in consulting and product and cloud management, I was eventually directed towards the healthcare industry. We initially started around websites for dentists to bring them into the 21st century, providing them with a forum to fill out templates and provide their own content. But we learned that, while most dentists wanted to be on the web, they weren’t interested in creating content. We spoke to one of our dentists who told us that one of the issues they had was with reminders. It was important for them to get reminders out, but they found what they were using wasn’t working. We started to look at big IT trends and discovered that one of these trends was the emergence of web service-based platforms. With this knowledge in hand, we eventually walked toward the reminder solution, building on the cloud, using cloud services, and then going out to look for customers. We initiated contact with clinics, started to create some great case studies, and eventually secured our first contract. Our first partnership occurred in 2011, and now we have a number of really great partnerships.

NAO-Ontario: Anthony, how did you secure your first partnership?

AM: We started to introduce ourselves to clinics and, at that point, found a clinic that was running out of time. They had too much to do but weren’t about to afford another staff member, so they were looking for a timesaving product like Cliniconex. We offered them a great solution at an affordable price and made it a no-brainer for them to say yes.

NAO-Ontario: Rob, what got you interested in Angel investing?

RW: Early in my career, I joined a start-up. It was a fantastic experience and it was eventually sold to IBM, so I moved over to IBM where I was acquiring companies and bringing them into ours. When I left IBM in summer 2015, I was contemplating what to do next with my career and the idea of working with start-ups again was interesting to me. I had worked with the L-SPARK* initiative almost from inception and I gained an appreciation for how active and vibrant the start-up ecosystem was in Ottawa.

NAO-Ontario: How do you go about deciding how and where to invest?

RW: I’m not a passive investor. I tend to only invest in companies where I have a good understanding of what the company is doing and why. I’m very interested and involved in their success. In the case of Cliniconex, I was Anthony’s mentor through L-SPARK and will become a Director of his board. When I decided to become an Angel investor, I had two criteria: it has to be fun and it has to be with people I like. There are fun people at home, so if I’m going to spend time away from them, it better be enjoyable and with good people.

NAO-Ontario: Anthony, why did you seek out Angel investment and, Rob, what was it about Cliniconex that made you want to invest?

AM: We had been looking for investment all through our time in the incubator and accelerator programs with L-SPARK. Institutional investors were interested in one specific part of the program, which was expansion to the US. We were at a point where it was a perfect opportunity for Angel investors, especially the fact that we had many large partners in Canada. We were also looking for high-quality investors, so when the institutional investors were saying it was a good idea, and you have some early-stage Angels saying they like the idea and it’s a good story for the Canadian marketplace, with initial positive data points in the US, we knew we had all the pieces to become an investable company. In addition to the investment itself, we needed some mentorship and access to a quality network that we knew the Angels could provide.

RW: I was impressed with Anthony and his passion for the idea he had created with his co-founder, Tom, and the vision for where the company was going. I liked him as a person and his commitment towards what he wanted to accomplish. This was an idea and an individual that I wanted to support, so I encouraged his enrolment in the L-SPARK program. Later, when I had the opportunity to meet with him during the funding round, I jumped on the opportunity.

NAO-Ontario: Other than the investment money, what are some of the other ways you've been involved, Rob?

RW: I've been mentoring Anthony and his team since last October, assisting them with strategy, identifying an approach to developing the channel and how to structure channel relationships, helping them get one customer over the line, and putting together a program tailored specifically for higher education and universities with on-campus medical clinics.

AM: You also helped us with our decision making and quality of decision making early on when we were starting to grow.

RW: Well, you were doing too many things yourself. You don't want your CEO doing stuff that they should be hiring an accountant or a bookkeeper to do. And you didn't necessarily have the time, capacity, or financial information to make those informed decisions. We were able to surgically remove the monkey from your back. For me, I think that was transformative for you as a CEO to make quick decisions and take risks for the advancement of the business without being bogged down by administrative work that others were better suited to do.

NAO-Ontario: What's been the most positive and exciting thing about the whole experience so far?

AM: The most exciting part is seeing the transformation of the company as it goes from a lifestyle company with potential to an investable company that can grow at a faster pace. You're doing a race and there are challenges to be able to get to the next level, and weights that could potentially keep you grounded. By receiving mentorship from Rob and the L-SPARK team, those weights became significantly lighter.

RW: Having kicked off my career in a start-up and knowing how much fun it is, then eventually finding my way back into a start-up and seeing the contrast with big corporations, I enjoy the fast decision making, turning ideas into action quickly, and being able to bring a multitude of disciplines to the benefit of Anthony and his team. This has included everything from tax structure to channel relationships and how to talk to investors. I've been able to use a whole bunch of muscles, all at once, that I don't often get to flex.

AM: I've grown into the role of the CEO of a start-up, and part of that is the mentorship I've received from you, Rob.

RW: That's 100% true. You always had the potential, but I think you were being held back by things you were doing that you shouldn't have been doing. Very recently, I was

saying that you've been transformed into Anthony 2.0. You're doing a fantastic job.

AM: Thank you, Rob.

NAO-Ontario: On a final note, what would you tell other companies looking to secure Angel investments and those who are thinking about making their first Angel investment?

AM: The context around my answer is influenced by the way that I got to this point. We kept our company very conservative as we built up knowledge of the space, how to reach out to and gain customers, build up metrics, and validate the scale of our product and what our business model should be. It's never too early to make the first engagement, but don't expect your first engagement to end up in an investment. You're at a point of investment when you can show some credible metrics and measures on how to do things.

RW: When you're doing an Angel investment, investing in people and ideas, make sure you know, like, and respect the people and the idea. Get yourself educated on Angel investing. Start small, be disciplined, decide how much of your portfolio you want to put into this type of investment, decide if it's 5% or 10% of your investment, don't go crazy, don't move on every idea you see, and start slowly.

**L-SPARK is an Ottawa-based Incubator and Accelerator with a laser focus on the Enterprise Software market. By providing entrepreneurs and start-ups with access to industry mentors, sector-focused venture capital firms and Angel investors, the objective of L-SPARK is to create a deal flow of fundable enterprise start-up companies and support an enterprise-focused start-up ecosystem in the region.*



Anthony Mar
Entrepreneur



Robert White
Angel Investor

The Next Chapter

- **NAO-Ontario Future Rebranding**

Over the past several months, work has been carried out to develop a refreshed name and accompanying logo for NAO-Ontario. This work builds upon the research and strategic planning efforts of the past year. The new name and logo options were also based on input from – and consultation with – various stakeholders, including a Rebranding Advisory Committee, NAO-Ontario's Board of Directors, and National Angel Capital Organization (NACO), as well as counsel from our strategic advisors, MacPhie & Associates, and our professional branding and logo designers, Mouth Media.



Our New Name:

- Reinforces our Ontario focus;
- Suggests that this organization is a hub for those interested in Angel investing – either as an investor or as an entrepreneur seeking funding;
- Begins with our unique characteristic (aka: Angels); and,
- Avoids confusion with our partner, NACO (as the new name has no "N").

Our New Logo:

- Is an ode to the Ontario Trillium flower;
- Symbolizes a network, through the lines connecting the dots, without having to explicitly use the word 'network'; and
- Prominently showcases the words "Angel" and "Ontario", which is where the attention should be focused.

As we enter the next decade of NAO-Ontario in 2017 and embark on this new chapter as the invigorated 'Angel Investors Ontario', we are truly excited about the support we will continue to offer our Angel groups across the province. Whether as 'NAO-Ontario' or our new brand ('Angel Investors Ontario'), we remain committed to providing innovative programming & initiatives and recruitment strategies that will help our Angel ecosystem continue to experience growth and prosperity.

Governance

- Board of Directors 2015/16*



Blake Witkin
Chair



Mark Lawrence
Vice Chair



Dr. Patricia Lorenz
Director



Andrew Wilkes
Director



David Pamenter
Director



Michael Nobrega
Director



Frank Erschen
Director (Outgoing)



Parm Gill
Director (Incoming)

- Management Team 2015/16

Jeffrey Steiner
President & Executive Director

Jocelyn Edmison
Business Development Manager

Jacqueline Stein
Marketing, Communications and
Events Manager

Bernie Lubchansky
Finance Manager

Maggy Libarian
Finance Manager

Jeff Peng
Business Development Manager
(Acting)

Mark Jenkins
Special Projects Manager

Ally Tharani
Treasurer*

Safina Chagani
Secretary*

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

The secret of change is to
focus all of your energy, not
on fighting the old, but on
building the new.

- Socrates





Network of Angel Organizations-Ontario is a member of



Ontario Network of Entrepreneurs

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