



Ontario Centres of  
Excellence

Where Next Happens

Ontario Centres of Excellence is a member of



Ontario





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Excellence

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## About OCE... What we do

A leader in innovation in Ontario, Ontario Centres of Excellence (OCE) works with industry and academia to commercialize research that creates new technologies, products, and services while generating jobs and businesses. A champion of breakthrough research and disruptive technologies, OCE invests in collaborative commercialization and youth entrepreneurship projects in areas of the economy that are driving Ontario's prosperity and global competitiveness: advanced health technologies, advanced manufacturing, energy and environment, and ICT and digital media.

OCE's programs focus on helping companies tap into leading-edge research conducted at our universities, colleges and research institutes, supporting the development of a world-class knowledge transfer system and training the next generation of innovators and entrepreneurs.

A not-for-profit organization, OCE receives operations and program funding from the Ontario government as well as the federal government. We are a proud member of the Ontario Network of Entrepreneurs (ONE) and a key partner with the province in delivering Ontario's Innovation Agenda.



# INDEPENDENT AUDITOR'S REPORT

## To the Members of Ontario Centres of Excellence Inc.

We have audited the accompanying financial statements of Ontario Centres of Excellence Inc., which comprise the balance sheet as at March 31, 2014 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Centres of Excellence Inc. as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Other Matter

The financial statements of Ontario Centres of Excellence Inc. for the year ended March 31, 2013 were audited by another auditor who expressed an unqualified opinion on those financial statements on June 24, 2013.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants  
Toronto, Ontario  
June 26, 2014

# BALANCE SHEET

AS AT MARCH 31, 2014

	2014	2013
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	46,331,624	26,710,370
Accounts receivable	275,062	1,364,454
Grants receivable (Note 2)	745,602	578,795
Prepaid expenses	307,800	201,256
	47,660,088	28,854,875
<b>Loans receivable</b> (Note 3)	18	18
<b>Investments</b> (Note 4)	38,030	19,735
<b>Property and equipment</b> (Note 5)	180,242	346,044
	47,878,378	29,220,672
<b>Liabilities and Fund Balances</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	5,795,196	4,559,257
Deferred grants and contributions (Note 6)	27,599,041	13,832,123
	33,394,237	18,391,380
<b>Deferred grants and contributions</b> (Note 6)	5,500,400	1,793,955
	38,894,637	20,185,335
<b>Fund Balance</b>		
Unrestricted	483,741	9,035,337
Internally restricted (Note 7)	8,500,000	—
	8,983,741	9,035,337
	47,878,378	29,220,672

Approved by the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements.

## STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MARCH 31, 2014

	<b>Internally Restricted</b>	<b>Unrestricted</b>	<b>2014 Total</b>	<b>2013 Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Fund balances</b> - Beginning of year	—	9,035,337	9,035,337	8,601,193
<b>Excess (deficiency) of revenue over expenses for the year</b>	—	(51,596)	(51,596)	434,144
<b>Internal restrictions</b> (Note 7)	8,500,000	(8,500,000)		
<b>Fund balances</b> - end of year	8,500,000	483,741	8,983,741	9,035,337

The accompanying notes are an integral part of these financial statements.

# STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2014

								2014	2013
	Base Funding	Special Energy Program	Experiential Learning Program	Social Innovation Program	Scientists and Engineers in Business Initiative	High Performance Computing	Medical Science Proof of Principle	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>									
Grants	29,730,086	-	-	-	-	-	-	29,730,086	30,150,134
Industry contributions	935,034	20,778	-	26,495	-	-	-	982,307	789,995
Other government contributions	-	2,005,029	279,257	88,508	520,055	2,546,837	2,226,143	7,665,829	8,411,687
Interest	179,797	-	-	5,547	(866)	9,587	-	194,065	225,006
Other	941,748	-	-	-	-	-	-	941,748	1,068,802
	31,786,665	2,025,807	279,257	120,550	519,189	2,556,424	2,226,143	39,514,035	40,645,624
<b>Expenses</b>									
Program expenditures									
Research	9,307,374	978,436	-	-	-	2,250,000	-	12,535,810	8,462,389
Commercialization	7,231,016	999,964	-	106,088	-	-	2,226,143	10,563,211	5,010,094
Talent	1,618,384	-	22,895	-	499,923	-	-	2,141,202	5,120,499
Technology transfer partnerships	480,007	-	-	-	-	-	-	480,007	7,769,779
Events and sponsorships	1,296,434	-	102,431	-	-	-	-	1,398,865	1,491,683
	19,933,215	1,978,400	125,326	106,088	499,923	2,250,000	2,226,143	27,119,095	27,854,444
Program development	7,219,685	47,407	153,931	14,462	19,266	306,424	-	7,761,175	8,033,477
Program support and administration	4,685,361	-	-	-	-	-	-	4,685,361	4,323,559
	31,838,261	2,025,807	279,257	120,550	519,189	2,556,424	2,226,143	39,565,631	40,211,480
<b>Excess (deficiency) of revenue over expenses for the year</b>	(51,596)	-	-	-	-	-	-	(51,596)	434,144

The accompanying notes are an integral part of these financial statements.



# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
<b>Cash was provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	(51,596)	434,144
Items not involving cash		
Amortization of property and equipment	253,547	403,501
Amortization of deferred lease obligations	-	(44,575)
Writedown of loans receivable (Note 3)	749,992	199,999
Writeoff of loans receivable (Note 3)	2	25
Writedown of investments (Note 4)	1,394,958	-
Fair value change in investments	(18,288)	(8,442)
Changes in non-cash operating working capital balances		
Accounts receivable	1,089,392	(886,599)
Grants receivable	(166,807)	1,972,383
Prepaid expenses	(106,544)	96,188
Accounts payable and accrued liabilities	1,235,939	(2,807,878)
Deferred grants and contributions	17,473,363	(2,698,754)
	21,853,958	(3,340,008)
<b>Investing activities</b>		
Purchase of property and equipment	(87,745)	(60,262)
Purchase of investments (Note 4)	(1,394,964)	-
Advances of loans receivable (Note 3)	(749,995)	(200,000)
	(2,232,704)	(260,262)
<b>Increase (decrease) in cash and cash equivalents</b>	19,621,254	(3,600,270)
<b>Cash and cash equivalents - Beginning of year</b>	26,710,370	30,310,640
<b>Cash and cash equivalents - End of year</b>	46,331,624	26,710,370

The accompanying notes are an integral part of these financial statements.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

## 1. Significant Accounting Policies

The following is a summary of Significant Accounting Policies:

### (a) General Information

Ontario Centres of Excellence Inc. (“OCE”) was incorporated under the Corporations Act (Ontario) on July 3, 2003 as a not-for-profit corporation without share capital. OCE’s principal objectives are to: stimulate, promote, foster, sponsor and direct fundamental and applied research in support of the changing needs of, and challenges faced by Ontario industries; facilitate the training and education of researchers, scholars, scientists and engineers in areas relevant to Ontario industries; and facilitate the transfer, sharing and diffusion of learning, knowledge and technology between Ontario universities and industries.

### (b) Basis of Accounting

The Organization has prepared its financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

### (c) Revenue Recognition

OCE funds various research projects and activities out of funds received as grant revenue from the Ministry of Research and Innovation (“MRI”), other provincial and federal government sources and from industry. OCE follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. As part of OCE’s operations, project partners are required to co fund various projects and activities; however, OCE does not recognize these cash and in kind contributions in its financial statements as they are provided by the project partners directly to performing organizations.

Contributions for the purchase of property and equipment are deferred and amortized into revenue on a straight line basis at a rate corresponding with the amortization rate for the related property and equipment. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income from loans receivable is recorded on a cash basis due to the uncertainty of the future performance and viability of the companies to which such loans have been issued.

Interest from short term investments is recorded on an accrual basis, with amounts recorded in the year in which they are earned.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

## 1. Significant Accounting Policies (continued)

### (d) Unrestricted Fund Balances

The unrestricted fund balance represents accumulated income (net) from interest and sources other than government grants and industry contributions. For many current programs, use of interest income is contractually restricted and is either returned or invested at the direction of the funder.

### (e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with initial maturities of three months or less.

### (f) Loans Receivable

Loans receivable are carried at a nominal value due to the uncertainty in the future performance and viability of the underlying companies. An allowance against face value recognizes this uncertainty. Any funds collected as repayment of the principal or interest are recognized as an offset to the related program expenditures at the time of the repayment.

### (g) Investments

OCE receives shares of non affiliated companies, representing either a recovery of OCE's costs associated with a research project or compensation for the work OCE provides to bring the opportunity to an investment ready state and as part of the consideration for providing loans and debentures. The investments are in companies in which OCE has neither control nor the ability to exercise significant influence. Investments are initially recorded at the amount invested and immediately reduced to a nominal carrying amount through an impairment provision due to initial uncertainty in the future performance and viability of the underlying companies. The impairment provision is reversed upon occurrence of an event indicating a substantive improvement in the investee. If an investment becomes publicly traded, any remaining impairment provision is reversed and the investment is carried at fair value. Proceeds from the sale of the investments are recognized as revenue at the time the investments are sold.

### (h) Property and Equipment

Purchased property and equipment for use by OCE are recorded at cost. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	term of lease

**(i) Financial Assets and Liabilities**

OCE initially measures its financial assets and financial liabilities at fair value. OCE subsequently measures all its financial assets and liabilities at amortized cost with the exception of investments (see Note 1g).

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable, grants receivable and loans receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

It is management's opinion that OCE is not exposed to significant interest rate, currency or credit risks arising from these financial instruments, except for loans receivable, which are recorded at nominal amounts due to the uncertainty in the future performance and viability of the underlying companies (Note 3).

**(j) Income Taxes**

OCE is a not-for-profit organization under the Income Tax Act (Canada) and accordingly is exempt from income taxes under Section 149(1)(j) of the Income Tax Act (Canada).

**(k) Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. The estimates are reviewed periodically and as adjustments become necessary they are reported in the year in which they become known. Actual results could differ from those estimates. Accounts requiring significant estimates include the collectibility of accounts and loans receivable, the valuation of investments and the timing related to deferred grants and contributions.

**(l) Allocation of Expenses**

OCE operates a number of programs as noted in Note 8 and on the statements of operations. The costs of each program include the costs of personnel, premises and other expenses that are directly related to providing the services. OCE also incurs a number of general support expenses common to the administration of OCE and each of its base funding programs. OCE allocates certain of its general support expenses by identifying the appropriate basis of allocating each component expense and applies that basis consistently each year. Corporate governance and general management expenses are not allocated. Other general support expenses are allocated to base funding programs on the following bases:

- salaries and benefits proportionately on the same percentage as the direct salaries and benefits of these programs;
- information technology (IT) and facilities - proportionately on the basis of the total costs of the function excluding IT department costs; and
- other common expenses - proportionately on the basis of total cost.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

### 2. Grants Receivable

Grants receivable consist of \$245,202 (2013 - \$528,795) due from the Federal Economic Development Agency for Southern Ontario and \$500,400 (2013 - \$50,000) due from the Ontario Ministry of Research and Innovation.

### 3. Loans Receivable

The loans receivable portfolio is a combination of unsecured promissory notes and convertible secured debentures. The unsecured promissory notes are non interest bearing. The convertible debentures bear interest at the prime lending rate set by HSBC Bank Canada plus 1% or 2% per annum calculated and compounded as per the terms of the debentures and have maturity dates varying from 12 to 36 months. In the event of a significant financing undertaken by the underlying entity, the outstanding convertible debentures and interest (if applicable) will be converted into common shares as per the terms of the agreements. Repayment of principal and interest on all loans receivable can occur at any time in the event that a significant financing does not take place.

OCE has written down each loan to a nominal value of \$1 due to uncertainty in the future performance and viability of the underlying companies. OCE issued \$749,995 (2013 - \$200,000) of funding to three start up companies and provided for those amounts by a direct writedown of \$749,992 (2013 - \$199,999) in the fiscal year. As at March 31, 2014, the loans had a face value of \$1,858,757 (2013 - \$1,538,762) and a book value of \$18 (2013 - \$18).

During the fiscal year, one loan (2013 - five) with a book value of \$1 (2013 - \$5) and a face value of \$225,000 (2013 - \$544,998) was converted into common shares and equivalents, while no loans (2013 - five) with a book value of \$nil (2013 - \$5) and a face value of \$nil (2013 - \$173,000) were repaid. Loans with a book value of \$2 (2013 - \$14) and a face value of \$205,000 (2013 - \$729,000) previously allowed for were written off as they failed to meet the milestone requirements for repayment or conversion.

### 4. Investments

OCE has investments in one (2013 - one) publicly traded company carried at fair value of \$37,984 (2013 - \$19,696) and 46 (2013 - 39) private companies carried at cost less impairment in the amount of \$46 (2013 - \$39) as at March 31, 2014. OCE has recognized a provision for impairment on the investments in private companies due to uncertainty in the future performance and viability of the underlying companies.

## 5. Property and Equipment

	2014		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer equipment	630,725	541,520	89,205
Furniture and fixtures	442,619	411,498	31,121
Leasehold improvements	865,469	805,553	59,916
	<u>1,938,813</u>	<u>1,758,571</u>	<u>180,242</u>

	2013		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer equipment	711,222	561,475	149,747
Furniture and fixtures	562,003	461,457	100,546
Leasehold improvements	829,259	733,508	95,751
	<u>2,102,484</u>	<u>1,756,440</u>	<u>346,044</u>

## 6. Deferred Grants and Contributions

Deferred base funding represents unspent government funds from MRI, which represents funding received during the current year that is related to subsequent years' operations.

Deferred program contributions include committed, but unspent, funds which are for externally restricted operations representing funding received or receivable during the current year that is related to subsequent years' operations.

Deferred other contributions include committed, but unspent, government and other funds, which are externally restricted for other programs representing funding received during the current year that is related to subsequent years' operations.

**NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED MARCH 31, 2014

**6. Deferred Grants and Contributions (continued)**

	<b>2014</b>													
	Base Funding	Special Energy Program	Experiential Learning Program	Social Innovation Program	Scientists and Engineers in Business Initiatives Program	High Performance Computing Program	Medical Science Proof of Principle Program	Ontario-Alberta Joint Venture Program	Young Entrepreneur Seed Program	TalentEdge Program	Healthcare Innovation Procurement Demonstration Program	CCR Program	Other Contributions	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred grants and contributions -														
Beginning of year	5,403,156	4,621,017	279,257	167,577	884	2,850,117	-	-	-	-	-	-	2,304,070	15,626,078
Contributions received (returned)	31,750,401	29,511	5,000,000	(52,574)	518,305	(250,000)	3,000,000	2,000,000	2,000,000	10,000,000	800,000	-	1,377,267	56,172,910
Investment income earned	-	-	-	5,547	-	9,587	-	-	-	-	-	-	-	15,134
Amounts recognized as revenue	(29,730,086)	(2,025,807)	(279,257)	(120,550)	(519,189)	(2,556,424)	(2,226,143)	-	-	-	-	-	(1,257,225)	(38,714,681)
Deferred grants and contributions -														
End of year	7,423,471	2,624,721	5,000,000	-	-	53,280	773,857	2,000,000	2,000,000	10,000,000	800,000	-	2,424,112	33,099,441
Current portion	6,923,071	2,624,721	5,000,000	-	-	53,280	773,857	2,000,000	2,000,000	5,000,000	800,000	-	2,424,112	27,599,041
Long-term portion	500,400	-	-	-	-	-	-	-	-	5,000,000	-	-	-	5,500,400
	7,423,471	2,624,721	5,000,000	-	-	53,280	773,857	2,000,000	2,000,000	10,000,000	800,000	-	2,424,112	33,099,441

	<b>2013</b>													
	Base Funding	Special Energy Program	Experiential Learning Program	Social Innovation Program	Scientists and Engineers in Business Initiatives Program	High Performance Computing Program	Medical Science Proof of Principle Program	Ontario-Alberta Joint Venture Program	Young Entrepreneur Seed Program	TalentEdge Program	Healthcare Innovation Procurement Demonstration Program	CCR Program	Other Contributions	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Deferred grants and contributions -														
Beginning of year	4,528,900	5,177,225	3,393,948	259,502	2	1,473,069	-	-	-	-	-	2,590,976	901,210	18,324,832
Contributions received	30,950,000	31,101	-	718,519	998,796	2,500,000	-	-	-	-	-	268,304	2,408,730	37,875,450
Investment income earned	74,390	-	-	-	864	12,101	-	-	-	-	-	40,684	-	128,039
Amounts recognized as revenue	(30,150,134)	(587,309)	(3,114,691)	(810,444)	(998,778)	(1,135,053)	-	-	-	-	-	(2,657,409)	(1,005,870)	(40,459,688)
Transfer	-	-	-	-	-	-	-	-	-	-	-	(242,555)	-	(242,555)
Deferred grants and contributions -														
End of year	5,403,156	4,621,017	279,257	167,577	884	2,850,117	-	-	-	-	-	-	2,304,070	15,626,078
Current portion	5,403,156	2,827,062	279,257	167,577	884	2,850,117	-	-	-	-	-	-	2,304,070	13,832,123
Long-term portion	-	1,793,955	-	-	-	-	-	-	-	-	-	-	-	1,793,955
	5,403,156	4,621,017	279,257	167,577	884	2,850,117	-	-	-	-	-	-	2,304,070	15,626,078

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

### 7. Internally Restricted Fund Balances

The Board of Directors recognized the need for an operational reserve in the event of a wind down of operations. Effective March 31, 2014, the directors have internally restricted \$4,000,000 for the operational reserve.

The Board of Directors have identified certain future initiatives of strategic importance to support the objectives of OCE. Effective March 31, 2014, the directors have internally restricted \$4,500,000 for certain future strategic initiatives.

### 8. Programs

As part of OCE's operations, project partners are required to co fund various projects and activities; however, OCE does not recognize these cash and in kind contributions in its financial statements as they are provided by the project partners directly to performing organizations.

#### (a) Special Energy Program

MRI advanced \$15 million to OCE in March 2007 for research and development for groundbreaking clean energy technologies. These funds are being invested in six projects, along with direct funding from industry partners, that will address critical issues concerning Ontario's energy sustainability. These issues include a demand for solar power as a viable, cost effective alternative energy source, a need for programs and systems to help manage energy consumption, and an ability to access clean energy alternatives. The six projects incorporate solar, hydrogen, and energy conservation and demand management. The unique nature of the projects is expected to bring together industry leaders and academic experts from across the province.

#### (b) Experiential Learning Program (ELP)

ELP seeks to manage and grow established project and experience based programs for young entrepreneurs that will accelerate and further enhance the quality of new ventures and industry collaborations arising from Ontario academic institutions by:

- linking post secondary students and recent graduates possessing entrepreneurial drive directly to industry;
- nurturing young entrepreneurs in their efforts to launch and grow businesses;
- allowing young entrepreneurs to develop prototype products, source first customers and solve real business needs;
- assisting business by providing access to the best and brightest emerging entrepreneurs; and
- generating sustainable economic outcomes and significant job creation.

On July 1, 2011, MRI provided \$5 million of funding to ELP. On March 28, 2013, The ELP program was extended to March 31, 2015 with additional funding of \$5 million. As at March 31, 2014, the program has been extended to March 31, 2016 and renamed to On Campus Entrepreneurship Activities program.



**(c) Social Innovation Program (SI)**

MRI and OCE entered into an agreement dated September 1, 2011 for \$1 million of funding of the program by MRI. The SI program advances innovation in the not-for-profit and social enterprise sector, leveraging talent and partnerships to deploy leading edge solutions to tough social and environmental challenges by: (a) building new and enhancing existing partnerships between the not-for-profit and social enterprise sector and Ontario industry and academia; and (b) bringing forward innovative products, services and business models that meet social and environmental needs and help grow prosperous communities and transition Ontario into an idea and innovation based economy. The program ended on June 30, 2013 and the original amount from the MRI was fully utilized for the SI program.

**(d) Scientists and Engineers in Business Initiative (the “Initiative”)**

By a contribution agreement dated February 8, 2012, the Federal Economic Development Agency for Southern Ontario agreed to make a non repayable contribution of \$1,602,500 to support eligible and supported costs of the Initiative. The purpose of the Initiative is to improve the success rate of start up enterprises by developing the business and management skills of promising entrepreneurs in science, technology, engineering and mathematics and support them as they launch their businesses.

The Initiative started on January 12, 2012 and ended on March 31, 2014. The original amount from the Federal Economic Development Agency for Southern Ontario was fully utilized for the Initiative.

**(e) High Performance Computing Program**

MRI and OCE entered into an agreement dated March 31, 2012. OCE in turn entered into a memorandum of understanding with IBM Canada and a university consortium, led by the University of Toronto, to establish the Southern Ontario Smart Computing Innovation Platform, a research collaboration and innovation platform unlike any in Canada. This partnership started on March 31, 2012 with an expiry date of March 31, 2015. The total funds allocated by MRI are \$7 million.

**(f) Medical Sciences Proof of Principle Program (“MScPoP”)**

MRI and OCE entered into an agreement dated March 28, 2013 for \$3 million of funding of the program by MRI. The MScPoP program accelerates the development of early stage technologies emanating from biomedical and life sciences research at universities and research hospitals across Ontario with assistance on initial market assessment, development of intellectual property and commercial opportunity strategies, development of business plans, and early prototypes to position them for licensing and commercialization. The program completion date is March 31, 2015.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

### 8 Programs (continued)

#### (g) Ontario-Alberta Joint Venture Program (“OA-JV”)

MRI and OCE entered into an agreement dated March 25, 2013 for \$2 million of funding of the program by MRI. The OA-JV program brings together companies and researchers from Ontario and Alberta to propose bilateral R&D projects for joint development of innovative products and processes. OCE aims to:

- Stimulate innovative R&D projects that demonstrate high commercial potential and benefit from Ontario-Alberta collaboration;
- Encourage technology and knowledge transfer across both provinces;
- Foster cross provincial partnerships and collaborative research across industry, academia, and government with a strong emphasis on commercialization;
- Promote and support market-driven research and technology development;
- Drive economic development outcomes in both provinces.

The program completion date is March 31, 2015.

#### (h) Young Entrepreneur Seed Program (the “SmartStart Seed Funding Program”)

MRI and OCE entered into an agreement dated March 6, 2014 for \$2 million of funding of the program by MRI upon execution of the agreement and up to \$7 million upon reaching agreed milestones at later dates. The SmartStart Seed Funding Program is designed to assist young entrepreneurs between the ages of 18-29 transition their start ups from product development to market entry and company building. The SmartStart Seed Funding Program provides seed financing and financing for business skills training to Ontario based start ups led by a young entrepreneur, helping them grow their companies and make them investment and customer ready. The SmartStart Seed Funding Program is scheduled to be launched in April 2014 and is expected to be completed in September 2018.

#### (i) TalentEdge Program

MRI and OCE entered into an agreement dated January 22, 2014 for \$10 million of funding of the program by MRI. The TalentEdge program provides Ontario students and recent graduates with real world experience, enabling interns and postdoctoral fellows to apply their expertise and the latest tools to industry problems. The program started in February 2014 and expected to be completed in September 2018.

#### (j) Healthcare Innovation Procurement Demonstration Program (the “AdvancingHealth Program”)

The Minister of Government Services (“MGS”) and OCE entered into an agreement dated March 21, 2014 for a maximum funding of \$3,727,500 by MGS. On March 26, 2014, funding of \$800,000 was released by MGS and the rest of the balance is expected to be released according to the agreed funding schedule. The AdvancingHealth Program is designed to bolster innovation in Ontario’s public healthcare sector by matching healthcare needs with innovative

products and services through partnerships between public healthcare organizations, companies, and academic institutions. The aim is to advance healthcare innovation directed to improved health outcomes, enhanced patient experience and efficient use of resources through investments in collaborative demonstration projects that show clear potential for scaling up to the system level and establish a strong case for adoption. The Advancing*Health* Program completion date is September 30, 2017.

## 9. Commitments

Future minimum lease payments under operating leases, are as follows:

	\$
2015	379,882
2016	365,526
2017	200,440
2018	163,631
2019	40,908
	1,150,387

## 10. Pension plan

OCE operates a defined contribution pension plan. The assets of the plan are held separately from those of OCE in an independently administered fund. The pension expense is equal to the contributions paid by OCE. The contributions paid and expensed by OCE for the year amounted to \$377,691 (2013 - \$354,144).



# ONTARIO CENTRES OF EXCELLENCE GOVERNANCE

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Ministry of Research and Innovation

**Bill Mantel**  
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Research, Commercialization and  
Entrepreneurship Division,  
Ministry of Economic Development,  
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**George Cadete**  
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Ontario Centres of Excellence promotes a healthy  
workplace, which is key to wellbeing and, by  
extension, innovation.








## Ontario Centres of Excellence

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