

**Invest Ontario**  
**2021-2022 Annual Report**  
**July 29, 2022**

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## **MESSAGE FROM THE CHAIR**

As the province's principal agency for new and expanding businesses, Invest Ontario is uniquely positioned to attract and serve strategic investors and to develop economic clusters that support a stronger and more resilient Ontario.

On behalf of the Board, I thank Minister Fedeli for his trust, confidence, and unwavering support. The Board appreciates the opportunity to help the province build opportunity and resilience in an increasingly sophisticated and globally competitive environment.

As the founding board, we appreciate the ambitious vision set out for Invest Ontario by this government. Consequently, in this first year we focused on setting the governance framework, strategic direction, and operating principles.

We were delighted to confirm Trevor Dauphinee in the role of Chief Executive Officer. Trevor brings private and public sector experience, an impressive record of investment attraction success and the leadership acumen needed to execute our mandate.

Trevor has prioritized building the team, culture, capabilities, systems, and structures required to deliver business-centred services professionally and within the customer's timeframe.

I am encouraged by all we have accomplished in our first year together and am confident we are well positioned to seize the opportunities that lie ahead.

Elyse Allan, Board Chair

## **MESSAGE FROM THE CEO**

I would like to thank the Invest Ontario Board of Directors for this opportunity to serve investors and the people of Ontario.

By collaborating with our many stakeholders and partners, we made a tremendous amount of progress this past year. The support of our colleagues in the Ministry of Economic Development, Job Creation and Trade has been indispensable. They skillfully helped expedite our establishment and served as a strategic partner on attracting and servicing investments.

At the end of our inaugural year, we are fully operational, have secured our first strategic investment, and established a robust pipeline of potential investment opportunities. Importantly, we laid the critical groundwork to position Ontario as a top tier destination for investment, domestic growth, and job creation.

Establishing a new agency during a pandemic was challenging. Our lean and focused team showed impressive adaptability, dedication, and perseverance.

Over the past year, I also met with business leaders to garner their feedback and ensure that as an organization, we are curating meaningful and relevant services and supports that meet investor needs. As a result of these discussions, our team has developed a suite of services that leverage the province's breadth of programs and depth of capabilities. This includes tailored intelligence on business opportunities, talent, business immigration, site selection, regulatory navigation, and financing.

As the agency grows, its impact will increase, new customized services will be introduced, and we will continue to learn and evolve. What will not change is our commitment to delivering service excellence and increasing economic opportunity and resilience in Ontario.

Trevor Dauphinee, CEO

# ABOUT INVEST ONTARIO

## DEDICATED TO SECURING PRIVATE SECTOR INVESTMENT

Invest Ontario is a board-led provincial agency dedicated to securing private sector investments that create jobs, generate returns to the province and support the sustainable growth and competitiveness of Ontario's life sciences, advanced manufacturing, and technology sectors.

We are committed to providing a premium investor experience through a single customer interface. To support growing and expanding businesses, we provide expertise and tailored investor supports including talent support, advisory assistance, and concierge services.

Within our three sectors of focus, we prioritize:

- Substantial anchor investments, that expand supply chains, create downstream jobs, and attract new investments.
- Strategic investments that unlock value chain opportunities and build supply chain resiliency particularly for targeted sub-sectors and clusters.

We rely upon a sophisticated evaluation process to identify investments in high-value projects, inform assessments and project selections.

We work with strategic investors to leverage Ontario's significant global competitive advantages, including:

- **Talent:** Highly educated, ready-to-work and skilled talent pools,
- **Sectorial expertise:** Ecosystems of networked, innovative, and high growth companies in Life Sciences, Advanced Manufacturing and Technology,
- **Favourable business climate:** A pro-job creation jurisdiction, featuring economic stability, competitive tax rates and universal healthcare.

## CUSTOMIZED BUSINESS SUPPORTS

As part of the 2021 Budget, the provincial government committed \$400 million over four years to create the Invest Ontario Fund to support investments which:

- Provide sustainable positive economic, sectoral, and regional impacts.
- Generate high and quantifiable return for government investment.

The fund design enables customized financial supports to: offset potential cost disadvantages, obtain commitments and secure investments that build regional and sectoral competitiveness. Our Board of Directors is responsible for assessing investment opportunities and making recommendations for funding from the Invest Ontario Fund to the Minister. This past year our Board reviewed and recommended five investment opportunities to the Minister.

During the timeframe covered by this report the Invest Ontario Fund was held and administered by the Ministry of Economic Development Job Creation and Trade.

## **AN AMBITIOUS AND SUCCESSFUL INAUGURAL YEAR**

Over the last year, our Board of Directors and leadership team firmly established the organization's governance and operating framework, which included:

- Appointing a permanent CEO;
- Establishing a business-centric operating model; and
- Establishing agency operations

The Board and CEO oversaw the process of building a new agency in the midst of the COVID-19 pandemic. In addition to operational challenges, the pandemic further underscored the economic urgency of improving Ontario's ability to attract, retain, and grow strategic business investment in an increasingly sophisticated and competitive environment.

Across the globe, the COVID-19 pandemic has contributed to supply chain disruptions, nearshoring, labor shortages, and increased digitalization. Businesses have had to react in agile and decisive ways to reimagine their investments, expansion plans and supply chain strategies. To meet this growing need, we actively engaged with potential investors while concurrently establishing operations. This resulted in Invest Ontario securing its first strategic investment, the development of numerous new investment opportunities and establishment of a robust pipeline.

## **LAYING THE GROUNDWORK FOR A TEAM ONTARIO APPROACH**

The CEO and staff met with business leaders to garner their feedback and ensure that as an organization, we are curating meaningful and relevant services and supports that meet investor needs. Conversations with partners from all levels of government

explored best approaches for collaborating and supporting our mutual goal of economic growth.

With the support of the Ministry of Economic Development, Job Creation and Trade, our team has developed a suite of services that leverage the province's considerable program offering and capabilities. This includes tailored services on market intelligence, business opportunities, talent acquisition, business immigration support, site selection, regulatory navigation, and financing tools.

## SETTING UP A NEW AGENCY

### Organizational Culture

#### Service Oriented

We invest the time and effort to understand and address the needs and requirements of investors in the mode and at the pace of business.

#### Solution Focused

We are forward looking, flexible, action-oriented and empowered with the tools and expertise to monitor, understand and respond to changes and challenges.

#### Collaborative

We respect and work in inclusive partnership with employees, investors key stakeholders and partners in order to best advance our collective interests.

#### Trustworthy

We are true to our word, open and transparent in our dealings, and hold ourselves to the highest professional and ethical standards in order to earn and deserve the trust and respect of everyone we work with.

### Appointment of CEO

Invest Ontario's success requires exceptional leadership. The Board of Directors appointed Trevor Dauphinee interim CEO in May 2021 and appointed him in the role on a permanent basis in February 2022.

As the agency's inaugural CEO, Trevor led the agency's establishment and has been overseeing all aspects of investment attraction efforts.

Trevor brings over 20 years of progressive experience leading sales and investments in both the private and public sectors.

He previously served as Assistant Deputy Minister at the Ontario Ministry of Economic Development, Job Creation and Trade and has held roles at the province's Treasury Board and the Ministry of Infrastructure. Trevor's private sector experience includes more than a decade in the automotive, chemical, and consulting sectors.

## **Building blocks for Culture and Capacity**

The Board of Directors established core values, an interim organizational model, compensation philosophy, operating principles, HR policies and procedures, a benefits plan and talent management strategy. Within this framework, our CEO started building the organization. Initially focusing on areas such as: Business Development, Strategy, Investment Assessment and Analytics and Investment Services.

An executive search was launched for key positions in the executive leadership team and organizational hiring commenced.

We also started the process of establishing strong, collaborative, and positive relations with its bargaining agent.

## **Corporate Services**

The CEO recruited a corporate services team, who implemented comprehensive back-office systems and supporting processes to deliver finance, payroll, legal, human resource, and other administrative functions.

## **Business Intelligence and Analytics**

This year, the agency both acquired sophisticated new analytics and developed assessment and modelling capabilities. Use of rigorous, disciplined analysis and modelling is required to target and secure investments with the potential to expand supply chains, create downstream jobs, and attract additional investments.

## **Performance Measures and Targets**

Key strategic priorities and comprehensive performance measures and targets were developed and introduced in the agency's 2022-2027 Business Plan. Baselines for investor, partner and employee satisfaction will be developed over the next year.

## **Internal Controls**

Internal controls were developed and implemented to provide reasonable assurances regarding the reliability of financial reporting, to safeguard Invest Ontario's assets and to manage its liabilities. The system of internal controls includes:

- Comprehensive business planning
- Training on policies and procedures governing corporate conduct and risk management
- Segregation of duties
- Responsible delegation of authority and personal accountability
- Maintenance and retention of detailed records, and
- Careful selection, screening, and training of personnel

# INVESTMENTS WERE CONCURRENTLY SERVICED AND SECURED

## SUCCESS STORY

The Invest Ontario Fund will provide a loan of up to \$40 million to OmniaBio to enable a new biomanufacturing operation that will support a broad range of cell and gene therapy companies by providing process development and clinical/ commercial production services.

### Pioneering Medicine

Cell and gene therapies are at the forefront of medical innovation and have the potential to cure, not just treat, many forms of cancers, cardiovascular diseases, Parkinson's and diabetes. Cell and gene therapies can be tailored to the specific patient to deliver therapeutic benefits not seen from traditional medicines

### Stronger supply chain

OmniaBio will provide missing manufacturing infrastructure to allow Canadian cell and gene companies to remain here. This will help keep intellectual property, technical know-how, talent, and skilled jobs in Ontario.

**\$590M**

NEW INVESTMENT INTO ONTARIO

**274**

NEW JOBS

**451**

JOB RETAINED

**38**

UNIQUE INVESTORS SERVICED

**5**

LETTERS OF INTENT ISSUED

**3**

NEW INVESTMENT AGREEMENTS

# ANCHORED IN SOUND GOVERNANCE

Invest Ontario's accountability structure flows from its creation on July 8, 2020, by a regulation under the *Development Corporations Act (Ontario)* and it continued April 27, 2021, under the *Invest Ontario Act, 2021*.

## BOARD COMPOSITION

Established as an operational agency with a Board of Directors consisting of up to 13 members, the Board is accountable to the Minister of Economic Development, Job Creation and Trade, and through the Minister to the Ontario Legislature. The inaugural Board of Directors held its first Board meeting on April 6, 2021.

Board appointments are made by the Lieutenant Governor in Council, upon recommendation by the Minister of Economic Development, Job Creation and Trade, in accordance with *the Agencies and Appointments Directive* and the procedures of the Public Appointments Secretariat of the Government of Ontario. One member is designated as Chair by the Minister and one as Vice-Chair by the Minister on the recommendation of the Chair.

Going forward, to support the Minister in making director recommendations, the Board has developed and assessed itself against a skills matrix identifying core competencies and experience relevant to the agency's mandate.

The Invest Ontario Board of Directors has several responsibilities including.

- Overall governance and stewardship of the agency
- Oversight of Invest Ontario management
- Assessment and recommendation of strategic investment opportunities including support from the Invest Ontario Fund

The Board enacted two corporate by-laws. By-law One governs the general conduct and affairs of the agency and includes provisions related to code of conduct, conflicts of interest, duties of members and officers, delegations and conduct of meetings. By-law Two provides for banking and borrowing.

## BOARD COMMITTEES

The Board established three committees to facilitate execution of its responsibilities:

1. The **Finance, Audit and Risk Committee**: ensuring the integrity of the agency's financial statements, financial reporting, and the systems of internal control and risk

management. The committee also reviews and recommends to the board approval of the agency's budget, monitors budget performance, and oversees the independent audit.

2. The **Governance and Human Resources Committee**: ensures the agency adheres to sound corporate governance principles and ensures ongoing director education. It also oversees and makes recommendations concerning human resources and compensation matters, including workplace health and safety, talent recruitment and leadership development.
3. The **Investment Review Committee**: reviews due diligence and recommendations for financial support for potential investment projects. The committee also oversees the investment review process including project evaluation criteria, processes and procedures to manage risks and negotiate terms.

## **MANDATE LETTER**

The Minister issues an annual mandate letter setting out priorities for the agency. In October 2021 the Minister issued a consolidated mandate letter for both 2021-2022 and 2022-2023. The Board has delivered all the priorities set out for 2021-2022, including:

- Building the team within the approved organizational framework
- Establishing operations
- Finalizing key governance documents with the Ministry including a Memorandum of Understanding and Transfer Payment Agreement
- Collaborating with the Ministry on processes to streamline and improve the investor experience.

## **MEMORANDUM OF UNDERSTANDING**

Invest Ontario entered a Memorandum of Understanding with the Minister which sets out the accountability relationship between the agency and the ministry, and between the Board, Chair, CEO and Minister. The Memorandum was finalized and signed by the Minister and Board Chair on December 13, 2021. The Memorandum is posted on the agency website.

# AGENCY START-UP RISK MANAGEMENT

The risks often associated with a start-up were identified early on by Ministry staff, the Board, and the agency leadership team. Some of these risks were amplified by external factors such as, the COVID-19 pandemic, the upcoming provincial election, and dynamics in talent availability and recruiting. Proactive measures were put in place to monitor and mitigate risks and their potential impact, including:

Risk	Mitigation Strategies Employed
<b>Talent Acquisition:</b> Inability to fill key positions in a timely manner due to Human Resource capacity, salary structure, labor relations negotiations, market demand, interim status of the CEO etc.	<ul style="list-style-type: none"><li>• Hire executive recruitment firm</li><li>• Appoint a permanent CEO</li><li>• Secure an Interim HR team experienced in establishing new provincial agencies and associated labour relations</li><li>• Outsource critical backroom functions</li></ul>
<b>Capacity to build:</b> Complexity of establishing agency and servicing investments concurrently and operating in an evolving work environment during an unprecedented global pandemic	<ul style="list-style-type: none"><li>• Early appointment of an interim CEO</li><li>• Appoint an experienced board of business executives to:<ul style="list-style-type: none"><li>• Oversee operations until the appointment of a CEO</li><li>• Provide advice and support to the CEO once appointed.</li></ul></li></ul>

The Board and CEO also identified anticipated future risks as the agency scaled and commenced investment attraction. To ensure vulnerabilities could be more easily and objectively identified and addressed, the agency invested in market databases, Customer Relationship Management software, and external stakeholder consultations conducted by the CEO.

## **FINANCIAL PERFORMANCE**

The financial results from operations covered by this report are for the period April 1, 2021, to March 31, 2022, Invest Ontario's first full year of operations. Invest Ontario received funding of \$3,598,685 from the Ministry of Economic Development, Job Creation and Trade and generated an operating surplus of approximately \$1,097,371. Invest Ontario incurred total administration expenses of \$2,508,623. This included one-time service costs of \$464,109. As of March 31, 2022, the agency had a lean start up staff team of 10 individuals. Prior to the appointment of Board of Directors and its first formal board meeting on April 6, 2021, establishment and set up work was conducted by the Ministry of Economic Development, Job Creation and Trade.

The unqualified independent auditor's report for the year ended March 31, 2022, and the period July 8, 2020, to March 31, 2021 can be found in appendix B. Audited financial statements for the same period can be found in appendix C.

## **LOOKING AHEAD**

We are confident that the actions taken by the Board and agency leadership this past year coupled with tremendous support from the Ministry, laid a solid foundation for Invest Ontario to grow its capacity and capability to attract, positively engage and secure enduring investments in Ontario. Looking ahead our priorities are:

### **Deliver an Exceptional Investor Experience, including**

- A streamlined investor experience characterized by a single point of contact.
- Valuable sector specific insights provided by resourceful, solution-oriented business development teams knowledgeable of industry specific business models, value chains and digital ecosystems

### **Secure investments with high strategic value and economic returns, by:**

- Employing rigorous, disciplined analysis and modelling to focus supports on investments that generate the highest economic and/or strategic returns
- Building relationships with investors that enable competitive custom solutions to meet their needs and offset their investment concerns”

### **Establish Strategic Partnerships, to build:**

- Client focused solutions in collaboration with municipal, regional and federal economic development organizations
- Increased awareness of regional value propositions

## **Build a High Performing Organization, with:**

- Talented, engaged staff who are customer focused, capable, inspired and empowered to deliver extraordinary results
- The right tools, analytics, resources and digital solutions to work with investors effectively and efficiently

## **CONTACT INFORMATION**

For general inquiries and information, please contact Gabriella Sicilliano Invest Ontario at:

Invest Ontario  
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# APPENDIX A: RESPONSIBILITY FOR FINANCIAL REPORTING



**Invest  
Ontario**

Invest Ontario  
250 Yonge Street, 35th Floor  
Toronto, Ontario, Canada  
M5B 2L7

**Invest Ontario**  
**Year ended March 31, 2022 and Period ended March 31, 2021**

## Responsibility for Financial Reporting

The accompanying financial statements of the Invest Ontario have been prepared in accordance with Canadian public sector accounting standards and are the responsibility of management. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and considering information available up to June 28, 2022.

Management is responsible for the integrity of the financial statements and maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded, and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Board, through the Finance, Audit and Risk Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Finance, Audit and Risk Committee is comprised of Board members who are not employees/officers of Invest Ontario and generally meets periodically with management and the Office of the Auditor General to satisfy itself that each group has properly discharged its respective responsibility.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Auditor's Report outlines the scope of the Auditor's examination and opinion.

Trevor Dauphinee

Chief Executive Officer

Alicia Yurichuk, CPA, CGA

Finance Director

# APPENDIX B: INDEPENDENT AUDITOR'S REPORT



Office of the Auditor General of Ontario  
Bureau de la vérificatrice générale de l'Ontario

## INDEPENDENT AUDITOR'S REPORT

**To Invest Ontario**

### Opinion

I have audited the financial statements of Invest Ontario, which comprise the statements of financial position as at March 31, 2022 and 2021, and the statements of operations, changes in net financial assets and cash flows for the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Invest Ontario as at March 31, 2022 and 2021, and the results of its operations, changes in its net financial assets and its cash flows for the year ended March 31, 2022 and for the period July 8, 2020 to March 31, 2021 in accordance with Canadian public sector accounting standards.

### Basis for Opinion

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

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing Invest Ontario's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Invest Ontario's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Invest Ontario's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Invest Ontario to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Toronto, Ontario  
June 28, 2022

Bonnie Lysyk, MBA, FCPA, FCA, LPA  
Auditor General

## **APPENDIX C: AUDITED FINANCIAL STATEMENTS**

**Invest Ontario**

Statements of Financial Position  
As at March 31, 2022 and March 31, 2021

	2022	2021
<b>Financial Assets</b>		
Cash	\$ 2,300,083	\$ -
Interest Receivable	1,309	-
	<u>2,301,392</u>	<u>-</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (note 4)	450,244	-
Due to the Province of Ontario (note 5)	992,432	-
<b>Net financial assets</b>	<b>858,716</b>	<b>-</b>
 <b>Non- Financial Assets</b>		
Prepays (note 6)	232,655	-
	<u>232,655</u>	<u>-</u>
Accumulated Surplus	\$1,091,371	\$ -
Contingency (note 10)		
The accompanying notes are an integral part of these statements.		
On behalf of the Board:		
	_____ Chair, Board of Directors	
	_____ Chair, Finance, Audit and Risk Committee	

**Invest Ontario**

## Statements of Operations and Accumulated Surplus

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

	Budget March 31, 2022 (note 11)	March 31, 2022	July 8, 2020 to March 31, 2021 (note 8)
<b>Revenue:</b>			
Transfer Payment – Ministry of Economic Development, Job Creation and Trade	\$ 4,640,680	\$ 3,598,685	\$ -
Interest Income	-	1,309	-
	4,640,680	3,599,994	-
<b>Expenses (note 8):</b>			
Salaries, Wages & Benefits (note 7)	\$ 2,261,042	\$ 1,763,049	\$ -
Supplies & Equipment	42,292	4,358	-
Transportation & Communications	83,770	14,921	-
Services	2,216,076	724,031	-
Marketing	37,500	2,264	-
	4,640,680	2,508,623	-
Annual Operating Surplus	-	\$ 1,097,371	-
Accumulated Surplus, beginning of year	-	-	-
Accumulated Surplus, end of year	\$ -	\$ 1,091,371	\$ -

The accompanying notes are an integral part of these statements.

**Invest Ontario**

## Statements of Changes in Net Financial Assets

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

	Budget March 31, 2022 (note 10)	March 31, 2022	July 8, 2020 to March 31, 2021
Annual Operating Surplus	\$ -	\$ 1,091,371	\$ -
Prepays	-	(\$232,655)	-
Increase in net financial assets	-	858,716	-
Net financial assets, beginning of year	-	-	-
Net financial assets, end of year	\$ -	\$ 858,716	\$ -

The accompanying notes are an integral part of these statements.

**Invest Ontario**

## Statements of Cash Flows

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

	March 31, 2022	July 8, 2020 to March 31, 2021
<b>Operating transactions:</b>		
Annual Operating Surplus	\$1,091,371	\$ -
	<u>\$1,091,371</u>	<u>-</u>
<b>Changes in non-cash working capital:</b>		
Interest Receivable	(\$ 1,309)	-
Accounts Payable and Accrued Liabilities	450,244	-
Due to Province of Ontario	992,432	-
Prepays	(\$232,655)	-
	<u>1,208,712</u>	<u>-</u>
Cash provided by operating transactions	\$ 2,300,083	-
 <b>Net Increase in cash</b>	 <u>\$ 2,300,083</u>	 <u>-</u>
 Cash, beginning of year	 -	 -
 <b>Cash, end of year</b>	 <u>\$ 2,300,083</u>	 <u>\$ -</u>

The accompanying notes are an integral part of these statements.

## **Invest Ontario**

### Notes to Financial Statements

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

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#### **1. Nature of the Organization**

Invest Ontario (the “Corporation”) was created on July 8, 2020 by Ontario Regulation 357/20 under the *Development Corporations Act, R.S.O. 1990, c. D.10* (Ontario). It was then continued on April 27, 2021 under the Invest Ontario Act, 2021 (the “Act”).

Under the Act, the objects of the Corporation are to:

- secure private sector strategic business and capital investments that support economic development, resiliency and job creation in Ontario by, among other things, providing financial assistance and incentives to promote Ontario’s overall economic competitiveness and to promote growth in Ontario;
- to conduct such further activities, consistent with its objects, as are described in any policies or directives issued by the Ministry of Economic Development, Job Creation and Trade (the “Ministry”) or as set out in any agreement with the Minister of Economic Development, Job Creation and Trade (the “Minister”); and
- to receive, hold, sell, invest and otherwise deal with its assets in carrying out its objects.

The members of the inaugural Board of Directors of the Corporation were appointed on March 18, 2021. The Board held its first formal meeting on April 6, 2021. For the period prior to April 6, 2021, the Corporation was managed and operated by the Ministry.

The Corporation is exempt from federal and provincial income taxes under the Income Tax Act (Canada).

#### **2. The Invest Ontario Fund**

As part of its 2021 Budget, the Ontario Government committed \$400 million over four years to create the Invest Ontario Fund, to support the Corporation and encourage investments in the key sectors of advanced manufacturing, technology and life sciences. The Budget stated that the Corporation is to: (a) identify investments in high-value projects and rely upon a sophisticated evaluation process to inform its assessments and project selections and (b) provide expertise and responsive and customizable investor services to support investment opportunities, including available financial assistance, talent support, advisory supports and concierge services.

## **Invest Ontario**

### Notes to Financial Statements

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

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The Ministry has the administration, appropriation and decision-making authority over the Invest Ontario Fund. As the Invest Ontario Fund resides with the Ministry, it is not recorded on the Statements of Financial Position. The Corporation's Board of Directors provides recommendations to the Minister for investments of the Invest Ontario Fund.

### **3. Significant Accounting Policies**

#### **(a) Basis of Accounting**

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards as established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

The significant accounting policies used to prepare these financial statements are summarized below.

#### **(b) Revenue Recognition**

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues, as described below. All revenues are recorded on an accrual basis.

*Transfers from the Ministry are referred to as government transfers:*

The Ministry contributes funds to the Corporation's operating activities. Transfers from the Ministry are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Funds received from the Ministry are recognized as deferred revenue or accounts payable when these conditions give rise to a liability. Funds received from the Ministry are recognized as revenue in the Statements of Operations and Accumulated Surplus as the liabilities are settled.

*Interest income:*

Interest income is recognized when earned.

## **Invest Ontario**

### Notes to Financial Statements

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

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(c) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed, and services received during the year is expensed.

(d) Prepays

Prepaid expenses include services and are charged to expense over the periods expected to benefit from it.

(e) Related Party Transactions

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by related parties.

(f) Financial Instruments

The Corporation's financial assets and liabilities are accounted for as follows: Cash is recognized at cost and is subject to an insignificant risk of change in value so carrying value approximates fair value. Interest receivable, accounts payable and accrued liabilities are recorded at cost.

(g) Employee Pension Plans

The Corporation's full-time employees participate in the Public Service Pension Plan (PSPP), which is a defined benefit pension plan for employees of the province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPP, determines the Corporation's annual payments to the Plan. Since the Corporation is not a sponsor of the pension plan, gains and losses arising from statutory actuarial funding valuations are not assets or obligations of the Corporation, as the sponsor is responsible for ensuring that the pension plan is financially viable. The Corporation's contributions are accounted for as if the PSPP was a defined contribution plan with contributions being expensed in the period they come due.

(h) Use of Estimates

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of

## **Invest Ontario**

### **Notes to Financial Statements**

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

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contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported year. Items subject to such estimates and assumptions include accruals. Actual results could differ from those estimates.

#### **4. Accounts Payable and Accrued Liabilities**

Accounts payable relate to normal business transactions with third-party vendors. Accrued liabilities relate to accruals for salaries, wages and benefits.

	2022	2021
Accounts Payable	\$ 313,376	\$ -
Accrued Liabilities	136,868	-
<b>Total</b>	<b>\$ 450,244</b>	<b>\$ -</b>

#### **5. Due to the Province of Ontario**

The Due to Province of Ontario represents amounts owing to the Ministry by the Corporation. During the fiscal year 2022, the Ministry paid expenses totaling \$2,262,518 (2021 - \$nil) on behalf of the Corporation. The Ministry recovered \$1,270,086 (2021 - \$nil) from the Corporation. Changes to the Due to Province of Ontario balances during the fiscal period 2021 and fiscal year 2022 are as follows:

	2022	2021
Balance, beginning of year	\$ -	\$ -
Invoices Received	2,262,518	-
Amount Paid	(\$1,270,086)	-
<b>Balance, end of year</b>	<b>\$ 992,432</b>	<b>\$ -</b>

## **Invest Ontario**

### **Notes to Financial Statements**

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

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#### **6. Prepaid**

	2022	2021
Subscriptions and licenses	\$ 198,337	\$ -
Other	34,318	-
<b>Total</b>	<b>\$ 232,655</b>	<b>\$ -</b>

#### **7. Employee Future Benefits**

The Corporation has a defined benefit pension plan with the Public Services Pension Plan (PSPP) for all its employees. Employees who are transferring from the Ontario Public Service to the Corporation are able to continue their pension with the PSPP. The Corporation (employer) matches employee contributions 100%. The employee's contributions are 7.4% of annual salary up to the Year's Maximum Pensionable Earnings (YMPE), and then 10.5% of the annual salary above the YMPE. During the fiscal year 2022, the pension benefits of \$4,103 (2021 - \$nil) are included in Salaries, Wages & Benefits in the Statements of Operations and Accumulated Surplus.

Also in fiscal 2022, the Ministry seconded staff to a unit (within the Deputy Minister's Office) dedicated to the Corporation. The related costs of the pension plan provided to the seconded staff are paid by the Province and are not included in these financial statements.

#### **8. Related Party Transactions**

During fiscal 2022, in support of the Corporation's operations, the Ministry provided seconded staff, goods and services to the Corporation on a cost basis, as follows:

- The Ministry recovered salaries and benefits (excluding pension costs as noted in Note 7) of seconded staff totaled \$1,226,836 (2021 - \$nil) and is recorded in Salaries, Wages & Benefits on the Statement of Operations and Accumulated Surplus.
- Included in Supplies & Equipment, Transportation & Communications, and Services on the Statement of Operations and Accumulated Surplus are services and goods totaled \$24,366 (2021 - \$nil) recovered by the Ministry at cost.

## **Invest Ontario**

### **Notes to Financial Statements**

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

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In addition, the following goods and services were provided at no cost to the Corporation and were not included in the Statement of Operations and Accumulated Surplus:

- Certain expenses incurred by the Corporation, specifically accommodations, IT hardware and software licenses, were absorbed by the Ministry of Government and Consumer Services and Treasury Board Secretariat respectively. The costs for these services amounted to \$72,757 (2021 - \$nil).
- The Ministry provided financial, human resources, website and social media and other corporate advisory services.
- Payroll and payment administration were provided by the Ministry of Government and Consumer Services.

Prior to the appointment of the Board of Directors on April 6, 2021, the Corporation was operated by the Ministry. The Corporation did not have any staff or transactions.

- The Ministry incurred certain establishment costs which amounted to \$66,103. In addition, salaries, wages & benefits of Ministry staff involved in the establishment of the Corporation amounted to \$62,427 were absorbed by the Ministry and not included in the Statement of Operations and Accumulated Surplus.

Due to Province includes amounts due to the Ministry from the Corporation (see note 5).

## **9. Financial Instruments Risk Management**

### **a) Liquidity risk**

Liquidity risk is the risk that the Corporation will not be able to meet its cash flow obligations as they fall due. The Corporation's exposure to liquidity risk is minimal as all operations funding is provided by the Ministry. The Corporation mitigates its liquidity risk by preparing cash forecasts and regular reports to the Ministry. Amounts payable balance at period end are due within the first quarter of the following fiscal period.

## **Invest Ontario**

### Notes to Financial Statements

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

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#### b) Market Risk

The Corporation's exposure to market risk is comprised of interest rate risk. Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Corporation is exposed to minimal risk through its interest-bearing bank account.

### **10. Contingency**

Based on the funding arrangement between the Corporation and the Ministry, any surplus funding received from the Ministry may be refunded or allocated to a subsequent period. As at March 31, 2022, management has not been informed of any potential refund.

### **11. Budget**

For the period prior to April 6, 2021, the Corporation was managed and operated by the Ministry. There was no budget for the Corporation for the period ended 2021.

## **APPENDIX D: MEMBERS OF THE BOARD OF DIRECTORS**

### **Elyse Allan**

Positions: Board Chair and ex-officio member of all Board committees

Term: Appointed in March 2021 for a one-year term. Reappointed in March 2022 for a two-year term.

Remuneration: \$90,000

### **Andrew MacLeod**

Positions: Board Vice-Chair and Chair of the Investment Review Committee

Term: Appointed in March 2021 for a one-year term. Reappointed in March 2022 for a one-year term.

Remuneration: \$4000

### **Anna Barrett**

Positions: Board Member and Chair of the Finance, Audit and Risk Committee

Term: Appointed in March 2021 for a one-year term. Reappointed in March 2022 for a one-year term.

Remuneration: \$4200

### **Janet Ecker**

Positions: Board Member and Chair of the Governance and HR Committee

Term: Appointed in March 2021 for a one-year term. Reappointed in March 2022 for a two-year term.

Remuneration: \$6600

### **Ajay Virmani**

Positions: Board Member and Member of the Governance and HR Committee

Term: Appointed in March 2021 for a one-year term.

Remuneration: \$4000

### **Carmine Nigro**

Positions: Board Member and member of the Governance and HR Committee

Term: Appointed in March 2021 for a one-year term. Reappointed in March 2022 for a two-year term.

Remuneration waived

### **Carolyne Watts**

Positions: Board Member and Member of the Finance, Audit and Risk Committee

Term: Appointed in March 2022 for a two-year term.

Remuneration: \$0

**Cecil Hawkins**

Positions: Former Board Member

Term: Appointed in March 2021 for a one-year term

Remuneration waived

**Ernie Eves**

Positions: Board Member, past member of the Finance, Audit and Risk Committee, Member of the Investment Review Committee

Term: Appointed in March 2021 for a one-year term. Reappointed in March 2022 for a two-year term.

Remuneration: \$4000

**Gadi Mayman**

Positions: Board Member, former member of the Governance and Human Resources Committee and member of the Finance, Audit and Risk Committee

Term: Appointed in March 2021 for a one-year term. Reappointed in March 2022 for a one-year term.

Remuneration: \$0

**Jamie Wallace**

Positions: Board Member, Member of the Finance, Audit and Risk Committee

Term: Appointed in March 2021 for a one-year term.

Remuneration waived

**Joseph Mancinelli**

Positions: Board Member and member of the Investment Review Committee

Term: Appointed in March 2021 for a one-year term. Reappointed in March 2022 for a two-year term.

Remuneration waived

**Karen Sparks**

Positions: Board Member and Member of the Governance and Human Resources Committee

Term: Appointed in March 2022 for a two-year term.

Remuneration: \$0