

FINE TOOLS INVITE FINE MINDS

INVESTING IN ONTARIO'S
FUTURE THROUGH RESEARCH

ANNUAL REPORT 2003/2004





Ontario
Innovation
Trust

The Honourable Joe Cordiano
Minister of Economic Development and Trade
Queen's Park
Toronto, Ontario
M7A 2E1

Dear Minister Cordiano:

On behalf of the Board of Directors of the Ontario Innovation Trust, let me congratulate you on your continuing commitment to the goals of Ontario's Ministry of Economic Development and Trade. We strongly affirm your continued efforts to strengthen Ontario's research capabilities through investments in research infrastructure.

We are pleased to submit to you this 2003-2004 Annual Report of the Ontario Innovation Trust. In addition to the required financial information, this Report provides some exciting highlights of the way in which infrastructure support through the Ontario Innovation Trust helps to build and strengthen our outstanding pool of world-class research talent in Ontario.

Although the Trust now has a different purpose—monitoring the impact of its investments—it is still keen to help advance the broader innovation agenda.

The Board of Directors would be grateful if you would table this Report in the Ontario Legislature in order that the information it provides may be shared with all Members and all Ontarians.

Thank you for your continued support of the Trust's mandate to invest in Ontario's future through research, and to manage those investments responsibly over the long term in order to ensure the maximum benefit for the people of Ontario.

Yours truly,

Bette M. Stephenson M.D.
Chair, Ontario Innovation Trust

FINE TOOLS INVITE FINE MINDS

BEST ATTRACTS BEST

A key part of bringing the world's best research talent to Ontario—and holding on to the province's best home-grown minds—is providing them with the best tools to do their work.

The Ontario Innovation Trust exists to make this possible. Investments from the Trust help ensure that top-tier research personnel have the top-tier facilities and equipment required to develop and test their ideas.

This commitment to excellence in infrastructure is helping Ontario recruit and retain a research community second to none in the world.

Fine tools invite fine minds.



About the Ontario Innovation Trust

The Ontario Innovation Trust was created by the Government of Ontario to invest in research equipment and facilities at Ontario's universities, colleges, hospitals and other non-profit research institutions. Since its inception in 1999, the Trust has committed almost \$707.5 million to strengthen Ontario's research capabilities. This represents more than a third of the \$1.91 billion in total funding that has been invested in Trust-supported projects. Other sources of funding are the Canada Foundation for Innovation, private sector partners and the research institutions themselves.

The Trust is governed by a volunteer Board of Directors, according to the terms of a Trust agreement established by the Ontario government. A small permanent staff looks after day-to-day operations.

About this Report

This report covers the activities of the Ontario Innovation Trust up to March 31, 2004, with a particular focus on the last 12 months of that period.

IDEAS + TOOLS = RESULTS

THE OIT YEAR IN REVIEW

“Research relies on ideas, first and foremost. But if you can’t test them, all the ideas in the world aren’t going to get you very far.”

Matthew Smith, Professor of Biology at Wilfrid Laurier University, knows whereof he speaks. His research requires highly sophisticated equipment and facilities. And that’s why Laurier’s state-of-the-art Science Research Centre—funded in part by a Trust investment—was a key factor in attracting him back to Canada from a research post in the U.S. (For more about Smith’s work, see page 11.)

The quality of research infrastructure remains an important factor in drawing world-class researchers to Ontario, and in persuading the province’s best minds to stay. And when these outstanding minds can test their ideas

with the finest tools, the result is cutting-edge science that makes Ontario a global leader in research.

In the past twelve months, the Ontario Innovation Trust has continued to play a key role in building

that world-class capacity.

- During the report period, the Trust committed a further \$33.6 million to projects across the province, bringing the total

Trust investment to date to a remarkable \$707.4 million. A major responsibility of the Trust is to manage these investments on an ongoing basis, ensuring that supported projects meet their goals, and that Ontario taxpayers receive maximum benefit now and in the future for their investment in research in the province.

- As in the case of Laurier’s Matthew Smith, Trust investments play a key role in attracting and retaining top-tier research talent. During the report period, 17 percent of newly appointed Canada Research Chairs, who received infrastructure support from the Trust, had been attracted to the province from outside Canada.
 - The health and life sciences sector continues to be a key focus of investment, receiving 56 per-
- cent of new Trust funding during the report period. This reflects the continuing importance of health and health care to the people of Ontario.
 - Visionary participation by private and public sector partners continued to augment the power of Trust investments. During the report period, \$53.4 million from these partners helped fuel the rapid expansion of Ontario’s research capabilities.
 - Trust investments are already starting to pay off in terms of commercial applications. Trust-supported projects are finding practical application—and market potential—in the fields of health care, environmental protection, safety and the quality of life for Ontarians. At the same time, Trust investments in longer-term, fundamental research are laying a solid foundation for the province in

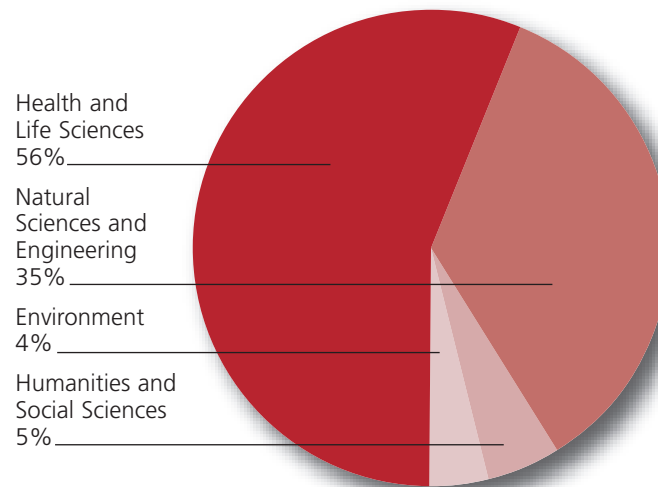


nascent technologies that will have far-reaching significance for Ontario's economy in the future.

- On a more challenging note, the Trust has learned that a further \$300 million committed by the previous provincial government for Trust investments will no longer be available. As a result, the Trust will, at the end of this reporting period, make the transition from actively investing in research to monitoring the effectiveness of its investments.
- As it makes this important transition, however, the Trust will continue to do all it can to encourage, promote and highlight innovative research in Ontario.

Since its inception, the Ontario Innovation Trust has remained committed to putting the finest tools in the hands of the finest minds. And the result is an ever-stronger place for Ontario in the emerging, knowledge-based global economy.

Distribution of Investments by Academic Sector 2003/2004



For a complete and up-to-date list of Ontario Innovation Trust investments visit us at www.oit.on.ca



RODERICK MELNICK

"Like intellectual banks..."

The new Science Research Building at Wilfrid Laurier University—built with the support of the Trust —has been instrumental in attracting young researchers.

Mathematician Roderick Melnick, for example, was working in Denmark, and turned down several offers from U.S. institutions before choosing Laurier.



His work involves advanced mathematical modeling that has applications in a variety of fields from health sciences to the development of new alloys.

Asked why investments in research facilities are important, Melnick suggests a useful analogy. "No one questions the idea of developed countries having a set of banking institutions. This is how I view research. Researchers are kind of like the intellectual banks of the country."

TENDING TO THE THREE R'S

A MESSAGE FROM THE CHAIR

To ensure a strong economic future for Ontario, we need to focus on what I'll call the three R's of building a research culture.

I'm not speaking here of some return to educational basics, but of a strategy to create a community of researchers in the province that is second to none in the world.

First, we need to **RETAIN** our best home-grown minds. The reality is that Ontario-educated researchers with big ideas will go where there are big enough budgets to test those ideas. It's not enough to appeal to the Ontario loyalties of these women and men. Instead, we need to prove our loyalty to them by investing in the tools they need in order to stay in the province and make a contribution to our future.

Second, we need to **RECRUIT** the best minds from wherever they can be found. Here again, we're competing in a fierce global market

place. To be sure, Ontario has much to offer researchers coming from elsewhere—quality of life, diversity, a remarkable range of academic and research institutions. However, to succeed in attracting the world's best mind's



to Ontario, we must be ready to offer them world-class facilities with which to work.

The final R grows out of the

first two. It represents a crucial—but often overlooked—aspect of any long-term strategy for research leadership. We need to **RAISE** talent for tomorrow. The undergraduate and graduate students of today—the teaching assistants, the lab

assistants—have the potential to become tomorrow's cutting edge investigators. But this will only happen if they can learn from and work alongside the best in the world (see the first two Rs!), in the context of the best facilities.

As you read the stories and statistics on these pages, you'll see how investments by the Ontario Innovation Trust are helping to retain, recruit and raise world-class

research talent. We're playing a key role in putting into place the buildings, the labs, the equipment and resources top researchers

need. We're managing those investments on an ongoing basis to ensure that public funds are being used to maximum effect in supporting the best research.

Together with our innovative partners in the public and private sector, we're tending to the three Rs of building a strong research community—and the result will be a continuing leadership role for Ontario in the global, knowledge-based economy.

A handwritten signature in black ink that reads "Bette M. Stephenson - M.D.".

Bette M. Stephenson M.D.

Chair

Ontario Innovation Trust

The Board of the Ontario Innovation Trust

The Ontario Innovation Trust is governed by a seven-member Board of Directors. Two Board members are appointed by the universities of Ontario, one member each by the hospitals and community colleges and three by the Government of Ontario.

Board Member	Position	Term of Service	Appointed by
Tim McTiernan	Assistant Deputy Minister, Science and Technology Division, Ministry of Economic Development and Trade	2004 – present	Province of Ontario
Rick Miner	President, Seneca College of Applied Arts and Technology	2002 – present	Community Colleges
Robert Prichard	President and CEO, Torstar Corporation	2001 – present	Universities
Bette Stephenson	Learning Opportunities Task Force. (Board Chair since July 2002)	1999 – present	Hospitals
Calvin Stiller	Chair and CEO, Canadian Medical Discoveries Fund Inc., and Chair of the Ontario Research and Development Challenge Fund	1999 – present	Universities
Vacant – pending appointment			Province of Ontario
Vacant – pending appointment			Province of Ontario



ROBIN SLAWSON

“I’ve been feeling very well-treated.”

“The kind of research I do is very expensive,” says Robin Slawson of Wilfrid Laurier University. And very important. Slawson is conducting ground-breaking research on pathogenic bacteria in water—work that may help prevent tragedies like the Walkerton E. coli outbreak.



Slawson received her graduate and post-graduate education in Ontario, and had taught at an Ontario university for ten years when the invitation came from Laurier. The deciding factor: the university’s new Science Research Centre. The new facility had all the advanced facilities she needed. “I have a brand new lab in a brand new building...I’ve been feeling very well-treated since coming here!”

THE REACH OF RESEARCH

A PROVINCE-WIDE OVERVIEW OF TRUST INVESTMENTS

THUNDER BAY		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT

Confederation College	8			1	\$276,800
Lakehead University	28	3	\$241,549	18	\$2,125,381

TORONTO		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT

Baycrest Centre/ Rotman Research Institute	2			1	\$10,712,000
Centennial College	4			1	\$284,930
Explorer Research Institute	23			1	\$10,000,000
Hospital For Sick Children	3			6	\$27,419,507
Humber College	3	1	\$698,900	1	\$698,900
Samuel Lunenfeld Research Institute	25	2	\$996,850	5	\$12,963,943
Ryerson University	37	5	\$356,079	24	\$3,308,189
Seneca College	7			2	\$676,035
St. Michael's Hospital	7			2	\$3,520,595
Sunnybrook & Women's College Health Sciences Centre	17			5	\$26,561,292
University Health Network	7			5	\$28,023,490
University of Toronto	251	45	\$6,999,840	226	\$150,095,102
York University	107	9	\$1,630,262	47	\$10,839,279

LONDON		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT

Fanshawe College	8			1	\$243,320
Lawson Research Institute	3			1	\$2,864,000
London Health Sciences Centre	3			1	\$2,818,062
London Regional Cancer Centre	2			1	\$211,500
Robarts Research Institute	3			4	\$8,417,483
University of Western Ontario	170	13	\$2,038,632	95	\$64,497,451

WINDSOR		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT

University of Windsor	39	15	\$773,193	39	\$6,564,237
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For a complete and up-to-date list of Ontario Innovation Trust investments visit us at www.oit.on.ca

SAULT STE. MARIE		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Sault College	22	1	\$295,316	4	\$1,827,851

SUDBURY		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Laurentian University	35	8	\$767,256	19	\$3,483,959

HAMILTON		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
McMaster University	200	26	\$4,611,885	123	\$56,154,899
Mohawk College	3			1	\$112,345
St. Joseph's Hospital	2			2	\$11,262,736

● SUDBURY

● OTTAWA

● PETERBOROUGH

● BELLEVILLE

● KINGSTON

● TORONTO

● GUELPH

● WATERLOO

● KITCHENER

● HAMILTON

● OAKVILLE

● ST. CATHARINES

● WELLAND

● LONDON

WATERLOO		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Perimeter Institute	3			1	\$5,624,892
University of Waterloo	165	14	\$2,552,900	83	\$42,198,708
Wilfrid Laurier University	21			21	\$6,078,808

KITCHENER		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Conestoga College	10			2	\$920,648

● WINDSOR

OTTAWA		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Algonquin College	5			3	\$1,045,482
Carleton University	113	8	\$1,742,640	41	\$31,055,297
Ottawa Health Research Institute	3			1	\$203,731
University of Ottawa	151	19	\$4,055,602	89	\$65,799,023

KINGSTON		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Queen's University	117	14	\$1,776,816	88	\$54,944,273
Royal Military College	11	3	\$357,560	5	\$532,560

BELLEVILLE		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Loyalist College	2	1	\$183,720	1	\$183,720

PETERBOROUGH		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Trent University	17	3	\$381,623	15	\$3,058,478
Sir Sanford Fleming College	5			2	\$1,060,487

OAKVILLE		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Sheridan College	5			4	\$1,694,992

GUELPH		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
University of Guelph	150	22	\$2,588,776	78	\$44,105,691

ST. CATHARINES		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Brock University	33	5	\$570,267	18	\$1,794,989

WELLAND		2003 TO 2004		1999 TO 2004	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Niagara College	7			2	\$1,101,531

7

ANOTHER WAY TO ATTRACT THE BEST

ONTARIO DISTINGUISHED RESEARCHER AWARDS

The Ontario Innovation Trust has acknowledged the work of particularly gifted individuals through its Ontario Distinguished Researcher Awards (ODRA). The awards are given to cover infrastructure costs for researchers in Ontario who have been awarded a Chair under the federal Canada Research Chair (CRC) program and are supported by the Canada Foundation for Innovation (CFI). Since its inception, the Trust has provided over

\$52 million in ODRA support. The combination of CRC, CFI and ODRA funding has been an important factor in attracting outstanding minds to Ontario. Out of 456 individuals who have been appointed to Canada Research Chairs in Ontario since the inception of the program, 30 percent came from universities and other institutions outside Ontario. Of that number, 79 came from universities outside the country.

Where do they come from?

Over a quarter of Canada Research Chairs in Ontario come from outside the province—and over 17 percent come from institutions outside the country. In most cases, these gifted individuals also receive Ontario Distinguished Research Awards from the Trust as well as infrastructure support from the Canada Foundation for Innovation.

From within the nominating university: 62%

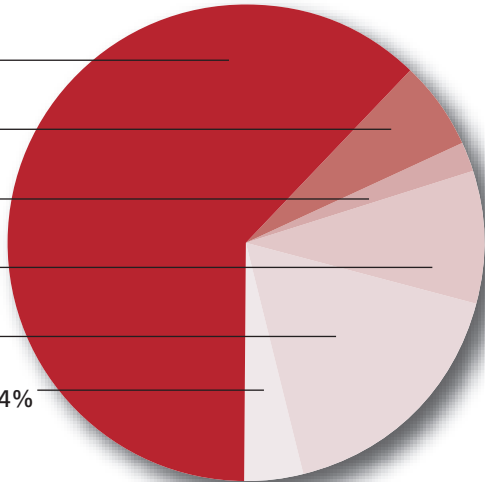
From other Ontario universities: 6%

From non-university institutions in Ontario: 2%

From Canadian universities outside Ontario: 9%

From universities outside Canada: 17%

From non-university institutions outside Ontario: 4%



THE COLLEGE CONTRIBUTION

SUPPORTING RESEARCH THROUGH THE ONTARIO COMMUNITY COLLEGE INFRASTRUCTURE PROGRAM

Top-quality minds aren't only found at universities, hospitals and other research institutions. Researchers at Ontario's community colleges are also contributing to Ontario's strong research base—and the Ontario Innovation Trust has been helping to provide the tools they need.

During the report period, the Trust invested \$1.2 million in this key sector, bringing the total investment through the Ontario Community College Infrastructure Program to nearly \$3.5 million dollars.

Trust Investments at Ontario Community Colleges

Location	Institution	Number of Projects	Total Trust Investment
Belleville	Loyalist College	1	\$183,720
Hamilton	Mohawk College	1	\$112,345
Kitchener	Conestoga College	2	\$920,648
Welland	Niagara College	1	\$343,635
Oakville	Sheridan College	1	\$110,500
Ottawa	Algonquin College	2	\$264,237
Sault Ste. Marie	Sault College	1	\$295,316
Thunder Bay	Confederation College	1	\$276,800
Toronto	Centennial College	1	\$284,930
Toronto	Humber College	1	\$698,900
TOTAL		12	\$3,491,031

MINDS AND TOOLS

HOW GREAT PEOPLE ARE USING GREAT RESOURCES TO MAKE ONTARIO A RESEARCH LEADER

Investments from the Ontario Innovation Trust are providing equipment and facilities for 1,089 different projects in the province.

Here's a sampling of how those tools are being used by some of the finest minds in research.



PHOTOS BY RICK THOMSON

LUNG FOR A BUILDING

A WALL THAT BREATHE'S AT THE UNIVERSITY OF GUELPH-HUMBER

As lungs go, this is a big one: eighteen meters high and nine meters wide. The Plant Wall Biofilter dominates one dramatic interior wall of the new University of Guelph-Humber building in Toronto.

Covered with more than 1,000 plants, the wall serves as a kind of air filter and air conditioner for the entire facility. As fans actively draw air through the thick layer of greenery, more than 100 different kinds of plants work together to strip out pollutants and convert them to their benign basic ingredients: water and carbon dioxide. The process also cools the air.

Students and faculty at Humber and Guelph-Humber love the wall for its environmental and visual contribution to the building. But the installation—funded in part by a Trust investment—is also a research tool. Principal investigator Kerry Johnston is using it to determine how natural systems like this one may one day enable all buildings to breathe—more naturally.

Project: Humber Centre for Urban Ecology
Institution: Humber Institute of Technology and Advanced Learning (University of Guelph-Humber)
Principal Investigator: Kerry Johnston
Trust Investment: \$698,900
Total research investment from all sources: \$1,747,900

SPREADING WINGS

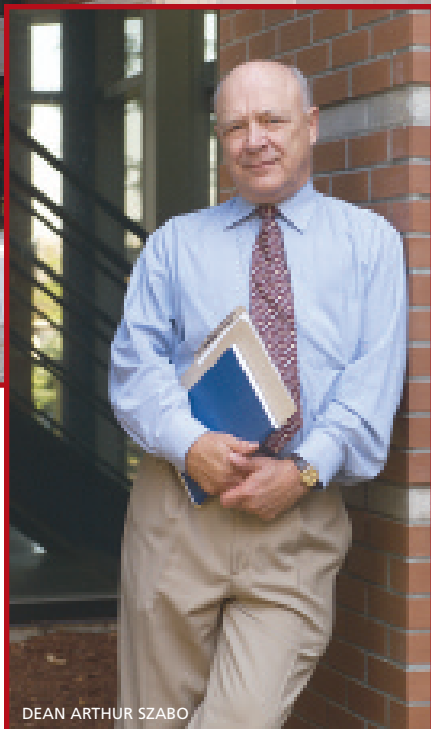
WILFRID LAURIER'S
NEW SCIENCE RESEARCH
CENTRE

"They feel released. They're able to undertake things they haven't been able to do before."

Dr. Arthur Szabo is talking about the remarkable community of young researchers he's been helping to assemble at Wilfrid Laurier University—and about the new Science Research Centre that's bringing out their best work.

When Arthur Szabo became Dean of the Science Faculty at Laurier, four years ago, his first priority was to attract top-drawer faculty. "I stressed the fact that if we're going to develop high quality, innovative programs, we would have to attract high quality faculty. High quality faculty are research-active, and if you want to recruit that kind of faculty, you need the resources, the infrastructure."

The leadership of Laurier agreed



DEAN ARTHUR SZABO

Project: Laurier Science Research Centre
Institution: Wilfrid Laurier University
Principal Investigator: Dr. Arthur Szabo
Trust Investment: \$4,327,440
CFI Investment: \$4,327,440
Total research investment from all sources: \$10,818,599



and three years later the university is opening the doors on a brand-new, 43,000 square-foot Science Research Centre. The Centre, funded in part by a \$4.3 million investment from the Ontario Innovation Trust, contains state-of-the-art labs, plant growth rooms and a suite for mathematics research.

True to Dr. Szabo's predictions, the new facility has played a key role in recruiting some very fine young researchers.

"I thought Wilfrid Laurier was this small place," says Dr. Vladimir Kitaev, a specialist in materials chemistry, who came to Canada from Russia. "So I was amazed when I saw this new building with state-of-the-art laboratories, and several instruments I never had access to where I was working

before. It absolutely told me: this is a place that cares about research!"

Kitaev is now using the centre's resources to pursue research in self-assembling nanoparticles—science that will

have a wide range of applications in creating new materials.

The quality of Laurier's research facilities was also a big factor in attracting Dr. Robin Slawson to the university. She's an environmental microbiologist working on water quality issues. "It was certainly

very critical in my decision. Having that building sitting there is evidence in place that growth is happening, that research is a priority."

Investments by the Ontario Innovation Trust, together with those from the Canada Foundation for Innovation, are playing a key role in that growth, according to Dean Szabo. "The instrumentation

and infrastructure we've acquired through support from the Ontario Innovation Trust has had a really significant impact on us—perhaps a greater proportional impact than it might have had in another, larger institution."

But the story has only begun, as far as Arthur Szabo is concerned. There's plenty of growth ahead. "We're not a mature faculty yet, we're in a growth phase. Our wings are still wet.



But we're coming out of the cocoon."

Thanks in part to outstanding research facilities, the best at Wilfrid Laurier is yet to come.



MATTHEW SMITH

"They did everything right!"

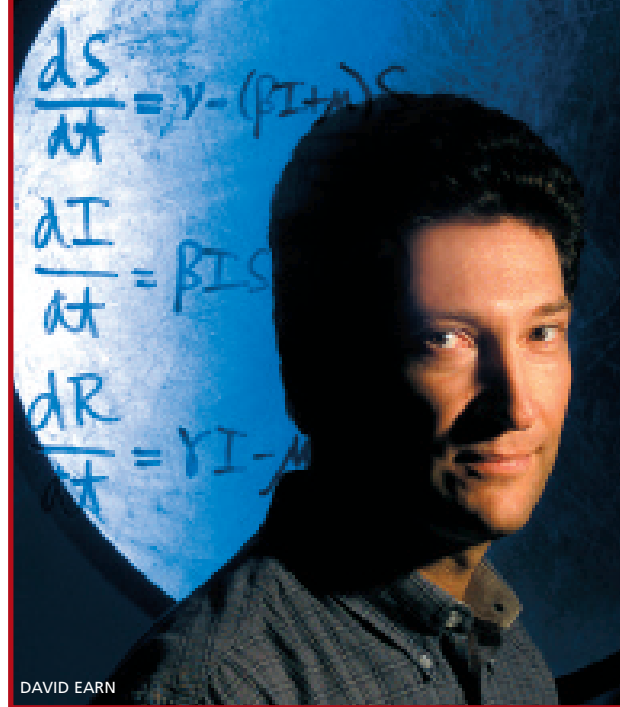
"Absolutely. It was a crucial thing," Matthew Smith says of the role Laurier's new Science Research Centre played in attracting him back to Canada from a research position at the University of Massachusetts.



"When I came up for my interview and went through the building, I thought: they did everything right!" The brand-new 43,000 square-foot facility contains the labs and state-of-the-art equipment Smith needs to conduct his cutting-edge research in molecular biology and biochemistry. His work on plant cell development may lead to applications in such widely-varying fields as agriculture and the treatment of human disease.



CECILE FRADIN



DAVID EARN



GORDON IRONS

FROM MATH TO METALS

THE REACH OF RESEARCH
AT MCMASTER

Research is growing at McMaster.

“Over the last decade, McMaster’s research enterprise has more than tripled,” reports the University’s Vice-President for Research, Dr. Mamdouh Shoukri.

“Our researchers, research centres

reap the benefits of these first-class people and facilities.”

The Ontario Innovation Trust has helped make it happen. Since its inception, the Trust has invested \$56.2 million in research infrastructure at McMaster. Those investments are enabling groundbreaking work in a wide range of fields, from mathematics to metallurgy.

Mathematician Dr. David Earn,

for example, is using mathematical modeling to identify patterns of infection, leading to the development of synchronized immunization strategies that could possibly eradicate some diseases. Dr. Earn is doing his work with computer workstations and software provided in part by a Trust investment.

Coming at the problem of infection from another angle, Dr. Cécile Fradin is investigating the movement of material in and out of cell nuclei, using fluorescent microscopy and laser optics. A Trust investment helped provide

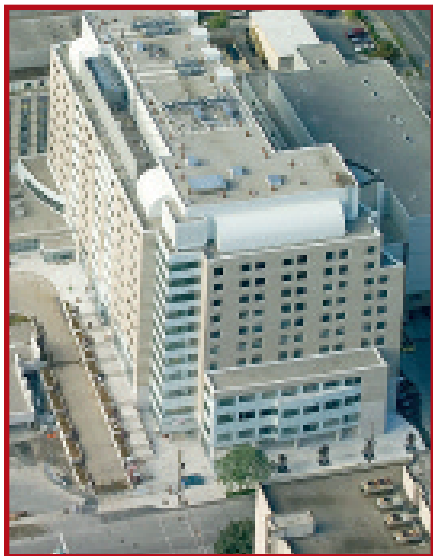
the technology. Understanding these cellular processes will shed new light on viral infections.

In a very different kind of research, Dr. Gordon Irons, head of McMaster’s Steel Research Centre, is working with a sophisticated galvanizing simulator partly funded by the Trust. “Steel making is mature but it’s not stagnant,” he explains. “We need to move forward in developing new approaches to steel-making. It’s important to the Ontario economy.”

BREATHING NEW LIFE INTO ASTHMA RESEARCH

THE FIRESTONE
INSTITUTE FOR
RESPIRATORY HEALTH

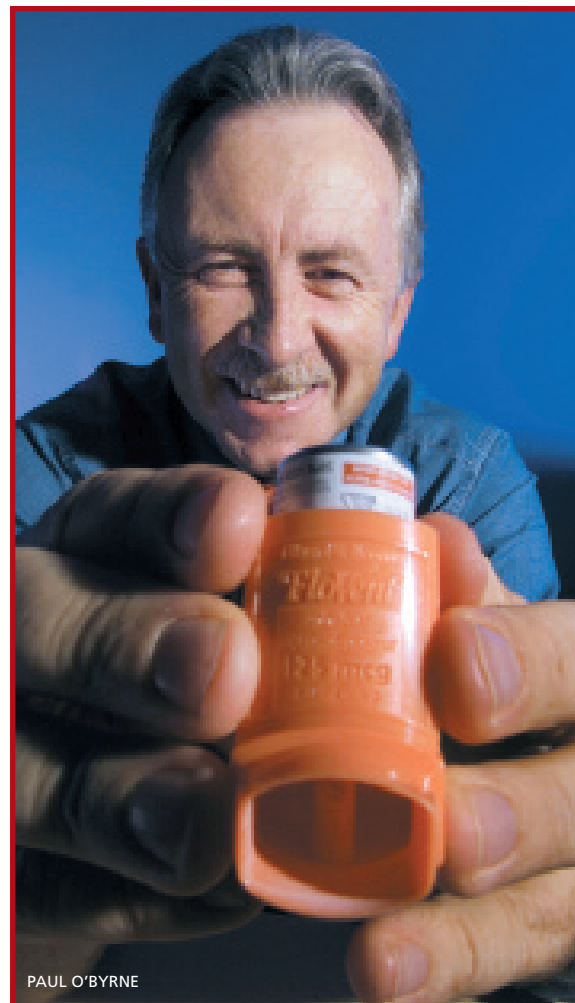
Asthma causes daily misery for hundreds of thousands of Canadian children—and costs the Canadian health care system tens of millions of dollars. But research at the Firestone Institute for Respiratory Health may help to



lower both sets of numbers.

A recent research study at the Institute used databases from around the world to take a closer look at the annual—and costly—spike in asthma that takes place at the beginning of the school year. The study led to a better understanding of the causes of the phenomenon and to the development of preventative strategies that will make children less vulnerable to asthma attacks during this period. Kids will suffer less—and Canadians could save millions in health care costs.

The Institute's state-of-the-art labs, provided in part by a Trust investment, are also supporting the growth of its partners in Virology, who played a leading role during the recent SARS crisis, enabling scientists to create a test for the disease in a matter of days.



PAUL O'BYRNE

Project: Pathobiology, Clinical Investigation and Health Impact of Airway Inflammation

Institution: St. Joseph's Healthcare Hamilton

Principal Investigator: Dr. Paul O'Byrne

Trust Investment: \$8,523,200

CFI Investment: \$8,523,200

Total research investment from all sources: \$21,308,000



DR. ROJNI PATEL





HANDS-OFF SURGERY

ROBOTICS OPENS NEW FRONTIERS IN THE OPERATING ROOM

The atmosphere in the operating theatre is taut with concentration. The heart surgeon moves one arm slightly, then the other. Then, with the third, he...

A third arm? This is the world

of robotic surgery at CSTAR—Canadian Surgical Technologies & Advanced Robotics. The real surgeon in this operating room is sitting a few meters away from the patient, operating a four-armed robot from a separate console that includes a three-dimensional visual interface.

The robot, named da Vinci, enables surgeons at CSTAR to perform complex procedures with an unprecedented degree of precision and control. And the delicate extensions of the robot's arms make it possible for the doctors to do their work through tiny incisions that are less intrusive and quicker to heal.

Scientists like Dr. Rajni Patel, Director of Engineering at CSTAR, are also experimenting with extending even further the tether that joins robot and human surgeon. "Tele-surgery" may one day enable skilled physicians to use robots to perform specialized procedures on patients thousands of kilometres away—making surgery more "hands-off" than ever.

Project: National Centre for Minimally Invasive Robotic Surgery
Institution: CSTAR – Canadian Surgical Technologies & Advanced Robotics.

Project Leader: Dr. Richard Novick

Trust Investment: \$2,818,062

CFI Investment: \$3,196,857

Total research investment from all sources: \$7,992,143



BOB KIAII

Back from Europe

Dr. Bob Kiaii leads the Robotic Coronary Artery Bypass research project at CSTAR. He received his MD from The University of Western Ontario, in London, where he also received his cardiac surgery training. But his quest for experience in robotic surgery then took him to Europe, where he completed a fellowship in minimally invasive and robotic cardiac surgery at Leipzig Heart Centre in Leipzig, Germany.

Today he's back home. "The fact that the infrastructure and funding were in place at CSTAR played a very important role in my returning to Ontario," says Dr. Kiaii. Using CSTAR technology—funded in part by Trust investment—he and his team recently achieved a North American first by completing two different robotic procedures to clear blocked arteries during a single episode of care in the operating room.





BLAZING BITS AND BUCKYBALLS

NEW NANO-MATERIALS FOR A FASTER INTERNET

Fibre-optic cable is the fastest way to move bits around the Internet. But the flashing pulses of laser light that carry data are difficult to control.

Current systems manage the signals by converting them to electrical form for routing, then back to light for transmission. Scientists have long predicted that light-borne signals could be processed much more quickly by using light itself to control them—but making the idea work has been elusive.

Enter Dr. Ted Sargent. He and

his team at the University of Toronto have used newly emerging nanotechnology to manufacture tiny spherical molecules called “buckyballs” (named after architect and inventor Buckminster Fuller) and disperse them in a polyurethane film. The material has the unique ability to transfer patterns of light from one set of signals to another.

The breakthrough opens the door to the goal of controlling light with light—and an Internet that runs 100 times faster.

Project: Enabling the Information Age through Nano-Effect Materials, Devices, and Systems

Institution: University of Toronto

Principal Investigator: Dr. Edward Sargent

Trust Investment: \$376,000

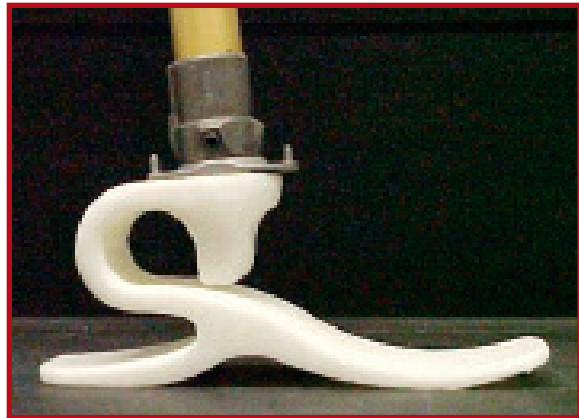
CFI Investment: \$376,000

Total research investment from all sources: \$952,000

A STEP FORWARD

THE NIAGARA FOOT™

It doesn't look like a foot, but it works like one. And that could be

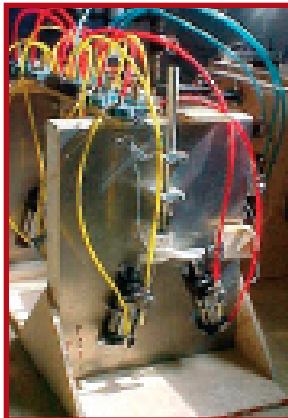


very good news for tens of thousands of people around the world who have been injured by land mines.

The Niagara Foot™ is a prosthetic device developed by researchers at Queen's University, in partnership with Niagara Prosthetics and Orthotics, and Dupont. The goal of the team was to create an artificial foot sophisticated enough to mimic the spring action of the real thing, but

durable and cheap enough to be within the reach of people in the developing world.

With support from a investment by the Ontario Innovation Trust, the team began working with high



tech materials and sophisticated computer modeling techniques. The result was a uniquely-shaped plastic device that stores and releases energy as it flexes, much like a real foot.

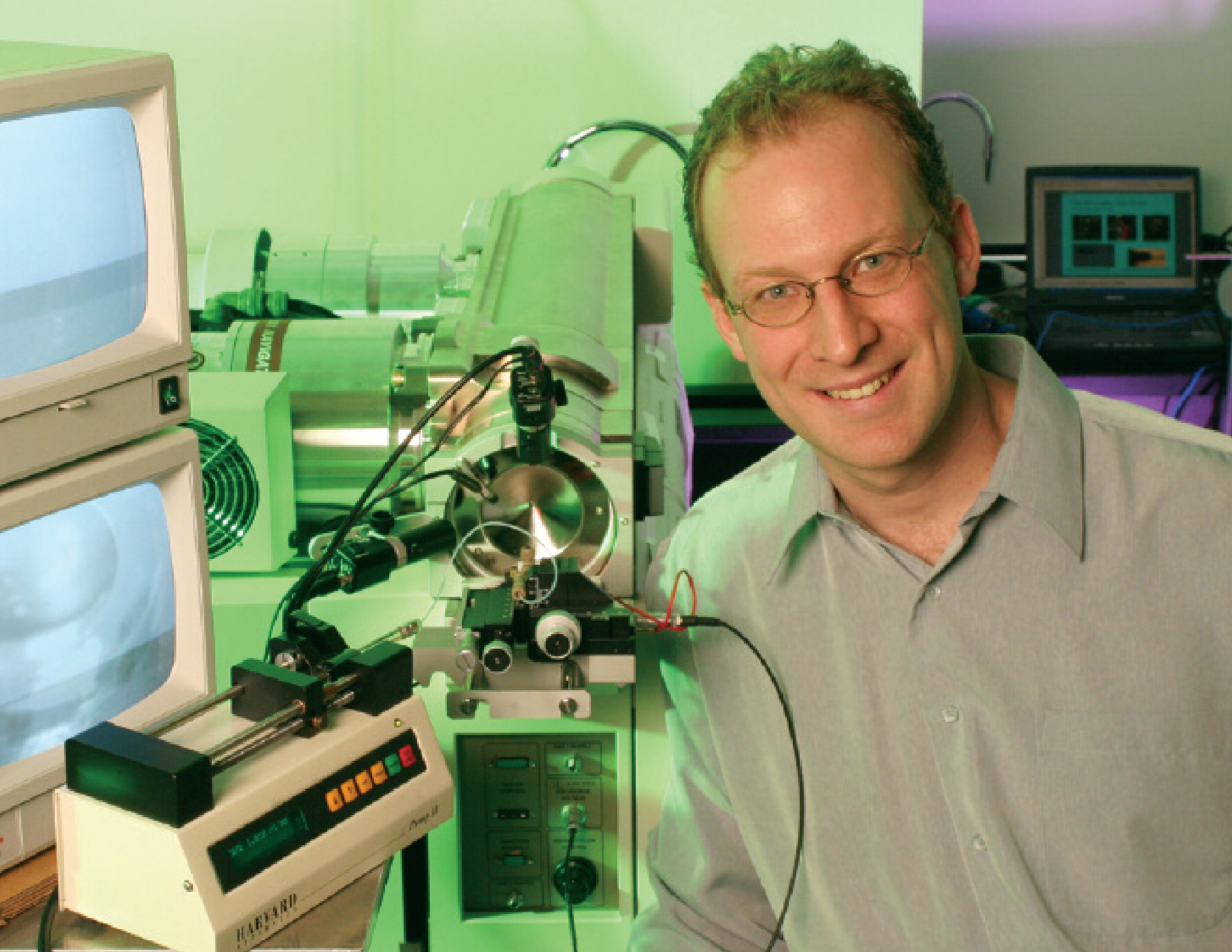
Field trials in Thailand have been successful, and testing continues in other parts of the world. Not long from now, the Niagara Foot™ may be enabling land mine victims around the globe to take a big step forward to a better life.



Project: Infrastructure for Integrated Innovation in Repair, Reconstruction and Rehabilitation of Musculoskeletal Diseases
Institution: Queen's University
Principal Investigator: Dr. Timothy Bryant
Trust Investment: \$1,682,000
CFI Investment: \$1,682,000
Total research investment from all sources: \$4,196,970

Tomorrow's quantum computers will revolutionize the way large amounts of data are handled and analyzed. Applications may include accurate weather modeling, instant database searches, a new and faster Internet, and powerful new approaches to cryptography.

19



HONEY, I SHRUNK THE LAB

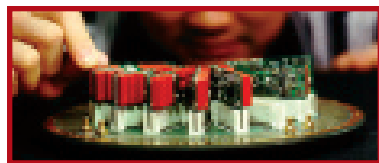
MICRO-PROCESSOR
TECHNOLOGY IS
LEADING TO THE
MICRO-LAB

Doctors depend on lab tests to make accurate diagnoses. But results can take a long time to come through.

Now, by shrinking lab technology to the size of a microchip, scientists are betting they can also shrink test result turn-around times. Dr. Richard Oleschuk of Queen's University is working on microchips that can perform tests on minute amounts of blood or other fluids.

These tiny labs-on-a-chip will be cheap, disposable and—most importantly—fast at returning results.

Project: Development of a Microfluidic Research Facility
Institution: Queen's University
Principal Investigator: Dr. Richard Oleschuk
Trust Investment: \$130,000
CFI Investment: \$130,000
Total research investment from all sources: \$325,000



The CMC Connection

Richard Oleschuk's research is supported in part by the Ontario Innovation Trust and the Canada Foundation for Innovation. But his work has also been aided by Canadian Microelectronics Corporation, a not-for-profit corporation that enables world-class research and commercial microsystem development. Dr. Oleschuk has used CMC fabrication services for his prototypes.

Many cutting-edge research programs in Ontario depend on this kind of access to industrial-grade microsystems technologies, and that's why the Ontario Innovation Trust and the CFI have invested \$38.4 in programs managed by CMC—programs that support over 1,400 researchers in 15 Ontario institutions.

The resulting microsystem capacity is leading to the creation of cutting-edge products as diverse as three-dimensional hearing aids and miniature scanners for detecting cancer.

PUSSYWILLOWS, CATTAILS... PESTICIDES AND METALS

CLEANSING THE WATER SUPPLY
WITH CONSTRUCTED WETLANDS

The quiet beauty of an Ontario wetland has always had the power to move songwriters and poets. But now Ontario researchers are being inspired by another wetland attribute—cleaning power.

Environment scientists have long known that wetlands remove natural contaminants from the water that flows through them. Now researchers at Sir Sanford Fleming College in Peterborough are experimenting with constructed beds of irises, cane grass, cattails and other aquatic plants to see if they can handle human pollution as well. The College has built six wetland areas and a pond at its Centre for Alternative Wastewater Treatment—a facility paid for in part by an investment from the Ontario Innovation Trust. The planted areas are actually being

used to treat waste from the college's new environmental technology wing.

So far, the results are encouraging. The constructed wetlands have proved effective in removing a host of potentially harmful contaminants: pesticides, heavy metals, artificial hormones, nitrogen, phosphorus, E. coli bacteria and other pathogens and contaminants.

The research may soon provide a practical alternative to chemical treatment of wastewater. But in the mean time, for students and faculty at the college, there's an added environmental bonus: these water treatment facilities are also inspiring to look at.

Project: Centre for Alternative Wastewater Treatment
Institution: Sir Sanford Fleming College
Principal Investigator: Mark Williamson
Trust Investment: \$670,754
CFI Investment: \$670,754
Total research investment from all sources: \$1,676,885

BEATING BIOFILMS

THE BATTLE AGAINST THE SLIME LAYER

They've got nothing to do with movies about famous people. In fact, there's nothing entertaining at all about "biofilms."

The term refers to a kind of bacteria that attaches to solid surfaces, then surrounds itself with a slimy protective layer. Biofilms tend to be very resistant to antibiotics and common sanitizers—and there's some evidence that they can change their structure in response to new antimicrobial treatments. The problem is particularly acute in the food industry, where biofilms often build up on processing equipment.

Dr. Heidi Schraft has been battling biofilms in her lab at Lakehead University in Thunder Bay since 2002, combining traditional microbiology with high-tech electron and confocal microscopy. An investment by the Ontario Innovation Trust has helped to provide some of the sophisticated imaging equipment required.

The ability to look more closely at the structure of biofilms is providing Dr. Schraft with new understanding of how they work—and how they might be defeated.

Project: Facility for Molecular Food Microbiology and Confocal Microscopy
Institution: Lakehead University
Principal Investigator: Dr. Heidi Schraft
Trust Investment: \$125,000
CFI Investment: \$125,000
Total research investment from all sources: \$312,500



HEIDI SCHRAFT

"I wouldn't have been able to come."

When Dr. Heidi Schraft began talking to Lakehead University about joining the faculty, the university didn't have the equipment she needed for her research.

In the tiny world of microbiology, biofilms are thick objects—and the really interesting action is happening on the inside, beyond the reach of conventional microscopes. What Dr. Schraft needed was a laser-driven confocal microscope. "The lasers can actually penetrate inside a specimen so I can see inside the biofilm. I can get a three-dimensional image...That's extremely crucial to my work."

The university committed itself to obtaining the expensive device—with help from the Ontario Innovation Trust and the federally-funded Canada Foundation for Innovation.

"Without that commitment," says Dr. Schraft, "I wouldn't have been able to come. Without CFI/OIT funding, I just wouldn't have the facilities to do my research."

SIGNALS AND CELLS

GETTING OUR SIGNALS

STRAIGHT AT THE

CELLULAR LEVEL

A communication breakdown can have disastrous consequences in any context. But when we can't get our signals straight at the cellular level, the result can be serious illness.

The cells in our bodies are constantly receiving signals that control how those cells behave. When the system is working, cell function is healthy. But if the signals are processed incorrectly in the cell, the results can include immune system deficiencies and cancerous cell development.

Dr. Anthony Pawson has been studying this communication process for more than two decades now, and his research has helped to establish that proteins provide the internal "wiring" that makes the process work. Now, using sophisticated devices like mass spectrometers, Dr. Pawson is

isolating the exact ways in which these proteins guide the sending and receiving of these important signals.

“If we can understand in detail how cells are wired together through the assembly of protein complexes,” he suggests, “we may be able to devise ways of ‘re-wiring’ the cell to undertake new functions, or at the least to re-route signals down novel pathways. If applied to aberrantly active signaling pathways, as found in many disease states, such approaches might have a broad range of therapeutic applications.”

Tony Pawson’s research—supported in part by investments from the Trust—is helping us get our signals straight at the cellular level. And that will lead us one day to new and better treatments—and perhaps cures—for illnesses like cancer.

Project: Proteomic Analysis of Signal Transduction

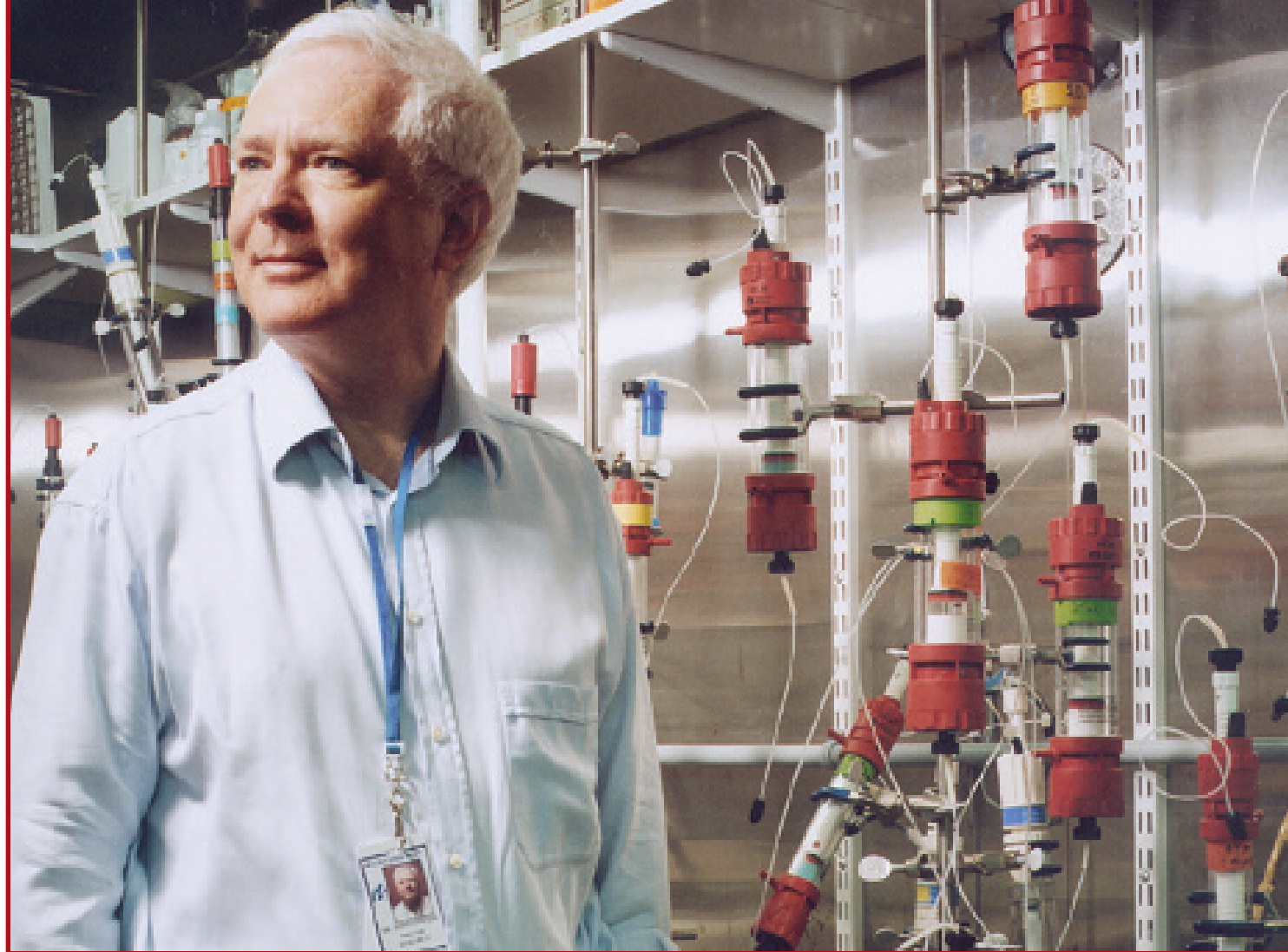
Institution: Mount Sinai Hospital

Principal Investigator: Dr. Anthony Pawson

Trust Investment: \$516,345

CFI Investment: \$516,345

Total research investment from all sources: \$1,290,862



TONY PAWSON

Twenty Years In Ontario

Tony Pawson is one of Canada’s most widely-known medical researchers. In 2004, he was elected to the National Academy of Sciences, a prestigious American organization. He was also named an honorary member of the American Academy of Arts and Sciences, the only Canadian to have been so honoured this year.

Born in England, Pawson moved to Canada in the early 1980s, and has pursued his research at Mount Sinai Hospital in Toronto since 1985.

Working with state-of-the-art equipment provided in part through funding from the Ontario Innovation Trust and the Canada Foundation for Innovation, Pawson has won accolades around the world, and has helped keep Ontario in the vanguard of biomedical research for two decades.



OIT Awards 2003-2004: Principal Investigators 🐼 **Loyalist College:** Kari L. Kramp 🐼 **University of Guelph:** John Lumsden, John Dawson, Niel Karrow, Kathryn Preuss, Dominique Bureau, James France, Alejandro G. Marangoni, Michele Oliver, Baozhong Meng, Wanhong Yang, Glen Pyle, Milena Corredig, Joseph Colasanti, Patrick Boerlin, Bill VanHeyst, Dailia Fayek, Fastwurms Fastwurms, Kevin McCann, Edward McBean, John Kironomos, Rick Yada, Frances Sharom 🐼 **McMaster University:** Peter Kruse, Sarah Dickson, Murray Junop, Patricia Liaw, Raja Ghosh, Ian Fearon, Gerald Moran, Christian Baron, Gillian Goward, Alan Chen, Peijun Guo, Takashi Imai, Christopher Anand, Melissa Rutherford, Stephen Veldhuis, Erik Sorensen, Lisa Crossley, Mohamed Hamed, Igor Zhitomirsky, Yonghon Wan, Andrew Knights, Ana Abigail Payne, Michael Boyle, Rafael Kleimanl, Andrew Macpherson, Catherine Kallin 🐼 **Queen's University:** Catherine Cahill, Nikolaus F. Troje, Paul Grogan, Zongchao Jia, Shelley Arnott, Michael Dorris, Colin MacDougall, Mark Ropeleski, Bradley Diak, Amir Z. Fam, Philliip G. Jessop, Ingrid Johnsrude, Aristides Docoslis, Roderick J. Macleod 🐼 **Royal Military College:** Aboelmagd Noureldin, Barbara Zeeb, Philip Bates 🐼 **University of Western Ontario:** Blaine Chronik, Liana Zanette, Lauren Briens, Lorne Campbell, Oleg Semenikhin, Marc Tini, Thomas Jenkyn, Zhifeng Ding, Eric Savory, Patricia Corcoran, Samuel Asokanthan, Rajiv Varma, Ann Chambers 🐼 **Carleton University:** John Rogers, Heng Khoo, Peter Xiaoping Liu, Ruth Phillips, Abhijit Sarkar, Jacques Albert, Shawn Hayley, David Rogers 🐼 **University of Ottawa:** Pascal Imbeault, Xiaohui Zha, Michael Sawada, Mustapha Cherif Eddine Yagoub, Sergey Loyka, Jianping Yao, Gabriel Blouin-Demers, Liam Peyton, John Lewis, Peter Selinge, Natalie Goto, Alan Forster, Arturo Macch, Miguel Andrade, Alan Mears, J. C. Scaiano, Azzedine Boukerche, Lise Dubois, Robert Ben 🐼 **Trent University:** Dirk Wallschlager, Janet Yee, James Conolly 🐼 **Sault College:** Subhash Verma 🐼 **Brock University:** Glenn Tattersall, Tomas Hudlicky, Danielle Parks, Christian Duval, Cheryl M. McCormick 🐼 **Laurentian University:** Celine Boudreau-Lariviere, Sylvain Grenier, Diana Coholic, Jacques Farine, Helen Shang, Ramesh Subramanian, Aseem Kumar, John Gunn 🐼 **Lakehead University:** Aicheng Chen, Peter Hollings, Wa Gao 🐼 **Humber College:** Kerry Johnston 🐼 **Ryerson University:** Aziz Guergachi, Feng Feng Xi, Simant Upreti, Songnian Li, Gideon Wolfaardt 🐼 **Samuel Lunenfeld Research Institute:** Janet Rossant, Tony Pawson 🐼 **University of Toronto:** Minna Woo, Michael Voss, Jean-Marc Moncalvo, Zhong-Ping Feng, Warren Chan, Stephen Reid, Nazir Kheranir, Lacra Pavel, Heyu Ni, John Caspersen, Virginijus Barzda, Hoi-Kwong Lo, Jerry Mitrovica, Molly S. Shoichet, Peter Singer, Vijay Chauhan, Michael Glogauer, Dean Rowe-Magnus, Sorin Voinigescun, Roy Kwon, Jumi Shin, Pierree Belanger, Greg Jamieson, Taylor Field, Shahrokh Valaee, Esteban Parra, Ulrich Wortmann, Eve De Rosa, Andrew Jellinek, Chung-Wai Chow, Paul Gauvreau, James Booth, Clare Brett, Howard Leong-Poi, Katreene Scott, Christopher L. Moore, Min Zhou, Adam K. Anderson, Scott P. Heximer, Vuk VS Stambolic, Peter Cheung, Wolfgang Vogel, Beverley Orser, Cheryl Arrowsmith, David Livingstone 🐼 **York University:** Michael Riddell, Robert Hudgins, Huaiping Zhu, Brendan Quine, John Eastwood, Catriona Sandilands, Sergey Krylov, John Tsotsos, Eric Hessels 🐼 **University of Waterloo:** Joseph Sanderson, Monica Emelko, Michel Gingras, Michael Collins, Michael Palmer, Murat Uysal, Arne Storjohann, Vladimir Bantseev, Brendan McConkey, Janusz Pawliszyn, William Taylor, James W. E. Rush., Jack Callaghan, James Geelen 🐼 **University of Windsor:** Holger Eichhorn, Charles Macdonald, Kerry Mazurek, James Gauld, Amir Fartaj, Edwin Tam, Jerald Lalman, Timothy Reddish, Jianwen Yang, Iris Xiaohong Xu, Ken Drouillard, Ali Polat, Jichang Wang, Luis Rueda, Dennis Higgs 🐼 🐼 🐼 🐼 🐼 🐼 🐼 🐼 🐼 🐼

WHAT TOOLS FOR WHICH MINDS?

INVESTMENT CRITERIA OF THE ONTARIO INNOVATION TRUST

From the beginning, the mandate of the Ontario Innovation Trust has been to invest in infrastructure: equipment, scientific collections and specimens, computer software, information databases, communications linkages and other similar property used primarily for carrying on research. The Trust has also provided funding for acquisition, housing, installation and servicing costs related to research infrastructure, as well as for new buildings and modifications to existing structures.

In deciding which investments should be made, for which tools in support of which minds, the Trust has always considered several key questions:

- Will the project enhance the province's capacity for innovation, economic growth, health or environmental quality?
- Will it contribute to Ontario's ability to retain, enlarge, and

strengthen research highly qualified personnel?

- Will it encourage collaboration with the private sector?
- Will it encourage the sharing and efficient use of research infrastructure among and within institutions?
- Will it contribute to Ontario's existing strengths in research?

A further criterion for Trust investment has been a project's ability to secure funding by the Canada Foundation for Innovation. (See "The CFI Connection")

Finally, the evaluation process is on-going. The Ontario Innovation Trust continues to track investments and manage cash flow according to institutional goals and performance—ensuring that the tools it has provided are well-used.

For a complete and up-to-date list of Ontario Innovation Trust investments visit us at www.oit.on.ca



The CFI Connection

The Canada Foundation for Innovation is the Trust's federal counterpart in research infrastructure funding—and a valued partner. Over the years, the two organizations have formed a close working relationship. Information and expertise shared by the CFI has been an invaluable resource for the Trust in its own evaluation processes.

A Productive Partnership: The Trust and the Ontario Government

The Ontario Innovation Trust was established by the Ontario government in 1999, and has since invested over \$700 million in research across the province.

The effectiveness of the Trust has been made possible to a large degree by its relationship with the Ontario Ministry of Economic Development and Trade and its staff. Accountability to Ontario taxpayers for its investments has been established through the Ministry.



SUPPORTING THE BEST MINDS. TOGETHER.

PRIVATE AND PUBLIC PARTNERSHIPS AND THE ONTARIO INNOVATION TRUST

Partnerships with the private and public sectors are central to the Trust's approach supporting research. The partners each bring their own unique priorities and market expertise to the process, complementing the research perspective of universities and other institutions.

Nearly 1,000 private and public sector partners are involved in research funded by the Ontario Innovation Trust.

Note: These investing partners were identified by applicants. As research projects progress, additional partners will have been added. The Ontario Innovation Trust apologizes to partners who may have been left off this list.

3-Soft	AMS Coherent	Barringer Instruments	Foundation	Computadata Systems	Canada Limited
AgriCulture, Agri-Food	Anachemica	BAS	Canadian Precast	Compusense	Dupont Canada
Canada	Anacom Systems	Baycrest Foundation	Concrete Institute	Computer Hardware	Dynamix Systems
ABB Bomem	Company	Bayer	Canadian Sheet Steel	Services (CHS)	ECOS, Japan
ABB Extrel	Analogy	BC Hydro	Building Institute	Computer Shop	Edcom Multimedia
ABI - Applied Biosystems	Anatech Inc.	BD Biosciences	Canadian Space Agency	CONAC Software	EGI
ABS Manufacturing	AnCare	Beckman Coulter	Can-Am Instrumment	Corporation	EISCA
AC Radiographic	Anchor Manufacturing	Becton Dickinson	Canberra Packard	CONACYT-Mexico	Elcan Optical Tech
ACA TMatrix	Company	Bell Canada	Canada	Conductus Incorporated	Elections Canada
Academic Development	ANCO Engineers Inc.	Betatek	Cancer Care Ontario	Conestoga-Rovers &	Electrical Geodesics, Inc
Fund	Andec International	Biacore	CANMET (Natural	Associates	ElectroLab
Accelrys	Services Incorporated	BioComp Instruments	Resources Canada)	Consortium	Electro-Medical Institute
Accurion	Angel Computers	Bioetics	Cannaught New	Constant Temperature	ElectroSonic
AccuScan Instruments	Anritsu	BioLog. Inc	Investigator Fund	Corp	Eli Lilly Canada
ACS Petroleum Research	Ansoft Corporation	Bio-Lynx Scientific	Canon Canada	Continuum Lasers	Elkom North America
Fund	Anson Funds	Bionetics Corporation	Canon USA	Convergent Bioscience	El-Mar Incorporated
Acuson	APB	Bioniche Life Sciences	Canseel Survey Equipment	Convivons	Empirisoft
ADCOM	Apollo Photonics	Bio-Rad Laboratories	Cardiac Care Network	Core Microsystems	Emprix Imaging
Adobe	Apple Canada	Biosense Webster	Cardiff	Correlator.com	Enconair
Adrian Brown	Applied Biosystems	Biosyntech	Carl Zeiss Canada	CosMos	Endoscope
Consulting Limited	Applied Electronics Ltd	Biothermics	Carson Group	COURSE	Engin Seismology Grp.
Advanced Biotech	Aquaneering	Blue Newt Software	Cartesian Technologies	Coventor	En-Pls Inc
Advanced Presentation	Aquatic Habitats	BOC Edwards	CCR	CR Younger Found	Entrust Incorporated
Tech	Arbin Instruments	Bolen Distributing Inc.	CD Nova	Crist Instruments	Environics Research
Advanced Sci. Design	Archibus Inc.	Botterel Fund	Celestica	Criticare System, USA	Epson
AEATechnologies	ARISE Technologies	Bowater Pulp & Paper	Cellocomics	CRS Automated	ESBE Scientific
AeroTech Positioning	Corporation	Canada Inc.	Celluform Concrete	Solutions	ESI/Standard Systems Intl.
Systems	Arius 3D	Brain Innovation	Systems	CSC Chromatography	ESPEC
Affymetrix	Ascend Instruments	Brill Academic Publishers	Centre Tech.Gaz Natural	CSIRO	ESRI Canada
AGCO Allis	Ascension Technologies	Brinkman Instruments	Centre-Line	CTI Molecular Imaging	European Space Agency
AGIE Limited	ASDI	British Columbia	Challenge Env.	CWS	(ESA)
Agilent Technologies	Ashwarren International	Knowledge Fund	Champion	Dach Associates, UK	Exactatherm
Agricultural Electronics	ASI Applied Systems	Brock Computer Store	Change Foundation	Daimler Chrysler Canada	EXFO Burleigh
Corporation	Astro Med	Brookhaven Instruments	Chawkers Foundation	DAKO Diagnostics	EXFO Electro Optical
Agronix Incorporated	ATAS	Brothers	Chromatography	Dalimar Instruments Inc.	Engineering
Air Canada	A-Tech Instruments	Bruel and Kjaer	Sciences Co	Dantec	EXFO Photonics Solutions
Alberta Environmental	ATI	Bruker BioSpin	CIAR	Dap Technologies	Exploration Outfitters
Protection	Atlantis Scientific	Bruker Canada	CIF Corporation	Dapannet Inc	Extreme Networks
Alberta Research Council	Atomic Energy of	Bubble Technologies	CIMTEC	Data Description	Exxon Chemical
Alcatel	Canada Limited (AECL)	Buchanan Forest	Cinequip	Datacomp Scientific	Fagnou
Alfa Medical	ATS RheoSystems	Products Limited	Ciphergen	Defence Research	Fakespace Systems
Algorithmics Solutions	ATS Scientific	Buehler Canada	CIPI	Establishment	Falconbridge Limited
Alias/Wavefront	Audcomp Computer	Burleigh Instruments	Circusoft	Dell Computers	Fibics Inc.
Allentown	Systems	Burtek Systems Inc.	Cisco Systems Canada	Dell/Hewlett Packard	Filamatic
Allpatech Industries	Aurora Scientific Inc.	Bushtukah Out.	Clark-MXR	Delta Med	Fine Scientific Tools
Aloka	Autoclave Engineering	Buxco Limited	ClearTech Industries	Diamed AG	Fire Testing Technology
ALPAC	Cadence Design Systems	Cadence Design Systems	Climatic Testing Systems	Diamond and Schmitt	Fisher Biotech
Alpha Controls	Aviv Instruments	California Analytical	Clinton Electronics	Diatek	Fisher Hamilton
Alpha Technologies	AXIC	Calumet College	Corporation	Digital Instruments	FLIR Systems Canada
Althexis Essential	Axidata	Cameca (SA)	CNC Engineering	Digital Technology	Float N Flag
Therapeutics	Axon Instruments	CAMH Foundation	Cogient Corporation	Associates	FM: Systems
Aluminum Company of	XYZ Automation	Campbell Scientific	Cognos Inc	Dionex	Folio Instruments
Canada (ALCAN)	Aymes Medical	Campus Computer Store	Coherent Incorporated	Discovery Diagnostic	Ford
AMA TMatrix	Bakers	Canadian Cancer Society	Columbus Instruments	DNA Star	Foss North America
American Sigma Ltd.	Balckhauck	Canadian Forest Services	Commercial Photocopy	Ducks Unlimited Canada	Fowler Kennedy Clinic
Amersham Biosciences	Banting and Best	Canadian Life	Communication and	Dumanski	Trust
Amersham Health	Department of	Technologies	Information Technology	Dunlop Architects	Foxboro Canada
Amphibio	Medical Research	Canadian Pacific	Ontario (CITO)	Duo Communication of	Fox-Tek



Free University, Berlin
 Friends of McMaster Inc.
 Fuji Medical Systems
 Fund.Mar Avacucho-
 Venezuel
 Gamble Technologies
 Garden Club of Toronto
 Garden Instruments
 Gatan Soquelec
 GDS
 GE Medical Systems
 (GEMS)
 Gemco
 Gemini Positioning
 Systems Limited
 GeneMachines
 Generation 5
 Genetic Microsystem
 Gennum Corporation
 Geological Survey of
 Canada
 Geonics Limited
 GeoSpatial Timberline
 Geostat
 GER-HI-RES
 German Federal
 Government
 Gerstel
 GG Hatch Isotope
 Laboratory
 Gibsons Sound and
 Vision
 Giga-Tron
 GlaxoSmithKline (GSK)
 Global G.A.D.
 GN Nettest Canada
 GR Younger Foundation
 Green Municipal
 Investment Fund
 Group4 Technologies
 GroupSystems.com
 Growing Panes
 Glassworks
 Growsafe Systems
 Guelph Food and
 Technology Centre
 (GFTC)
 Guelph Utility Pole
 Company Limited
 GW/Vingmed
 Hagen
 Haliburton Forest
 Halltech
 Hamamatus
 Hamilton Heath Sciences
 Corporation
 Hamilton Regional Lab
 Med Prog.

Hand & Upper Limb
 Center (University of
 Western)
 Handshake Interactive
 Technologies
 Hanoun Limited
 Harvard Apparatus
 Harvard University
 Heart and Stroke
 Foundation of Ontario
 Heavy Construction
 Association of Toronto
 Hegermonic
 Heidenhain Corp.
 Helios/Oceana
 Henderson Research
 Centre
 Henrys
 Hewlett Packard
 Company (Compaq)
 Hilferdine Scientific
 Hitachi
 HKL Technology
 Holohil Systems
 Honeywell Canada
 Horiba
 Hoskins Scientific
 H-Power Enterprises
 Human Resource
 Development Canada
 Humber Student
 Federation (HSF)
 Huntsman
 HVS Image
 Hydrogenics
 IBB Rheology
 IBM Canada Limited
 iDesign Solutions
 Imagenius
 Imaging Research Inc
 Imetronic
 Immersion Studios
 Impulse Systems
 Inco Limited
 Inflatables
 Informax
 Infrared Laboratories
 InMotion Technologies
 Innovation Technology
 Innovative Magnetic
 Resonance Imaging
 Systems (IMRIS)
 Innovative Sports
 Training
 Innovision
 INSIGNIA Solutions
 Intec, Incorporated
 Instron Canada

Insurance Corporation
 of BC
 Intavis
 Integrated Measurement
 Systems
 Intel Corporation
 Intelvac
 Interfax Canada
 Intergraph Geomedia
 Interlaken
 International
 Development Research
 International
 Mechatronics Systems
 Intersense Incorporated
 InterTechnologies
 Intronix Technologies
 Ionics/Sievers
 Ion-TOF
 IPG Photonics
 IRobot (Real World
 Robots)
 Iron Fusion, Ontario
 Island Corporation
 Isomass Scientific
 Itasca Limited
 IXIA
 J.P. Bickell Foundation
 Jack A. Frost Limited
 Jali Medical Incorporated
 Jamesway Incubator
 Janis Research
 Japanese Science and
 Technology
 Jasco Incorporated
 JDS Uniphase
 Corporation
 Jeol Canada
 JKL Micro
 JMC-COSMED
 Johanson Innovations
 Johnston Ultravec
 Jordair
 JTech Medical
 Juniper
 Kaijo Corporation
 Kevin Burke Fund
 Kheops Technologies
 Incorporated
 Kintek
 Kipp & Zonen
 Kistler
 Kistler Inc.
 Kodak Canada
 Kopf Instruments
 KQ corporation
 Kratos Analytical
 Kurt J. Lesker Company

KVH Industries
 Kx Systems
 L Oreal/Startup Fund
 Lab Products,
 Incorporated
 Labcor
 Lakeside Controls
 Lambda Physik (USA)
 Laval Lab Incorporated
 LC Tech Services
 Leco Instruments
 LECO Instruments
 Leica Canada
 Leistriz Corporation
 Leitch Technology
 Corporation
 LH Systems LLC
 LHSC/RRI
 Liburdi Engineering
 LiDCO Limited
 Lifetronics Medical
 Light Machinery
 LIS
 LMI 3D Machine Vision
 London Scientific
 Lord Corporation
 Lordly Jones Limited
 Lotek Wireless
 Louisiana Pacific
 LSM Technologies
 Lucent Technologies
 Macintosh Canada
 MagiQ Technologies,
 Magnetic Measurements
 Mainline
 Maltron Incorporated
 Malvern
 Mandel Scientific
 Manleys Basics
 Man-Tech
 MapInfo Corporation
 Canada
 Maple Instruments
 Maple Leaf Agresearch
 Maple Lodge Farms
 MAR Research
 March Networks
 Mars Food Limited
 Marsh McBirney Inc.
 Mass Multimedia
 Massive Die-Form
 Materials and Manufac-
 turing Ontario (MMO)
 Matrix Vision
 Maury
 Maxxam Analytics
 Mayhew
 Mayo Clinic

MBraun
 McAllister Funds
 McDavis
 McFarland Audio
 MDS ScieX
 Measurand Incorporated
 Mechanical Dynamics
 Med Associates
 Mediacom
 Medi-Man Rehabilitation
 Medimundi
 Medisoft
 Medoc Advanced
 Medical Systems
 Medtronic/Endocardial
 Solutions
 Melles Griot
 Merck Frosst Canada
 Limited, Kirkland
 Meridian Scientific
 Meteorological Service of
 Canada
 Metro Toyota
 MFC Research Contract
 MGP Information
 Systems Limited
 Micralyne
 Microage
 MicroCal
 MicroLas Lasersystems
 Micromass
 Micrometrics
 Micro-Optics
 Microsoft Corporation
 Microthermics
 Microway
 Middlesex-London
 Health Unit
 Millenium Technologies
 International
 Miltenyi Biotech
 Mini-Mitter Co.
 Mirarco/ELRFS
 MISCO
 Mitel Corporation
 MJ Instruments Sales
 Company
 MJ Research Inc.
 mmWave Technologies
 Moffat Kinoshita
 Architects
 Molecular Devices
 Molecular Imaging
 Molecular Metrology
 Molecular Simulations
 Molecular Structure
 Corporation
 Monopros Limited

Canada	NK Biotechnical	Origin	Qualitytest International	Sci-Med Incorporated	St. Michaels Hospital	Topcon Canada	VWR International
Montreal Biotech	NOHFC	ORTECH Environmental	Qualix Direct Inc	Scintrex Earth Science	Foundation	Toronto Atmospheric	VWR/Applied Biosystems
Moor Instruments	Noldus Information	Orthopedic & Arthritic	Qualtech Systems	SCP Science	Standard Imaging	Fund	Wale Apparatus
Morpho-Tech	Technology	Foundation	Quanser	Sea & Sea	Standford Research	Toronto Road Builders	Wards Automotive
Motion Analysis Corp.	Noraxon	Osmonics	Quantum Designs	Seal	Systems	Association	Waterline Limited
Motionwatch	Nortech GSI	Ottawa Regional Cancer	Quarry Communications	Seimens Canada	Stantive Solutions	TorroVap Ltd.	Waters Chromatography
MPB Technologies Inc	Nortel Networks	Centre undation	Quesant	Sensible Technologies	Statistics Canada	Toxin Alert	Waters Limited
MRTechnologies	North Carolina State	Quorum Technologies	Quintron	SensoMotoric	Stealth Computers	TransCan	Westaim Corporation
MRV Communications	University	Ovantum	Quorum Technologies	Instruments	Stens Corporation	Transim	Weston Bakeries
MSI	Northern Digital	Oxford Instruments	Raindrop Geomagic	Sensor Technologies	Steris Canada	Transition Technologies	Wetec
MTS Intertechnology	Northstar Medical	Parmalat Canada	Region of Waterloo	Sensors and Software	Steves Music	Trilon Quality Systems	Whitaker Foundation
MTS Systems	Systems	Paroscientific Inc.	Regional Municipality of	Sevets	Stoelting	Tripes Incorporated	Windsor Metropolitan
MTSCorporation	Novatech	Parr Instruments	Hamilton-Wentworth	SFR	Stratasy Incorporated	TRIUMF	Hospital
Muirheads Basics	Novel Dynamics	Passat Limited	Reko Machine Builders	SG Power	Stratogene	Trudell Medical	WipWare
Multigon Industries	Novint Tech. Inc.	Pattern Discovery	Relion Industries	Island Corporation	Structural Genomics	International	Wolfram Research
myNeuroLab.com	NRC	Software Incorporated	Remspac Incorporated	Canada	Consortium	TSI Incorporated	Wyatt Technologies
Mynix Technology	NSERC	PCI	Renishaw	ShapeGrabber	Sumitomo Electronic	TurboSonic	Xerox Corporation
Myricom	NTT Photonics	PE Biosystems	Research Corporation	Shapetape	USA Incorporated	TVO	Xerox Research Centre
Myrinet	Laboratories	Peak Motus	RHC and Associates	Shelley Medical Imaging	Summit Technologies	Tyco Healthcare	of Canada (XRCC)
Namox Incorporated	Nuair	Peak Performance	RHK Technologies	Shwachman Diamond	Sun Microsystems	U.S. EPA	Xilinx Corporation
Nanometrics	Nucletron Canada	Technologies	Rigaku	Canada	Suncor Energy Foundation	U.S. Office of Naval	XL Resonance
Nanonics/SFR	NuDaq	Perkin Elmer	Rigaku MSC	Siemens Canada	Support Systems	Research	Xymotech
Nanovation Technologies	Oak Ridge National	Pfizer Canada	Roche-Diagnostics	Sievers/Ionics	Sutter Institute	UBC Blusson	Yolles Group
NARSAD and NIMH	Laboratories	Pharmacia	Rockwell Automation	Sigmacon	SVT Associates	Ultramar Canada	Zanini Developments
NASA - Johnson Space	Object Workshops	Phelps Dodge Mining	RocScience Incorporated	Silicon Graphics Inc. (SGI)	Swiss Instrument Limited	Unidata	Zeidler Grinnell
Center	OceanOptics/Gamble	Philips Electron Optics	Rofin-Sinar	Silicycle	Syntest Technologies	Unilever Group	Partnership, Architects
National Electrostatics	Technologies	Phillips - FEI	Rogers Cable	Silvaco Data Systems	Systems for Research	Uniroyal Chemical	Zeiss Canada
Corp	OFR	Phillips Medical Systems	Rogue Research	Singer Instruments	T&T	Unitec-Horton	Zeiss Empix Imaging
National Instruments	Ohio Lumex	Phoenix Geophysics	Ronin Consulting	Skycon	TA Instruments	United Grinding Tech.	Zeton Inc.
National Research	OHRI	Photon Technology	Services	SmarterKids Foundation	TD Canada Trust Bank	Unitek-Miyachi	Zygo Corporation
Council (NRC)	Oldham and Robinson	International	Rose Scientific	SMS Machine Tool	Technel	Universal Laser (CES)	Zymark
National Sanitorium	Olympus/Carson Group	Photonics Research	Rotman Family	SOCC Optoelectronics	Teknion	Upton and Sullivan	
Foundation	Omicron	Ontario (PRO)	Foundation	(USA)	Tekniscience	USDA	
National Science	OMM	Placer Dome	Roxon Medi-Tech	Softchoice Corp.	Tektronix Canada	USDOE	
Foundation (USA)	OMNR Geomatics	Plexon Incorporated	Royal Ontario Museum	Software Vendors	Telus	USE Hickson Building	
NEC CPU	Section	PointGrey Research	RSoft Inc.	Solist Canada Ltd.	Terraplus Incorporated	Products Limited	
NEDO	Onix Lazer	Polycontrols	RTDS Technologies,	Soltek Powersource Ltd.	Test Equity	USFT	
Neocera/LamdaPhysik	Ontario Cattlemen's	Polytech-PI Inc.	Winnipeg	Sonometrics Corporation	Test Force	UVP Bioimaging Systems	
NetTest Canada	Association	PowerSim Technology	RWDI	Sony Canada	Testing Machines Inc	Varian Incorporated	
Network Centre of	Ontario Forest Industry	Primate Products	Ryobi Die Casting (USA)	Soquetec	Tetra Pak Canada	Varian Vacuum	
Excellence	Ontario Living Legacy	Primm Labs	Sable Systems	South Bay Tech.	Texas Instruments	Technologies Ltd.	
Netzech	Trust	Princess Margaret	Safe Software	Southwest Sun	Thar Designs	VC Scientific	
Neuro Scan Labs	Ontario Mental Health	Hospital Foundation	Saint Marys Pulp and	Spatial Geo-Link Limited	The C3 Group	Vendor Discounts	
Neuroceptor	Foundation	Princeton Instruments	Paper Limited	Specialty Equipment	The Centre for Addiction	Ventana	
NeuroScan Labs	Ontario Power	PriTel	Sapphire Instruments	Specs GmbH	& Mental Health	Verifia	
Neutron	Generation	Process Products	Saudi Arabia	Spectra Research	The Drafting Clinic	Vicon Incorporated	
New Focus Incorporated	Onward Computer	Procor Limited	Government	Corporation	The MathWorks	Videoscope	
New Metals &	Systems	Procyon Biopharma	Scanco	Spectral Dynamics	The Pump Works	Videoworks	
Chemicals, Japan	OPNET Technologies	Prospect Scientific	Scanditronix-Wellhofer	Spencer Foundation	Thermo Finnigan	Viromart Limited	
Newark Electronics	Optikon	ProSum Solutions	Schering Canada	Spotfire	Thermo Instruments	Virtek Laser Systems	
Newport Instruments	OptiWave	Protein Solutions	Science Imp.	SPSS Incorporated	Thermo Mat.	Vir-Tis	
Canada	Optocom	PTI Incorporated	ScienceTech	Spyn, Incorporated	Characterization	Virtual Micro	
NICHHD	Optotrak	PUC Incorporated	Scientific Imaging	SR Research	ThermoFinnigan	Viscotek Corporation	
NienKamper	Opus Automation	Qiagen	Technologies	SRI Instruments	Thermomicroscope	Visible Genetics	
NIH	Oriel/Gamble	QIAGEN	Scientific Instruments	SSEF	Thiessen Team	Vistek	
Nikon Canada Inc.	Technologies	QNX	Scientific Products and	ST Microelectronics	Manufacturing	Vonsovici Consulting	
Nitro Microsystems and	Oriental Scientific	QPR Systems AB	Equipment	St. Josephs Hospital	Timber Specialties	VP Research	
HP	Instruments	Q-sense	Sciex	Foundation	Titles Microcentre	VRP Web Technologies	



JACK GAULDIE

"Still the best place to be."

Dr. Jack Gauldie has been doing research at McMaster University for 30 years. "I've looked at a lot of other places," he says, "but this is still the best place to be."

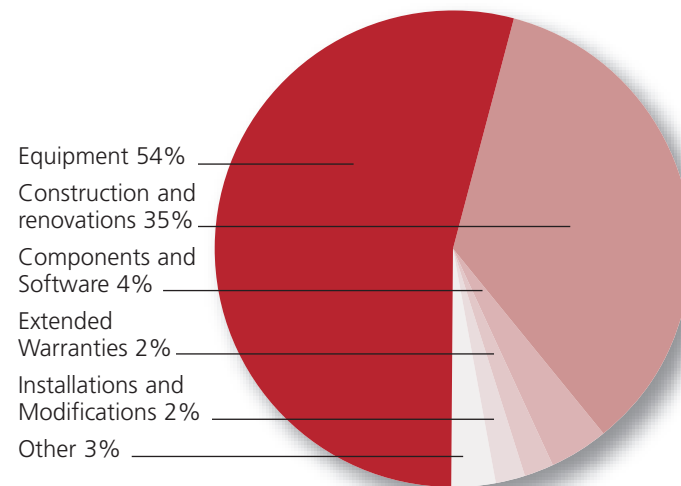
Part of the reason is infrastructure funding provided by the Ontario Innovation Trust. The funding is making it possible for Dr. Gauldie and his colleagues to pursue advanced research in gene therapeutics. A recent Trust investment, for example, helped build a lab for the manufacture of genetic material that's the only one of its kind in Canada.

McMaster's advanced facilities are also helping to attract a new generation of researchers. Dr. Gauldie points to the case of a talented Canadian researcher who had been recently lured south of the border. Now McMaster has hired her back—to run the new genetic manufacturing facility.

"We've got no problems," Dr. Gauldie says, "when it comes to recruiting the best young molecular biologists."



How the Research Institutions Allocate Investments



FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2004



PKF Hill LLP
41 King Street West, Suite 200
Toronto, Ontario, Canada M5X 1C5
Phone: (416) 461-1111
Fax: (416) 461-1111
www.pkfhill.com

Auditors' Report

To the Directors of
Ontario Innovation Trust

We have audited the non-consolidated balance sheet of Ontario Innovation Trust as at March 31, 2004 and the non-consolidated statements of operations and capital, changes in capital and cash flows for the year then ended. These non-consolidated financial statements are the responsibility of the Trust's management. 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. These standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles except that they are prepared on a non-consolidated basis as explained in note 1.

PKF Hill LLP

June 10, 2004

REPORT OF THE AUDITING FIRM

Non-Consolidated Balance Sheet as at March 31, 2004

	2004	2003
ASSETS		
Current assets		
Cash	\$ 83,609	\$ 471,083
Accounts receivable	9,058	14,766
Prepaid expenses	28,194	22,415
Short-term investments	348,818,042	478,589,376
Due from Innovation Institute of Ontario (note 3)	80,000	80,000
	349,018,903	479,177,640
Due from Innovation Institute of Ontario (note 3)	180,000	240,000
Capital assets (note 4)	23,451	23,451
Due from Government of Ontario (note 5)	-	300,000,000
	<u>\$ 349,232,142</u>	<u>\$ 779,441,091</u>
LIABILITIES AND CAPITAL		
Current liabilities		
Accounts payable and accrued liabilities	\$ 130,641	\$ 126,850
Due to Innovation Institute of Ontario	275,702	472,298
	406,343	599,148
Capital		
Invested in capital assets	53,239	23,451
Restricted for approved grants (internally restricted)	217,471,535	325,718,808
Unrestricted	131,301,025	453,099,684
	348,825,799	778,841,943
	<u>\$ 349,232,142</u>	<u>\$ 779,441,091</u>

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**Non-Consolidated Statement of Operations and Capital
Year Ended March 31, 2004**

	2004	2003
Revenue		
Interest income	\$ 14,722,737	\$ 14,722,737
Expenses		
Service fees paid to Innovation Institute of Ontario	668,750	668,750
Consulting and management services	521,626	654,527
Cancer Initiative Working Group (note 6)	517,135	819,810
Salaries and benefits (note 8)	440,911	364,223
Investment and custody services	350,198	425,952
Office and general	36,514	95,515
Professional fees	35,118	34,260
Board and committee	32,171	20,804
Travel	20,803	23,615
Amortization	11,740	67,309
Equipment and computer	3,100	-
Structural Genomics Consortium (note 7)	-	65,252
	2,638,064	3,240,017
Excess of revenue over expenses	10,154,378	22,646,889
Sponsor contribution from the Government of Ontario, Ministry of Energy, Science and Technology (note 5)	(300,000,000)	300,000,000
Eligible project disbursements	(140,170,522)	(109,481,430)
Increase (decrease) in capital during the year	(430,016,144)	202,001,290
Capital, beginning of year	778,841,943	576,840,653
Capital, end of year	\$ 348,825,799	\$ 778,841,943

**Non-Consolidated Statement of Changes in Capital
Year Ended March 31, 2004**

	2004			2003
	Invested in Capital Assets	Restricted for Approved Grants (Internally Restricted)	Unrestricted	Total
Capital, beginning of year	\$ 23,451	325,718,808	453,099,684	\$ 778,841,943
Excess (deficiency) of revenue over expenses	(11,740)	-	10,166,118	10,154,378
Sponsor contribution	-	-	(300,000,000)	(300,000,000)
Purchase of capital assets	41,528	-	(41,528)	-
Eligible project disbursements	-	(140,170,522)	-	(140,170,522)
Grants approved	-	31,923,249	(31,923,249)	-
Capital, end of year	\$ 53,239	217,471,535	131,301,025	\$ 348,825,799

Non-Consolidated Statement of Cash Flows
Year Ended March 31, 2004

	2004	2003
Operating activities		
Excess of revenue over expenses	\$ 10,154,378	\$ 11,482,720
Sponsor contribution	(300,000,000)	300,000,000
Eligible project disbursements	(140,170,522)	(109,481,430)
Add item not involving cash - amortization	11,740	67,309
	(430,004,404)	202,068,599
Net change in non-cash working capital		
Accounts receivable	5,708	69,157
Prepaid expenses	(5,779)	(16,855)
Accounts payable and accrued liabilities	3,791	11,459
Due to Innovation Institute of Ontario	(196,596)	(9,657)
	(192,876)	54,104
Cash flows from operating activities	(430,197,280)	202,122,703
Financing activities		
Due from the Government of Ontario	300,000,000	(300,000,000)
Cash flows from financing activities	300,000,000	(300,000,000)
Investing activities		
Capital assets purchased	(41,528)	(8,882)
Short-term investments	129,771,334	98,017,375
Due from Innovation Institute of Ontario	80,000	80,000
Cash flows from investing activities	129,809,806	98,088,493
Net increase in cash position during the year	(387,474)	211,196
Cash, beginning of year	471,083	259,887
Cash, end of year	\$ 83,609	\$ 471,083

Notes to Non-Consolidated Financial Statements
Year Ended March 31, 2004

1. Purpose and Creation

(a) The Ontario Innovation Trust (the "Trust"), an inter-vivos trust, was created on March 31, 1999. The Trust was sponsored by the Government of Ontario, Ministry of Energy, Science and Technology. However, as part of the terms of the trust agreement, the Government of Ontario is precluded from amending the trust agreement or exercising control over the Trust. The object of the Trust is to grant funding for qualifying projects that increase the capacity to conduct important, high quality research in Ontario. Eligible recipients are Ontario hospitals, universities, community colleges, and non-profit organizations that carry on (or in the opinion of the Board are capable of carrying on) research.

As at March 31, 2004, management has determined that the sponsor does not currently intend to provide future funds (note 5). On that basis, committed eligible project disbursement will be made, but new projects will only be approved to the extent that they can be funded by residual, unrestricted capital. The Trust will retain sufficient operating funds for the period in which it is responsible for overseeing the projects in progress.

(b) On April 27, 2000, the board approved the creation of the Innovation Institute of Ontario ("IIO"). While the IIO is a subsidiary of the Trust, it has not been consolidated in these financial statements. The IIO was incorporated under the Canadian Corporations Act without share capital by letters patent dated June 13, 2000. The IIO was incorporated as a not-for-profit organization and is, therefore, exempt from income taxes

The IIO provides client support, proposal assessment, financial services, communications, public relations assistance, administrative and related support services and expertise to the Trust, The Ontario Research and Development Challenge Fund of the Ministry of Economic Development and Trade and other organizations or groups with similar objects on a not-for-profit basis.

The following are the balances of the IIO for the years ended March 31:

	2004	2003
Assets	\$ 2,049,442	\$ 2,409,363
Liabilities	738,299	1,223,753
Net assets	1,311,143	1,185,610
Revenue	6,654,800	6,060,012
Expenditures	6,529,266	5,559,382
Cash flows from operating activities	194,202	835,459
Cash flows from investing activities	(181,760)	(219,726)
Cash flows from financing activities	(306,436)	89,004

2. Summary of Significant Accounting Policies

The non-consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, the more significant of which are outlined

below. The preparation of non-consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from these estimates.

Short-term investments

Short-term investments are recorded at cost. Investments include term deposits, money-market funds, and bankers acceptances. Market value approximates cost.

Property and equipment

Property and equipment are recorded at cost. The Trust provides for amortization at annual rates which are expected to amortize the cost of property and equipment over their estimated useful life on a straight-line basis, as follows:

- Furniture and equipment – 5 years
- Computer equipment – 3 years

Capital

Capital is comprised of the following components:

(a) Invested in property and equipment

Invested in property and equipment represents the net book value of property and equipment less any indebtedness thereon.

(b) Restricted for approved grants (internally restricted)

When eligible project funding is approved, the related capital is transferred from unrestricted capital to capital restricted for approved grants. Eligible project disbursements, in accordance with the terms of the grant, are charged to capital restricted for approved grants.

(c) Unrestricted

Unrestricted capital includes sponsor contributions and the excess of revenue over expenses of the Trust.

3. Due From Innovation Institute of Ontario

A \$400,000 loan was made to IIO during fiscal 2002. The loan is non-interest bearing and repayable in annual instalments of \$80,000, maturing March 31, 2007.

4. Property and Equipment

Property and equipment consist of the following:

	2004			2003
	Accumulated			
	Cost	Amortization	Net	Net
Assets under development	\$ 37,566	-	\$ 37,566	\$ -
Leasehold improvements	8,825	8,825	-	-
Furniture and equipment	40,081	31,878	8,203	16,220
Computer equipment	178,191	170,721	7,470	7,231
	\$ 264,663	211,424	\$ 53,239	\$ 23,451

5. Sponsor Contribution

The Board has determined that the sponsor contribution of \$300,000,000 which was announced in the Ontario Government address on June 17, 2002, and which was recorded as an amount receivable at March 31, 2003, will not be received. Accordingly, the receivable has been reversed and presented as a charge in the nonconsolidated statement of operations and capital.

6. Cancer Initiative Working Group

In 2003, the Board authorized an expenditure of up to \$2,000,000 towards the feasibility and action framework for a cancer research initiative in Ontario. During fiscal 2004, \$517,135 (2003 - \$819,810) was spent towards fulfilling this mandate.

7. Structural Genomics Consortium

In 2004, the Trust incurred expenditures of \$Nil (2003 - \$65,252) to contribute to Ontario's share of the costs of starting up the international consortium, and to contribute to the expenses of the review panel, established by the Canadian granting agencies, to review the application for research support.

8. Salary Disclosure

In accordance with the Public Sector Salaries Disclosure Act, all salaries in excess of \$100,000 have been reported to the Province of Ontario and are as follows:

	2004	2003
David Bogart	\$ 131,250	\$ 122,000
Christopher Pringle	103,744	101,000

Christopher Pringle is on a leave of absence from the Government of Ontario and additional amounts were paid him to allow him to maintain contributions to Government pension and benefits plans without penalty.

Payments in the amount of \$133,750 (2003 - \$133,750) were made on a purchase of services basis to Knox Innovations for the services of Kenneth W. Knox as President and CEO of the Trust.

Highlights at a Glance

	Report Period	
	April 1, 2003 to March 31, 2004	Inception to March 31, 2004
Ontario Innovation Trust Investment	\$33.6 million	\$707.4 million
Investment from other sources	\$53.4 million	\$1,203.1 million
Total Value of Infrastructure Investment	\$87.0 million	\$1.91 billion
Number of Projects funded by the Ontario Innovation Trust	217	1,089
Private and Public Sector Partners involved	-	930
Universities involved	-	17
Community Colleges involved	-	13
Research Hospitals and Health Science Research Institutions involved	-	12
Other Research Institutions involved	-	2

