Intellectual Property Ontario

PROTECTING IDEAS, FUELLING INNOVATION

Real Ontario innovation by Cobionix Corporation

Annual Report 2023-2024

Intellectual Property Ontario

Note: Information presented in this report is accurate and reflective of Intellectual Property Ontario's 2023-2024 fiscal year, spanning from April 1, 2023 to March 31, 2024

Report roadmap

Governance

IPON's BOARD OF DIRECTORS

Intellectual Property Ontario (IPON) is a **board-governed provincial agency**, with appointments made by the Lieutenant Governor in Council on recommendations from the Minister of Colleges and Universities.

IPON's Board of Directors consists of a **diverse group of industry and IP experts** to guide the organization as it scales.

CHAIR OF THE BOARD
Karima Bawa
Member: Finance & Audit Committee

VICE-CHAIR OF THE BOARD
Karen McClure
Chair: Finance & Audit Committee

Maura Campbell
Member: Finance & Audit Committee

Elliot Fung
Chair: Governance Committee

Paul Paolatto
Member: Governance Committee

Hongwei Liu
Member: Governance Committee

Sally Daub
Member: Finance & Audit Committee

Note: Board remuneration details are provided in Appendix A.

In the news: Intellectual Property Ontario names new CEO and provides update on operational expansion

Message from IPON's Board Chair and CEO

Karima Bawa
Chair, Board of Directors, IPON

Dan Herman
CEO, IPON

Intellectual Property Ontario (IPON) was borne out of the competitive pressures of a global economy that prioritizes the value of intangible assets over other forms of economic inputs. To succeed amidst this pressure, both government and non-government actors need to find new ways to effectively support companies, researchers and other innovators in the creation, protection and ultimately commercialization of those intangible assets.

IPON's first full year of operations in 2023/2024 provides a roadmap of how to do so effectively. IPON provided over $6 million to 275 Ontario small and medium-sized enterprises (SMEs) to support the protection and commercialization of "made-in-Ontario" IP. In addition, IPON's work with postsecondary institutions saw 10 colleges and universities (and 10 more in April 2024) receive funding to enhance their internal capacity to support IP protection, commercialization and tech transfer to industry. Beyond funding, IPON has positioned itself as a horizontal IP support across Ontario's innovation ecosystem through the provision of tailored advice and support for regional innovation centres and other innovation intermediaries.

These efforts, however, are just the beginning of how IPON and its network of partners across Ontario's innovation system can help catalyse Ontario's economic competitiveness by building IP capacity and enhancing access to funding for IP support and services. Doing so will rely on driving home the value of intangibles in Ontario's economy, coaching entrepreneurs, researchers and others towards the development of a culture of IP that permeates our innovation system, from research through commercialization that benefits the residents of Ontario.

We thank Minister Jill Dunlop and the Ministry of Colleges and Universities (MCU), as well as Minister Vic Fedeli and the Ministry of Economic Development, Job Creation and Trade (MEDJCT), who have provided unwavering support and enabled IPON to expand its reach and begin to scale its operations in support of Ontario innovators, researchers and those who support their commercialization efforts. IPON's dedicated and passionate team has also been instrumental in successfully launching the agency and providing support and assistance to hundreds of Ontario's companies and innovation ecosystem partners.

We look forward to the continued evolution of IPON's suite of IP support programs and services in support of Ontario innovators.

Impact

From April 1, 2023 to March 31, 2024, Intellectual Property Ontario...

INVESTED IN ONTARIO INNOVATION WITH

$6.3 million invested in **272 clients**

$3.8 million invested in **20 colleges and universities**

PROTECTED WHAT'S MADE IN ONTARIO BY HELPING TO FUND

437 total IP assets

4 industrial designs

48 IP-centric agreements

127 trademarks

258 patents

Spotlight on funding recipient: Conestoga's Centre for Commercialization
Year 1 impact: 6 workshops, 7 patents, 21 trademarks, 40 IP consultations and $100,000 delivered in legal services.

Consistent with its 2023-24 Letter of Direction, IPON applied learnings and client feedback from its beta phase to develop enhanced scale-up plans, as approved by IPON's Board of Directors, MCU and MEDJCT in September 2023.

IPON worked with MCU to launch its scale-up phase significantly earlier than expected, which allowed IPON to **grow IP capacity in more companies, maximize ecosystem supports, optimize service delivery, and increase the utilization of IPON resources**.

SUPPORTED ONTARIO'S INNOVATION ECOSYSTEM WITH

8
partnership agreements+

32
speaking engagements

196
companies educated

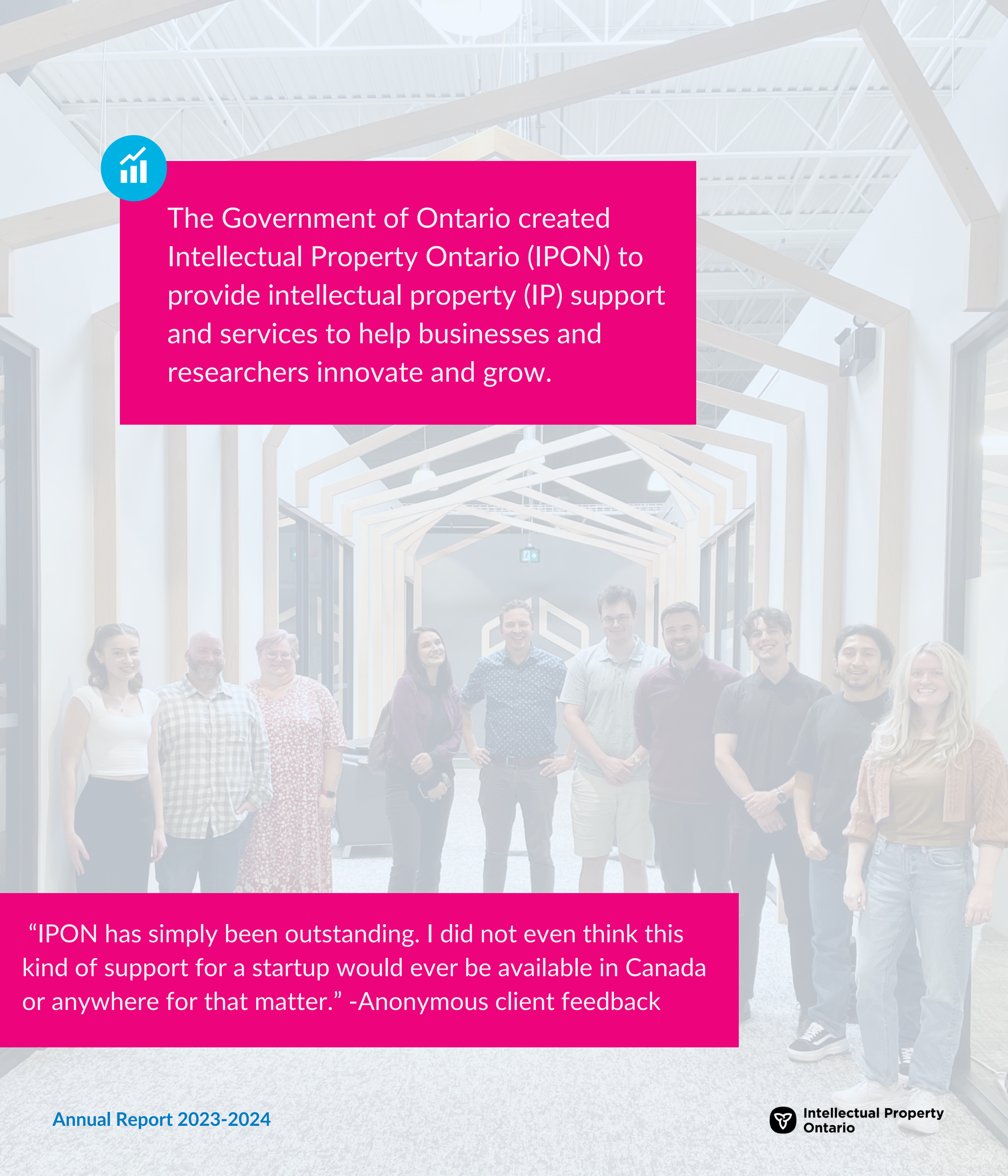
219
benchmark reports

201
individuals micro-credentialed

224
individuals educated

600+
hours of mentorship

+**Memorandums of understanding (MOUs)** are a key component of IPON's partnership strategy, designed to strengthen relationships across the ecosystem and reduce market confusion. These agreements enable IPON to **customize IP services and support for partners, establish clear collaboration targets, and enhance IPON's visibility**.



The Government of Ontario created Intellectual Property Ontario (IPON) to provide intellectual property (IP) support and services to help businesses and researchers innovate and grow.

"IPON has simply been outstanding. I did not even think this kind of support for a startup would ever be available in Canada or anywhere for that matter." -Anonymous client feedback

Purpose

IPON cares about its clients' outcomes and successes and aims to provide meaningful and impactful programs and services. It is passionate about its mandate, engaging with, and **providing the best value and IP support to Ontario's innovation ecosystem.**

MANDATE

IPON was established by Ontario Regulation 4/22 to:

- increase public access to intellectual property (IP) services and resources
- support the development and protection of IP to improve commercialization outcomes
- advance IP knowledge and education
- establish partnerships across the IP ecosystem in Ontario, Canada and beyond
- provide advice, recommendations and support to the Government of Ontario
- encourage economic competitiveness through the development, protection and commercialization of IP in Ontario

STRATEGIC OBJECTIVES & PRIORITIES

- Increase IP capacity within the ecosystem by providing clients with high quality and affordable IP services.
- Strengthen strategic partnerships with IP ecosystem stakeholders to maximize the use of public funding and resources available for IP programs and Ontario companies.
- Demonstrate high-value partnership and IP support for the postsecondary education sector to realize commercialization outcomes.
- Achieve operational excellence by fostering an organizational culture that has effective governance protocols, uplifts teamwork and effective communication, and consists of engaging and motivated talent.

ACCOUNTABILITY

- IPON believes in **doing the right thing for the betterment of its community** and stakeholders by making difficult decisions, **delivering real value**, and being accountable to its clients, partners, government and taxpayers. The agency is **committed to transparency** in all aspects of governance, management, administration and operations, and shares its accountability requirements online.

VISION

To be the go-to, trusted independent source in Ontario to protect and maximize the commercialization of IP for the financial benefit of all Ontarians.

MISSION

To increase prosperity for Ontario by maximizing the value of innovative IP and the capacity for businesses, researchers and entrepreneurs to compete in the global economy. IPON achieves this through services and programs that provide IP awareness, IP funding and IP capacity building.

VALUES

- People first
- Small team, big impact
- Client success focus
- Integrity
- Startup mentality

AGENCY PRIORITIES

IPON's overarching goals, as outlined its 2023-24 Letter of Direction (LoD), were to:

- complete its operational setup
- conduct a beta test phase for service delivery
- establish partnerships within Ontario's innovation ecosystem
- continue to enhance commercialize efforts in postsecondary institutions through the Commercialization Mandate Policy Framework

Over the last fiscal year, **IPON has effectively fulfilled its mandate** (see Table 1) by successfully operationalizing its back-office systems and processes by the set target outlined in its LoD, which included the hiring of executives and enhancing staff capacity. The agency completed a beta test phase for service delivery, enabling it to refine its program and services based on initial testing and feedback. IPON also established a robust network of partners across the innovation and postsecondary ecosystem, keeping the ministry informed of these efforts through regular progress reports.

By the end of the fiscal year, **IPON made significant progress working alongside ministries and its postsecondary partners** to identify and align on commercialization metrics, setting the groundwork for future assessments of commercialization progress. Additionally, IPON announced the hiring of its permanent Chief Executive Officer, who will steer the agency to continue its collaborative initiatives with MCU and MEDJCT on metric reporting for its partners and advancing progress on its advanced curriculum offering in fiscal year 2024-25 and beyond.

Table 1: Letter of Direction Operational Milestones

OPERATIONAL MILESTONES	STATUS	YEAR-END UPDATE
Fully establish back-office systems and processes	Complete	Agency was fully operationalized by June 30, 2023, including hiring of executives, and building staff capacity.
Build staff capacity to build on mandate	Complete	
Complete and report back on the initial test (beta test phase) of service delivery	Complete	IPON submitted its beta phase report-back on January 19, 2024, per its 2023-24 LoD.
Build strong coalition of partners within the business, innovation, and postsecondary education sectors	Ongoing	IPON kept the ministry apprised on partnership building efforts with Elevate IP and other stakeholders as part of regular progress reporting.

OPERATIONAL MILESTONES	STATUS	YEAR-END UPDATE
Collaborate with MCU/MEDJCT to establish metric reporting for partners	In progress	Working closely with MEDJCT and Regional Innovation Centres (RICs), IPON led the development of new IP metrics for RICs. The new metrics were approved and are now included in the RIC transfer payment agreements. IPON will continue to work with other partners to establish IP metrics.
Lead the Joint Working Group (JWG) on Commercialization Metrics	Complete	IPON led a series of working sessions with the JWG to seek alignment on a list of commercialization metrics. In fiscal year 2024-25, IPON will prepare a report for MCU with the list of metrics that it recommends.
Provide MCU with advice on PSE Annual Commercialization Plans (ACP)	Complete	IPON produced a summary report in respect of PSE institutions' ACPs and posted it on its website.
Advanced IP Curriculum	In progress	IPON launched two advanced modules and is in the process of adding additional content.

Gaining momentum: IPON's IP support was mentioned in the news 1,293 times, with 72% neutral and 28% positive sentiment.

Clients

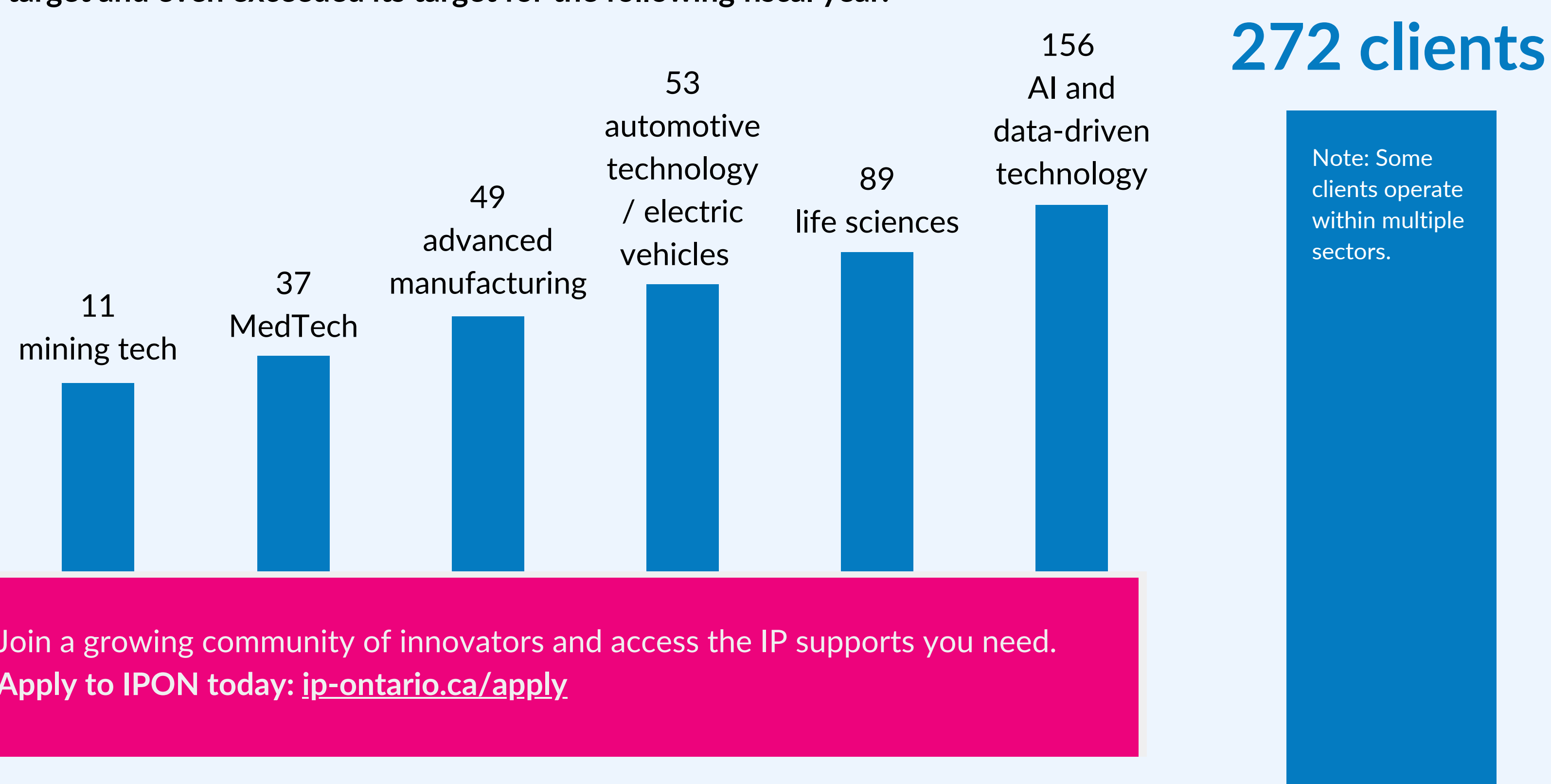
Ontario's innovators and researchers are at the heart of everything IPON does. The agency understands that navigating the complexities of IP can be challenging, which is why it provides tailored support to help **fuel client success** and **strengthen our province's economy**.

At the end of the day, it's all about empowering clients to reach their goals and make a lasting impact—creating a ripple effect that uplifts communities across the province.

"Let me be completely honest, without IPON's assistance I wouldn't be able to strengthen my IP portfolio, nor would I have the financial resources to do so. Top that up with the knowledge that I had come across several times before but was never exposed to as in-depth as I was with IPON education. **Best program ever**." -Anonymous client feedback

SUPPORTING BUSINESSES

By the end of fiscal year 2023-2024, IPON exceeded its beta target and even exceeded its target for the following fiscal year.



Join a growing community of innovators and access the IP supports you need.
Apply to IPON today: ip-ontario.ca/apply

MADE-IN-ONTARIO, FOR ONTARIO

In 2023, IPON invested **$3.8 million** across seven commercialization projects conducted by **20 colleges and universities**, **bringing IPON's total investment to $6.6 million.**

Strategic funding selections were made to support institutions with:

- pent-up demand and limited resources
- a need for talent to support commercialization efforts
- the ability to provide direct IP funding to researchers and companies

Brock University
Conestoga
Laurentian University Université Laurentienne
Nipissing University
Niagara College Canada
Durham College
La Cité
Lakehead University
Trent University
Lambton College
Carleton University
Georgian
York University
George Brown College
Sheridan
TMU
University of Toronto
University of Windsor
uOttawa
McMaster University

IPON's investment supports the **Commercialization Mandate Policy Framework**, which was introduced by the Government of Ontario in 2022, to help colleges and universities advance the shared goal of ensuring that **"made-in-Ontario" research and innovation benefits Ontarians.**

Annual Commercialization Plans (ACP): 2023 marked the second year that colleges and universities reported on their ACP to the Minister of Colleges and Universities. IPON is engaged in the review process and is preparing a report including observations on the sector's commercialization performance for submission to the Ministry in Q3, 2024.

Standardized reporting: In 2023-24, IPON chaired the **Joint Working Group on Commercialization Metrics** to identify metrics as part of a comprehensive key performance indicator strategy for the postsecondary sector to standardize institution-specific baselines and reporting. In fiscal year 2024-25, IPON will make recommendations to the government on standardized metrics.

"This welcomed support from IPON will enable an important program and advance innovative entrepreneurial and commercialization opportunities. By leveraging researchers' in depth and multidisciplinary expertise in health and well-being, and aiding them in bringing their technologies to market, **all Ontarians will benefit**." -Steven N. Liss, Vice President, Research and Innovation, Toronto Metropolitan University

Client spotlight: Raven Connected

Raven Connected, an Ottawa-based leader in AI and IoT vehicle technology, is revolutionizing fleet management with its cutting-edge video telematics solutions. Founded in 2016, Raven Connected developed one of the first LTE-connected vehicle solutions, offering both road and cabin-facing cameras. Its technology provides unparalleled insights into fleet operations, having logged over three billion kilometres of road-related data.

With IPON's support, Raven Connected was able to update its privacy policy, create new licensing agreements, conduct a landscape search, **file three new U.S. provisional patents** and **protect three trademarks**.

Dan Carruthers
CEO, Raven Connected

Leveraging the resources and expertise provided by IPON was instrumental in helping us secure our Series A funding. Their support to cost-effectively secure patents, and protect our innovations instilled confidence in our investors. This not only fortified our IP portfolio but also showcased our commitment to safeguarding our technological advancements, which was **a crucial factor in attracting and securing investment**. Raven is a **100% made-in-Ontario solution** and we are proud to contribute to Canada's growing leadership in AI and next-gen vehicle technology.

Client spotlight: Tenomix

Tenomix is battling cancer, one lymph node at a time. Headquartered in London, Ontario, it's working to develop novel technologies that target inefficiencies in the pathology workflow, optimize cancer care and reduce healthcare costs. Its dedicated team of engineers, medical doctors and clinical scientists is currently working on a novel solution called The Lymphonator.

IPON helped Tenomix enter national patents in 10 locations, trademark its brand and lay a foundational IP agreement.

Saumik Biswas
CEO and
Co-founder,
Tenomix

IP is so important because there's a lot of impact on both the business side and the medical side. Since we're uniquely integrating both hardware and software components in our technology, we knew that our IP strategy would be unique and it was something we needed to get right.

Investors had a lot of confidence seeing all the support from Elevate IP, IPON and all of the different organizations that really emphasize protecting our IP. **Building something innovative and impactful in healthcare is incredibly challenging without this type of support.** However, securing funding also requires demonstrating that the solution will be effective, creating a challenging catch-22. We managed to overcome this with the guidance and support from Elevate IP, IPON, our clinical collaborators and our funding partners.

Now, my team and I are **ready to tackle the positive trajectory** ahead for our company and also be able to provide significant value creation with our platform technology to patients, pathology labs and hospitals worldwide in the coming years.

Support and services

FROM BETA TO SCALE-UP

Like many startups, IPON launched in a beta phase to help refine its services. This initial stage, with a select group of 40 clients, was crucial in gaining valuable insights and proving its support model—enabling the agency to move quickly and confidently into its current scale-up phase (ahead of schedule) to better:

- grow IP capacity in more companies
- work with partners to maximize limited ecosystem supports
- optimize the delivery of services
- deliver more IP resources to more innovators

Armed with feedback, learnings and experience, IPON enhanced its programming and supports to better **meet innovators' evolving needs** and deliver unparalleled value.

EDUCATION

Public services: Anyone interested in learning how IP can be strategically leveraged to advance their business objectives can access IPON's free, self-guided Foundations of IP Strategy course. Learners benefit from IP case studies based on pop culture examples, videos from IP experts and entrepreneurs, and quizzes to put their knowledge to the test.

Micro-credentials: Clients also learn with module-based e-learning courses on topics tailored to advance learners' IP knowledge. A micro-credential (digital badge) is awarded to clients to showcase their successful completion of each learning milestone.

Advanced education (for clients): To build on their learnings from the foundational course, clients can access an advanced IP curriculum, interactive IP workshop and case study review.

Landscape reports: IPON's sector-specific patent landscape reports are tailored for Ontario innovators, researchers and policymakers. These reports are helpful for identifying emerging opportunities, understanding industry trends and spotting potential technology gaps. By analyzing current patenting activities, reports provide actionable insights that can help guide investment decisions and inform IP strategies.

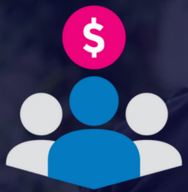
IP BENCHMARKING

Clients gain a better understanding of their **IP health and awareness** by completing IPON's IP benchmarking tool to assess their IP strategy, assets and processes. They then receive a **customized IP Assessment Report** which can be used to help inform tailored IP strategies and actions to meet their IP needs.

IP FUNDING

Protecting intellectual property can be a significant investment, but IPON is here to help. Once clients complete their IP education and benchmarking, they're eligible to access IPON funding.

IPON covers up to **80%** of eligible costs **to help fund:**



IP audits, IP valuations, IP strategy assessments, IP filings, IP agreements and contracts with high IP impact

IPON-funded services must be provided by a licensed Ontario IP lawyer or registered IP agent. The agency works with a roster of 112 service providers from 43 Ontario-based firms to ensure our clients have easy access to **trusted, high-quality support** across a wide range of specialized services.

MENTORSHIP

With impressive experience ranging from scaling successful startups to managing research and development for Fortune 500 companies, IPON mentors have **lived IP and commercialization experience** and **offer tailored advice** to each client in need.

MORE SUPPORT

IPON provides additional support to complement its core offerings, including:

IP service provider roster: Clients can choose their own service provider or select one from IPON's pre-approved roster of IP professionals.

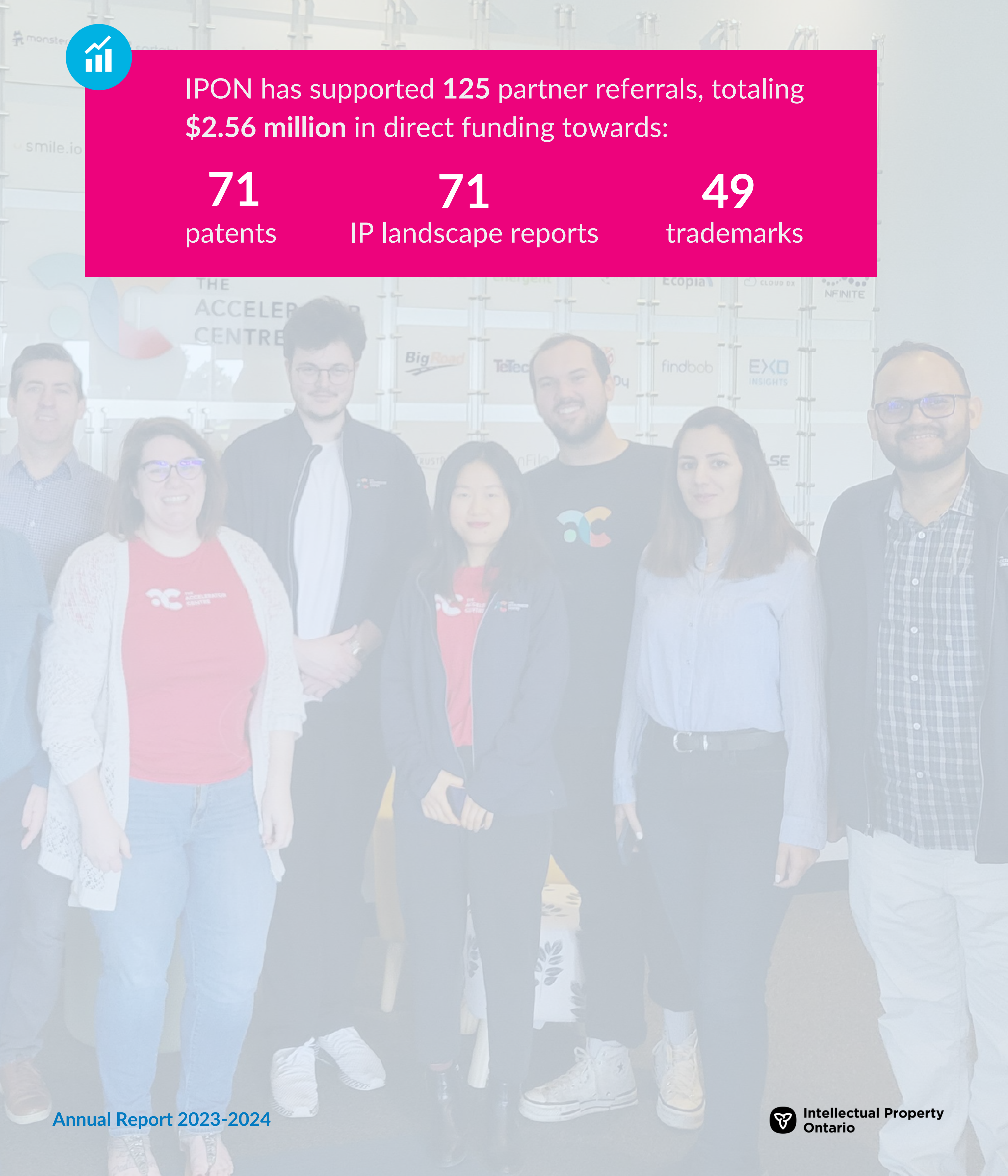
Q&A sessions: Every week, clients can join a drop-in session to connect with an IP expert and ask any questions. Separate sessions are also offered to service providers to make it easy to work with IPON's clients.

Events: IPON hosts exclusive client events to help Ontario innovators network and learn from each other and key ecosystem players, like investors.

IPON Hub: The IPON Hub on slack enables clients to ask the IPON team any question at any time. It's a place where clients can stay up-to-date on all things IPON and meet and interact with each other.

IPON has supported **125** partner referrals, totaling **$2.56 million** in direct funding towards:

71 patents	**71** IP landscape reports	**49** trademarks



Partners

IPON is strengthening its position as a leader in IP capacity building by **forming key partnerships across Ontario.**

Beyond its many collaborations with leading organizations, it has formal partnerships with **eight innovation ecosystem drivers.**

"[IPON is] a good partner. I'm happy to refer clients to IPON for additional support and I know the clients will be taken care of."
-Invest Ottawa

"IPON is an extremely crucial program and has been well-received by founders in the community. It is servicing a key need for Ontario ventures to manage their IP needs." -YSpace, York University

IPON is actively expanding its partnerships across key sectors and regions to bring IP support to more Ontario innovators. Interested in partnering? Reach out to IPON at info@ip-ontario.ca

“Supportive team, amazing education content and high-level experts.” -Anonymous client feedback

“The IPON team has been fast, accommodating and very easy to work with throughout our engagement.” -Glenn Crossley, Associate Director, Business Development & IP, McMaster University

“The level of service received is basically white glove - [IPON] has been an informal sounding board for ideas and query response times have been very fast.” -Fergal Kerins, Founder, PreOperative Performance

Intellectual Property Ontario

Performance

IPON embraces a **startup mentality**. It moves with **speed and agility** to align its support with clients' needs. It believes in **progress over perfection** because it has a trusted and talented team that can continuously improve and course correct as it learns.

EXCEEDING TARGETS

As of March 31, 2024, IPON exceeded most targets for the 13 KPIs in its 2023-26 Business Plan:

STRATEGIC GOAL	OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL
Develop strategic partnerships with IP ecosystem stakeholder	Develop frameworks and common support mechanisms to allow collaboration with ecosystem partners on service delivery	# of support provided to ecosystem partners to adopt programs capturing benefits to Ontarians	**2**	**1**
		# of ecosystem partners IPON is serving or funding	**7**	**8** *(114%)*
Create increased IP capacity within the ecosystem	Develop IP services and support that can be deployed to clients via IPON & ecosystem partners	# of companies supported through mentoring / strategic engagement	**40**	**57** *(143%)*
		# of IP assets protected	**80**	**437** *(546%)*
		# of companies participating in the educational program	**80**	**196** *(245%)*
		# of individuals micro-credentialed	**80**	**201** *(251%)*
		# of law firms on our roster of service providers	**14**	**43** *(307%)*
		# of SMEs whose growth is supported by IPON	**35**	**40** *(114%)*
		# of individuals completing the basic education course	**80**	**224** *(280%)*
		# of IPON articles in the news	**10**	**1,293**

STRATEGIC GOAL	OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL
Achieve operational excellence	Develop and implement core operational processes	Overall client satisfaction (% of survey response)	**>95%**	**83%**
Be a high value partner	Implement the CMPF in collaboration with MCU	# of KPIs developed for the PSE sector	**10**	**11** *(110%)*

"Really impressed with the IPON org's ability to adapt to new information. [...] The team is very good at taking learnings and acting on that. [...] Kudos!" -Anonymous client feedback

FINANCES

IPON is solely funded by the Government of Ontario.

For the period of April 1, 2023 to March 31, 2024, IPON received **$13.3 million in total funding** for its programs and operational requirements. With a prior surplus of $2.3 million, its total available funds were $15.6 million.

During this time, IPON recognized **$15.7 million in total expenses**, with 68% or almost $11 million **spent on program costs and direct grants to client companies and postsecondary institutions**. The agency ended the fiscal year with an accumulated deficit of $116,897.

IPON's financial statements and the Auditor General for Ontario's report for this fiscal year can be found in Appendix C.

"Funding has exceeded our expectations in a big way! We are grateful to be a part of this program!" -Anonymous client feedback

Looking ahead

2023-2024 2024-2025

IPON's next fiscal year promises to be one of growth, innovation and continued commitment to its mission. Key initiatives that will drive progress and set the stage for even greater impact are:

- **Refining programs** to better serve Ontario innovators.
- **Expanding eligibility** to bring IP support to more companies and researchers.
- **Enhancing its funding** model to
  - ensure clients gain a foundational understanding of IP before accessing funding;
  - enable clients to apply for the funding they need, when they need it;
  - be scalable; and
  - improve financial forecasting.
- **Streamlining partner referrals** to deliver seamless support for joint clients while maximizing the efficiency of limited ecosystem resources.
- **Extending its reach and support** across Ontario.

Whether you're a client seeking IP support to safeguard your gamechanger, a postsecondary institution driving innovation, a government colleague shaping policy, or a partner contributing to shared goals, **your involvement is key to IPON's success** in the year ahead.

Thank you for being part of IPON's journey. The agency looks forward to continuing to achieve great things together.

"IPON has been a great program for us in a number of ways. First, the training has been very good to improve our understanding of IP and the processes. Second, we were exposed to different IP services that we were not aware of and filled in some gaps. Third, the financial support enabled us to really accelerate the implementation of our IP development. I expect that our IP output will be about 3-4x greater this year compared to last year." -Dr. Derrick Redding, CEO, Betterfrost Technologies

Appendix A: Board remuneration

BOARD MEMBER	POSITION	PER DIEM REMUNERATION RATE*	REMUNERATION PAID IN 2023-2024
Karima Bawa	Chair	$500	$69,907
Karen McClure	Vice-Chair	$400	$52,328
Paul Paolatto	Member	$300	$31,628
Elliot Fung	Member	$300	$23,542
Hongwei Liu	Member	$300	$19,650
Sally Daub	Member	$300	$21,300
Maura Campbell	Member	$300	$17,650
Dan Herman	Member	$300	$17,450

*Remuneration is dictated by a government order in Council.

Appendix B: Agency risks and mitigation plan

In the 2023-24 fiscal year, IPON made significant progress in establishing and implementing an enterprise risk management framework. The framework is a continuous and proactive process that remains essential to internal controls, while further reinforcing IPON's commitment to accountability and transparency. The framework enables IPON to successfully identify, assess, monitor, mitigate and report on risks to its Board of Directors and the Minister of Colleges and Universities.

Key risks and mitigation strategies for the past fiscal year are:

RISK NAME	DESCRIPTION	MITIGATION STRATEGIES EMPLOYED
Marketplace Confusion	Marketplace confusion due to the availability of multiple IP service and funding programs.	By the end of FY23-24, IPON has increased its industry presence, demonstrated its commitment to service delivery, and continues to build its reputation among stakeholders and clients.
Scale-Up Risk	Complexity of scaling an agency and providing services to a greater number of clients concurrently based on the timelines set prior to IPON's establishment.	By the end of FY23-24, the agency completed its business and operational planning processes and onboarded a new CEO. IPON has taken steps to organize internally, such as priority planning, capacity building, and task automation. The agency is also working with the Ministry on automation plans to serve a higher number of clients. Although delays in approval could slow down automation, IPON has already met its scale-up targets.

Appendix B: Agency risks and mitigation plan

RISK NAME	DESCRIPTION	MITIGATION STRATEGIES EMPLOYED
Talent Attraction	Risk that IPON will not be able to attract qualified talent required to deliver services, specifically IP talent.	In FY23-24, IPON has focused on improving its recruitment strategies and enhancing its appeal to potential candidates, addressing the risk of not being able to recruit sufficient talent for scale-up and general operations.
People & Culture	Risk that IPON will not be able to retain talent due to the fast-paced startup environment.	In FY23-24, IPON worked with the Board to launch a new compensation survey in 2024-25 to assess and improve the attractiveness of its salary bands, aiming to mitigate the risk of talent retention issues caused by competitive compensation and potential burnout.
Service Demand	Risk that there are too few or not adequately represented applicants for our services.	By the end of FY23-24, IPON demonstrated high demand for its services, surpassing initial agency and government goals. The risk has been fully mitigated due to IPON's successful service delivery and strong reputation in the IP ecosystem. This risk is now considered resolved.

Appendix B: Agency risks and mitigation plan

RISK NAME	DESCRIPTION	MITIGATION STRATEGIES EMPLOYED
Service Delivery	Risk that IPON will not keep pace with client demand due to manual operations.	In FY23-24, IPON assessed internal capacity and has identified key areas for strengthening to meet demand, including CRM and automation tool procurements planned for the next quarter and the new fiscal year. Although delays in government approvals are out of IPON's control, these steps are aimed at addressing the risk.
Service Demand Forecasting	Risk that the funding allocation will not align with service demand, leading to unmet client needs due to challenges in forecasting the demand for a new agency's services.	In FY23-24, IPON worked with MCU to utilize contingency funding, reducing the risk of underspending and ensuring alignment with service demand. This proactive approach has effectively minimized the risk.
Ministry Approval for Critical Business Activities	Risk of delays in critical scale-up planning and delivery due to hold-ups in ministry approval.	By the end of the fiscal, this risk remains low as scale-up approvals were granted by the ministry. However, there remains a residual risk due to potential delays in the PSE pilot extension. IPON has secured key approvals but faces lengthy approval timelines due to turnover in Ministry leadership and competing priorities.

Appendix C: Financial statements

The following pages provide the financial statements of IPON - 2023-2024.

Financial Statements of

Intellectual Property Ontario

For the year ended March 31, 2024

Intellectual Property Ontario
Year ended March 31, 2024

Responsibility for Financial Reporting

The accompanying financial statements of Intellectual Property 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 August 2, 2024.

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 and Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Finance and Audit Committee is comprised of Board members who are not employees/officers of Intellectual Property 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.

Dan Herman
Chief Executive Officer

Thanesh Yogarajah
Chief Financial Officer

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

INDEPENDENT AUDITOR'S REPORT

To Intellectual Property Ontario

Opinion

I have audited the financial statements of Intellectual Property Ontario, which comprise the statement of financial position as at March 31, 2024, and the statements of operations and accumulated (deficit) surplus, change in net (debt) financial assets and cash flows for the year then ended, 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 Intellectual Property Ontario as at March 31, 2024, and the results of its operations, changes in its net (debt) financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit 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 Intellectual Property Ontario in accordance with the ethical requirements that are relevant to my audit 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 Intellectual Property 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 Intellectual Property Ontario either intends to cease operations, or has no realistic alternative but to do so.

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

20 Dundas Street West
Suite 1530
Toronto, Ontario
M5G 2C2
416-327-2381
fax 416-327-9862
tty 416-327-6123

20, rue Dundas ouest
suite 1530
Toronto (Ontario)
M5G 2C2
416-327-2381
télécopieur 416-327-9862
ats 416-327-6123

www.auditor.on.ca

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 Intellectual Property 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 Intellectual Property 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 Intellectual Property 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 audit.

Jeremy Blair

Toronto, Ontario
August 2, 2024

Jeremy Blair, CPA, CA, LPA
Assistant Auditor General

Intellectual Property Ontario

Statements of Financial Position
As at March 31, 2024

	2024	2023
Financial Assets		
Cash	$ 3,450,229	$ 764,909
Due from the Ministry of Colleges and Universities (note 3)	1,396,800	1,750,000
HST Receivable	151,104	-
	$ 4,998,133	**$ 2,514,909**
Liabilities		
Accounts Payable and Accrued Liabilities (note 4)	475,764	272,756
Grants payable (note 5)	4,695,238	-
	$ 5,171,002	**$ 272,756**
Net Financial (Debt) Assets	**$ (172,869)**	**$ 2,242,153**
Non-Financial Assets		
Prepaid Expenses	55,972	10,660
Accumulated (Deficit) Surplus	**$ (116,897)**	**$2,252,813**

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

On behalf of the Board:

Karima Bawa

Karima Bawa
Chair, Board of Directors

Karen McClure

Karen McClure
Chair, Finance and Audit Committee

Intellectual Property Ontario

Statements of Operations and Accumulated (Deficit) Surplus
For the year ended March 31, 2024

	Budget 2024	2024	2023
Revenue			
Transfer Payments from the Ministry of Colleges and Universities	$ 13,967,800	$ 13,292,608	$ 4,480,301
Total Revenue	**13,967,800**	**13,292,608**	**4,480,301**
Expenses			
Grants to Companies (note 5)	$ 4,114,542	$ 6,285,495	$ -
Salaries, Wages & Benefits (notes 6 and 7)	4,301,968	4,082,639	1,250,439
Grants to Post Secondary Education Entities (note 5)	3,211,349	3,829,884	-
Other (note 9)	991,050	940,702	342,032
Program Costs (note 8)	1,348,891	523,598	121,850
One-time Start-Up Costs	-	-	513,167
Total Expenses	**13,967,800**	**15,662,318**	**2,227,488**
Annual Operating (Deficit) Surplus	**$ -**	**$ (2,369,710)**	**$ 2,252,813**
Accumulated Surplus, beginning of year	**-**	**2,252,813**	**-**
Accumulated (Deficit) Surplus, end of year	**$ -**	**$ (116,897)**	**$ 2,252,813**

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

Intellectual Property Ontario

Statements of Changes in Net (Debt) Financial Assets
For the year ended March 31, 2024

	Budget 2024	2024	2023
Annual Operating (Deficit) Surplus	$ -	$ (2,369,710)	$ 2,252,813
(Increase) in Prepaid Expenses	-	(45,312)	(10,660)
Change in Net (Debt) Financial Assets	**$ -**	**$ (2,415,022)**	**$ 2,242,153**
Net Financial Assets, beginning of year	**-**	**2,242,153**	**-**
Net (Debt) Financial Assets, end of year	**$ -**	**$ (172,869)**	**$ 2,242,153**

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

Intellectual Property Ontario

Statements of Cash Flows
For the year ended March 31, 2024

		2024		2023
Operating Transactions				
Annual Operating (Deficit) Surplus	$	(2,369,710)	$	2,252,813
Decrease (Increase) in:				
Due from the Ministry of Colleges and Universities		353,200		(1,750,000)
HST Receivable		(151,104)		-
Accounts Payable and Accrued Liabilities		203,008		272,756
Grants Payable		4,695,238		-
Prepaid Expenses		(45,312)		(10,660)
Cash Provided by Operating Transactions	**$**	**2,685,320**	**$**	**764,909**
Net Increase in Cash		**2,685,320**		**764,909**
Cash, beginning of year		764,909		-
Cash, end of year	**$**	**3,450,229**	**$**	**764,909**

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

1. Nature of the Organization

Intellectual Property Ontario (the "Corporation") was created on January 4, 2022, by Ontario Regulation 4/22 under the *Development Corporations Act, R.S.O. 1990, c. D.10* (Ontario).

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

(a) to increase public access to services and resources in respect of intellectual property in order to advance economic growth and competitiveness in Ontario;

(b) to support the development and protection of intellectual property to improve the commercialization outcomes of research in Ontario;

(c) to advance knowledge, and to develop and disseminate educational curricula, best practices and research, in respect of intellectual property, and to advance understandings of domestic and international trends with respect to the protection and commercialization of intellectual property;

(d) to establish partnerships within and outside Canada with post-secondary institutions, governments and organizations, including organizations that provide supports for businesses and entrepreneurs, for the purpose of building capacity for the development, protection and commercialization of intellectual property in Ontario; and

(e) to provide advice, recommendations and support to the Government of Ontario, including to the Minister and the Minister of Economic Development, Job Creation and Trade ("MEDJCT"), with respect to encouraging economic competitiveness through the development, protection and commercialization of intellectual property.

The Corporation reports to the Ministry of Colleges and Universities ("MCU" or the "Ministry") per Ontario Regulation 4/22. MCU and MEDJCT have signed an inter-ministerial MOU that defines responsibilities of the parties with regards to Intellectual Property Ontario.

The Corporation is exempt from federal and provincial income taxes under the Income Tax Act (Canada). In March 2024, CRA approved the Corporation's HST exemption and allowed the Corporation to claim HST rebate from the Corporation's incorporation date of January 4, 2022.

2. 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 funds 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.

(b) Revenue Recognition (continued)

Funds received from the Ministry are recognized as deferred revenue when these conditions give rise to a liability. Funds received from the Ministry are recognized as revenue in the Statements of Operations and Accumulated (Deficit) Surplus as the liabilities are settled.

(c) Expenses

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

(d) Grants

Grants are recorded as expenses and grants payable when the transfer is authorized, and eligibility criteria have been met by the recipient.

(e) Prepaid Expenses

Prepaid expenses include subscriptions, licenses, and membership dues, and are charged to expenses over the periods the Corporation expects to benefit from them.

(f) 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.

(g) 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.

- Due from and to the Ministry of Colleges and Universities, HST receivable, accounts payable and accrued liabilities and grants payable are recorded at cost.

A statement of remeasurement gains and losses has not been presented as there is nothing to report therein.

(h) 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 of Ontario 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.

(i) Employee Benefits

Employee benefits include (1) an additional 6% paid by the Corporation to its employees in lieu of insurance benefits before the insurance benefits were set up in July 2023; (2) insurance benefits that include Health insurance, Life insurance and Accidental Death & Dismemberment insurance; and (3)

(i) Employee Benefits (continued)

vacation payable accrual. All three are included in Salaries, Wages & Benefits in the Statement of Operations and Accumulated (Deficit) Surplus.

(j) 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 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 accrued liabilities. Actual results could differ from those estimates.

3. Due from the Ministry of Colleges and Universities

As per the Funding Agreement signed by the MCU, the Corporation requested contingency funding of $1,396,800 that was authorized on March 26, 2024 and received by the Corporation on April 8, 2024. This funding is to support delivery programs and general operating and service delivery requirements of the Corporation.

4. Accounts Payable and Accrued Liabilities

	2024	2023
Accounts Payable	$116,587	$120,504
Accrued Salaries, Wages and Benefits	298,396	120,077
Accrued Liabilities	60,781	32,175
Total	$475,764	$272,756

5. Grants

Grants to Companies

The Corporation provides companies with financial grants to subsidize the cost of intellectual property (IP) protection and commercialization services. The Corporation covers up to 80% of eligible costs based on approved scopes of work.

Grants to Post Secondary Education (PSE) Entities

In early 2023, the Corporation launched the first Call for Proposals for Ontario’s colleges and universities to augment their IP knowledge and in-house capacity. This first Call was targeted predominantly at institutions that did not have access to any internal or nearby IP capability.

With the Ministry of Colleges and Universities’ support, in March 2024, the Corporation invited the second Call for Proposals from colleges and universities in the Province of Ontario that had not previously received the Corporation’s funding.

6. Employee Future Benefits

The Corporation has a defined benefit pension plan with the Public Service Pension Plan for all its employees. 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. Pension benefits of $223,999 (2023 – $54,192) are included in Salaries, Wages & Benefits in the Statement of Operations and Accumulated (Deficit) Surplus.

The Ministry of Tourism, Culture and Sport (MTCS)[1] via MCU (2023 – MEDJCT) provided transition support staff to the Corporation. The related costs of the pension plan provided to the transition support staff are paid by MTCS (2023 – MEDJCT) and are not included in these financial statements.

7. Related Party Transactions

In support of the Corporation's operations, the MTCS (2023 – MEDJCT) via the MCU provided transition support staff, and the Ministry provided goods and services to the Corporation on a cost basis, as follows:

- The MTCS recovered salaries and benefits (excluding pension costs as noted in Note 6) of seconded staff totaled $194,559 (2023 – $401,450 provided by MEDJCT): $193,960 (2023 – $401,450 provided by MEDJCT) is recorded in Salaries, Wages & Benefits and telephone expense of $599 (2023 – $nil) is recorded in Other Expenses on the Statement of Operations and Accumulated (Deficit) Surplus.

- The goods and services provided by the Ministry to the Corporation on a cost basis totaled $101,250 (2023 – $578,851): $34,022 (2023 – $470,338 was included in One-Time Start Up Costs) is recorded in Salaries, Wages & Benefits and $67,228 (2023 – $108,514) is recorded in Other Expenses on the Statement of Operations and Accumulated (Deficit) Surplus.

8. Program Costs

Program costs include the Corporation’s services to clients related to IP education and awareness, IP advisory services (e.g. mentoring, sharing IP market data), and capacity building services to post-secondary sector stakeholders.

9. Other Expenses

	2024	2023
Board of Directors	$308,234	$146,929
Professional Fees	236,301	24,749
Travel	102,037	47,717
Information Technology	65,664	23,296
Marketing	63,109	28,013
Office and General	57,580	26,649
Dues, Licenses and Subscriptions	39,465	15,304
Rent	37,340	10,845
Insurance	30,972	18,530
Total	$940,702	$342,032

1 Subsequent to the year end, in June 2024, the Ministry of Tourism, Culture and Sport changed its name to the Ministry of Tourism Culture and Gaming.

10. Financial Instruments Risk Management

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.

11. Comparative Figures

Certain comparative figures in the notes to financial statements have been reclassified to conform with the current year presentation.

For more information, please visit:

ip-ontario.ca

Intellectual Property Ontario
210-137 Glasgow St., Unit 140
Kitchener, Ontario N2G 4X8

Intellectual Property Ontario

Intellectual Property Ontario