



NIAGARA
ANGEL NETWORK

2016/17 YEAR IN REVIEW



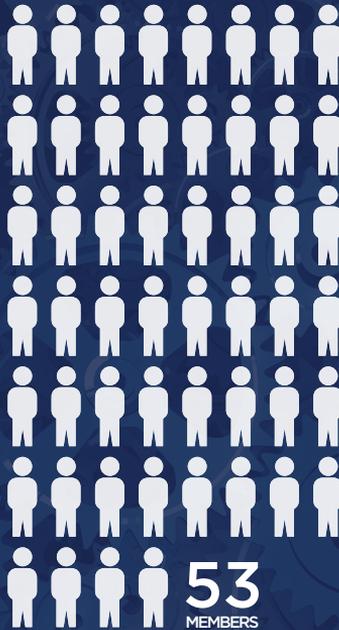
2013/14



\$3,777,819

YEAR END INVESTMENT TOTAL

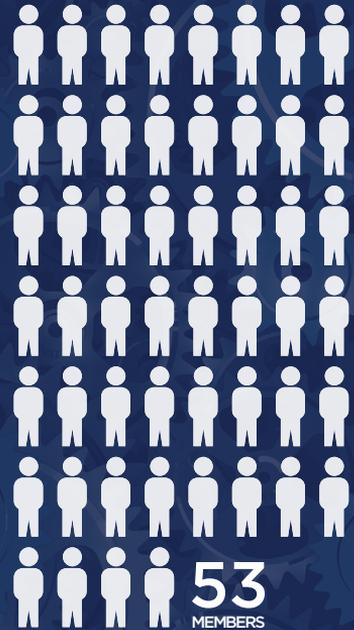
2014/16



\$1,185,000

YEAR END INVESTMENT TOTAL

2016/17



\$1,502,042

YEAR END INVESTMENT TOTAL

TOTAL PUBLIC FUNDS LEVERAGED INTO DEALS: **\$6,664,972**

TOTAL PRIVATE NON MEMBER FUNDS LEVERAGED INTO DEALS: **\$73,981,655**

\$11,287,060

TOTAL CUMULATIVE INVESTMENTS IN 26 COMPANIES

in the following sectors:

ICT (15) clean tech (7) health sciences (2) biosciences (1) agri-food (1)

Each metric sums reporting by the Niagara Angel Network to government funding agencies, as well as post investment monitoring via other Angel groups, and investee companies. Totals also include NAN backed investments for the FedDev Ontario Investing in Innovation Program.

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In November 2010, a group of Niagara business leaders connected with various private, educational and voluntary organizations founded, formed and launched the Niagara Angel Network (NAN).

NAN was successfully organized under the auspices of Network of Angel Organizations-Ontario to consider investment proposals from companies all over North America. The group is a member based, not-for-profit corporation for accredited investors who live, work, or have a strong interest in Niagara, other Southern Ontario communities, or young companies primed for growth. They are individuals with a desire for an excellent return on their investments, expanding their list of portfolio of companies, and providing business guidance to early stage companies.

Since it was created, the group has continuously made progress in each of the following performance indicators: membership, investments and operations. Membership has remained steady at 53 members, while total cumulative investments have now exceeded \$11.3 million. Our Angel investors continue to make measurable gains for the innovation company by investing in 26 firms.

Furthermore, the group's strong performance has resulted in over \$1.5 million in funding commitments from various government funding programs. This funding has helped to increase the capacity of the Niagara Angel Network to serve our members more effectively.



The year 2016 ended with the Niagara Angel Network's fifth anniversary. I'd like to take this opportunity to recognize and celebrate the work of those who had the foresight to create this network in Niagara and those who have helped us grow. The first five years have put us in a strong position to continue our success into the next five years.

Our fifth anniversary year provided the membership with many diverse and engaging opportunities, with one start-up receiving recognition on a larger stage. Smarter Sorting, for example, was featured by Angel Investors Ontario as a "Game-Changing Company" and Niagara success story. Smarter Sorting is strategically positioned to become an industry leader in North America and around the world. These success stories remind us that, together, we are making a difference through angel investing with over \$11 million invested in early stage companies to date.

Over the next five years, the Niagara Angel Network will continue to provide an important platform for companies and angel investors to meet, while attracting new investors and exploring new partnerships.

Thank you to our past chairs, board members, members, supporters and sponsors as well as the companies who pitched over the last five years for helping us continue to thrive and to be a vital part of innovation and growth in Ontario.

And last, but not least, I would like to thank Terry Kadwell our Executive Director and Alana Hoyle our Office Administrator for their pains taking work in hunting out and screening our investment opportunities and organizing our pitch presentation evenings.

Rico Leone, Chair
Niagara Angel Network



2016 was a period of progress on many fronts for the Niagara Angel Network (NAN). We continued to attract the right mix of companies, and the right mix of investors. We financed the greatest number of companies within a single fiscal year. We executed deals faster and more efficiently than previously. And we strengthened our attendance and in-take process to the mutual benefit of our members and our investee companies.

The legacy of this past year, however, is a tribute to the members and their renewed engagement in all aspects of Angel investing. From sourcing companies, referring members, and performing due diligence, NAN members are guided by the common belief that cooperation is the foundation for success. Staff works at the very centre of this foundation. Every day, we are searching for the best investment opportunities and working with our Angels to screen, support and invest in the brightest young companies.

There is one challenge facing all Angel groups today, which is attracting new members and growing the pool of capital, that we can deploy in early stage companies. To remain successful and vibrant in this space, NAN must continue to attract new members with the resources, knowledge, and expertise to build successful companies in Niagara and abroad. I believe the numbers in this annual report show significant progress on that front.

I want to thank the NAN Board of Directors, Cooper Wealth Management, Durward, Jones, Barkwell & Company, the Niagara Business and Innovation Fund and the Niagara Industrial Association for their ongoing support. I would also like to extend our gratitude to FedDev Ontario and Angel Investors Ontario for their continued support to our organization.

And most importantly, I would like to convey my appreciation to the Angels, who inspire us with their dedication to NAN's mission of building a strong, and sustainable Angel investor group here in Niagara. On behalf of the Board. I thank you.

Terry Kadwell, Executive Director
Niagara Angel Network

Angels Invest in NIAGARA-Based “Game Changing” Company, Smarter Sorting

The Start-Up

Smarter Sorting, headquartered in Port Colborne, is a technology that changes the way household hazardous products, such as bleach, detergents, and disinfectants, are sorted and repurposed. Current practice (and how it's done around the world) is to incinerate a significant amount of product at great cost to the taxpayer.

Expensive and bad for the environment, Smarter Sorting came up with a cost and environment-saving solution. Using hardware and software that would allow businesses and municipalities who handle this waste to quickly categorize products that can be sorted for reuse, Smarter Sorting then collects these items and places them into a reuse channel. An important component of the patented software allows for the collection and integrated sharing of data around the world.

By using Smarter Sorting technology, municipalities can save upwards of 20% and private companies can save even more, depending on the business. In addition to the cost savings, those who utilize Smarter Sorting's technology make an important pivot towards greener corporate practices.

The company, founded by Chris Ripley, believed that seeking the support of Angels was a natural next step in their growth process. “We had two options,” notes Ripley. “We could either bring them on as advisors, paying them with shares, or we could bring them on as investors, who would participate in the company's development.” Ripley and his team were looking to meet two important end goals, which the Angels were set to provide: 1) Bringing highly intelligent and experienced people into the process for mentorship; and 2) Raising money to help the company continue to build.

Ripley advises that, “companies should not take money from anyone who offers it.” “Having Angel communities that you can pitch to in groups allows you to sort through a number of interested parties faster than going through one person at a time. The Angel community in Ontario facilitates this, and is the optimal environment for a company trying to raise capital,” he says.

Elaborating on the other benefits of working with the Angels, Ripley attests to the fact that the Angels' diverse networks create more opportunities. “When you are dealing with a group of Angels, you have the benefit of their different networks,”

The Angels

Fred Davies, a member of Niagara Angel Network (NAN), co-ordinated the investment into Smarter Sorting, commencing due diligence in May 2016, with a first investment coming in October 2016 and a second in February 2017. “NAN was the lead investor for Smarter Sorting. We were immediately attracted to this opportunity, with several Angels investing. The first of investment came in at \$280K, with a follow on of another \$70K. We’re also expecting an additional investment in the near future,” says Davies.

Davies asserts that NAN saw Smarter Sorting as a global game changer for creating data currently missing from the marketplace. “This is one of the most exciting opportunities that has come across our deal flow. Nobody has this technology with a platform for gathering information on household hazardous products that also leads to a repurposing these materials and saving governments money as a result,” notes Davies. “In Ontario, this is a new legislative mandate. Government is establishing new rules and regulations to deal with, not just hazardous waste, but everything that has to do with the green environment.”

The company, Davies believes, is therefore “strategically positioned to be a leader, not just in North America, but globally. It’s in the right place at the right time to have a game changing impact in North America.”

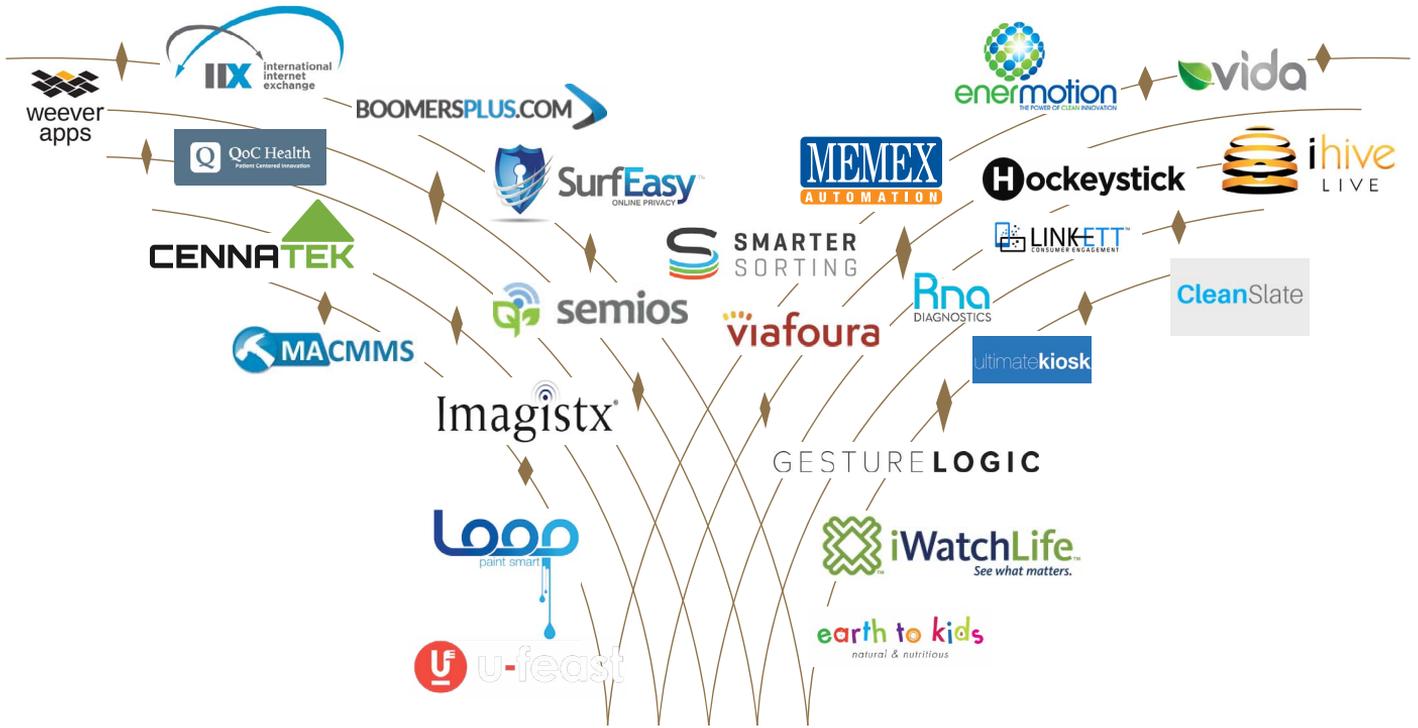
Davies is quick to identify the positive outcomes that have been derived from investing in Smarter Sorting. “The company literally changes our thinking and practices in repurposing waste and saving our taxpayers dollars. Ultimately, we are saving taxpayers money, starting a company that is extremely profitable, and doing something positive for the environment. That, in my mind, is a good triple play.”

The Outcome

The support of the Angels is what Ripley refers to as the “fuel that keeps the engine burning.” Ripley credits the Angels for being instrumental to further mobilizing the company’s development, with the investment allowing Smarter Sorting to hire, receive patents, and land giant customers.

Smarter Sorting is being piloted across North America in several key markets, and has generated impressive early results. The company is also aligned with Canadian partners, including a major retailer.

With its official launch taking place in August 2017, at the North American Household Hazardous Waste Association, there is intent to turn a 3-5X return on shares, whereby those who purchased at \$1/share will now see their shares worth \$3-\$5/share, depending on when they bought in. That, states Ripley, will be a “significant milestone.”



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



Investing in Business Innovation Program

The Investing in Innovation Program (IBI) is an initiative that supports the activities of the Niagara Angel Network and other registered Angel groups to attract more investment and increase the efficiency and effectiveness of investment in innovative, high growth start-up businesses. Support through IBI increases the potential for businesses to succeed by strengthening Angel networks and encouraging the development of partnerships between early stage businesses and investors so that entrepreneurs have the tools and capital they need to become world leading innovators.



Angel Investors Ontario

Angel Investors Ontario (formerly "NAO - Ontario"), a member of the Ontario Network of Entrepreneurs, is the Administrator of Ontario's Angel Network Program, on behalf of the Government of Ontario. Since 2007, its mission has been to create and grow non-profit Angel investor groups for all the regions of Ontario. Developing the membership and best practices of these groups builds a more potent combination of mentorship and capital for innovative start-up companies in the province. Angels are accredited investors who directly contribute both their money and their expertise into early-stage companies seeking growth in Ontario, leading to job creation and an expanding economy. For more information, visit www.angelinvestorsontario.ca



Niagara Industrial Association

(NIA) is the only Niagara-based, industry-focused organization that provides a venue to advocate on behalf of local industry, address the issues that inhibit the advancement of local industry, and pursue business development opportunities in a collaborative manner in order to achieve positive results for local industry.



Cooper Wealth Management

Cooper Wealth Management of RBC Dominion Securities provides tailored solutions to manage your personal and business wealth through any market cycle. From everyday financial plans to multifaceted wealth management strategies, we utilize a unique, comprehensive and fully integrated process to ensure the growth and protection of your wealth—today and well into the future. Our focus on Discretionary Investment Management allows you to delegate day-to-day investment decisions with confidence and benefit from the disciplined approach and specialized expertise of your personal money managers. We work directly with you to carefully build and manage your portfolio to your individual specifications.



Durward, Jones and Barkwell Chartered Accountants LLP

DJB is one of the largest public accounting firms in the Niagara/Haldimand/Halton Region with multiple offices covering Burlington to Fort Erie. The firm was founded in 1940, and has grown to include 27 partners, 21 managers and a cast of supporting staff. DJB professionals provide accounting and assurance services to a wide range of owner operated businesses as well as national and international companies including proprietorships, partnerships, corporations and trusts. Our clients are local, regional, national and international in scope and include both public sector and not for profit organizations. No matter the size of the organization, our level of service remains the same. DJB recognizes your needs are unique to your business, that's why we work with you to develop effective solutions that suit your specific needs.

2017

8 Investment Meetings

8 Investments

12 Presentations

from the following regions: GTA (60%), other areas of ON (20%),
Niagara (10%), Ottawa (10%)

BoomersPLUS
Chipsetter
Clean Slate
Earth to Kids
Enemotion
Fibos
ICS Canada

Linkett
Niagara Titanic
Smarter Sorting
UFeast
Vigurus

5 New Members



Directors

Rico Leone, Chair, Board of Directors

Keith Cumming, Board Director

Ron Hurst, Board Director

Lorna Kane, Board Director

Wilf Wikerrink, Board Director

The Niagara Angel Network's volunteer board of directors donate their time to overseeing the betterment of the organization and the Angel membership at large.

Management

Terry Kadwell, Executive Director

Alana Hoyle, Contract Administrator

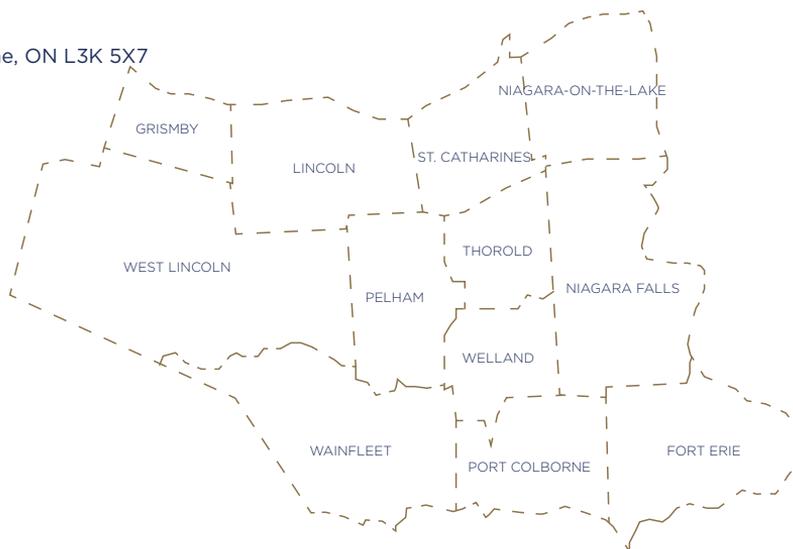
Contact

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Purpose of the Organization

The Community Growth Accelerator Network, operating as the Niagara Angel Network (“NAN”), began operations in October 2010 as a Not-for-Profit incorporated entity under the Ontario Corporations Act and as defined as a non-profit organization under the Canadian Income Tax Act.

The purpose of NAN is to deliver and administer funding received from government programs while increasing the skills of Niagara entrepreneurs involved with innovative, technology-based companies as well as to help provide capital to the most promising of these companies. NAN is primarily responsible for delivering and administering funding received from the following government programs: The Network of Angel Organizations (“NAO-O”) and The Federal Economic Development Agency of Southern Ontario (“FedDev”).

Statement of Revenue, Expenditure and Net Assets (UNAUDITED) for the year		
	2017	2016
Revenue	12 mos	5 mos
Government Funding	\$132,500	\$69,035
Sponsorships	5,000	1,500
Memberships	13,130	990
Other Revenue	5,240	2,440
Total Revenue	155,870	73,965
Expenses		
Advertising and Promotion	17,913	8,638
Bad Debts	495	-
Bank Charges and Interest	523	199
Insurance	3,067	895
Office	2,718	1,032
Professional Fees	2,500	1,500
Rent	6,236	2,599
Sub-Contracts	41,921	20,268
Travel	2,641	734
Wages and Benefits	80,840	33,109
Total Expense	158,854	68,894
Excess (Deficiency) Of Revenue Over Expenses	(2,984)	5,071
Net Assets, Beginning Of The Year	6,687	1,616
Net Assets, End Of The Year	3,703	6,687

A photograph of Niagara Falls, Canada, with a large crowd of people gathered on a viewing platform. A Canadian flag is visible on the left. The scene is dimly lit, possibly during dusk or dawn.

THE TOP 5 PRIORITIES FOR 2018:

1. Successful exits
2. Doubling the number of Angel investors
3. Attracting members with sector and domain expertise
4. Developing Niagara deal flow and investment opportunities
5. Increasing participation in due diligence



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niagaraangelnetwork.com