
Financial statements of Venture Ontario

March 31, 2024

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Independent Auditor's Report

To the Board of Directors of
Venture Ontario

Opinion

We have audited the financial statements of Venture Ontario, which comprise the statement of financial position as at March 31, 2024, and the statements of operations and changes in accumulated operating surplus, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Venture Ontario as at March 31, 2024, and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial statements* section of our report. We are independent of Venture Ontario in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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 Venture 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 management either intends to liquidate Venture Ontario or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the financial statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS 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 GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Venture 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 Venture Ontario's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Venture 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.

We 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 we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 25, 2024

Venture Ontario
Statement of financial position


As at March 31, 2024

(Amounts in Canadian dollars)

	Notes	2024 \$	2023 \$
Financial assets			
Cash and cash equivalents		87,698,737	81,508,040
Marketable securities	4	284,939,044	279,573,225
Accounts receivable	5	1,606,456	708,111
Investment in limited partnerships	6	163,534,874	145,729,264
Ontario Emerging Technologies Fund – OETF	7 and 8	1,312,500	1,312,500
		539,091,611	508,831,140
Liabilities			
Accounts payable and accrued liabilities	12	1,968,105	379,272
Net financial assets		537,123,506	508,451,868
Non financial assets	14	—	—
Accumulated surplus		537,123,506	508,451,868
Contractual commitments	11		
Accumulated surplus is comprised of			
Accumulated operating surplus		536,547,810	507,792,024
Accumulated remeasurement gains		575,696	659,844
		537,123,506	508,451,868

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

Approved by the Board


_____, Director

Leslie Lewis Westhaver
_____, Director

Venture Ontario

Statement of operations and changes in accumulated operating surplus

Year ended March 31, 2024

(Amounts in Canadian dollars)

	Notes	Budget \$	2024 Actual \$	2023 Actual \$
Revenue				
Interest income		13,109,616	17,267,932	9,116,596
Investment income on distribution from				
NVCF		—	7,534	—
NGF		—	24,584	—
Yaletown I		—	—	156,388
Genesys III		—	—	23,977
Lumira III		—	48,472	—
Amplitude II		—	2,140	—
Panache		—	697	—
Realized capital gain on OETF investments		—	19,505	7,079,678
Capital gain on distribution from				
NVCF		—	1,112,063	—
OVCF		—	1,960,433	—
SUVF		2,703,761	2,807,098	1,253,900
Yaletown I		—	75,401	4,534,499
Lumira III		(749,901)	(1,563,244)	186,015
Genesys III		7,653,618	8,817,999	54,384
Amplitude		—	191,719	—
Lumira IV		(101,512)	(473,593)	30,658
Expression of Interest expense recovery from funds				
Prior period		3,835	3,835	—
Current period		—	—	22,494
Foreign exchange (loss) gain	3	(1,460,976)	51,680	5,096,833
		21,158,441	30,354,255	27,555,422
Expenses				
Reimbursements to the Ministry	12	1,239,332	1,067,357	1,119,700
Cash management fees	11	152,441	24,847	29,022
Professional services fees	11	772,470	387,502	431,070
Board and committee member expenses		4,957	5,192	3,757
Bad debt expense		—	113,571	828,881
Impairment of OETF portfolio investments	10	—	—	991,756
Impairment of limited partnership investments		—	—	3,268,502
		2,169,200	1,598,469	6,672,688
Annual surplus		18,989,241	28,755,786	20,882,734
Accumulated operating surplus, beginning of year		507,792,024	507,792,024	486,909,290
Accumulated operating surplus, end of year		526,781,265	536,547,810	507,792,024

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

Venture Ontario**Statement of remeasurement gains and losses**

Year ended March 31, 2024

(Amounts in Canadian dollars)

	Budget	2024	2023
	\$	Actual	Actual
		\$	\$
Accumulated remeasurement gains (losses), beginning of year	659,844	659,844	(60,073)
Unrealized (losses) gains attributable to Foreign exchange	(10,444)	463	137,220
Marketable securities	—	(84,611)	108,105
OETF portfolio investments	—	—	474,592
	(10,444)	(84,148)	719,917
Accumulated remeasurement gains, end of year	649,400	575,696	659,844

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

Venture Ontario

Statement of change in net financial assets

Year ended March 31, 2024

(Amounts in Canadian dollars)

	Budget	2024	2023
	\$	Actual	Actual
		\$	\$
Annual surplus	18,989,241	28,755,786	20,882,734
Net remeasurement (losses) gains	(10,444)	(84,148)	719,917
Increase in net financial assets	18,978,797	28,671,638	21,602,651
Net financial assets, beginning of year	508,451,868	508,451,868	486,849,217
Net financial assets, end of year	527,430,665	537,123,506	508,451,868

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

Venture Ontario
Statement of cash flows
Year ended March 31, 2024
(Amounts in Canadian dollars)

	2024	2023
	\$	\$
Operating transactions		
Annual surplus	28,755,786	20,882,734
Impairment of OETF portfolio investments	—	991,756
Impairment of limited partnership investments	—	3,268,502
Realized gains on sale of OETF investments	(19,505)	(7,079,678)
Realized gains on distributions from limited partnerships	(12,927,876)	(6,059,456)
Interest income	(17,267,932)	(9,116,596)
Changes in non-cash operating balances		
Accounts receivable	(898,345)	775,484
Accounts payable and accrued liabilities	1,588,833	(232,608)
Interest received	16,154,081	5,339,000
	15,385,042	8,769,138
Investing transactions		
Proceeds from disposal and redemptions of marketable securities	521,831,500	533,663,157
Purchase of marketable securities	(526,168,079)	(518,769,893)
Proceeds from investments in limited partnerships	12,927,876	4,774,898
Purchase of investments in limited partnerships	(34,322,157)	(19,883,896)
Return of capital from limited partnerships	16,516,547	5,204,702
Sale of investments in OETF	—	454,746
Purchase of investments in OETF	—	118,210
Release of holdback for OETF	19,968	—
	(9,194,345)	5,561,924
Increase in cash and cash equivalents during the year	6,190,697	14,331,062
Cash and cash equivalents, beginning of year	81,508,040	67,176,978
Cash and cash equivalents, end of year	87,698,737	81,508,040
Composition of cash and cash equivalents		
Cash	87,698,737	81,508,040
Cash equivalents	—	—
	87,698,737	81,508,040

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

Venture Ontario

Notes to the financial statements

March 31, 2024

(Amounts in Canadian dollars)

1. Description of business

Venture Ontario (VO or the Corporation) is a corporation without share capital, established under the Ontario Capital Growth Corporation Act, 2008 (the Act), which was proclaimed in force as at February 1, 2009 as an agency of the Ministry of Research and Innovation (MRI). In July 2018, the responsible Ministry was reorganized as the Ministry of Economic Development, Job Creation and Trade (collectively, the Ministry). As at March 31, 2024, VO is responsible to the Minister of Economic Development, Job Creation and Trade (the Minister).

The legislative authority of the Corporation is set out in the Act. Under Section 4 of the Act, the objects of the Corporation are:

- (a) to receive, hold, administer and otherwise deal with the interest of the Government of Ontario in the limited partnership known as the Ontario Venture Capital Fund LP;
- (b) to receive, hold and deal with property, whether real or personal, in connection with the objects described above; and
- (c) to carry out the other objects or investments or classes of investments that are prescribed by regulations.

Ontario Regulation 278/09 made under the Act prescribe additional objects of the Corporation. The following are prescribed as classes of investments for the purposes of Section 4 of the Act:

- (i) Investments in venture capital funds that invest in,
 - (1) for-profit businesses, if the venture capital fund's investments include investments in private businesses, or
 - (2) other venture capital funds that invest in for-profit businesses if the other venture capital fund's investment includes investments in private businesses.
- (ii) Investments in for-profit businesses that are,
 - (1) private businesses, or
 - (2) public businesses, if the Corporation,
 - (a) invested in the business when it was a private business, or
 - (b) has an investment in a venture capital fund described in paragraph 1 that made a direct or indirect investment in the business when it was a private business.
- (iii) Investments in businesses that the Corporation considers to be emerging technology businesses, which portfolio shall be known in English as the Ontario Emerging Technologies Fund and in French as Fonds ontarien de développement des technologies émergentes.

The following are prescribed as additional objects of the Corporation for the purposes of Section 4 of the Act:

- (1) To develop or participate in conferences or other events regarding venture capital matters.
- (2) To collect, analyze or distribute information regarding venture capital matters.
- (3) To provide advice to the Government of Ontario on venture capital matters.
- (4) To undertake other activities that are similar or related to the objects described in paragraphs 1, 2 and 3

Venture Ontario

Notes to the financial statements

March 31, 2024

(Amounts in Canadian dollars)

1. Description of business (continued)

As of March 31, 2024, the Corporation has venture capital investments outstanding in nineteen funds: (1) the Ontario Venture Capital Fund LP - OVCF; (2) the Northleaf Venture Catalyst Fund LP - NVCF; (3) the ScaleUP Venture Fund I LP - SUVF; (4) the Yaletown Innovation Growth I LP - Yaletown I; (5) the Lumira Ventures III LP - Lumira III; (6) the Genesys Ventures III LP - Genesys III; (7) the Amplitude Ventures I LP - Amplitude I; (8) the Lumira Ventures IV - LP Lumira IV; (9) the Yaletown Innovation Growth II LP - Yaletown II; (10) the Whitecap Venture Partners V LP - Whitecap V; (11) the Panache Ventures Investment Fund II 2022 LP - Panache II; (12) the Maverix Growth Equity Fund I, LP - Maverix I; (13) the Climate Innovation Capital Fund I LP - CIC I; (14) the Northleaf Growth Fund (Canada) LP - NGF, (15) the Amplitude Ventures II LP - Amplitude II; (16) Brightspark Canadian Opportunities Fund II LP - Brightspark II; (17) Genesys Ventures IV LP - Genesys IV; (18) Luge Investment Fund II LP - Luge II, and (19) the Ontario Emerging Technologies Fund - OETF, respectively.

As required by the Agencies and Appointments Directive, the Corporation and the Minister have entered into a memorandum of understanding, which outlines the operational, administrative, financial and other relationships that exist between the Minister, the Ministry and the Corporation.

VO claims exemption from federal and provincial income taxes under paragraph 149(1)(d) of the Income Tax Act (Canada). As a provincial entity listed in Schedule A of the Canada-Ontario Reciprocal Taxation Agreement, VO can claim government rebates of the Harmonized Sales Tax (HST). Under the pay-and-rebate model, VO pays the HST on taxable supplies and services, and subsequently applies for a rebate of the HST paid.

The Province of Ontario has classified VO as an Operational Enterprise Agency with the same fiscal year ending March 31.

2. Summary of significant accounting policies

The Corporation's functional and presentation currency is the Canadian dollar. These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) established by the Canadian Public Sector Accounting Board. The more significant accounting policies of the Corporation are summarized below.

Cash and cash equivalents

Cash and cash equivalents include demand deposits that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents include investments that are short term and highly liquid and have maturities of less than three months from the original purchase date.

Marketable securities

Investments in securities that are traded in an active market are measured at fair value as at March 31, with any unrealized gain or loss recognized on the statement of remeasurement gains and losses. Remeasurement gains and losses related to a particular investment are reclassified to the statement of operations and changes in accumulated operating surplus when that investment is settled. Fair value includes the value of accrued interest, as applicable.

Investments in securities that are not traded in an active market are measured at cost. Impairment losses, which are other than temporary, are recognized in the statement of operations and changes in accumulated operating surplus when they occur.

Venture Ontario
Notes to the financial statements

March 31, 2024

(Amounts in Canadian dollars)

2. Summary of significant accounting policies (continued)

Investments in limited partnerships

Investments in limited partnerships are classified as financial instruments and carried at cost based on the capital calls made by their respective general partner. These investments are not traded in an active market; therefore, the fair values of the investments are not readily determinable. The investments are subsequently tested for impairment annually and any losses due to impairment are recognized immediately in the statement of operations and changes in accumulated operating surplus.

Ontario Emerging Technologies Fund (OETF)

The investments in OETF are classified as financial instruments and carried at cost or measured at fair value based on whether or not there exists an active market for the securities. OETF investments quoted in an active market are measured at fair value as at the statement of financial position date with any unrealized gain or loss recognized on the statement of remeasurement gains and losses. Remeasurement gains and losses are reclassified to the statement of operations and changes in accumulated operating surplus when an investment becomes impaired or is derecognized. Impairment losses that are other than temporary are recorded to the statement of operations and changes in accumulated operating surplus when recognized. Fair value includes the value of accrued interest or dividends payable, as applicable.

When an OETF investment is not traded in an active market, it is measured at cost. OETF investments are tested for impairment annually and any impairment losses are recognized immediately in the statement of operations and changes in accumulated operating surplus.

Accrued interest, dividends and realized gains on the sale of OETF investments are recorded as described below under revenue recognition. If the Corporation has evidence the amounts owing will be collected, these amounts are accrued as receivable; otherwise, a reserve is taken against these amounts. If, in a future year, the Corporation receives an amount that had been written off, it is recorded as a recovery that had been previously deemed uncollectible. Amounts written off or recovered are recognized in the statement of operations and changes in accumulated operating surplus in the year in which they occur.

Fair value and impairment

The Corporation's carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values due to the immediate or short-term nature of these financial instruments.

The investments in limited partnerships have been recorded at cost. The funds do not have a quoted market price in an active market. Subject to an impairment assessment policy, the Corporation may carry out periodic testing of fund investments to determine whether there has been an other than temporary loss in value that would indicate impairment. If the investment is determined to be impaired, it is written down to the new carrying value and the resulting impairment loss is recognized immediately in the statement of operations and changes in accumulated operating surplus.

Venture Ontario
Notes to the financial statements

March 31, 2024

(Amounts in Canadian dollars)

2. Summary of significant accounting policies (continued)

Fair value and impairment (continued)

The investments made in OETF portfolio companies are recorded at cost, which represents fair value at the time of acquisition. Investments in OETF that are quoted in an active market are measured at fair value at March 31. Any unrealized gain or loss is recognized in the statement of remeasurement gains and losses until the investment is derecognized in which the gain or loss is recognized in the statement of operations and changes in accumulated operating surplus. All other investments in OETF are measured at cost or amortized cost. As part of the reporting process to the Province of Ontario, the Corporation is required to carry out periodic valuations of OETF investments to determine whether there has been an other than temporary loss in value that would indicate impairment. If the investments are determined to be impaired, they are written down to the new carrying value and the impairment expense is recognized immediately in the statement of operations and changes in accumulated operating surplus. Furthermore, to the extent that a security held in OETF represents a compound financial instrument with an embedded derivative, such as an equity conversion option, the value of that derivative at acquisition should be measured at fair value unless that derivative is linked to and must be settled by delivery of unquoted equity instruments, in which case, the derivative would be required to be measured at cost. For derivatives classified to the fair value category, value is first determined by referencing a quoted price in an active market, or in the absence of this, by applying a suitable valuation technique.

Revenue recognition

Interest income is recognized as it is earned. For marketable securities and OETF investments, interest income is accrued using the effective interest rate method. Interest income is recorded on an accrual basis in accordance with the terms of the purchase agreement and to the extent that such amounts are expected to be collected.

Dividend income is recognized in the year the Corporation becomes entitled to receive the dividend as per the terms and conditions of the share issuance.

Realized gains on the sale of OETF investments are recognized in the year the Corporation becomes entitled to receive the proceeds as per the terms and conditions of the respective disposition.

Revenue on distributions from the limited partnership investments are recognized in the year the Corporation becomes entitled to receive the distribution as per the terms and conditions of the respective limited partnership agreement.

VO has a number of transfer payment agreements, such as: OETF, NVCF, SUVF, CEF, LSVCF and VOF, where the funding received represents monies transferred from the Ministry to the Corporation. The funding is recognized when received. CEF refers to the Cleantech Equity Fund initiative, which the Corporation made an investment commitment of \$20 million to Yaletown I. LSVCF refers to the Life Science Venture Capital Fund initiative, which the Corporation made investment commitments of \$23 million to Lumira III, \$17 million to Genesys III and \$10 million to Amplitude. VOF refers to the Venture Ontario Fund initiative, which the Corporation to date made investment commitments of US\$11.7 million to Lumira IV, \$13 million to Yaletown II, \$10 million to Whitecap V, \$7.5 million to Panache II, US\$15 million to Maverix I, US\$5 million to CIC I, US\$10 million to NGF, US\$11.5 million to Amplitude II, \$10 million to Brightspark II, \$10 million to Genesys IV, and \$12 million to Luge II.

Venture Ontario
Notes to the financial statements

March 31, 2024

(Amounts in Canadian dollars)

2. Summary of significant accounting policies (continued)

Expense categories

Cash management fees primarily represent fees paid to the Ontario Financing Authority (OFA) for cash management and related services.

Professional fees relate to fees paid to third party service providers.

Board and committee member expenses represent monies paid to board and committee members according to the Board and Committee Members Remuneration Policy, which conforms with the Agencies and Appointments Directive. In 2015, the Canada Revenue Agency (CRA) ruled that part-time per diem appointees (PTPDAs) are to be treated as employees for tax purposes only. This means that HST may not be paid for per diem services, since CRA does not consider appointee services (a) to be taxable supply; and (b) Employment Insurance is applicable. PTPDAs cannot participate in Canada Pension Plan with respect to their PTPDA services.

Reimbursements to the Ministry represent direct VO expenses paid by the Ministry on its behalf for administrative purposes only.

Foreign currency translation

Foreign currency gains and losses on monetary items are recognized immediately in the statement of operations and changes in accumulated operating surplus. Unrealized foreign currency gains and losses on marketable securities and investments in funds are recognized in the statement of remeasurement gains and losses. Unrealized foreign currency exchange gains and losses are reclassified from the statement of remeasurement gains and losses to the statement of operations and changes in accumulated operating surplus when the financial instrument is derecognized.

Measurement uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Such estimates are based on the best information available at the time of preparation of the financial statements and are periodically reviewed to reflect new information as it becomes available. Significant estimates include the valuation of OETF investments. Actual results could differ from those estimates.

3. Financial instruments

The Corporation has exposure to credit risk, liquidity risk, currency risk, interest rate risk and other price risk arising from financial instruments. This note presents information about VO's exposure to each of these risks.

Credit risk

Credit risk arises from the potential a counterparty will fail to perform its obligations. The Corporation considers obligations of the Governments of Ontario and Canada to be relatively risk-free (Note 4).

Venture Ontario

Notes to the financial statements

March 31, 2024

(Amounts in Canadian dollars)

3. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in raising funds to meet both expected and unexpected cash demands associated with its financial liabilities. The Corporation manages liquidity risk by maintaining holdings of cash or highly liquid investments. In addition, the Ministry provides funding to the Corporation to meet obligations as required.

Currency risk

Currency risk is the risk to the Corporation's results of operations that arises from fluctuations of foreign currency exchange rates and the degree of volatility of these rates. The Corporation's exposure to foreign currency exchange risk is limited to holding US dollar cash and cash equivalents and holding OETF investments denominated in US dollars. VO does not hedge its US dollar exposure. The Corporation had a net exposure of US\$61,747,162 as at March 31, 2024 (US\$60,085,882 in 2023). A 5% increase (5% decrease) of the Canadian dollar against the US dollar as at March 31, 2024 would result in an impact of US\$3,087,358 (US\$3,004,294 in 2023) on the statement of remeasurement gains and losses with no impact on the operating surplus. In practice, the actual trading results may differ from this sensitivity analysis and the impact could be material.

Interest rate risk

Interest rate risk is the risk the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Corporation manages exposure through its normal operating and financing activities. The Corporation is exposed to interest rate risk primarily through its short-term marketable securities and OETF investments. Risks from interest rate fluctuations for marketable securities are minimal due to the investments being held for a term of three years or less to match the limited partnership drawdowns projected by their respective fund managers.

Other price risk

Other price risk is the risk the value of financial instruments will fluctuate as a result of changes in market prices or from factors specific to an individual investment. The maximum risk resulting from the financial instruments is equivalent to their fair value. The marketable securities consist of treasury bills that are not subject to significant price risk. As at March 31, 2024, if the value of the investments in marketable securities, limited partnerships and OETF had increased or decreased by 5% and all other variables held constant, the value of the investments would have changed by \$8,279,438 (\$7,386,108 in 2023). Investments in funds made through limited partnerships or in OETF are highly illiquid, do not have a readily determinable market price, and are generally in early stage companies where the ultimate value that may be realized by VO on eventual disposition is inherently unpredictable.

Returns on these investments will depend on factors specific to each company (such as financial performance, product viability and quality of management), and external forces (such as the economic environment and technological progress by competitors). The carrying value of the OETF portfolio is measured at cost less changes for any other than temporary impairment in value at the statement of financial position date; however, the amounts that may ultimately be realized could be materially different.

Venture Ontario
Notes to the financial statements

March 31, 2024

(Amounts in Canadian dollars)

4. Marketable securities

The Corporation may temporarily invest any monies not immediately required to carry out its objects in:

- (a) debt obligations of or guaranteed by the Government of Canada or a province of Canada; or
- (b) interest bearing accounts and short-term certificates of deposit issued or guaranteed by a chartered bank, trust company, credit union or caisse populaire.

The Corporation may receive distributions from its venture capital investments in the form of cash and securities. If the securities are listed for trading on a public exchange, the securities are reclassified as marketable securities.

The value of investments in marketable securities as at March 31 are as follows:

	2024		2023
Par value	Fair value	Par value	Fair value
\$	\$	\$	\$
Province of Ontario treasury bills, due dates ranging from April 17, 2024 to November 27, 2024 average coupon rate of 0.00%	32,641,248	42,529,000	41,936,401
Province of Ontario treasury bills, due dates ranging from April 3, 2024 to September 18, 2024 average coupon rate of 0.00%	252,363,903	239,454,700	237,636,824
	285,005,151	281,983,700	279,573,225

Fair value includes any accrued interest owing on the treasury bills.

The fair value of the marketable securities may fluctuate depending on changes in interest rates. For the year ended March 31, 2024, a change in interest rates of 1% would result in an impact of \$2,849,390 (\$2,795,732 in 2023) to the results of operations.

5. Accounts receivable

As a Schedule A provincial agency, VO is required to follow the pay and rebate model with respect to HST applied to direct purchases. The Corporation pays the HST on its purchases and, subsequently, files a monthly rebate claim with the Canada Revenue Agency for the HST paid. HST rebates receivable as at March 31, 2024 amounted to \$2,197 (\$27,718 in 2023).

Realized gains on the sale of OETF investments are recognized in the year the Corporation becomes entitled to receive the proceeds as per the terms and conditions of the respective dispositions. Accounts receivable, as a result of dispositions of OETF investments made in 2024, amounted to \$369,297 and remains in escrow for future disbursement (\$482,404 in 2023).

Generac general indemnification expired on December 1, 2022, however, escrow is being held pending resolution of an ongoing patent infringement litigation. It is unknown when the release of funds will occur. Generac special indemnification will expire on December 1, 2024. Generac expense fund has no set date of release at the time of issuance of these statements.

In addition, Venture Ontario is party to an escrow of \$106,680 (\$106,680 in 2023) from Genesys Ventures III LP pending no adjustments. Venture Ontario is also party to an earnout consideration of \$91,309 (\$91,309 in 2023) from Genesys Ventures III LP pending no adjustments.

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6. Investments in limited partnerships

The Corporation is an investor in eighteen (fifteen in 2022) limited partnerships. Capital commitments are flowed to the limited partnerships in amounts and at times determined by the respective general partner in order to meet the partnership's funding requirements. Distributions from the limited partnerships are flowed in amounts and at times determined by the respective general partner. Some distributions may be subject to recall provisions of the respective limited partnership agreement. Venture capital investments have a long-term investment time horizon and are deemed to be non-current assets. The Corporation's investments in limited partnership as at March 31, 2024 are as follows:

	Total commitment \$	Remaining uncalled commitment \$	2024 Cost of investments* \$	2023 Cost of investments* \$
Limited Partnership				
Ontario Venture Capital Fund LP - OVCF	90,000,000	900,537	7,494,358	8,695,954
Northleaf Venture Catalyst Fund LP - NVCF	50,000,000	—	47,831,297	50,000,000
ScaleUP Venture Fund I LP - SUVF	25,000,000	2,782,614	22,217,386	22,310,477
Yaletown Innovation Growth I LP - Yaletown I	20,000,000	3,400,000	13,972,234	12,372,234
Lumira Ventures III LP - Lumira III	23,000,000	501,882	16,862,260	21,951,179
Genesys Ventures III LP - Genesys III	17,000,000	2,913,849	9,289,276	7,839,471
Amplitude Ventures I LP - Amplitude I	10,000,000	3,360,342	6,713,030	4,757,533
Lumira Ventures IV LP - Lumira IV (Note 1)	15,853,500	7,366,291	7,103,093	5,350,979
Yaletown Innovation Growth II LP - Yaletown II	13,000,000	7,280,000	5,720,000	2,860,000
Whitecap Venture Partners V LP - Whitecap V	10,000,000	5,757,197	4,242,802	1,909,438
Panache Ventures Investment Fund II 2022 LP- Panache II	7,500,000	5,265,280	2,234,720	1,500,000
Maverix Growth Equity Fund I, LP - Maverix I (Note 1)	20,325,000	12,195,000	8,013,296	3,980,396
Climax Innovation Capital Fund I LP - CIC I (Note 1)	6,775,000	2,962,474	3,761,678	2,201,603
Northleaf Growth Fund LP - NGF (Note 1)	13,550,000	10,162,500	3,388,604	—
Amplitude Ventures II LP - Amplitude II (Note 1)	15,582,500	12,945,602	2,629,688	—
Brightspark Canadian Opportunities Fund II LP - Brightspark II (Note 1)	10,000,000	8,623,743	1,395,539	—
Genesys Ventures IV LP - Genesys IV (Note 1)	10,000,000	9,334,387	665,613	—
Luge Investment Fund II,LP - Luge II (Note 1)	12,000,000	12,000,000	—	—
	369,586,000	107,751,698	163,534,874	145,729,264

* Cost of investments represents aggregate funds flowed to partnership less distributions of return of capital from the partnership and any impairment charges.

Note 1: Commitments payable in US dollars. Uncalled commitments based on the exchange rate at March 31, 2024.

7. Ontario Emerging Technologies Fund (OETF)

OETF was launched in July 2009 with a commitment from the Government of Ontario to provide funding of \$250 million. OETF, as a direct co-investment fund, makes investments into innovative high potential companies alongside other qualified investors with a proven track record of success. Investments are in three strategic sectors: (a) clean technology; (b) digital media and information and communication technologies; and (c) life sciences and advanced health technologies.

On May 30, 2012, the Corporation paused new investments under OETF for an indefinite period of time. This decision did not affect the Corporation's ability to continue to make follow-on investments into existing portfolio companies.

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8. Investments in OETF

Investments in OETF can take the form of equity, warrants or convertible debt transacted in Canadian dollars (CAD) or US dollars (USD). The investments in OETF as at March 31 are summarized as follows:

	Acquisition cost*	Carrying value	2024 Contingent**	Acquisition cost*	Carrying value	2023 Contingent**
	\$	\$	\$	\$	\$	\$
CAD investments	1,687,500	1,312,500	—	1,687,500	1,312,500	—

* Represents historical cost net of investments exited and investments written off to nil.

** Represents follow-up on investments committed to by the Corporation but not yet executed.

All investments have been made in accordance with OETF guidelines. As at March 31, 2024, the OETF investment portfolio consisted of investment in 1 company, at 0.26% (1 company at 0.26% in 2023) of net assets. The percentage calculations exclude impaired investments in companies with a nominal or nil carrying value.

61,592 (61,592 in 2023) shares of Peraso Inc. are currently held in escrow for VO from the Peraso Inc. transaction. The value of these shares is not included in the OETF investments as the restrictions on these shares are such that the value may not be realized. Due to the uncertainty of realization, income from these shares will be reported when released from escrow.

9. Income on investment in OETF

For the year ended March 31, 2024, the Corporation recognized nil (nil income in 2023) of investment income in OETF.

10. Impairment of OETF investments

For the year ended March 31, 2024, no impairment charges (\$991,756 in 2023) in OETF investments were identified by management and were recognized in the statement of operations and changes in accumulated operating surplus.

11. Contractual commitments

VO has the following contractual commitments, in addition to the investment commitments made to the various limited partnerships under note 6:

- In accordance with a financial service agreement between the OFA and VO, OFA conducts investment and cash management services and activities for VO. OFA is the agency of the Province of Ontario responsible for providing financial and centralized cash management services for the government. VO pays OFA a fee for these services based on assets under management and reimburses for other related activities on a cost recovery basis.
- In accordance with the contract between LP Analyst and VO, LP Analyst provides investment consulting services including sourcing strategy, conducts due diligence services and activities for potential new fund investments, provides business advice to support negotiation, and undertake portfolio monitoring and reporting. VO pays both fixed and hourly rates for these services and activities, respectively.

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11. Contractual commitments (continued)

- In accordance with the contract between WCO Professional Corporation (WCO) and VO, WCO performs accounting functions relating to the operations of VO. VO pays an hourly rate for these services.

12. Accounts payable

The Corporation and the Ministry carry out their respective operations on a shared cost basis. The Corporation reimburses the Ministry for certain expenses incurred on its behalf. These expenses may include but are not limited to staff salaries, benefits, information technology allocations per staff member, accommodations, external legal services, website development, French language translation, and other services.

Recognition and measurement of any reimbursement is subject to annual reconciliation between the Corporation and the Ministry, and approval of the extent and scope of the Ministry services to be provided.

The Corporation accrues eligible expenses reimbursable to the Ministry under accounts payable based on estimates provided by the Ministry that can be independently verified by the Corporation. Reimbursement payable in arrears as at March 31, 2024 amounted to \$327,511 (\$169,608 in 2023).

The remaining balance as at March 31, 2024 in the amount of \$1,640,594 (\$209,664 in 2023) represents payables in arrears to miscellaneous service providers and limited partners.

13. Related party transactions

As of March 31, 2024, the Corporation has related party transactions with the Ministry of Economic Development, Job Creation and Trade ("MEDJCT"), the Ontario Financing Authority ("OFA"), and the Province of Ontario.

VO has no tangible capital assets or long-term liabilities. It is subject to a policy whereby the Ministry or another government organization provides for the management of assets and liabilities used for, or as the result of, the provision of services to the Corporation (e.g. payroll, accommodation, utilities, information technology and communications services, et cetera).

VO has limited resources to issue cheques or transact wire transfers to pay its direct suppliers and service providers. With the approval of the Ministry's controllership office, VO utilizes the Ministry's access to Ontario Shares Services ("OSS") to indirectly pay most of its suppliers and service providers. OSS journals these payments through the government's integrated financial information system ("IFIS") to cost centres of the Ministry. In turn, VO is invoiced by the Ministry quarterly for reimbursements.

The provision of services to the Corporation by a related party is subject to a policy of reimbursement for the costs of such services or service level agreement fee.

14. Non-financial assets

The Corporation does not have any tangible capital assets or prepaid expenses. An inventory of office supplies is held for use and expensed in the year in which they are purchased. The total cost of these supplies is not material to the financial statements, and they are expected to be used up in a period of less than one year from their purchase date.

15. Subsequent events

Subsequent to the year end, the Corporation committed USD \$11 million to McRock Fund III LP under the Venture Ontario Fund initiative.