



MITACS: Annual Report
for Industry Canada, 2012-13

July 31, 2013

Table of Contents

Message from the Scientific Director

Objectives and Performance

Strategic Outlook

Financials

- Statement of Eligible Expenditures
- Statement of Total Funding

Appendices

- Audited Financial Statements
- Summary of Updates to Mitacs' Investment Policies, Standards and Procedures
- Performance Measurement Summary

Who We Are

Mitacs, an independent federally incorporated not-for-profit, supports Canadian innovation by coordinating collaborative research projects with human capital development at their core. Since 1999, Mitacs has promoted academic-industrial research and development (R&D) while supporting the development of Canada's future innovators. Mitacs has successfully developed a proactive approach to supporting innovation in Canada, both directly through support of R&D efforts and indirectly through long-term development of skilled human capital.

In particular, Mitacs:

- Helps companies identify innovation needs and match these with academic research expertise;
- Fosters cutting edge research linked to commercial outcomes;
- Builds international research networks, creating innovation leaders in Canada and abroad; and,
- Provides professional and entrepreneurship skills training for graduate students to help them meet emerging innovation needs.

Mitacs' current suite of programs includes:

- **Mitacs-Accelerate**, graduate-student led industrial R&D internships as a platform for technology transfer and commercialization;
- **Mitacs-Globalink**, bringing top international students to Canada and sending Canada's best students abroad to foster international innovation networks; and
- **Mitacs-Elevate**, industrial R&D management training and industrial research experience for post-doctoral fellows through classroom and on-site learning.

Acknowledgements

Mitacs acknowledges the Government of Canada for its continued support. We also thank our partners and co-funders – provincial governments, academia, and industry, among others – for their support for, and participation in, Mitacs' collaborative research and innovation programs.

Message from Dr. Arvind Gupta, CEO of Mitacs



Innovation is the engine of growth and productivity. Through innovation, traditional sectors such as forestry, mining, and natural gas adopt new technologies and become more sustainable, while new sectors like life sciences and digital media emerge as key drivers of our economy.

At the heart of innovation are new ways of thinking about the world around us: novel ideas that result in the production of value, whether cultural, economic, or social. They are all firmly rooted in research.

Canada's universities produce exceptional research and Mitacs works with them to shape the next generation of skilled R&D workers. Companies need the research advances coming out of our universities if they are to compete on the world stage. But even more importantly, if they are to stay at the forefront over the long-run, they need employees with advanced research skills who will conceive, develop, and market new products and services. It is this interplay between knowledge generation, translation, and deployment that will ensure the flourishing of Canada's economy.

At Mitacs we have developed a unique suite of programs that are at the heart of creating an innovative and productive country. These programs cut across all sectors and regions of the economy, traditional and emerging; economic and social; and rural and urban. They are having an impact far beyond what any of us predicted, because they are creating a culture of innovation in every corner of this nation.

All that Mitacs does is due to the dedication of the Mitacs team. From our staff who have boundless energy to get things done, to our Board of Directors, which keeps us focused while encouraging us to go further. I am fortunate to be surrounded by such a devoted group. To them, I want to express my sincerest thanks for making a difference every day.

Arvind Gupta
CEO and Scientific Director

Objectives and Performance

In 2003, Mitacs launched a deliberate strategy to support Canadian innovation through meaningful research collaboration between industry and academia. This strategy involves two complementary missions: to **recruit, train, and retain future generations of innovators**; and to boost innovation by **establishing and supporting research linkages between Canada's universities and non-academic organizations** (including industry, hospitals, and other not-for-profits). Done right, such collaborations leverage academic research capabilities to boost business innovation while creating an ideal training platform for the development of professional skills and industrial research experience.

At the heart of the Mitacs strategy is **Mitacs-Accelerate**, Canada's preeminent graduate research internship program. Accelerate is a large-scale national R&D internship program **conceived, designed, and developed by Mitacs** to connect graduate students and postdoctoral fellows with industry through targeted, collaborative R&D projects. Since 2003, Mitacs has delivered **over 6,000 Accelerate internships** across Canada, partnering with over **1,700 companies and other non-academic organizations** and **58 Canadian research universities**. Accelerate has become a key feature of Canada's innovation support landscape, providing companies with access to cutting-edge knowledge and world-class research while providing interns the opportunity to gain non-academic experience through R&D partnerships.

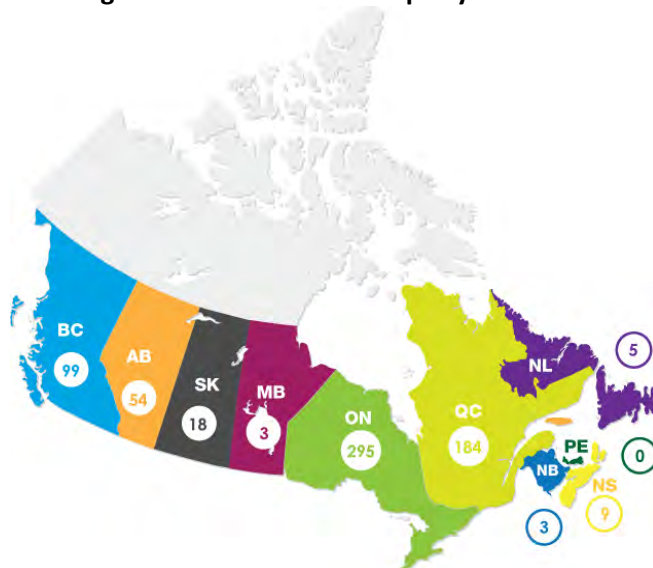
The success of Accelerate was reflected in the **federal 2012 budget's allocation of an additional \$35 million over five-years** for the program. The first year of this funding has supported:

- 670 additional internships;
- 230 first time participating students (of 393 total students);
- 268 professor participants drawn broadly from a cross-section of 113 academic disciplines at 58 Canadian universities; and
- 288 private-sector partners, more than 50% of which are small and medium sized enterprises.

These internships are part of 1,710 internships delivered by Mitacs in 2012-13. This total represents a 30% annual increase in internships from last year.

By the end of the agreement, Industry Canada's investment of \$35 million in this project will be leveraged into a \$105 million research and innovation program through the addition of \$35 million from provincial governments and \$35 million from industry. These investments will build innovative partnerships and tackle R&D challenges across various provinces as demonstrated in Figure 1.

Figure 1: 2012-13 Internships by Province



This Annual Report outlines how Mitacs has met its key objectives for this program.

Objective 1: Increase Collaboration and Knowledge Transfer between Academia and Industry in Various Sectors of the Canadian Economy

Graduate student research internships are ideal mechanisms for knowledge and technology transfer between academia and industry; this transfer is the foundation of collaborative partnerships facilitated by Mitacs.

Each year, Mitacs facilitates collaborative research for more than 670 industry participants, who gain access to top research at all of Canada's research universities. **Mitacs partners with 58 Canadian research universities**. Formal Academic Partnership agreements ensure Accelerate and other Mitacs programs align

with universities' own priorities, increasing student and faculty participation in Accelerate, and maximizing collaboration opportunities. This fiscal year Mitacs received 1,773 Accelerate applications of which 1,710 were approved. In order to quickly process these applications, Mitacs has in place a college of reviewers. These reviewers quickly assess the research quality of the applications. A process taking on average 26 days; 60 days if the application is for a cluster internship.

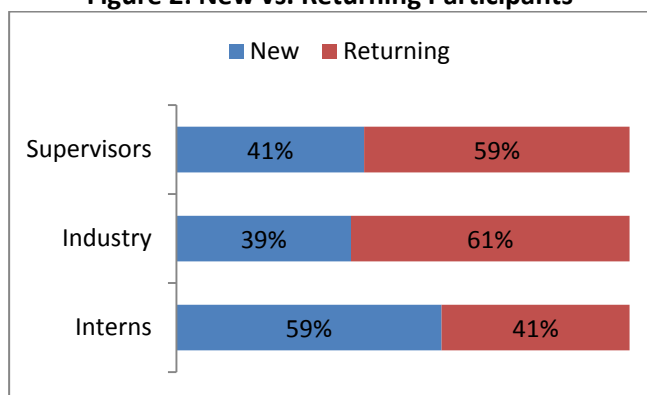
Mitacs also partners with **37 leading Canadian research networks**, giving Mitacs exceptional sectoral and disciplinary reach. Partnering with Mitacs allows these networks to employ Accelerate internships as part of their mandates to support academic-industrial collaboration. For example, this year Mitacs established a new partnership with **BioFuelNet NCE (BFN)** designed to expand the number of BFN partner firms via Accelerate. Mitacs enjoys similar relationships with other research networks and continually explores new ways to support existing Canadian research efforts.

In 2011, Mitacs launched a targeted sector strategy, which continues to grow and produce results. This strategy is designed to support innovation in specific sectors through targeted outreach and partnership with sector associations and leadership. In addition to ongoing efforts with the Canadian Construction Innovation Institute, the Canadian Mining Innovation Council, and the BC Mining Human Resources Task Force, Mitacs has reached out to targeted industry and business associations. This includes western Canada's ICT sector (BC Technology Industry Association, VIATec, Innovate Calgary, and TEC Edmonton); auto industry associations in Ontario, and health science collaborations with Quebec organizations (Québec Consortium for Drug Discovery and Consortium de recherche et innovations en bioprocédés industriels au Québec). These partnerships pave the way for increased collaboration between industry and academia through a targeted approach that assists companies in addressing cross-sectoral challenges.

Mitacs also strives to expand opportunities for research collaboration to regions and universities who haven't previously participated. This year, Mitacs' Business Development facilitated first-time Accelerate

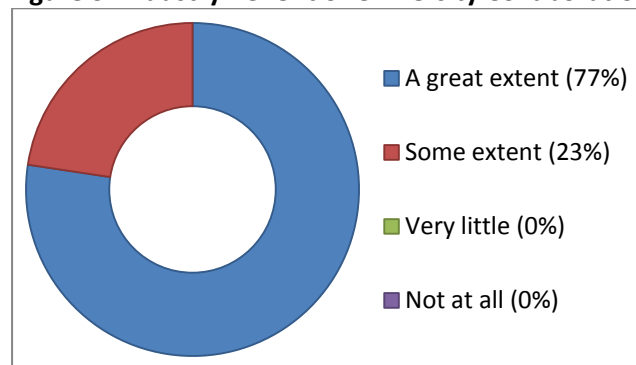
internships with Cape Breton University, St. Francis Xavier University, and Saint Mary's University – all new to Mitacs. In addition, Mitacs arranged its first internship with the University of Prince Edward Island. A continued focus on regions outside Canada's urban centres will continue to yield additional academic and industrial partners, and ensure that the benefits of collaborative research are shared across the country. Extending participation in Accelerate to new collaborators also drives a constant recruitment of new interns, industrial hosts, and academic supervisors. Though Mitacs boasts an exceptional return rate, our Business Development team focuses on identifying new participants in order to extend the benefits of participation as widely as possible. Figure 2 shows the breakdown of new vs. returning interns, academic supervisors, and industrial partners for 2012-13.

Figure 2: New vs. Returning Participants



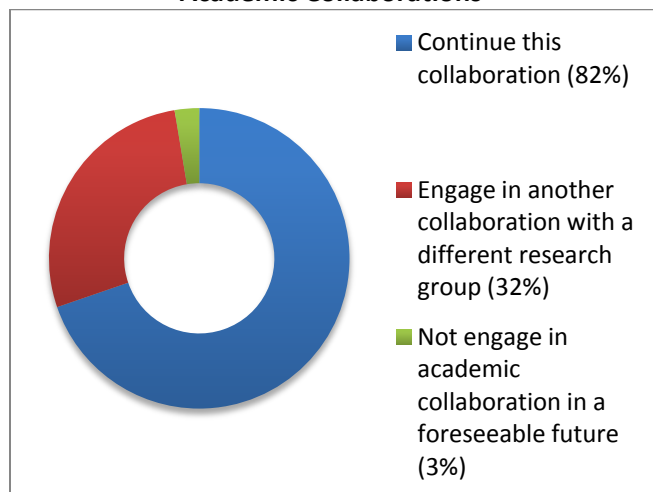
Industry partners overwhelmingly value the academic collaboration supported by Mitacs. As shown in Figure 3, all partners surveyed perceived benefits in the collaboration, with a majority finding their firms benefited to a great extent.

Figure 3: Industry Benefit of University Collaboration



The benefit of participation extends beyond the internship itself. Figure 4 shows that 82% of industry partners plan to continue the research partnership established via Accelerate. Clearly, Accelerate internships have the potential to spark new projects, with one-third of industry partners planning new collaborations.

Figure 4: Intention of Industry Partners to continue Academic Collaborations



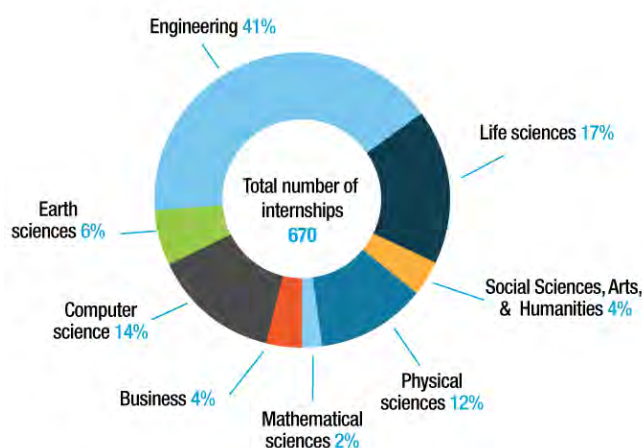
Van-Rob Since the introduction of mass-production in the automobile industry, efficiency and innovation have been of upmost importance for companies wishing to be on the cutting-edge. Aurora, Ontario-based automotive parts supplier Van-Rob Kirchhoff Automotive has found a competitive advantage in the Accelerate program. Cheng Zeng, R&D Manager at Van-Rob, has hosted several Accelerate interns and is continually impressed by how their research contributions benefit the business. One such intern, Trevor Tomic, is a Master's student from the Department of Mechanical and Materials Engineering at Queen's University. His recently-completed research project assessed and enhanced an automatic system to detect faulty laser welds during production. Mr. Zeng was so impressed with the outcome of Trevor's project that he engaged another Accelerate intern, Greg Szkilynk, from the same university department. Greg examined whether applying lubrication to materials once inside a press rather than prior to entering the press would reduce the amount of lubrication needed, and thus

the cost. Greg's contributions will carry on, even though his internship has finished, through the efforts of other Accelerate interns. Once finished, the project Greg started will make the stamping facility cleaner, more efficient and significantly more cost-effective, all while improving the final product.

Objective 2: Create Job Opportunities for Graduate Students and Postdoctoral Fellows in Various Disciplines

Accelerate interns represent some of Canada's most highly-educated and talented individuals. Through research internships and premier professional skills training workshops these trainees create a pool of highly-skilled human capital for Canadian industry. As seen below, Mitacs engages across academic disciplines to provide all graduate students and postdoctoral fellows the potential of a dynamic career in their chosen field.


Figure 5: 2012-13 Internships by Discipline



There is continued high demand for internships with students from science, technology, engineering, and mathematics (STEM) disciplines. However, Mitacs makes an effort to identify opportunities for students outside the STEM disciplines, affording professional development opportunities to students in the humanities and social sciences. This year, Mitacs delivered 7% of internships in Business, Social Sciences, Arts, and Humanities demonstrating the demand for Accelerate outside of the traditional STEM disciplines.

These students earn valuable professional skills and experience, and become attractive potential candi-

dates for companies' ongoing research needs. Mitacs' most recent survey shows that 84% of industry partners surveyed have either hired their intern or plan to do so in the future. In addition, more than 80% of companies polled have plans to further pursue the collaborative research project creating more opportunities for graduate students and postdoctoral fellows.

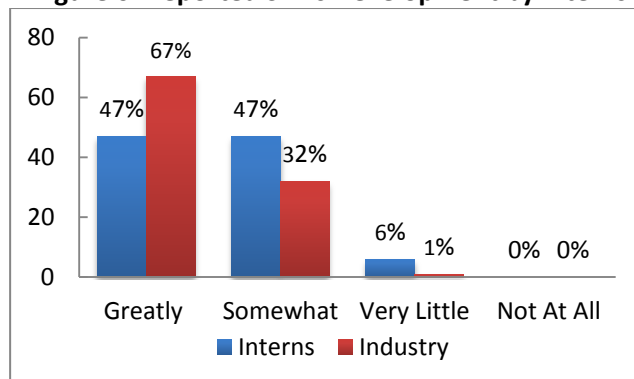
 When Allen Bevans, a PhD student from Simon Fraser University's School of Interactive Art and Technology, first connected with Kibooco Interactive through Accelerate, the new company was just conceptualizing its first product. In less than a year, Allen and Kibooco were able to realize their collective goal of enhancing creativity with technology by launching a website specifically designed to enable children to turn their ideas into reality. Allen's first research project was to better understand how children create stories, and then identify program interface features that would best allow them to manifest their ideas into actual products, such as calendars and t-shirts. A second internship gave Kibooco access to Allen's research network, which served as a testing ground for their new product. The final result was the November 2012 launch of the "Kibooco Holiday Workshop", a pilot website where children can design customized notebooks, calendars, and clothing. Kibooco CEO Molly Schneeberg pointed to Mitacs ability to be a "matchmaker" for small businesses like hers. *"The expertise that researchers like Allen bring to startups is so essential. Without Mitacs-Accelerate, I can't imagine how I would have found someone with his knowledge and skill set,"* she said. While Allen is currently completing a second internship with Kibooco, Molly hopes to continue their partnership after his second internship is complete.

Objective 3: Improve Employability of Graduate Students and Postdoctoral Fellows in their Field

Accelerate interns gain valuable skills and experience through the time spent on-site with the industry partner. All interns spend roughly 50% of their time at the company, interacting with management and company researchers. This gives them the opportunity to learn effective communication and presentation techniques, understand industrial needs and culture, and

build a professional network that will support career development. As demonstrated in Figure 6, Accelerate interns report significant skills development through participation in the program.

Figure 6: Reported Skills Development by Interns



To maximize career opportunities for interns, Mitacs offers a comprehensive program of professional development, meeting an industry imperative for such skills. *Mitacs-Step* is a program of professional skills training workshops that responds to industry demand for enhanced professional skills amongst graduate students. Offered as a component of Accelerate, this program targets current and prospective interns giving them the opportunity to undertake workshops in project management, entrepreneurship, communication, and business etiquette amongst others. In 2012-13, Mitacs offered **264 Step workshops to roughly 6,300 attendees in nine provinces.**

Based on survey results, 94% of participating interns stated that their Accelerate internship gave them a more competitive skill set for future employment. In addition, 47% planned to pursue employment with their industrial partner upon degree completion. Encouragingly, 95% of industrial partners surveyed found that interns' skill sets had improved.



As the effects of an aging population have led to increased health care costs, consumers are increasingly aware of the role of diet in maintaining a healthy lifestyle. This awareness brings an increased demand for enhanced food products and natural health supplements that can assist in disease prevention; however, the cost of R&D of natural

health products is quite high as products must be rigorously tested and proven before being placed in stores. With this challenge ahead of them, Alberta “phyto-pharmaceutical” biotech company, SinoVeda, turned to Accelerate to assist in the advanced testing of its latest natural calcium supplement, currently undergoing clinical trials. They approached Dr. Michael Doschak and a team of three graduate students from the University of Alberta’s Faculty of Pharmacy and Pharmaceutical Sciences. The project involved in-depth research from all three interns, led by Dr. Doschak in collaboration with SinoVeda research staff. According to Dr. Doschak, *“Mitacs Accelerate afforded enormous benefits to the graduate students, as this was their first interaction with local Canadian pharmaceutical manufacturers, and it has exposed them to many valuable experiences developing their skills in their respective scientific fields.”*

Objective 4: Increase Retention of Domestic and International Graduate Students and Postdoctoral Fellows in Canada after Completing their Studies

Retention of highly-skilled and trained interns is a key element of Mitacs’ vision. To ensure that Canada is seen as a world-leading research and innovation destination, it is imperative that the best and brightest at Canada’s research universities contribute to Canada’s workforce and economy.

Table 1 table showcases internships by degree and nationality (36% of internships were undertaken by international students). When taken alongside survey results demonstrating that 90% of students plan on remaining in Canada upon completion of their degrees, potentially 220 of these international students will remain in Canada.

Table 1: Breakdown of Internships

Degree Type	Canadian Citizen	Permanent Resident	Foreign	Totals
Masters	100	7	67	174
PhD	87	27	72	186
PDF	126	79	105	310
Total	313	113	244	670

Our surveys show 90% of students have plans to stay in Canada upon degree completion. This is an increase of 11% over the general graduate population.¹ Mitacs is also working with universities to enhance retention in their programs. For example, some universities are increasingly integrating Accelerate into graduate programs. The University of Toronto’s Master of Science in Applied Computing Science, launched in 2010, allows students to employ Accelerate internships as the experiential component of their degree. In 2012-13, six students took advantage of this opportunity with five now working full-time with their partner firms and one creating his own company. Eleven students in this program will undertake Accelerate internships in 2013-14. Several other universities are developing similar arrangements for their students.

To understand long-term retention impacts of Accelerate, Mitacs undertakes longitudinal studies. Among those participants in Accelerate prior to 2009, 85% of Canadian citizen or permanent resident interns were in Canada, compared to the 75% across all graduate students. More impressively, 60% of international Accelerate interns were still in Canada in 2012, a significant increase in international student retention.



**SIDE EFFECTS
SOFTWARE**

Cuban-born Yeleiny Bonilla calls Canada home after being hired by her partner company. While completing her Masters program at the University of Toronto’s Department of Computer Science, as an international student, Yeleiny completed an internship with Side Effects Software, a Toronto-based company specializing in 3D animation and visual effects. This would prove to be an invaluable experience, landing her a full-time position in an industry and country she’s passionate about. *“In addition to excellent problem-solving abilities and a proactive results-focused ethic, Yeleiny brought a wealth of database knowledge and programming experience,”* says Luke Moore, Director of Special Projects at Side Effects Software. *“She became an integral member of our development team, going above and beyond the*

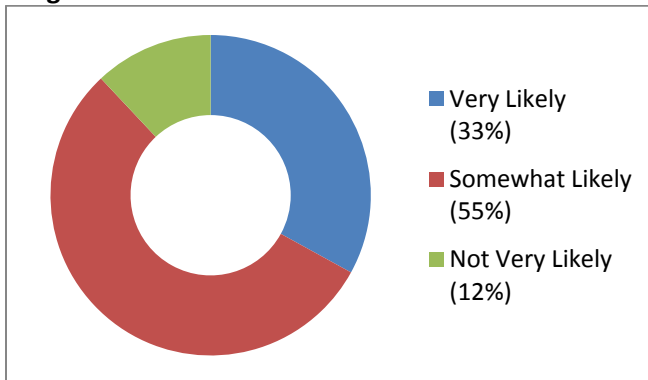
¹ StatsCan (2008). *Doctorate Education in Canada: Findings from the Survey of Earned Doctorates, 2005/2006.*

research goals. Her contributions were pivotal in choosing the project's direction and determining its long-term success. We hired her without hesitation." For Yeleiny, the real-world business skills she acquired during her internship were invaluable for her professional growth. "As a member of a multidisciplinary team of 3D artists, designers, and software developers, I had the opportunity to contribute business decisions every step of the way. Coming from an undeveloped country like Cuba, the chance to be involved in the project from beginning to end gave me the confidence to thrive in a fast-paced environment." Due to the job opportunity afforded her through her Accelerate internship, Yeleiny now calls Canada home.

Objective 5: Increase Investment of Participating Companies in Research, Development, and Innovation

Accelerate contributes to the Canadian economy by increasing business innovation and productivity. This is achieved directly through participation in Accelerate, but also has significant indirect effects through the R&D investment that flows from participation in the program. Figure 7 shows that 88% of companies polled are likely to increase their R&D investments in the next 12 months.

Figure 7: Likelihood of Increased R&D Investment



Often, investment in a single internship leads to the launch of broader, more complex projects. Mitacs internship clusters involve a team of interns with varying backgrounds and skill sets collaborating on a single research project with one or more industrial partners. These Accelerate clusters allow companies to address problems of varying size and complexity by involving multiple host organizations and faculty members from

various disciplines. For fiscal year 2012-13, Mitacs delivered 277 Industry Canada-supported internships through the cluster model.

The cluster model also leads to longer-term industrial research partnerships. Increasingly, Mitacs and select firms are signing memoranda of understanding (MOUs) that detail continuing R&D and training strategies through Accelerate. Mitacs account managers work closely with these partners to develop proactive research initiatives that leverage the entire Mitacs academic network. Mitacs has 15 active MOUs and more in development, which could potentially deliver an additional 200 internships per year.



Trojan Technologies Inc.

Trojan Technologies (Trojan), a leader in advanced UV water treatment technology, has been an active participant in the Accelerate program since 2008 and has greatly benefited from this practical, cost-effective way to tap into the talents of young Canadian researchers. To date, Trojan has partnered with Mitacs to fund over 100 internships and has committed to continued funding of at least 20 internships per year through 2015 under a recently-signed MOU. Ted Mao, Vice President of Research at Trojan stated: "We believe Mitacs Accelerate provides an exceptional opportunity for companies like Trojan to work collaboratively with university researchers and participate in the skills development of highly-trained graduate students. The Mitacs internship model is one of the key factors that have contributed to the success. As a world-leader in a competitive sector, Trojan needs to remain at the forefront of research. Collaboration with university researchers allows Trojan to extend its research capabilities beyond in-house, core research projects into new and related areas." Trojan continues to employ Accelerate internships to build collaborative ties with Canadian universities to address their R&D challenges. A number of Accelerate interns have found full time and contract employment with Trojan. Mao further stated: "We look forward to continued partnerships with Mitacs and Canada's premier research universities...As a company committed to innovation and excellence, we hope to continue supporting and contributing to these collaborations."

Strategic Look Ahead – Objectives for 2013-14 and Beyond

Through the support of Industry Canada, and as outlined in the previous section, Mitacs continued to support efforts to address Canada's productivity, innovation, and talent deployment challenges in 2012-13. Mitacs is proud of its exceptional track record of catalyzing demand-driven innovation, developing highly-skilled human capital, and efficiently delivering effective programs.

Looking to 2013-14 and beyond, Mitacs will continue to expand current programs by building on our extensive partnerships with industry and academia, thus advancing our core objectives:

- Help companies identify their innovation needs and match them with academic expertise;
- Foster cutting edge research tied to commercial outcomes;
- Build international research networks, creating innovation leaders in Canada and abroad; and
- Provide professional and entrepreneurship skills training for graduate students, ensuring they have the tools to meet emerging innovation needs.

In 2013-14, Mitacs' initiatives will focus on:

- Promoting Canadian research and education internationally through recruitment of exceptional students and increased mobility for Canadians via **Mitacs-Globalink** and **Mitacs-Accelerate**;
- Addressing Canada's **shortage of skilled R&D managers** through **Mitacs-Elevate**;
- **Grow innovative Canadian companies** by connecting Canadian SMEs with multinational enterprise;
- Extend pilot initiatives to extend Mitacs partnerships to include organizations in the **not-for-profit (NFP) sector**.

Mitacs will address Canada's shortage of skilled R&D managers by providing exceptional post-doctoral fellows with skills and experience to lead and manage industrial research, development, and commercialization efforts. Efforts to expand industry partnerships in the NFP sector are already underway through select funding initiatives and Mitacs looks forward to expanding these efforts nationally to the benefit of all Canadians.

Globalink continues to draw the best and brightest of international undergraduate students and Mitacs looks to build on that success through partnerships with new countries and increased numbers of students. In addition, Mitacs will send Canadian students abroad to bring new ideas and connections back to Canada and to ensure Canada's role in the global flow of knowledge.

In addition to fulfilling these objectives, Mitacs continues to work closely with its federal and provincial partners to implement a best-of-class performance measurement framework for Accelerate and its other programs. Mitacs is developing a comprehensive corporate evaluation strategy to complement and support the external regular external evaluations.

Mitacs is poised to continue building on its diverse successes in the oncoming years. As this report shows, Canada is poised to achieve considerable on-going benefit through Mitacs initiatives as the country strives to be an innovation leader.

Financials

Table 1: Summary of Expenditures

Expenditures	Total 2012-13 Forecast Restated	Total 2012-13 Expenditures	Industry Canada 2012-13 Forecast	Industry Canada 2012-13 Expenditures
Direct Program Costs				
Accelerate Awards	\$26,400,000	\$23,283,395	\$4,220,000	\$4,106,948
Direct Program Management	\$962,590	\$485,629	\$96,000	\$96,637
Student Mobility	\$80,000	\$56,443	\$40,000	
Business Development	\$2,556,000	\$1,934,824	\$358,000	\$331,180
Administrative Costs				
Scientific Management	\$945,000	\$725,285	\$75,000	\$75,498
Communications/Marketing	\$820,000	\$591,889	\$41,000	\$41,007
Corporate services	\$2,605,917	\$2,628,234	\$170,000	\$170,030
Total	\$34,369,507	\$29,705,699	\$5,000,000	\$4,821,300

Table 2: Total Funding Support

Income Source	Total 2012-13 Forecast	Total 2012-13 Income
Provincial Internship Funds	\$8,000,000	\$7,751,480
IRAP	\$433,000	\$804,000
IRDI-NCE Funds	\$5,872,600	\$4,096,512
Federal Development Agencies	\$1,800,000	\$1,876,500
Industry Canada	\$5,000,000	\$4,821,300
Industry	\$12,320,000	\$10,405,600
Other Sources		\$10,583
Total	\$33,425,600	\$29,765,975

Mitacs engaged Hay & Watson Chartered Accountants to perform the annual financial statement audit for the year ending March 31, 2013. Hay & Watson Chartered Accountants issued their audit opinion that the *financial statements present fairly in all material respects* on June 25, 2013. Please see the Appendix for a copy of the Independent Auditor's Report, which is included in the financial statements.

Appendices:

Internship List

Audited Financial Statements

Summary of Updates to Mitacs' Investment Policies, Standards and Procedures

Performance Measurement Summary (to be submitted as a separate document)

Breakdown of Internship Activity

Province	University	Professor	Student	Discipline	Industry Partner	Sector	Title
AB	Athabasca University	Qing Tan	Nashwa Mamdouh El-Bendary	Computer Science	Remote Transportation Solutions Ltd	Health Care/Life Science	Multisensor Integration in Wireless Sensor Networks for Fall Prevention
AB	University of Alberta	Alireza Bayat	Ali Rostami	Engineering	The Crossing Company Ltd	Energy & Utilities	Development of a Framework for Risk Assessment for Horizontal Directional Drilling Applications
AB	University of Alberta	Alireza Bayat	Ali Rostami	Engineering	The Crossing Company Ltd	Energy & Utilities	Development of a Framework for Risk Assessment for Horizontal Directional Drilling Applications
AB	University of Alberta	Alireza Bayat	Ali Rostami	Engineering	The Crossing Company Ltd	Energy & Utilities	Development of a Framework for Risk Assessment for Horizontal Directional Drilling Applications
AB	University of Alberta	Bruce Dick	Carolyn Fleck-Prediger	Life Sciences	Mindful Scientific Inc	Technology	Diagnostic screening for conscious awareness in brain injury and disease: Visual component
AB	University of Alberta	Jack Tuszyński	Ishwar Hosamani	Life Sciences	SinoVeda Canada Inc	Biotechnology	Molecular Modeling Module of the Pharmaceutical Platform Technology
AB	University of Alberta	Mike Doschak	Kathy Tang	Life Sciences	SinoVeda Canada Inc	Biotechnology	Calcium Supplements, Elemental Bioavailability, and Uptake by Bone (Part 2)
AB	University of Alberta	Mike Doschak	Kathy Tang	Life Sciences	SinoVeda Canada Inc	Biotechnology	Calcium Supplements, Elemental Bioavailability, and Uptake by Bone (Part 2)
AB	University of Alberta	Patricio Mendez	Ata Kamyabi	Engineering	Codes and Standards Training Institute	Manufacturing & Construction	Creating a new atlas of welding defects - Updating/editing ASTM Passport to Steel and ASME Code Interpretation databases
AB	University of Calgary	Behrouz Far	Emad A. Mohammed	Computer Science	Smart Labs Ltd	Technology	Development of intelligence system for enhancement of automatic recognition and classification of normal and abnormal cells of human blood images
AB	University of Calgary	Behrouz Far	Emad A. Mohammed	Computer Science	Smart Labs Ltd	Technology	Development of intelligence system for enhancement of automatic recognition and classification of normal and ab-

INDEPENDENT AUDITOR'S REPORT

To the Directors of Mitacs Inc.

We have audited the financial statements of Mitacs Inc., which comprise the statements of financial position as at March 31, 2013, 2012 and April 1, 2011 and the statements of operations, change in net assets, and cash flows for the years ended March 31, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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.

Auditor's Responsibility

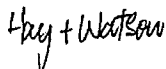
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2013, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and 2012, in accordance with Canadian accounting standards for not-for-profit organizations.




Chartered Accountants
Vancouver, British Columbia
June 25, 2013

Mitacs Inc.
Statements of Financial Position

	March 31, 2013	March 31, 2012	April 1, 2011
ASSETS			
Current			
Cash - unrestricted	\$ 10,696,657	\$ 9,630,296	\$ 7,940,599
Cash - restricted	3,049,546	3,861,194	5,496,129
Prepaid expenses	232,784	403,167	4,635,959
Accounts receivable	17,340,993	11,440,508	13,721,479
Government remittances receivable	-	226,278	49,852
	31,319,980	25,561,443	31,844,018
LIABILITIES			
Current			
Accounts payable and accrued liabilities	\$ 862,612	\$ 1,348,844	\$ 1,582,406
Government remittances payable	112,287	-	-
Events in progress (Note 8)	42,052	53,112	553,948
Grant funds payable	10,168,459	8,475,976	7,774,654
Deferred contributions (Note 9)	10,053,357	6,206,550	15,105,843
	21,238,767	16,084,482	25,016,851
Payable to Canadian Applied and Industrial Mathematics Society	57,904	53,446	52,964
	21,296,671	16,137,928	25,069,815
NET ASSETS	10,023,309	9,423,515	6,774,203
	\$ 31,319,980	\$ 25,561,443	\$ 31,844,018

Approved by the Board

 Director

 Director

Mitacs Inc.**Statements of Operations and Change in Net Assets**
Years Ended March 31

	2013	2012
RECEIPTS		
Federal grants	\$ 14,564,813	\$ 15,474,210
Provincial grants	11,576,572	14,607,581
Partner funds	10,429,701	11,751,440
Contributions from university members	1,940,747	2,374,146
Networking	350,983	269,637
Foreign partners	589,900	-
Interest	240,448	194,533
Other income	50,429	-
	39,743,593	44,671,547
EXPENDITURES		
Direct program costs		
Accelerate internship awards	21,986,806	18,791,626
Globalink and international initiatives	2,002,670	1,234,393
Elevate fellowships	1,739,214	9,825,159
Enterprise awards	1,412,678	325,000
Voucher awards	105,000	-
Student mobility	55,443	20,955
Networking and technical training	458,993	927,301
STEP workshops	1,559,029	1,975,420
Scientific management	1,104,880	1,001,660
Program management	2,065,240	1,749,373
Business development	2,303,470	1,951,633
Corporate services	4,350,376	4,219,715
	39,143,799	42,022,235
EXCESS OF RECEIPTS OVER EXPENDITURES	599,794	2,649,312
NET ASSETS, Beginning of Year	9,423,515	6,774,203
NET ASSETS, End of Year	\$ 10,023,309	\$ 9,423,515

Mitacs Inc.**Statements of Cash Flows**

Years Ended March 31

	2013	2012
Cash Flows From (Used For) Operating Activities		
Contributions from universities	\$ 3,829,053	\$ 2,188,665
Cash received from partner organizations	9,777,983	9,564,883
Cash received from scientific programs	23,573,528	25,768,130
Interest and other	646,318	464,650
Cash disbursed for Accelerate, Elevate and Globalink internships	(25,278,502)	(25,845,006)
Cash disbursed for administration, networking and programs	(12,293,667)	(12,086,560)
	254,713	54,762
Cash Flows From (Used For) Investing Activities		
CASH, Beginning of Year	13,491,490	13,436,728
CASH, End of Year	\$ 13,746,203	\$ 13,491,490
CASH COMPOSED OF		
Unrestricted cash	\$ 10,696,657	\$ 9,630,296
Cash reserved for programs and administration	3,049,546	3,861,194
	\$ 13,746,203	\$ 13,491,490

Mitacs Inc
Notes to the Financial Statements
March 31, 2013

1. OPERATIONS

Mitacs Inc. (the "Organization") operated from February 1999 to March 6, 2002 as an unincorporated organization, and was incorporated under the Canada Corporations Act on March 7, 2002.

The Organization manages or operates various programs designed to facilitate collaboration between academia and industry, government and other organizations and training the next generation of young Canadian scientists. These programs include research and international partnerships, skills enhancement and internships.

The Organization previously managed the Mitacs Fund, established as a National Centre of Excellence ("NCE") by a partnership of the mathematics research community in Canada, the Government of Canada and Canadian industry. On April 1, 2011, the operations and related funding agreements of the NCE Network were transferred to a new company, Mprime Network Inc.

The Organization receives a significant portion of its revenue from grants (Notes 4 through 7) and may not be able to maintain its current levels of operations should this funding be significantly reduced or ended.

2. BASIS OF PREPARATION

Statement of Compliance

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

The Organization adopted ASNPO on April 1, 2012, with a transition date of April 1, 2011. Under Section 1501 First-time Adoption by Not-for-Profit Organizations, the standards are applied retrospectively at the transition date with all adjustments to assets and liabilities taken to net assets unless certain exemptions are applied. None of the exemptions which could be applied on the transition to ASNPO were applicable to the Organization.

ASNPO employs a conceptual framework similar to Canadian GAAP. Adoption of ASNPO has not changed the Organization's statements of financial position at April 1, 2011 and March 31, 2012 or its results of operations or cash flows for the year ended March 31, 2012.

Basis of Presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3.

3. SIGNIFICANT ACCOUNTING POLICIES

Accounting Estimates and Judgments

The preparation of these financial statements requires management to make estimates and judgments and to form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these assumptions form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the Organization's preparation of these financial statements include, among others, the recoverability of accounts receivable and estimation of accrued liabilities.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and short-term deposits with an original maturity of three months or less which are readily convertible into a known amount of cash.

Restricted cash

Cash contributions from government reserved for program expenditures are considered as restricted cash.

Financial Assets and Financial Liabilities

The Organization's financial instruments are cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, government remittances and grant funds payable.

The Organization makes its fair value measurements based on a three-level hierarchy:

- Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

Transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability that will be measured subsequently at amortized cost are added to the carrying amount of the financial asset or financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions to programs are recorded as "receipts" at the time all criteria established in the funding agreement are satisfied. The agreement for each grant or fund determines the appropriate disbursement of contributions which are received. Contributions received but not disbursed at the end of a fiscal period are recorded as "deferred" and are transferred to "receipts" when disbursed during a subsequent fiscal period.

Expense Allocations

Expenses that are directly identifiable with a program are recognized as Direct Program Costs.

The Organization incurs general support expenses that are common to the administration of the Organization and its programs, and which are not allocated to Direct Programs Costs. Finance, Administration, Human Resources, Communications, Policy and Information Technology are not allocated and are accounted for in Corporate Services.

Business development expenses are not allocated and accounted for directly as Business Development.

Events

Net revenue or expenditure from events managed by the Organization for third parties is recognized at the time all significant services required under the event contract have been provided and the net revenue or expenditure is determinable. Events in progress at the end of a fiscal year are recorded as "in progress" and are recorded "revenue" or "expenditure" when services have been concluded in a subsequent fiscal period.

In-Kind Contributions

In-kind contributions from other organizations are not included in these financial statements because of the difficulty in determining their fair values.

Income Taxes

The Organization, as a non-profit organization, is not subject to Federal or Provincial income taxes.

4. MITACS ACCELERATE PROGRAM

The Mitacs Accelerate program is a research internship program which connects companies with research-based universities through graduate students and postdoctoral fellows who apply their specialized expertise to business research challenges. Interns transfer their skills from theory to real-world application, while the companies gain a competitive advantage by accessing high-quality research expertise.

The Mitacs Accelerate program is managed by the Organization and is funded by a combination of federal and provincial government and private sector contributions. The program agreements with the federal and provincial governments during the years ended March 31, 2013 and 2012 were:

**Natural Sciences and Engineering Research Council (NSERC)
Industrial R&D Internship Program (IRDI)**

In March 2011, an agreement was signed with NSERC for the delivery of 850 internships per year over the next five years. The total value of this agreement over five years is \$29,355,000. For the year ended March 31, 2013, \$5,871,000 of the funding has been received and awarded.

Industry Canada

In March 2013, an agreement was signed with Industry Canada for the delivery of 4,800 internships over the next five years. The total value of the agreement over five years is \$34,875,000. For the year ended March 31, 2013, \$5,000,000 of this funding has been received and awarded.

**National Research Council
Industrial Research Assistance Program (IRAP)**

The National Research Council, through IRAP, contributed \$804,000 (2012 - \$406,000) to fund industrial internships in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Ontario and the Atlantic provinces. This funding was to be matched by contributions from small and medium sized businesses in support of the Mitacs Accelerate program.

Western Economic Diversification (WED)

In 2011, WED approved funding to support the Mitacs Accelerate, Mitacs Step, Mitacs Globalink and the Mitacs Elevate programs for two and a half years ending in the fall of 2013. The funding of \$8,753,000 is conditional on matching funds being received by a combination of provincial and industry funds. For the year ended March 31, 2013, \$1,762,000 was recognized in receipts for Accelerate.

Atlantic Canada Opportunity Agency (ACOA)

In 2011, ACOA approved funding to support the Mitacs Accelerate, Mitacs Step and the Mitacs Elevate programs for three years ending in March 2014. The funding of \$1,222,500 is conditional on matching funds being received by a combination of provincial and university funds. For the year ended March 31, 2013, \$114,500 was recognized in receipts for Accelerate.

4. MITACS ACCELERATE PROGRAM (continued)

Province of British Columbia

During the year, the Province of British Columbia contributed \$3,000,000 (2012 - \$3,500,000) to continue and expand the Mitacs Accelerate, Mitacs Step and Mitacs Globalink programs to be delivered in British Columbia to March 31, 2013.

Province of Alberta

During the year, the Province of Alberta contributed \$800,000 (2012 - \$400,000) to support the Mitacs Accelerate and Mitacs Step programs in Alberta.

Province of Saskatchewan

During the year, the Province of Saskatchewan contributed \$270,000 (2012 - \$270,000) to support the Mitacs Accelerate and Mitacs Step programs in Saskatchewan.

Province of Ontario

During the year, the Province of Ontario contributed \$4,220,000 to support the Mitacs Accelerate and Mitacs Step programs in Ontario.

Province of Quebec

Fonds de la Recherche sur la Nature et les Technologies (FRQNT)

In April 2009, the Province of Quebec agreed to contribute \$750,000 over the period ending on March 31, 2010 to the Mitacs Accelerate program to support up to 280 graduate student internships in Quebec. The agreement was amended in June 2010 and April 2011 for a maximum provincial contribution of \$4,400,000 to March 31, 2012.

In April 2013, this agreement was amended to support a total of 1,480 students for a maximum provincial contribution of \$7,400,000 to March 31, 2013.

Province of Nova Scotia

During the year, the Province of Nova Scotia contributed \$217,500 (2012 - \$317,500) to support the Mitacs Accelerate, Mitacs Step and Mitacs Elevate programs in Nova Scotia.

Province of New Brunswick

In May 2009, the Province of New Brunswick committed \$560,000 over a period of four years ending March 31, 2013 to the Mitacs Accelerate and Mitacs Step programs in New Brunswick. This agreement was amended to increase funding for the final two years of the grant to a total of \$390,000.

5. MITACS GLOBALINK

Mitacs Globalink connects undergraduate students from around the world with local companies and universities. Globalink students undertake a research project under the supervision of a local faculty member and a local graduate student mentor.

5. MITACS GLOBALINK (continued)

The Mitacs Globalink program for 2012/13 included funding to support 207 international internships including:

- \$700,000 from the Province of British Columbia;
- \$375,000 from the Province of Alberta;
- \$240,000 in direct contributions to support Globalink.

In 2011, WED approved funding to support the Mitacs Accelerate, Mitacs Step, Mitacs Globalink and the Mitacs Elevate programs for two and a half years ending in the fall of 2013. The funding of \$8,753,000 is conditional on matching funds being received by a combination of provincial and industry funds. For the year ended March 31, 2013, \$549,364 was recognized in receipts for Globalink.

6. MITACS ELEVATE

Mitacs Elevate provides a foundation of research, business, entrepreneurship and scientific management skills to new PhDs. It also gives companies access to a highly qualified and uniquely trained pool of talent. The Mitacs Elevate program included Post Doctorate Fellowship awards and scientific training

The Mitacs Elevate program for 2012/13 included funding to support 40 fellowships:

- \$400,000 from the Province of Alberta;
- \$100,000 from the Province of Nova Scotia;
- \$25,000 from the Province of New Brunswick.

In 2011, WED approved funding to support the Mitacs Accelerate, Mitacs Step, Mitacs Globalink and the Mitacs Elevate programs for two and a half years ending in the fall of 2013. The funding of \$8,753,000 is conditional on matching funds being received by a combination of provincial and industry funds. For the year ended March 31, 2013, \$816,667 was recognized in receipts for Elevate.

In 2011, ACOA approved funding to support the Mitacs Accelerate, Mitacs Step and the Mitacs Elevate programs for three years ending in March 2014. The funding of \$1,222,500 is conditional on matching funds being received by a combination of provincial and university funds. For the year ended March 31, 2013, \$100,000 was recognized in receipts for Elevate.

7. MITACS ENTERPRISE

The Mitacs Enterprise program is a competitive 6-month internship pilot program that gives graduates of science, technology, engineering and math ("STEM") disciplines an opportunity to work with small to medium-sized companies operating in a STEM sector throughout Southern Ontario.

The Federal Economic Development Agency for Southern Ontario has committed a maximum contribution of \$4,227,500 to March 31, 2014.

8. EVENTS IN PROGRESS

The Organization has entered into agreements with third parties for management, organizational and logistical services for conferences. At March 31, 2013, net contributions in excess of expenditures of \$42,052 from four events (2012 - \$53,112 from two events) in progress have been deferred.

9. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted contributions for future period expenditures. At the beginning of the fiscal year, the Organization had deferred revenue of \$6,206,550. During the year, the Organization received additional funding of \$41,332,923 recorded receipts for the year of \$37,486,116 and deferred contributions at March 31, 2013 of \$10,053,357.

10. CAPITAL MANAGEMENT

The Organization's capital management objectives are to meet the requirements of the funders, provide grants for research and internship programs and safeguard its ability to continue as a going concern in order to pursue the advancement of the mathematics of information technology and complex systems. The Organization considers its capital for these purposes to be its available received and committed grants and the net assets of its corporate funds, as disclosed on the statements of net assets.

The Organization manages its capital by preparing annual expenditure budgets, which are revised periodically based on current commitments and available funds, and potential additional funding which it is actively pursuing. Annual budgets, and budgets which are materially updated during the year, are approved by the Board of Directors.

11. RISK MANAGEMENT

The Organization's financial instruments are exposed to certain financial risks, which include credit, liquidity and market risk. The Organization's risk management program focuses on the unpredictability of financial markets and seeks to minimize the risk to its assets and its ability to meet its mandate.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Organization considers this risk to be limited as cash and cash equivalents are held through major Canadian financial institutions and receivables consist mostly of amounts due from the federal and provincial governments and industry partners.

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they come due. Accounts payable and accrued liabilities and grant funds payable are due within the current operating period. The Organization manages this risk through its capital management process (Note 10).

Mitacs Inc
Notes to the Financial Statements
March 31, 2013

11. RISK MANAGEMENT (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Organization is exposed to interest rate risk as a result of holding fixed rate cash equivalent investments of varying maturities. The Organization's interest rate risk is minimal as these investments are highly liquid securities with short-term maturities.

12. COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary in order to conform to the presentation used in the current year.



Mitacs Inc.

Financial Policies



FINANCIAL POLICIES AND PROCEDURES

I. Financial Roles and Responsibilities	Page 3
II. Authorities and Banking Resolutions	Page 6
III. Revenue Recognition Policy	Page 8
IV. Purchasing Policy	Page 9
V. Travel Policy	Page 11
VI. Cell Phone Policy	Page 15
VII. Investment Policy	Page 16
VIII. Budget	Page 17
IX. Reporting	Page 17

I. FINANCIAL ROLES AND RESPONSIBILITIES

Board of Directors

The Mitacs Board is responsible for all aspects of Mitacs governance. It is comprised of a number of leading academic and industry representatives who take an active interest in helping Mitacs fulfill its vision and mission. The Board has created a number of committees to oversee various aspects of Mitacs. The following are committees that are critical to the overall financial health of the organization.

General responsibilities of the full Board are to:

- Provide overall guidance on the management of the operations of Mitacs;
- Provide direction to the strategic plans and objectives of Mitacs;
- Approve Mitacs business plans, budgets and financial reports;
- Review and approve the recommendations of the Research Management Committee and the Research Review Committee.

Executive Committee of the Board

The Executive Committee is a Board committee, which provides advice and direction to the Mitacs management and Board for Mitacs management issues. In order to carry out this role, the Executive Committee is expected to:

- Act on the Board's behalf on certain management items (except for the functions that are already managed by the audit, investment and governance committees);
- Ensure financial accountability, including review of budgets and quarterly reports;
- Monitor overall enterprise risk;
- Provide direction to Mitacs staff on key issues to be reviewed at Board meetings;
- Ensure good governance is practiced by the Board;
- Serve as the search committee for Scientific Director; and
- Serve as the conflict resolution committee, if required.

Audit Committee

The Audit Committee is a Board committee providing advice and direction to the Mitacs management and Board on audit and financial process issues. In order to carry out this role, the Audit Committee is expected to:

- Review Mitacs financial processes, controls and procedures and make recommendations to the Board;
- Review and approve the Mitacs audit report;

- Monitor financial risks and other risks that could impact financial integrity;
- Conduct an appointment review for the Mitacs auditor, banker, and financial advisor (if any); and
- Managing long-term reserve funds held by Mitacs.

The Mitacs auditor shall be accountable to the Audit Committee and the Mitacs Board and should participate in the Audit Committee meeting where the audit report is approved.

Governance Committee

The Governance Committee is a Board committee that provides advice and guidance to the Board on all issues relating to the governance of Mitacs including:

- evaluation and monitoring of governance structures;
- identification and development of recommendations on Board bylaws, policies, and processes;
- policy development and processes for Board monitoring and oversight of Board operations; and
- other duties that may be assigned from time to time by the Board.

The Governance committee is expected to work closely with the Board Nominating Committee.

Mitacs Senior Management Team

The Executive Management Team is the senior management team chaired by the CEO.

Supporting the CEO are the

- COO – Chief Operating Officer
- CFO – Chief Financial Officer
- CPAO – Chief Public Affairs Officer
- Associate Scientific Director
- CBD – Chief Business Development Officer

Their fiscal responsibilities include:

- Set overall financial and budgeting policies for Mitacs and oversee their implementation;

- Monitor quarterly reports for operational and financial results and report to Board on adherence to budget and operational outcomes;
- Develop and manage enterprise risk management framework;
- Monitor program activity and take corrective action as necessary.

Chief Financial Officer

The CFO will be responsible for oversight of the company's financial planning, budget and risk management functions, and ensure that accounting policies and procedures conform to generally accepted accounting principles. Financial responsibilities include:

- Direct the preparation of financial statements, analyses, and information;
- Establish and maintain appropriate internal control safeguards, ensure compliance with provincial and federal reporting requirements, as well as guidelines on individual programs;
- Develop and implement finance, accounting, billing, and auditing procedures;
- Oversee the smooth operation of the financial and grant management departments;
- Manage investments;
- Ensure compliance with provincial and federal budgetary reporting requirements;
- Ensure compliance with NCE and Mitacs reporting requirements for use of funds;
- Ensure compliance with expense guidelines on individual programs;
- Provide consultative support to planning initiatives through financial and management information analyses, reports, and recommendations;
- Review contracts and agreements;
- Represent the company externally to government agencies, funding agencies, and the general public as required;
- Support the audit and investment committee as required.

Chief Operating Officer

Financial responsibilities include:

- Direct all Mitacs activities and manage resources allocated to Mitacs programs to ensure program delivery and goals and outcomes are met;
- Lead development of delivery strategy for all programs and monitor program targets;
- Track strategy implementation and contingency actions as necessary;
- Support new program development;

- Allocate Mitacs resources and approve budgetary expenditures;
- Ensure smooth and cost-effective operation;
- Develop and implement Mitacs policies, procedures, and guidelines;
- Oversee HR management and administrative support across Mitacs;

Universities

- Participating Institutions hold Mitacs Funds in trust for use by the Mitacs participants in accordance with the various Program Funding Agreement signed between Mitacs and Participating Institution, the terms established by Mitacs, the policies of the Participating Institutions.
- Each Participating Institution provides Mitacs, by May 31 of each year with a Form 300, financial report, for all Mitacs Funds they receive in accordance with the requirements as outlined in the funding letters issued by Mitacs.
- Each Participating Institution receiving Funds from Mitacs:
 - Ensures adequate financial controls consistent with the requirements outlined in Mitacs award letters.
 - Keeps proper accounts and records of all eligible expenditures.
 - Provides Mitacs with the name and address of the person at the Participating Institution responsible for the administration and accounting of Mitacs Funds.
 - Promptly notifies Mitacs in the event of any changes in the conditions set in award letter.

II. AUTHORITIES AND BANKING RESOLUTIONS**University of British Columbia**

Mitacs maintains the following accounts at the University of British Columbia.

- Salary (non NCE employees)

The signing officers include:

Value	Signing Authorization
Under \$15,000	One of COO, CEO, CFO, Associate Scientific Director or CPAO. Signing authority must not have initiated transaction.
Over \$15,000 - \$99,999	Two signatures - One of COO, or Associate Scientific Director or CPAO AND one of CEO or CFO. Signing authority must not have initiated transaction.
Over \$100,000	Two signatures - CEO and (COO or CFO). Signing authority must not have initiated transaction.

TD Bank

Mitacs maintains the following bank accounts to handle the various types of transactions:

- Events account. This account holds funds in trust for Mitacs Conference Services Events.
- Sponsorship account. Mitacs funds the costs of the programa from this account and all related administrative costs. This account also holds funds from industrial partners, federal/provincial government and university funds.
- Interest account
- Trust account. This account holds funds in trust for other organizations.
- IRDI. This account holds fund received from IRDI (funder of National Mitacs Internship program). This account will be used to cover expenses related to IRDI Internship Program only
- IRB account. This account holds IRB contract revenue and relates expenditures

The signing officers include:

Value	Signing Authorization
Under \$15,000	One of COO, CEO, CFO, Associate Scientific Director or CPAO. Signing authority must not have initiated transaction.
Over \$15,000 - \$99,999	Two signatures - Two of COO, CEO, CFO, Associate Scientific Director, or CPAO.
Over \$100,000	Two signatures - CEO and (COO or CFO). Signing authority must not have initiated transaction. If CEO initiated transaction, then COO and CFO.

III. REVENUE RECOGNITION POLICY

Goal of Revenue Recognition Policy

Mitacs recognizes revenue as earned and in accordance with generally accepted accounting principles.

Revenue Recognition Contributions from Industrial Partners –

Funds from industrial partners are received on behalf of and remitted to the appropriate Mitacs programs – Accelerate, Elevate, Globalink, IRB etc. Revenue is recognized when the project or application has received appropriate scientific endorsement, industrial funds are committed and program acceptance letter has been generated.

Revenue Recognition Government Contributions

These government contributions fund various Mitacs programs. These contributions form a contractual commitment between Mitacs and a government agency to deliver a provincial program – Accelerate, step, Elevate, Globalink etc. Compliance with the terms of the grants, both financial and operating is reviewed and recorded quarterly. Contributions from other grants or funders are recorded as contributions receivable and deferred contributions at the time funding is irrevocably committed. The agreement of each grant or fund determines the appropriate disbursement of contributions received.

Other Sources –

Other sources of revenue, such as registration fees collected for Mitacs events, membership income etc. which are not subject to spending restrictions are recognized as revenue in the period in which the monies become earned by Mitacs.

In-Kind Contributions

In-kind contributions are not recognized as revenue and cannot be used towards matching Mitacs funds. In-kind support includes but is not limited to meetings with partner organizations, access to and use of partner facilities, hosting of students and scientists, equipment, software, and personnel time. Mitacs asks each partner to specify a dollar amount for in-kind contributions and each team to itemize received in-kind support. The statement of their estimated fair value is tracked and included in government reporting as applicable.

IV. PURCHASING AND CONTRACTUAL AGREEMENT POLICY

Goals of Purchasing Policy

- Obtain best value for money;
- Obtain appropriate approval and authorization for every purchase Mitacs commits to;
- Ensure only duly authorized individuals commit Mitacs to supply agreements, purchase orders, contracts, or other legally enforceable documents
- Comply with all contractual funding obligations; and
- Make environmentally friendly purchasing decisions, wherever practical and financially appropriate.

The Policy applies to all Mitacs employees.

A Authority and responsibility to acquire goods and services on behalf of Mitacs

- Purchases up to \$200 can be authorized by Mitacs employees without seeking previous approval. Exceptions include Travel:
 - a. Out of town travel- must be **pre-approved** by supervisor;
- Purchase or expenditure commitments of \$201 - \$15,000 must be pre-approved by the employee supervisor or higher. In the case of CEO initiated transactions, approvals are required by either the COO or CFO.
- Purchase or expenditure commitments of \$15,000 must be pre-approved by the member of Executive team with reporting responsibility – COO, CFO, VP Public Affairs, Associate Scientific Director or CEO. These commitments should have 2-3 quotes for support. In the case of CEO initiated transactions, approvals are required by either the COO or CFO.
- Scientific awards up to \$80,000 must be approved by the Manager, Grant Admin, COO, CFO or CEO. Awards greater than \$80,000 must be approved by COO, CFO or CEO.
- Purchase or expenditure commitments over \$200,000 must be pre-approved by the CEO.
- Only duly authorized individuals can commit Mitacs to supply agreements, purchase orders, contracts, or other legally enforceable documents.

Where a commitment has been made in the name of Mitacs by someone who does not have proper authorization, the obligation will be with the person making the commitment and not with MITACS.

The authority and responsibility to acquire goods and services on behalf of Mitacs and to authorize and enter into contracts in the name of the Corporation are as follows:

<u>Value</u>	<u>Signing Authorization</u>
Under \$200	Mitacs employees, with exception of all out of town travel to be pre-approved by supervisor
\$200 - \$15,000	Director, Manager or Supervisor as designated
\$15,000 – \$50,000	SMT member
\$0 - \$80,000	Scientific Awards – Designated finance or grant specialist or higher. Greater than \$80,000 CEO, COO or CFO.
\$50,000 - \$250,000	Non- scientific awards - CFO or COO or CEO
\$251,000 - \$500,000	Non- scientific awards - CEO or (CFO or COO with approval of CEO)
Over \$500,000	CEO with approval of the Chair of the Board

All contracts greater than \$500,000 require written approval of the Chair of the Board. This approval will be managed by the Chair who will appropriately engage the Board to ensure proper oversight. The Board of Directors may enter into contracts at any level as authorized in the minutes of their respective meetings.

B. Environmental Purchasing

Acquisition decisions made on behalf of Mitacs should, whenever practical and financially appropriate promote environmentally sustainable choices. While pricing and cost comparisons remain important factors, purchasing decisions should also consider whole life costs, available choices and environmental risks. Whenever practical, Mitacs will take into account when making environmentally friendly purchasing decisions:

1. Lifecycle considerations
 - a. Type and quantity of raw material and energy used to manufacture as well as pollution and other byproducts
 - b. Energy and pollution related to packaging and transport;
 - c. Resultant waste disposal issues.
2. Environmentally Superior Choices include products or services which are:
 - a. Recyclable and / or made with recycled content
 - b. Made from reclaimed materials
 - c. Less polluting and more energy efficient than regular products
 - d. Durable
 - e. Environmentally certified
 - f. Supportive of environmental initiatives
3. Environmentally Detrimental Choices include products or services which:
 - a. Contain known polluting substances or heavy metal;
 - b. Are disposable in nature (single use items)
 - c. Are detrimental, due to the nature of their lifecycle, to an environmentally sensitive area.

The CFO is responsible to the CEO and COO for the implementation of this Policy, for communicating its contents to Mitacs employees, and for ensuring that this Policy's principles are understood and applied.

V. TRAVEL POLICY**Goals of Travel Policy**

- Obtain best value for money in order to ensure that as much of Mitacs funds as possible are directed towards program goals;
- Obtain appropriate approval and authorization for travel;
- Compliance with program and grant criteria.

Mitacs recognizes that its management, staff, Board and committee members, researchers and students (herein referred to as “Members”) incur a number of expenses while traveling on Mitacs sponsored travel and program related travel. Members will be reimbursed for allowable business expenses as outlined in this policy. In some instances, separate travel policy may be designed for individual events, or programs, such as Step. In that case the terms of the separate policy will prevail.

Reimbursements submitted are approved at the discretion of the designated signing authority and may be rejected if the signing authority does not feel the expenses follow the Mitacs policy.

In order to ensure compliance with the many funds or commitments and obligations, any and all travel claims must include the following information:

- Purpose of trip;
- Dates and destinations (person or location visited);
- Official supporting documentation (agendas, programs etc);
- Details of daily claims for expenditures relating to those trips;
- Details of any vehicle used:
- Original receipts (credit card slips are not valid receipts);
- Original air travel ticket receipts and boarding passes.

Allowable Expenditures - Air

- Airfare and all public travel must be claimed at the lowest rate available, not to exceed full economy fare.
- Where one month or greater notice of a meeting has been provided, Members are required to book at least 14 days in advance of the travel to obtain the best rate possible, and reimbursement will be limited to the best available rate on that date.
- Except where approved, Mitacs does not cover airfare change fees
- Only point-to-point travel, or the equivalent, will be reimbursed. Mitacs will not reimburse for portions of a trip not associated with Mitacs business.

Allowable Expenditures - Mileage

- Mileage when using one’s own vehicle is admissible
 - under a 200 km radius from the destination, or
 - over 200 km when flights do not provide adequate transportation.
- Mileage will be reimbursed at \$0.51/km, for the first 200 km and \$.31/km for the remaining. This reimbursement is designed to cover gas and wear and any tear on the vehicle.

- Passengers may not claim a mileage allowance. Names of passengers must be shown on the claim.
- Mitacs does not assume responsibility for any damage to the automobile or for traffic or parking infractions when used for Mitacs travel. Members should establish with their insurance agent whether it is advisable to take out supplementary business insurance for such trips.
- Commuting costs between the residence and place of employment or between two places of employment will not be reimbursed.

Allowable Expenditures - Travel

- Car rentals will be reimbursed when required to attend Mitacs events or meetings. Compact cars should be used.
- Taxi fares and parking fees are allowable expenses. A receipt is required. Tolls for roads, bridges and tunnels as well as parking at parking meters are allowable. No receipt is required.
- Accommodations will be reimbursed at actual expenses for commercial accommodations at single occupancy rates. Such accommodations should be conveniently located. The use of luxury accommodation at Mitacs expense is not permitted. Original receipts must accompany any additional charges to the hotel bill. Charges for movies, laundry, and mini-bars will not be reimbursed.
- Mitacs will reimburse accommodation starting the night before the Mitacs related business and no longer that the night after the Mitacs related business.
- For each full day on travel status a Member may claim per diem allowance up to \$55/day to cover meals and incidentals such as gratuities and telephone calls in lieu of receipts. For each of the first and last days of travel status, and for travel of less than a full day, a Member may claim:

Breakfast	\$11.00
Lunch.....	\$15.00
Dinner.....	\$29.00
- When meals are provided for at the organized event, no claim for meals may be made.
- In exceptional situations, claims may be made for actual expenses for meals and incidentals, which exceed the above allowances, supported by a full explanation and listing all guests. The types of business (entertainment) expenses incurred for Mitacs business may include food, beverages, and social or recreational activities. Normally, acceptable purposes for entertaining involve Mitacs guests, visitors or business

partner. The normal maximum allowance per individual per event is \$50. Variations from this amount require prior approval of the Mitacs COO or CFO.

Required Documentation

- Original receipts clearly indicating GST (HST where applicable) paid must accompany all Travel Expense Claims. Faxes, credit card receipts or photocopies will not be accepted.
- Airfare or public travel expenses must be accompanied by original boarding passes. If original receipts for major costs are lost, destroyed or stolen, a written explanation of the circumstances must be provided by the Member and approved by the CFO or the COO before the claim is processed.
- Airfare should not be expensed until the travel has occurred and the boarding pass is available.
- All expense claims have to be accompanied by the meeting agenda.

Employee Processes for Booking Travel

Mitacs staff increasingly are required to travel to fulfill the demands of program development and implementation. Mitacs Administrative team is available to assist Mitacs employees with booking and travel arrangements to ensure:

- Best rates for hotel, travel and car;
- To ensure travel is not a financial burden to our team (travel and hotel costs can be charged to corporate Visa).

Approval

All Travel Expense Claims must have the appropriate approval signatures before they are processed. The following signatures are required:

- 1st Signature: The Member making the claim
- 2nd Signature: Supervisor (if employee)
- 2nd Signature: Grant or event manager for member related expenditure

Financial control Signature of CFO or COO for compliance with policy and grant.

Travel Expense Claims should be submitted to the attention of the Financial Officer at Mitacs Head Office, normally within 15 working days following completion of each trip.

The Finance Officer will endeavor to have payment issued within 15 working days of receiving claim with all signatures.

VI. Mitacs Cell Phone Policy

Mitacs has negotiated a corporate smartphone and associated voice/data plan with Bell Mobility (Plan). Mitacs employees that are reimbursed on a monthly basis for their current smartphone/cellphone for Mitacs related business may take part in this Plan. If you are unsure of your status on taking part in this corporate cellphone plan, please consult your manager.

Smartphone

- Users have a choice of Mitacs IT approved smartphones:
- All of the smartphones can act as a secure WiFi access point for WiFi based tethering to laptops/tablets, VPN connection to Mitacs, Mitacs Lync (VoIP, desktop sharing, instant messaging), Remote Desktop to Ginger server.
- Mitacs owns the Smartphones and plans.
- Smartphones are expected to be returned to Mitacs at Mitacs request
- 24 months after user smartphone is enabled, user will have the option of upgrading to a new Smartphone. Mitacs will only support upgrades costs up to \$200 (cost, upgrade fees combined, and taxes combined). Additional amounts are the responsibility of the user.
- Corporate phones are a hybrid corporate/personal voice and computing platform. The trend over the last decade is that corporate and personal lives are blending, consequentially, users require access to corporate resources (voice/data) outside of normal business hours. Mitacs is not opposed to local (within Canada) 'personal' use of the corporate smartphones/plans as long as it adheres to Mitacs Policies that employees are expected to follow. Use outside of Canada (roaming) will need to be authorized by users' manager. Significant costs are associated with roaming outside of Bell Canada's network. Users should be aware that Mitacs IT will review users' usage details to determine if use is reasonable especially as it relates to personal use.
- Cellphone users that are not currently being reimbursed for their monthly cellphone bills are not affected. These individuals may continue to submit their specific cellphone usage on an ad-hoc basis.

VII. INVESTMENT POLICY

Goals of Investment Policy

Manage Mitacs funds efficiently to

- preserve capital,
- provide flexibility and liquidity, and
- maximize interest earnings in approved investments.

Scope

This policy is established for Mitacs and applies to all operating funds of Mitacs, restricted, unrestricted, and any other special designated funds.

Investment Policy

1. To the extent possible, all surplus funds of Mitacs shall be kept fully invested in approved income producing deposits or securities denominated only in Canadian currency.
2. Funds surplus to Mitacs short-term operating needs shall be invested based on the following order of priority:
 - a. preservation of capital
 - b. assurance of liquidity
 - c. achievement of high returns
3. The staff involved in the cash management Mitacs may invest in:
 - a. Any deposit instrument of a Canadian chartered bank, such as a savings account, term deposit or certificate of deposit
 - b. Any investment instrument guaranteed by a Canadian chartered bank or credit union (if credit union, must be fully guaranteed by provincial government) e.g. Bankers' Acceptances
 - c. Any investment instrument issued or guaranteed by the government of Canada e.g. Treasury Bills
 - d. Canadian Federal and Provincial government debt securities (including those of their agencies or guaranteed by same) may be purchased without limit assuming they are assigned a rating of "A" or better by any major bond rating agency at the time of purchase.
 - e. All other bonds or debentures of a single issuer shall not exceed 20% of the total fixed income portfolio at the time of purchase and are subject to the same minimum credit rating requirements stated above.

- f. Commercial Paper purchased will carry a minimum rating of “R-1 mid” or equivalent and may be purchased without limit (Asset Backed Commercial Paper should not include Collateralized Debt Obligations)
4. Each investment instrument will be purchased as to return its face value at the date of maturity and shall not be subject to market fluctuation.

Changes to Policy

The Investment Committee shall recommend to the Board of Directors of Mitacs from time to time any changes that it believes are necessary to the policy or its application.

Accountability

The CFO, CEO and the COO of Mitacs have full responsibility (a) to monitor the application of this policy; (b) to ensure adherence by Mitacs staff; and (c) to report promptly to the Investment Committee and to the Board of Directors any failure to adhere to this Policy. The CEO shall be accountable to the Board of Directors of Mitacs for any failure to adhere to this policy.

IX. BUDGET

- The budget will be set annually by management, reviewed by the CEO, recommended by the Executive Committee, and approved by the Board.
- Management Executive Team will monitor quarterly reports for operational and financial results and report to Board on adherence to budget and operational outcomes.

X. REPORTING**Financial Reporting**

- The Executive Committee and the Board of Directors will receive statements of operations and financial position prior to Board meetings and will approve the end-of-year financial statements.
- The Audit Committee will approve the audit report.
- Management Executive Team will monitor quarterly reports for operational and financial results and report to Board on adherence to budget and operational outcomes;
- Management Executive Team will monitor quarterly grant reports and compliance with contractual obligations and conditions for each grant.

Conflict of Interest Reporting

- Mitacs follows the Conflict of Interest Policy as approved by the Board.
- The Board will provide an annual assurance in September to the NCE Directorate that a conflict of interest policy is in place and is being administered by the Board.
- A subcommittee of the Board will act as the Conflict Resolution Committee unless otherwise specified by the Board.
- Mitacs will seek conflict of interest disclosure statements from all Directors, employees, or contractors and each individual agrees to update this statement whenever the individual's circumstances change in a way that would necessitate a further disclosure. The individual also has the obligation to disclose any potential, apparent or actual conflict of interest when it arises during Mitacs committee or Board meetings so that the committee or Board is aware of the situation and can take appropriate action.
- Researchers are required to disclose any conflict of interest on their project of internship applications.