



ANNUAL REPORT [FY2013]



Paul Laikind, Chair, CONNECT Foundation Board

FY 2013 was a bitter – sweet year for CONNECT. The bitter part is obvious – just as we closed the books on the year we faced the tragic loss of our beloved leader, Duane Roth, which was very, very bitter to say the least. Hardly a day goes by that I don't think of Duane and how much he did for CONNECT and our community. However, despite that loss, the excellent staff at CONNECT, led by the amazing Tyler Orion, have soldiered on and continued the mission of catalyzing innovation in the San Diego region.

Whether it's the growth of science – and technology – based companies in San Diego or the enhancement of the innovation economy on a national scale, CONNECT is catalyzing innovation each and every day. In addition to a hard working staff, this effort requires a dedicated cohort of supporters and stakeholders. Once again FY 2013 saw the members of CONNECT leading many efforts – as volunteers, contributors and expert advisors – to ensure the vitality of CONNECT's entrepreneurial community.

As we look ahead to the transitions of new leadership we can be proud of the breadth of transformation that CONNECT accomplished under Duane Roth's capable leadership and look forward to charting our next visionary course.

I salute the many people who have contributed to CONNECT's excellence. I'm looking forward to the next leg of this journey.

Tyler Orion, Interim President

CONNECT is a labor of love. Although the programs and their economics are important, CONNECT has evolved to be much more than its products. It has come to exemplify the ways in which creating an inclusive, collaborative environment can impact the culture of a community.

CONNECT will continue to thrive – and continue to nurture its clusters of innovation – thanks to the contributions of our team, our members and sponsors, our boards and our volunteers. My thanks go to all of you for allowing me to support CONNECT during this current transition, and for your partnership in ensuring the continued vitality of our innovation ecosystem.

**CONNECT Combined Statement of Financial Position
June 30, 2013**

Assets	
Cash	\$ 36,747
Accounts receivable	112,689
Property and equipment	33,517
Restricted cash	654,207
Total assets	\$ 837,160
Liabilities and Net (Liabilities) Assets	
Accounts payable and accrued liabilities	\$ 116,531
Deferred revenues	835,114
Deferred rent	20,399
Obligations under capital leases	12,522
Total liabilities	984,566
Net (liabilities) assets	
Unrestricted	(936,115)
Temporarily restricted	788,709
Total net (liabilities) assets	(147,406)
Total liabilities and net (liabilities) assets	\$ 837,160

**CONNECT Combined Statement of Activities
For the Year Ended June 30, 2013**

Changes in net assets - unrestricted	
Revenues	
Membership dues	\$ 1,503,436
Event underwriting	1,382,519
Program fees	343,383
Education grants and contributions	83,400
Management fees	34,000
Total revenues	3,346,738
Net assets released from restrictions	134,238
Expenses	
Program services	2,945,268
Support services:	
Management and general	252,237
Fundraising and development	520,664
Total expenses	3,718,169
Decrease in net assets - unrestricted	(237,193)
Changes in net assets - temporarily restricted	
Designated grants and contributions	788,891
Net assets released from restrictions	(134,238)
Increase in net assets - temporarily restricted	654,653
Net liabilities at beginning of period	(564,866)
Net liabilities at end of period	\$ (147,406)

FINANCIALS



The Combined Condensed Financial Statements have been derived from the financial statements of CONNECT Association and CONNECT Foundation for the fiscal year ended June 30, 2013. The financial statements for both CONNECT Association and CONNECT Foundation were audited by Swenson Advisors, LLP and are available upon request at the CONNECT offices.

CONVERGENCE CLUSTERS

INNOVATION REPORT



SD SPORT INNOVATORS

45

ADVISORY BOARD MEMBERS

"When you assemble a group of like-minded individuals with an entrepreneurial spirit and passion around fitness and sport, great things can happen."

▶ **Robyn Stuhr**, Director Sports Medicine, UC San Diego Health System

62

COMPANY MEMBERS

SDSI Mentioned **37** times in media

SDSI Springboard had another successful year including a revamp and re-launch of Springboard 2.0.



SDSI SPRINGBOARD GRADUATES SINCE 2008



RAISED BY SDSI SPRINGBOARD GRADS SINCE INCEPTION



ACTIVE MENTORS

"I would not have been able to raise the funds without the training I received with SDSI."

▶ **Kristian Buchanan**, Founder, GoodOnYa Bar

VENTURE CAPITAL

2013 ROCKSTARS OF INNOVATION



96% of participants rated the program **GOOD TO EXCELLENT**



KEYNOTE SPEAKERS



Chris Anderson
CEO, 3D Robotics



Napoleone Ferrara
Senior Deputy Director for Basic Sciences, UC San Diego Moores Cancer Center

\$ 43 INVESTOR PARTICIPANTS

BUSINESS CREATION

SPRINGBOARD

"The Springboard and Capital Competition processes were very instrumental in successfully preparing ecoATM for pitching to the investment community and exposing ecoATM's story to a broad set of potential investors and ultimately closing more than \$35M in funding."

▶ **Mark Bowles**, CMO & Founder, ecoATM

"The CONNECT Destination San Diego program is a great support for foreign companies to successfully establish an entity in the San Diego region. It helped us build a strong network to local partners, to build relationships to customers, and to prepare us for the fundraising process."

▶ **Matthias Marten**, MetraLabs

136

New Springboard participants in 2013

455

Springboard Mentors

CAPITAL COMPETITIONS

Since 2005, **205** Springboard companies have raised more than

\$1 BILLION

& **65%** of those companies are still in business today.

In FY2013 **86** Springboard companies raised **\$133 MILLION**

CONNECT SAW BIG RESULTS

EDUCATIONAL CURRICULUM

SME CONNECT



NEARSOURCING

4 Workshops | 248 Attendees

140 Local companies participated



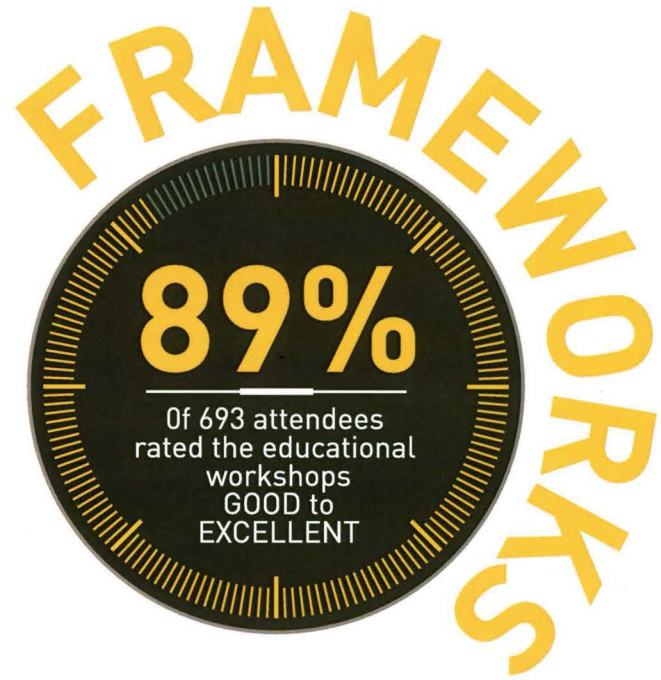
"For small to medium size companies, getting access to forums to benchmark against world class companies can be difficult. SME CONNECT offers this access through round tables, confidential CEO settings, and other activities. Vektrex, was one of the first to join the SME CONNECT initiative and we are proud to be part of the CONNECT community."

Melissa Ford, CEO, Vektrex

35+
NEW MEMEBERS



45+
PEER TO PEER
ROUNDTABLE
EVENTS



89%
Of 693 attendees
rated the educational
workshops
GOOD to
EXCELLENT

ENTREPRENEURS FOR YOUNG INNOVATORS



18

Schools Visited



2700+
Students Reached

MIT ENTERPRISE FORUM SAN DIEGO

PROGRAM HIGHLIGHTS

9 PROGRAMS

- ▶ "How to Turn Good Tasting into Good Business – The Craft and Technology of Microbrews in San Diego"
- ▶ Guy Kawasaki: "How to Use Social Media as an Evangelist for Your Business and Here's How I Did It!"

CEO | STRATEGY FORUM

▶ JIM BRAILEAN

Co-Founder and CEO, PacketVideo

▶ BRET JORGENSEN

Chairman, Crossover Health

▶ RICHARD BALDRIDGE

President, ViaSat

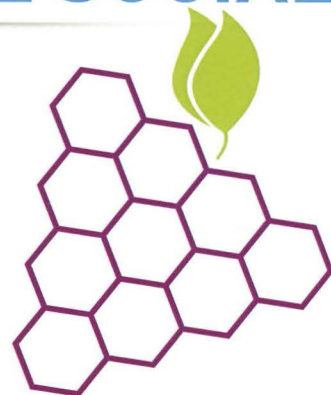
▶ JAY SHORT, Ph.D

Chairman, CEO, & Principal, BioAtla, LLC

2012 WINE SOCIAL

563
Attendees

40%
of Attendees were
C-level Executives



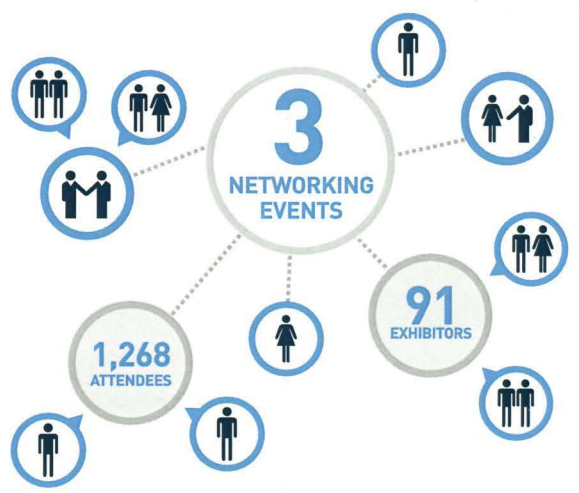
NETWORKING & COLLABORATION



2012 GLOBAL CONNECT SUMMIT

15 COUNTRIES REPRESENTED 6 U.S. STATES REPRESENTED 182 ATTENDEES

CONNECT WITH CONNECT



WASHINGTON DC POLICY, CONNECT ASSOCIATION

INNOVATION POLICY

6
FEDERAL Bills supported

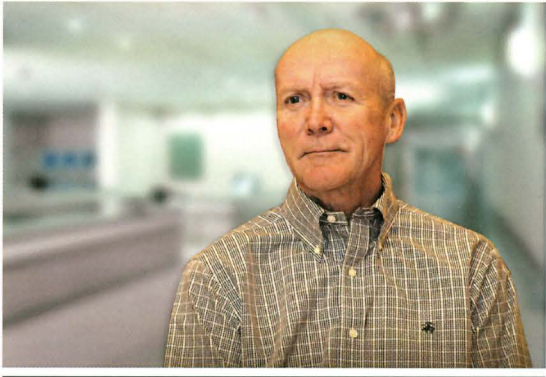
9
STATE Bills supported

3
Innovation 101s on CAPITAL HILL to educate Congress and their staff about San Diego's innovation ecosystem

12
POLICY ROUNDTABLES to provide San Diego innovation companies the opportunity to comment on future legislation, meet directly with legislators, staff and federal agency officials.

	Cubic Defense Application DCID-TALON	TrellisWare Technologies Cheetah CUB		Atlantis Technologies RDI desalination system
RECOGNITION & COMPETITION 2012 MOST INNOVATIVE NEW PRODUCT WINNERS				2012 Distinguished Contribution Award for Life Science Innovation Malin Burnham, Burnham Foundation
		Logic PD DM3730 Torpedo +Wireless SOM		PEAR Sports PEAR Square One
Life Technologies™ Ion Proton Sequencer				2012 Distinguished Contribution Award for Technology Innovation Greg Lucier, Life Technologies™
Amylin Pharmaceuticals BYDUREON		LIA: Liberated Intelligence & Analysis LIA		Independa, Inc. Independa Integrated CloudCare

2013 ENTREPRENEUR HALL OF FAME



INDUCTEE
RON TAYLOR
CO-FOUNDER OF PYXIS

MEMBERS

Board Members in Bold

Achates Power
 AKT CPA's and Business Consultants
 Allen Matkins Leck Gamble Mallory & Natsis LLP
 AltheaDx, Inc.
 Althea Technologies, Inc.
 Ambit Biosciences Corp.
 Ambrx
 American Internet Services (AIS)
 Amgen
 AMN Healthcare, Inc.
 Arena Pharmaceuticals, Inc.
 AT&T
Avadyne Health
BAE Systems
Bank of America Corporation
Barney & Barney LLC
 BDO USA, LLP
 BioCrossroads LINX
 Biomatrix
 Biomed Realty Trust, Inc.
 BioNano Genomics
 Biotech Investment Group (BIG)
 bioTheranostics
 Bridgepoint Education
Brightscope
 Buchanan Ingersoll & Rooney PC
 California Manufacturing Technology Consulting
Cal State University San Marcos
 Cassidy Turley
 CB Richard Ellis, Inc.
 Celgene Corporation
 Cirrascale Corporation
 City National Bank
 City of Murrieta
 Clarity Design, Inc.
Cooley LLP
Cox Communications
 Creative Electron, Inc.
 cStone & Associates Executive Search
 Cubic Corporation
 Cummins-Allison Corporation
Cushman & Wakefield
 Cygnus Broadband, Inc.
 Cymer, Inc.
 D&K Engineering
 Dart Neuroscience LLC (merged w/ Helicon Therapeutics, Inc)
 Dataskill, Inc.
 Datron World Communications, Inc.
 DDSTUDIO
Deloitte LLP
 Denny Sanford Foundation
 DexCom Inc.
 Digirad Corporation
DLA Piper
Domain Associates LLC
 E&B Technologies LLC
 ecoATM, Inc.
 Elanco Animal Health
 eMolecules
Entropic Communications
 Eolas Therapeutics
Ernst & Young LLP
 ESET, LLC
 Ethertronics, Inc.
 Fallbrook Engineering
 Ferring Research Institute
 FieldLogix
 Fish & Richardson P.C.
 Forestview Advisors
 Foundation for Enterprise Development
 General Atomics
General Dynamics
Genoptix, Inc.
 GMT Ventures LLC

Gunderson Dettmer
 Halozyme Therapeutics
 HM Electronics, Inc.
Hughes Marino
 Indyme Solutions, LLC
 Intelligent Technologies
 IPS Group, Inc
 J. Craig Venter Institute
 Janssen Labs
 JMI Equity
Johnson & Johnson
Jones Day
 Jones Lang LaSalle
 Kaiser Permanente
Kilpatrick Townsend & Stockton LLP
Knobbe Martens Olson & Bear LLP
KPMG LLP
 Kyocera Wireless Corp.
 La Jolla Institute for Allergy & Immunology
Latham & Watkins LLP
 Leardon Solutions
Life Technologies
 Ligand Pharmaceuticals
 Lilly Research Laboratories
 Lithera
 Logic PD
 Lytx, Inc.
 MadCap Software, Inc.
Manpower Group
McKenna Long & Aldridge LLP
Merk
 MindFlow Design
Mintz Levin Cohn Ferris Glovsky and Popeo P.C.
 Mitek Systems, Inc.
 Molecular Response
 Moores Cancer Center
Morrison and Foerster LLP
 Moss Adams LLP
 Moxie Foundation
 MyWurld, Inc.
 N I V I 5
National University
 Nephosity, Inc.
 Neumedicines
 NLiven
 Northrop Grumman Corporation
 Novartis
 Nu-Trek, Inc.
 NuVasive, Inc.
 One Stop Systems, Inc.
 Organovo
 Parker Foundation
 Perkins Coie LLP
Pfizer, Inc.
 Pharmatek
Pillsbury Winthrop Shaw Pittman LLP
 Platinum Cargo Logistics
 Plug and Play Tech Center
 Point Loma Nazarene University
 Port of San Diego
 PowerGenix
Preuss Foundation, Inc.
PricewaterhouseCoopers
Procopio, Cory, Hargreaves & Savitch, LLP
 Prometheus Labs
Qualcomm, Incorporated
 Quality Systems Integrated Corporation
 Quantum Design, Inc.
 Radconnect (Subsidiary of Statrad, LLC)
 Radiant Technologies
 Rady School of Management, UC San Diego
 Regulus Therapeutics
ResMed Corporation
Roth Capital Partners

SAIC
 Salk Institute for Biological Studies
 Sanderling Ventures
 San Diego County Regional Airport Authority
 San Diego CRM
San Diego State University
 San Diego Workforce Partnership
 San Diego Zoo Global
 Sanford - Burnham Medical Research Institute
 Sanofi-Aventis LLC
 Santarus, Inc.
 Sapphire Energy, Inc.
 ScaleMatrix
 Scripps Health
SDG&E/Sempra Energy
 Seacoast Science, Inc.
 Semantic Research, Inc.
Senomyx, Inc.
 Sentek Global
Sentre Partners
 Sharp Healthcare
Sheppard Mullin Richter & Hampton LLP
 Shire (Advanced BioHealing)
 Silicon Valley Bank
 Skyline San Diego
 Skyriver IT, LLC
 Soitec
Solar Turbines Incorporated
 Solekai Systems
 Sophie & Arthur Brody Foundation
 Sotera Wireless, Inc.
 SPAWAR Systems Center Pacific
 Stemedica Cell Technologies
 Stradling/Yocca Carlson & Rauth
Sughrue Mion, PLLC
 Swenson Advisors LLP
 Synthetic Genomics, Inc.
 Synticity, Inc.
 TAG Management
 Targeson
 Tavistock Group
Tech Coast Angels (TCA)
 The Intellis Corporation
 The Irving Group
 The Lawton Group (TLC Staffing)
 The Legler Benbough Foundation
The Scripps Research Institute (TSRI)
 Torrey Pines Investment
 TrellisWare Technologies, Inc.
 Trex Enterprises
 TriNet Group, Inc.
 TriStaff Group
UC San Diego
 UC San Diego Clinical and Translational Research Institute
UC San Diego Extension
 UC San Diego Medical Center
Union Bank
University of San Diego
 UPS
 Vektrex Electronic Systems, Inc.
 Verance
 Verenum
 Verimatrix
 Vertex Pharmaceuticals, Inc.
Viacyte, Inc.
 ViaSat, Inc.
 Vistage
 Waitt Foundation
 Wells Fargo Bank
Wilson Sonsini Goodrich & Rosati
 Wintriss Engineering Corp.
 Z Microsystems, Inc.

MEMBERSHIP

42 | 71%
 NEW MEMBER COMPANIES | ARE INNOVATION COMPANIES



"I think our CONNECT membership is one of the best investments we make. I feel that it is an investment in our business, and also in the San Diego innovation community, and one that we'll gladly renew."

► Charles A. Gillespie, President & COO Semantic Research, Inc.

53% of all members are Industry Companies, 23% are Life Science and 32% are Technology Companies.



CONNECT has assisted in the formation and development of more than 3,000 companies in the San Diego region and is widely regarded as one of the world's most successful organizations linking inventors and entrepreneurs with the resources they need for commercialization of innovative products in high tech and life sciences. The program has been modeled in more than 50 regions around the world. CONNECT has been recognized by Time, Inc. and Entrepreneur magazines and in 2011 won the national State Science and Technology Institute's 2011 Excellence in Tech Based Economic Development Award for Building Entrepreneurial Capacity. In 2010 CONNECT was the recipient of the Innovation in Economic Development Award from the U.S. Department of Commerce for creation of Regional Innovation Clusters. CONNECT manages the San Diego, Imperial Valley, Inland SoCal Innovation Hub (iHub) designated by the state of California Governor's Office of Business & Economic Development in 2010. Key to our success has been the unique "culture of collaboration" between research organizations, capital sources, professional service providers and the established industries.

For information on CONNECT or its programs, contact us at (858) 964-1300 or visit connect.org