



# Agenda

- I. Types of non-dilutive Funding
- II. Mandates of Funding Programs
- III. When to Access Programs
- IV. Pre-emptive VS retroactive
- V. The SR&ED Program
- VI. How Funding Programs Stack





# I. Types of non-dilutive Funding



# What is out there:

	Stage	Amount	Format
Futurepreneur	Early	\$45K	Loan
IRAP	Early - Mid	\$50K - \$250K	Grant
CMF	Early - Late	\$50K - \$1M	Loan*
IDMTC	All	17.5% - of R&D	Tax Credit
SR&ED	All	64% - of R&D	Tax Credit
MITACS	Mid - Late	50% of human capital	Grant
BCIP	Mid – Late	\$250K - \$1M	Contract
SDTC	Late	\$250K - \$2M	Grant
Bridge Financing	Med – late	\$100K - ?	Loan



## II. Mandates of Funding Programs



# Futurepreneur

## About

- Start up stage
- Loan with personal guarantee
- 45K for full time entrepreneur
- Works in conjunction with BDC

## Requirements


- \$50 application fee
- Business plan
- MVP Prototype (if tech related)

## Mandate

- Early stage entrepreneur from any discipline to start any business

## Contingencies

- Personal guarantee
- Must begin payback after 1 year (interest only for first year)



# Canadian Media Fund (CMF) Experimental fund

## About

- Three funding stages
  - Pre-production – Idea stage
  - Production – Development of product
  - Marketing – Distribution & syndication of product
- Contributes 75% of costs of project with a cap of \$1M
- Funding is in form of a repayable loan

## Requirements

- Business plan
- Financing plan 25% of total project costs
- Market channel partner

## Mandate

- Companies building interactive digital media content
- Gaming, VR, Some data visualization

## Contingencies

- Paid back within 7 years
- Paid back with 100%



# Industrial Research Assistance Program (IRAP)

## About

- Innovation funding for early stage technology
- Project based
- First grant is usually \$50K
- Funds up to 75% of R&D costs

## Requirements

- Vetted IRAP application
- Functional early stage prototype of technology
- Project must address technological innovation

## Mandate

- Fund innovative early stage Canadian Technology

## Contingencies

- Paid as reimbursement within 30 days of payroll submission
- Monthly reports



# Interactive Digital Media Tax Credit (IDMTC)

## About

- Refundable provincial tax credit
- Filed at year end with federal SR&ED claim

## Requirements

- Previously applied to provincial government 3 months before year end
- Paid application fee of % based on claim
- Digital content creation that contains audio, visual, interactive components

## Mandate

- Provincial tax credit to incentivize of 17.5% on interactive digital media

## Contingencies

- Audited by provincial government





# MITACS

## About

- Provides post graduate students & professor to work on specific company project
- Covers 50% of project cost of graduate and professor's wages

## Requirements

- Specific project
- Cover 50% of graduate salaries
- Lab / working space
- Project plan

## Mandate

- Facilitate graduate students into industry



# Sustainable Economic Development Canada (SDTC)

## About

- Non-dilutive financing
- SDTC will fund up to 1/3 of your firm's pre-commercial development and demonstration project (paid in milestones in advance – cash flow positive project)
- 2/3 of project cost must be co-invested by you and your partners
- Minimum SDTC investment of ~\$250K. Project sizes range from \$1M to \$XXM
- SDTC is looking for big wins in environmental benefits

## Requirements

- Innovation (i.e. patents), Marketing plan
- Business (Management and Financing) Plan and Environmental benefits
- Prototype of technology ready for scale-up
- Zero commercial sales of technology prior to the submission of application
- Developing innovative technology

## Contingencies

- Heavy due diligence of your invited detailed proposal
- First to commit funding & last to invest (need for strong industry pull partners)



# Built in Canada Innovation Program (BCIP)

## About

- Federal government will be first customer of a given product or service
- Contracts are \$250K - \$1M depending on the government agency

## Requirements

- Business plan
- Prototype of technology from controlled environment
- Zero sales prior to the submission of application (sales can be made after application)
- General government / Military\*

## Mandate

- Aid in the commercialization & distribution of Canadian technology

## Contingencies

- Product must be delivered to specification based on SOW
- Must suit the need of a specific government organization need
- Paid based on contract terms



# Bridge Financing

## About

- Loan
- Done by banks or private institutions
- Will require something to loan against in the event of default
- Amount of loan and terms of repayment vary

## Requirements

- Asset which can be loaned against
  - SR&ED / IDMTC
  - Contract
  - Revenue
  - Inventory

## Mandate

- Fund companies who are searching for short – medium term financing

## Contingencies

- May require a personal guarantee
- High interest rates



# III. When To Access Programs



# When to Access Programs

	Business Plan	Prototype	Production	Commercialization
Futurepreneur	Yes			
IRAP		Yes		
CMF		Yes	Yes	Yes
IDMTC		Retroactive	Retroactive	Retroactive
SR&ED		Retroactive	Retroactive	Retroactive
MITACS		Yes	Yes	Yes
BICP			Yes	
SDTC		Yes	Yes	
Bridge Financing			Yes	Yes



# Industries Programs Apply To

	Agritech (hardware)	VR Game	Medical Device	Consumer App	Ecommerce site
Futurepreneur	Yes	Yes	Yes	Yes	Yes
IRAP	Yes	Yes	Yes	Yes	No
CMF	No	Yes	No	No	No
IDMTC	No	Yes	No	Pending	No
SR&ED	Yes	Yes	Yes	Yes	No
MITACS	Yes	Yes	Yes	Yes	No
BICP	Yes	No	Yes	No	No
SDTC	Yes	No	No	No	No
Bridge Financing	Yes	Yes	Yes	Yes	Yes



# IV. Pre-emptive vs. Retroactive Funding





# Pre-emptive vs. Retroactive

## Pre – Emptive - Grant

- Requires application
- Require proactive plan
- Requires business intelligence to file
- If approved will be for proposed invoice or grant amount

## Retroactive - Tax Credit

- Requires documentation and proof of work
- Requires procedural documentation
- Required engineering / scientific intelligence to file
- Contingent on technical auditor, and proof of addressing program guidelines by CRA definition



# Grant vs. “Funding” Impact on SR&ED

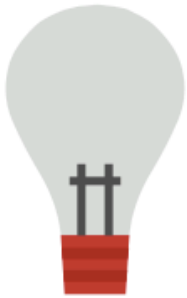
- Grant - non-repayable
- “Funding” - repayable and or secured
  - examples - loan, equity

“Funding” can be leveraged by SR&ED,  
Grants reduce the amount of SR&ED you  
can claim.



# QUALIFYING CRITERIA

Must meet three criteria to qualify for SR&ED:



1. Technological Uncertainty
2. Technological Challenges
3. Technical Content or Iterations



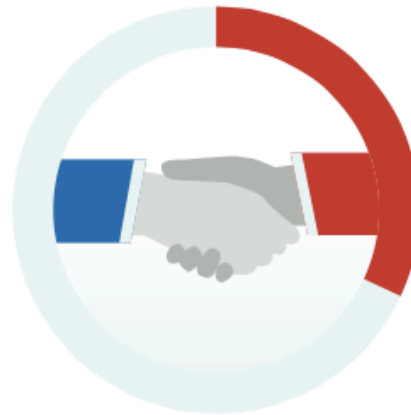
# SR&ED BENEFITS

Return rates for SME CCPCs:



**SALARIES**

**~64%**



**SUB-CONTRACTORS**

**~32%**



**MATERIALS**

**~42%**



**REFUNDABLE ITCs**



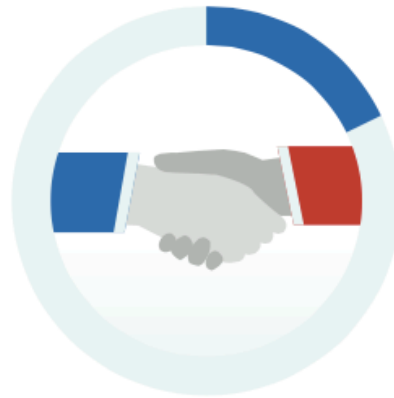
# SR&ED BENEFITS

Return rates for non-CCPCs:



**SALARIES**

**~36%**



**SUB-CONTRACTORS**

**~18%**



**MATERIALS**

**~24%**



**NON-REFUNDABLE ITCs**



# VI. How the non-dilutive Funding Programs Stack



# How do SR&ED & IDMTC Interact

	SR&ED	How much?	IDMTC	How much?
Futurepreneur	Yes	100% of eligible work	Yes	100% of eligible work
IRAP	Yes	Company paid portion of project	Yes	Company paid portion of project
CMF	Yes	100% of eligible work	Yes	100% of eligible work
MITACS	Yes	Company paid portion of project	Yes	Company paid portion of project
BICP	Yes	100% of eligible work	Yes	100% of eligible work
SDTC	Yes	Work not supported by SDTC	Yes	Work not supported by SDTC
Bridge Financing	Yes	100% of eligible work	Yes	100% of eligible work



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