



INNOVATION BOOSTER

Program Guide

January 2022

The Innovation Booster is an Initiative of the Canadian Food Innovation Network.

Canadian Food Innovation Network

The Canadian Food Innovation Network (CFIN) is an industry-led, not-for-profit corporation dedicated to becoming the world-leading innovation network for food and beverage processing. This vision means that over time Canada will develop benchmarks for measuring its relative global position in food innovation and it will continuously strive to bolster Canada's global ranking in food industry competitiveness. The result will be that Canada is recognized globally as an excellent place to undertake food and beverage innovation and that recognition, in turn, will draw more investment and talent to Canada that leads to world class outcomes.

CFIN's mission is to:

- Accelerate the food innovation performance of companies in Canada;
- Connect innovators and foster collaboration across enterprises and organizations of all sizes, disciplines, sectors, roles and geography to enable discovery, development and commercial deployment of innovation outcomes for Canada's benefit; and
- Drive the utilization of Canada's innovation capacity for economic advantage and higher returns on public and private investment.

CFIN will engage firms, research centres, providers of capital, and other partners in the food ecosystem to achieve success in increasing the innovation performance of its members.

Through network activities, CFIN anticipates innovation benefits will be generated that will accrue to all Canadians. The three innovation priorities for projects are:

- Smart Product and Process Development
- Food Ecosystem Sustainability
- Agile and Safe Supply Chains

CFIN will consider primary agriculture related projects if there is a connection to value-added processing, consumer access and health.

This document provides information, guidance, and requirements specific to the Innovation Booster.



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1. Innovation Booster Overview

The Innovation Booster is designed to provide flexible and rapid support to Small or Medium Enterprises (SMEs), a business with 499 or fewer employees and less than \$50 million in gross revenues, as they address food innovation challenges or technical hurdles that have created a barrier for achieving their commercialization goals.

Many of these barriers result from capacity limitations, as SMEs do not have the expertise, specialized resources or capabilities on-hand to undertake the required food innovation and research activities, with sufficient scale to achieve impactful results. Equipment purchases are allowed, but their requirement to achieve specific research goals must be articulated.

Applicants will outline their specific innovation challenge or technical hurdle and the expertise and resources that are required to complete the project, within a 12-month period, and move their food innovation closer to commercialization.

The total eligible project costs should be between \$20,000 and \$200,000, and the maximum level of matching funding from CFIN will be 50% of total eligible project costs. The project must be led by a business or a researcher in the Canadian food ecosystem. Applicants are encouraged to engage outside innovation resources to advance their business goals. The service provider for the project must be independent of the applicant.

Applicants must register for a free CFIN membership through www.cfin-rcia.ca.

CFIN co-funding webinars and application packages are available through www.cfin-rcia.ca.

If there are any questions after reviewing the program guide, reach out to the CFIN team at innovation@cfin-rcia.ca.

2. CFIN Innovation Priorities and Project Examples

CFIN Innovation Priorities

The three CFIN innovation priorities for projects are:

- Smart Product and Process Development
- Food Ecosystem Sustainability
- Agile and Safe Supply Chains

SMART PRODUCT AND PROCESS DEVELOPMENT

Smart Product and Process Development innovation includes development and innovation in the areas of:

- health, nutrition & wellness benefits;
- new robotics applications to increase productivity, food safety and worker safety;
- AI, sensors, machine learning and big data to improve efficiencies; and,
- emerging science such as cultured protein.



FOOD ECOSYSTEM SUSTAINABILITY

Food Ecosystem Sustainability innovation includes development and innovation across these areas:

- food waste reduction;
- higher value recovery;
- circularity and upcycling;
- green and smart packaging; and,
- more efficient use of inputs including energy, water and carbon.

AGILE AND SAFE SUPPLY CHAINS

Agile and Safe Supply Chain innovation includes development and innovation across these areas:

- Logistics and supply chain;
- Consumer and customer analytics;
- Food safety;
- Food security;
- IoT and digital application to food chains; and,
- Blockchain and traceability.

2.1 Project Examples

Applicants can consider the following types of projects as examples and not an exhaustive list:

- Piloting innovative processing technologies through rental or purchase;
 - Capacity related investments with limited technical challenges are not ideal projects for CFIN, a clear innovation or technological hurdle must be identified.
- Developing new code or algorithms to test effectiveness in an innovative scenario;
- Challenge tests for an innovative technology developed to reduce microbial or organic loads;
- Conducting a feasibility study on a particular product, process, or solution to solve a challenge in formulation, processing, or the wider supply chain;
- Evaluating novel or innovative extraction or processing techniques for a functional ingredient;
- Hiring an academic or research institution to conduct nutritional or shelf-life testing of a new ingredient, product, or packaging solution;
- Evaluating potential novel applications for a specific agriculture or food processing waste or by-product;
- Proof of concept or business requirements for Augmented Reality or Virtual Reality applications in food manufacturing, safety, training, distribution or serving.
- Proof of concept or beta testing machine learning and/or digital means of improving food R&D development timescales, food manufacturing, food safety, distribution, customer feedback, or other food related needs;
- Developing business requirements for software and artificial intelligence tools to address supply chain challenges;
- Evaluating needs and designing a solution for a complex issue as a precursor to a CFIN Challenge submission.
- Engaging outside legal and intellectual property expertise to determine the best path for intellectual property protection and commercialization of a recently developed product or process.
- Studying how to scale a successful pilot into commercial scale applications.

Applicants should engage outside resources to execute project objectives. If internal capabilities exist then internal resources may be used on a case by case basis.



3. Eligibility Requirements

To qualify for funding, all projects must:

- Be led by a business that is incorporated in Canada
- Be undertaken by a CFIN member;
- Address an area of the post- farmgate food production supply chain
- Identify a specific technical hurdle with a clear methodology;
- Identify a defined goal or outcome that has commercial application;
- Conduct research and development at Technology Readiness Levels (TRL) 1 to 7. Projects including TRL 8 and 9 components will only be considered if they are part of a project that also includes a TRL 1 to 7 (see 4.3 Technology Readiness Level Eligibility Requirements for further information); and,
- Projects should be no more than one year (12 months) in length.

Lead Applicant

The responsibilities of the Lead Applicant will include, but are not limited to:

- Ensuring compliance with the CFIN Master Project Agreement;
- Overseeing the performance of the project;
- Collecting funds from any project partners and cashflowing all project expenses;
- Submitting requests for reimbursement of eligible project expenses and submitting them to CFIN; and,
- Monitoring and reporting on the progress of the project in line with information requests and performance metrics agreed with CFIN.

CFIN general applicant requirements and Intellectual Property details are further outlined in [Appendix A – CFIN General Requirements](#).

3.2 Eligible Project Costs

Eligible Project Costs must fall under one of the Eligible Cost Categories outlined below and further detailed in in [Appendix C](#), and must be directly related to or required for industrial research or technology demonstration activities:

- Direct Labour
- Subcontractors and Consultants
- Direct materials
- Equipment
- Other Direct Costs

Eligible Project Costs must be:

- Costs incurred and paid for by the Lead Applicant, which are necessary to carry out the approved project activities;
- Costs that are generally non-recurring and incremental to the ordinary business activities of the Lead Applicant;



- Costs that are reasonable, such that the nature and the amounts do not exceed what an ordinary prudent person would conduct in a similar business context;
- Costs that can be directly attributed to the completion of the approved project activities included in the Master Project Agreement; and,
- Costs that must be determined in accordance with the Lead Applicant's cost accounting practices as accepted by CFIN and applied consistently over time.

All Total Eligible Project Costs required for completing the Approved Project Activities, as outlined in the Master Project Agreement, must align with the Eligible Cost Categories in [Appendix C](#).

3.2.1 Service Providers

The service provider must be independent of the Lead Applicant and have no conflict of interest in providing services for the project.

3.2.2 Affiliated Persons Clause

Affiliated Persons are to be understood and treated as defined in the Income Tax Act, which includes but is not limited to; two or more entities that have similar ownership personnel; or entities that have a working business relationship.

In the case of Eligible Costs for goods or services incurred and paid with an Affiliated Person, the amount of the costs incurred and paid must:

- not exceed their Fair Market Value;
- in the case of a good or service for which there is no Fair Market Value, the amount must not exceed the Fair Market Value of Similar Goods; or
- in the case of a good or service for which there is neither a Fair Market Value nor Similar Goods, the amount must not exceed the sum of the applicable Direct Costs with Indirect Costs (Overhead) at the rate stipulated by the Master Project Agreement, plus 5% profit.

Note: It is important for the applicant from the outset, to self-identify any related parties or Affiliated Persons who will be contracted to provide goods or perform services for completion of approved project activities. For wholly owned subsidiaries of the Lead Applicant completing approved project activities, its Eligible Costs incurred and paid will be claimed by the Lead Applicant on their behalf and costs are to be treated as if the wholly owned subsidiary is the Lead Applicant.

3.3 Technology Readiness Level Eligibility Requirements

There are nine TRLs, with TRL 1 being the least ready for commercialization and TRL 9 being ready to be used in real-life conditions. To be eligible for CFIN funding all projects must conduct research and development at TRL 1 to 7 levels. Projects including TRL 8 and 9 components will only be considered if they are part of a project that also includes a TRL 1 to 7. For full TRL see [Appendix B – Technology Readiness Level \(TRL\) Scale](#).

Projects should cover a broad range of TRLs to support the development and growth of innovation ecosystems through activities from research to commercialization. Applicants will outline project activities in their project work plan and identify the TRL associated with each activity.



4. Application Process

The Lead Applicant must register as CFIN members through www.cfin-rcia.ca. CFIN co-funding webinars and application packages are available through www.cfin-rcia.ca.

4.1 Program Timelines

Applications will be accepted on a rolling 60 day intake. The next intake deadlines are posted on the CFIN website.

To assist with your project timeline, CFIN will aim to communicate funding results within 40 business days of the intake deadline. Applicants approved for funding will be required to enter into a Master Project Agreement with CFIN within 15 business days from the date of receipt of the Master Project Agreement.

Incomplete submissions will not be accepted.

CFIN at its sole discretion, reserves the right to alter or cancel the program timelines.

4.2 Application Submission

To ensure the Lead Applicant meets the eligibility requirements, the application will ask applicants to certify that:

- They have read, understand, and are willing to comply with CFIN's project requirements;
- Their service providers are independent of the applicant and have no conflict of interest in undertaking the project;
- The project will be carried out in Canada;
- The project is incremental and new;
- The project would not be undertaken to the same extent without CFIN funding;
- They are willing to invest in and complete the project within a one year time frame;
- They have adequate financial means and project management capabilities to carry out the project; and,
- They agree to provide information necessary for CFIN to conduct required due diligence including, but not limited to the last two years of external accountant prepared financial statements for the Applicant, upon the request of CFIN to assess financial capacity, as the Applicant is required to cash flow 100% of the total eligible project expenses.

Applicants will also be asked to provide an overview of their proposal, including:

- The name of the Applicant (this information may be disclosed publicly)*;
- If the Applicant is working directly with another business and/or researcher (i.e. they play an active role in the project, they are providing a cash contribution to the Lead Applicant, and they are not a paid service provider/supplier, etc.), these partners can be identified in the application.
- A short title and description of the project (this information may be disclosed publicly)*;
- A short (maximum 150 word) project summary explaining why the proposed project is of strategic importance for Canada, how the project will strengthen and contribute to greater



collaboration within Canada’s food innovation network ecosystem, and why CFIN funding is required to carry out the project (this information may also be disclosed publicly*); and,

- Detailed (maximum 500 word) responses to the following questions that will form the basis for assessing the proposal:
 - Background and the rationale for completing the project;
 - Project objectives and outcomes;
 - Innovative aspects of the project;
 - Project design and methodology;
 - Project alignment with CFIN innovation priorities;
 - Direct or indirect benefits to food and beverage manufacturing;
 - Detailed project work plan with activities, milestones, timelines with specific roles and responsibilities of the resource provider; and,
 - Budget.

*Information may be disclosed publicly for the purpose of completing initial due diligence for the project.

Applicants will be notified within one business day, via email, that their full proposal has been received.

Full proposals will be reviewed by CFIN to determine if the proposal is compliant with the eligibility requirements. If the requirements are met, the proposal will proceed to the review process. CFIN staff will conduct due diligence to verify the accuracy of information provided in the proposal and may request additional information to assist in the review process. CFIN staff may also undertake a video conference call with or site visit to the applicant to verify the innovation opportunity. The application will then be independently reviewed according to the project assessment criteria.

4.3 Project Assessment Criteria

Each application that meets the eligibility requirements will be assessed using the following criteria:

| Innovation Booster Assessment Criteria | Scoring |
|--|------------|
| 1. Background and the rationale for completing the project (including a description of the specific innovation challenge or technical) | 10 |
| 2. Project objectives and outcomes | 10 |
| 3. Innovative aspects of the project | 20 |
| 4. Project design and methodology | 15 |
| 5. Project alignment with CFIN innovation priorities | 10 |
| 6. Direct or indirect benefits to food and beverage manufacturing | 15 |
| 7. Detailed project work plan with activities, milestones, timelines with specific roles and responsibilities of the resource provider | 10 |
| 8. Comprehensive budget | 10 |
| Total Score | 100 |

An application guide will be emailed to applicants with the application materials to provide guidance for their responses. The application guide is subject to change. CFIN at its sole discretion, reserves the right to alter the project assessment criteria

Benefits to Canada’s food and beverage manufacturing are further detailed in [Appendix A – CFIN General Requirements](#).



4.4 Final Funding Decisions

CFIN will aim to communicate funding results within 40 business days of receiving the complete application and any additional information requested. Applicants will be notified if the decision will be delayed.

Applicants approved for funding will be required to enter into a Master Project Agreement with CFIN within 15 business days from the date of receipt of the Master Project Agreement. The funding decision is finalized upon the signing of the Master Project Agreement agreeing to, without limitation: reporting requirements, timelines, IP strategy and other performance management criteria and compliance requirements.

Applicants who are not accepted for funding will be notified, with a summary of how their project proposal was evaluated outlining the reasons why they were not approved, as well as recommendations to strengthen their proposal. Projects may not be recommended for funding if they score low on the assessment criteria and/or there are insufficient funds available.

Should an application be unsuccessful, CFIN may encourage applicants to apply to future calls for proposals or other CFIN programs.

5. Funding Parameters

5.1 Cost Sharing

Total eligible project costs should be between \$20,000 and \$200,000. The maximum level of matching funding from CFIN will be 50% of total eligible project costs (between \$10,000 and \$100,000).

Applicants must justify the amount of CFIN funding requested. CFIN may choose to award project funding for less than the requested amount.

Costs incurred in the development of project applications will not be eligible for funding. CFIN will provide funding for projects by reimbursing approved applicants for a portion of their project expenses that are reasonable and eligible. For information about eligible expenses and costs, refer to [Appendix C – Guidelines for Eligible and Ineligible Costs](#).

5.2 Government Funding and Stacking

Stacking is possible with other government funding up to 75% of the total eligible project costs. However, CFIN funds cannot be used to reimburse expenses already funded from other government sources. The total amount of government funding cannot exceed 75% of total eligible project costs.

5.3 Project Management Fee

CFIN will require a non-refundable project management fee of 5% of total project costs eligible for CFIN funding (as calculated in the budget template). The fee will be invoiced to the Lead Applicant and payable to CFIN prior to the first reimbursement of funds, as outlined in the Master Project Agreement. This fee cannot be claimed as an Eligible Project Cost.



5.4 Project Duration

The earliest start date for projects will be the date the Master Project Agreement is signed back to the Applicant by CFIN. Project-related costs incurred prior to that date will not be considered eligible project costs. Projects must be completed in accordance with the Master Project Agreement and no later than one year from the start date.

6. Project Monitoring and Reporting

CFIN will assign a reporting coordinator to monitor the progress of each project in order to ensure that project participants are fulfilling their obligations, and report on the progress of the project against financial and performance metrics. CFIN will track performance of applicants according to the key performance indicators as specified in the Master Project Agreement. CFIN will determine the frequency of project monitoring based on the size and complexity of the project. In most cases this will entail a quarterly submission of claims for reimbursement and reporting.

The Lead Applicant will be responsible for monitoring and reporting on the progress of the project in line with information requests and performance metrics agreed with CFIN. Failure to complete the required reporting, as outlined in the CFIN Master Project Agreement, will impact timely reimbursement of eligible project costs.

The Lead Applicant will also be responsible for approving requests for reimbursement of eligible project expenses and submitting them to CFIN. Financial reporting will be completed through CFIN's secure online portal. The Lead Applicant will be required to maintain accurate accounts of the project for at least seven (7) years after its termination and comply with the financial reporting and auditing requirements, as outlined in the CFIN Master Project Agreement.

At the conclusion of the project and on receipt of final reports, the project may be profiled in CFIN communications. Where possible, the purpose of this is to share knowledge, learning and results gained to serve as a catalyst to other businesses and innovators across Canada's food ecosystem. There may also be opportunities to communicate the project, its progress and collaborative efforts throughout the duration of the project activities.



Appendix A – CFIN General Requirements

Project Applicant Requirements

To be considered for project funding, applicants must:

- Certify that the same project they are proposing is not already approved or in progress, and that financial commitments would not otherwise have been made to the project in its current form;
- Ensure that only eligible project costs defined under the CFIN guidelines are to be claimed for reimbursement (See [Appendix C – Guidelines for Eligible and Ineligible Costs](#));
- Agree to incur all expenses for which CFIN funding is sought no earlier than the date of the signing of the Master Project Agreement and no later than one year after that date, unless otherwise stated in the Master Project Agreement;
- Specify any other sources of government funding anticipated for their project;
- Agree to adhere to CFIN’s conflict of interest policy (included in the Master Project Agreement); and,
- Agree that, if their project is selected, they will maintain auditable financial records substantiating their expense claims and provide CFIN with the information it requires to monitor and report on the progress of their project.

Intellectual Property

Applicants must comply with the terms of the CFIN’s Intellectual Property Policy (included in the Master Project Agreement) and agree to:

- Describe the Intellectual Property (IP) expected to arise as a result of participation in the project and the legal means by which it would be protected;
- Identify the type of CFIN members with whom, based on current understandings following consultations with CFIN, you believe would have a technological or business interest in expected foreground IP, and a description of the interest;
- Identify the type of CFIN members with whom, based on current understandings following consultations with CFIN, you would be willing to enter into negotiations regarding access to expected foreground IP and any applicable limitations related to such access; and,
- Ownership and licensing terms governing access to expected foreground IP, including:
 - Recognition of the right of any partner to access, on fair, reasonable and non-discriminatory terms and subject to relevant competitive issues, all foreground Intellectual Property arising from the project, at least for internal R&D purposes; and,
 - A commitment, upon request, to enter into negotiations regarding access to foreground Intellectual Property arising from the project with listed CFIN members, subject to any reasonable limitations to such access.

CFIN will not itself take any interest in Intellectual Property in any project but it may assist with facilitating the commercialization of Intellectual Property by applicants for Canada’s benefit.

Benefits to Canada’s Food and Beverage Manufacturing



All projects that receive CFIN funding should produce demonstrable benefits for Canada's food ecosystem, including but not limited to the following examples:

- Increased collaborations with Canadian manufacturers and their food ecosystem partners;
- Production and commercialization of new products, processes, services and systems;
- Increased utilization of incubator, pilot and other food innovation resources;
- Increased new investment deals closed;
- Increased number of businesses created or scaled up;
- The creation of new food innovation and research jobs from projects and activities;
- Increased total number of jobs (direct and indirect) gained and retained from projects and activities;
- Increased business enterprise research and development (BERD) investments;
- Private investments in advanced equipment, automation and digital technologies;
- An increased number of new graduates joining Canada's food ecosystem; and,
- Lowering total per unit of output of carbon emissions, water use and waste.



Appendix B - Technology Readiness Level (TRL) Scale

| Technology Readiness Level | Description |
|--|---|
| TRL 1—Basic principles observed and reported | Lowest level of technology readiness. Scientific research begins to be translated into applied research and development (R&D). Examples might include paper studies of a technology's basic properties. |
| TRL 2—Technology concept and/or application formulated | Invention begins. Once basic principles are observed, practical applications can be invented. Applications are speculative, and there may be no proof or detailed analysis to support the assumptions. |
| TRL 3—Analytical and experimental critical function and/or characteristic proof of concept | Active R&D is initiated. This includes analytical studies and laboratory studies to physically validate the analytical predictions of separate elements of the technology. |
| TRL 4—Product and/or process validation in laboratory environment | Basic technological products and/or processes are tested to establish that they will work. |
| TRL 5—Product and/or process validation in relevant environment | Reliability of product and/or process innovation increases significantly. The basic products and/or processes are integrated so they can be tested in a simulated environment. |
| TRL 6—Product and/or process prototype demonstration in a relevant environment | Prototypes are tested in a relevant environment. Represents a major step up in a technology's demonstrated readiness. Examples include testing a prototype in a simulated operational environment. |
| TRL 7—Product and/or process prototype demonstration in an operational environment | Prototype near or at planned operational system and requires demonstration of an actual prototype in an operational environment (e.g. in a vehicle). |
| TRL 8—Actual product and/or process completed and qualified through test and demonstration | Innovation has been proven to work in its final form and under expected conditions. In almost all cases, this TRL represents the end of true system development. |
| TRL 9—Actual product and/or process proven successful | Actual application of the product and/or process innovation in its final form or function. |

(Source: [Strategic Innovation Fund—Program Guide - Strategic Innovation Fund](#))



Appendix C – Guidelines for Eligible and Ineligible Costs

Eligible Cost Categories

Eligible project costs must fall under one of these Eligible Cost Categories:

- Direct Labour
- Subcontractors and Consultants
- Direct materials
- Equipment
- Other Direct Costs

In the following tables, applicant refers to the Lead Applicant.

| Direct Labour |
|---|
| <p>The portion of gross wages or salaries incurred and paid by the applicant for approved project activities which can be specifically identified and measured as having been performed for the project and which is so identified and measured consistently by the applicant’s cost accounting system. The cost accounting system should sufficiently prove the hours worked by employees are directly related to the approved project activities.</p> |
| Subcontractors and Consultants |
| <p>The costs of Subcontracts or Consultants incurred and paid for approved project activities are the costs for work or services performed by an external third party, which can be specifically identified and measured as having been incurred and paid for the approved project activities. The applicant cannot be a recipient of CFIN funding and a Subcontractor for the same project.</p> |
| Direct Materials |
| <p>The cost of materials which are incurred and paid and can be specifically identified and measured as having been processed, manufactured and used in the performance of the approved project activities, which are measured consistently by the applicant’s cost accounting system.</p> <ol style="list-style-type: none">Materials purchased solely for the approved project activities shall be at the net laid down cost to the applicant, net of any sale taxes and after any discounts offered by the suppliers.Materials issued from the applicants general stocks shall be measured in accordance with the material pricing method consistently used by the applicant. <p>Direct Materials include, but are not limited to any raw material that is “used up” by completing approved project activities.</p> |



Equipment

The capital cost of Equipment, which are incurred and paid and can be specifically identified as having been purchased for approved project activities and measured consistently by the applicant's costing system. Significant Equipment required to complete the approved project activities should be detailed in the project work plan. See below scenarios for clarification of costs related to Equipment:

- i. If an applicant has built the equipment themselves, the costs would be allocated to the appropriate cost categories (Direct Material, Direct Labour, etc.);
- ii. If an applicant has equipment built by a third party, the costs would be allocated to the equipment category if readily identifiable, otherwise the equipment could be reported in Subcontractors category; and
- iii. If an applicant outright purchases a piece of equipment, the costs would be allocated to the Equipment category.

Equipment costs include but are not limited to, the purchase of equipment necessary for the approved project activities, costs to alter or modernize the equipment, costs to get the equipment into working order, and shipping costs.

Capital equipment acquired for the project may be subject to CFIN and Industry, Science and Economic Development Canada approval for disposal, which will be outlined in the Master Project Agreement

Other Direct Costs

These are eligible direct costs, not falling within the categories of Direct Costs mentioned above, but which are incurred and paid, and can be specifically identified and measured as having been incurred and paid by the applicant for approved project activities and which are so identified and measured consistently by the applicants costing system.

Travel and Outreach Costs meaning those eligible direct costs incurred and paid by the applicant that are directly related to approved project activities. Travel expenses shall be appropriate, economical, reasonable and available to most of the employees of the applicant. Travel costs can be claimed, to the maximum allowance, as per the CFIN Travel Policy.

Indirect Costs (Overhead)

Indirect Costs (Overhead) are those costs which, though necessarily having been incurred and paid by the applicant for the conduct of the business in general, cannot be identified and measured as directly applicable to the carrying out of the approved project activities outlined in the project work plan.

Indirect Costs (Overhead) include, but are not limited to:

- a. Indirect materials and supplies including but not limited to, supplies of low-value, high-usage and consumable items, such as paintbrushes and safety supplies, which meet the definition of Direct Material costs but for which it is commercially unreasonable, in the context of Network Activities, to account for their costs in the manner prescribed for Direct Costs. Costs such as



stationery, office supplies, postage and other necessary administration and management expenses, small tools, such as ladders, drills, paint sprayer, and general inventory build-up;

- b. Indirect labour, approved project management, and general administrative costs, including but not limited to the remuneration of executive and corporate officers, general office wages and salaries, clerical expenses, HR, Accounting/Finance staff, overtime premiums, bonuses, all types of benefits paid by employer, for example, CPP, EI, fringe benefits, medical benefits, dental benefits, pension benefits and other taxable benefits;
- c. Indirect building costs including, but not limited to, snowplowing costs, public utilities expenses of a general nature including but not limited to, power, HVAC, lighting, and the operation and maintenance of general assets and facilities;
- d. Expenses such as property taxes, rentals of equipment and building (not covered as part of direct costs) and depreciation costs;
- e. Indirect equipment costs including, but not limited to, maintenance cost of assets, office equipment, office furniture, etc.; and
- f. Other indirect costs including, but not limited to, daily commutes, unreasonable modes of transportation, general software and licenses, and travel insurance.

Indirect Costs (Overhead) thresholds of 55% on eligible direct labour but no more than 15% of total eligible project costs will apply for each applicant (and for each project if an applicant is approved for multiple CFIN projects). In the case of applicants with high Subcontractors and Consultants costs or low Direct Labour costs: Indirect Costs (Overhead) thresholds calculated to a maximum of 5% on eligible Subcontractors and Consultants costs, but no more than 15% of total eligible project costs may apply. Such thresholds would be calculated for each applicant and each project if an applicant is approved for multiple CFIN projects.

Ineligible Costs

Ineligible Costs incurred and paid by the applicant are not eligible for CFIN funding, regardless of whether they are reasonably and properly incurred and paid in the carrying out of the approved project activities.

Ineligible Costs includes:

- i. any form of interest paid or payable on invested capital, bonds, debentures, bank or other loans together with related bond discounts and finance charges; the interest portion of the lease cost that is attributable to cost of borrowing regardless of types of lease;
- ii. legal, accounting and consulting fees in connection with financial reorganization (including the set-up of new not-for-profit organizations), security issues, capital stock issues, obtaining of licenses, establishment and management of agreements with the applicant and prosecution of claims against CFIN or ISED. *Such legal costs associated with obtaining patents or other statutory protection for project intellectual property are considered eligible;*
- iii. losses on investments, bad debts and expenses for collection charges;
- iv. losses on other projects or contracts;



- v. federal and provincial income taxes, goods and services taxes, value added taxes, excess profit taxes or surtaxes and/or special expenses in connection with those taxes, except duty taxes paid for importing is Eligible Cost;
- vi. provisions for contingencies;
- vii. premiums for life insurance on the lives of officers and/or directors where proceeds accrue to the applicant;
- viii. amortization of unrealized appreciation of assets;
- ix. depreciation of assets paid for by CFIN;
- x. fines and penalties;
- xi. expenses and depreciation of excess facilities;
- xii. unreasonable compensation for officers and employees;
- xiii. product development or improvement expenses not associated with the work being performed under the project;
- xiv. advertising, except reasonable advertising of an industrial or institutional character placed in trade, technical or professional journals for the dissemination of information for the industry or institution;
 - xv. entertainment expenses (including but not limited to, catering, alcohol, non-travel expenses);
 - xvi. donations;
 - xvii. dues and other memberships other than regular trade and professional associations;
- xviii. extraordinary or abnormal fees for professional advice in regard to technical, administrative or accounting matters, unless approval from CFIN is obtained;
- xix. selling and marketing expenses associated with the products or services or both being developed under the Master Project Agreement;
 - xx. in-kind costs; and,
 - xxi. recruiting fees.

