INNOVATION BOOSTER

Program Guide

February 2025

The Innovation Booster is a Program from the Canadian Food Innovation Network, funded in part by the Government of Canada.

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. 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 program goals are 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 Members can leverage YODL™, an interactive online platform designed to help Canadian food and beverage professionals from all sectors of the industry connect, learn, and grow their businesses. YODL is a place for entrepreneurs to discover cutting-edge technology and solutions, meet new business partners throughout the Canadian supply chain, and access government funding opportunities.

On YODL members can find:

- Unique daily content;
- Access to CFIN's innovation challenges and members-only events;
- Access to direct mentorship from CFIN's five Regional Innovation Directors;
- Opportunities to network and collaborate with other food and beverage professionals from across Canada; and
- Business resources, including original research and information on best business practices, consumer trends, R&D, training and much more.

Membership with the Canadian Food Innovation Network is free, and can be accessed at www.cfin-rcia.ca

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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. Canadian Researchers may also apply but are encouraged to do so with an industry partner.

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 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 (between $10,000 and $100,000).

Applicants must register for a free CFIN membership through www.cfin-rcia.ca. This program guide as well as overview of all our funding programs can be found there.

Applications are submitted on CFIN's Application Portal: https://cfin-rcia.smartsimple.ca/

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

Frequently Asked Questions: https://www.cfin-rcia.ca/programs/program-faqs.

2. CFIN Innovation Priorities

For some application intakes, CFIN may designate a theme for the intake, where other calls will be an open intake where applicants can submit any kind of project that aligns with CFIN's Innovation Priorities. Upcoming themes and deadlines are posted on our website.

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 Eligible Project Types

CFIN supports industrial research and demonstration activities, focused on the food sector from farm-gate to consumer's plate. Agriculture or primary production focused projects are not eligible for our funding.

Applicants must propose to demonstrate new industry processes, new product categories, new knowledge, or a new application of science. Food product development initiatives, such as the development or iteration of a new brand or product formulation in an existing category (example, a new protein bar) are not eligible under our programs.

Our previously funded projects can be viewed here.

3. Eligibility Requirements

3.1 Eligible Applicants

Eligible Applicants include:
- Small and medium sized enterprises incorporated in Canada (under 499 FTEs and $50M in annual sales.)

- Applicants may not apply if they are currently the lead applicant on an active CFIN project. An active project has a signed Master Project Agreement, activities are underway, and a final report has not been filed and accepted by CFIN.

Other publicly funded not-for-profit organizations, federal Crown corporations, and government departments or agencies are not eligible to receive CFIN funding.

To qualify for funding, all projects must:

- Address an area of the post- farmgate food production supply chain. Projects that primarily focus on agricultural activities and mainly benefit farmers are not eligible;
- 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 must be completed by **December 31, 2026**.

All applicants to CFIN programs must demonstrate their financial capacity to undertake the project. As a requirement, we request 2 years financials (audited, review engagement, or notice to reader) to be submitted with your application. If you cannot meet this requirement, a term sheet, a bank statement, or other documentation demonstrating your financial position, and letter showing you have the balance of your request is the bare minimum.

CFIN Programs are competitive and are reviewed on a merit-based approach per intake; meeting the requirements outlined above does not guarantee approval.

CFIN general applicant requirements and Intellectual Property details are further outlined in Appendix A – CFIN General Requirements.

3.2 Eligible Project Costs

For a full overview of eligible costs, please review the Eligible Cost Categories in Appendix C – Guidelines for Eligible and Ineligible Costs

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 applicant. Partner costs are not eligible in the Innovation Booster program.

Direct Labour

The portion of gross wages or salaries incurred and paid by the applicant for direct technical labour on 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. The wages of majority owners/stakeholders in the applicant's or project partner's business are not eligible for reimbursement.
Subcontractors and Consultants
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.
Direct Materials
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. 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. Direct Materials include but are not limited to any raw material that is "used up" by completing approved project activities.
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: 1. If an applicant has built the equipment themselves, the costs would be allocated to the appropriate cost categories (Direct Material, Direct Labour, etc.); 2. 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

3. 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 (ISED) 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 applicant's costing system. Shipping costs are an Other Direct Cost. 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.

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.

3.2.1 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.

When building your budget, the CFIN budget tool will automatically add 55% on eligible direct labour to account for overhead. The maximum portion of a project costs to be made up of indirect labour will be no more than 15% of total eligible project. If approved, CFIN will automatically apply an indirect cost amount to your claimed amount of direct labour.

Ineligible costs include items such as rubber gloves, hairnets, safety supplies, office equipment and furniture, general administrative labour, benefits, hydro and lighting, property taxes, building leases, etc.

A full overview of indirect costs is available in [Appendix C – Guidelines for Eligible and Ineligible Costs.]

3.2.2 Service Providers

A service provider intends to bill the applicant for services throughout the course of the project. Service Providers cannot be project partners. The service provider must be independent of the Lead Applicant and have no conflict of interest in providing services for the project.

3.2.3 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.

3.2.4 Foreign Costs

Any Eligible Supported Costs occurring outside of Canada (foreign costs) must be pre-approved by CFIN in writing before the cost is incurred. These costs will be identified by the collaboration at the full proposal stage.

The Canadian Food Innovation Network is limited in its ability to support a large volume of foreign costs.

Foreign costs occur when the materials, equipment, staff, or resources are physically located outside of Canada. For example, a US-based employee of a Canadian Corporation is considered a foreign cost, as their place of work is outside of Canada.

Subcontractors or consultants of non-Canadian firms are considered foreign costs if they perform their work outside of Canada. If they come to a project site in Canada, their activities are not foreign costs.

For equipment or materials, if they are sourced internationally but brought to Canada for installation and use in project activities, these are deemed non-foreign costs.

For a full overview of the foreign cost policy, please see Appendix C – Guidelines for Eligible and Ineligible Costs.

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 Applicant must register as a CFIN member through www.cfin-rcia.ca.

4.1 Program Timelines

Applications will be accepted during regular intakes. See our website for upcoming application dates. **All intakes close at 11:59PM local time on the intake close date.** CFIN at its sole discretion, reserves the right to alter or cancel the program timelines.

To assist with your project timeline, **CFIN will aim to communicate funding results within 60 business days of the intake deadline; project costs are not eligible prior to this date.** Applicants approved for funding will be required to enter into a Master Project Agreement with CFIN within 30 business days from the date of receipt of the Master Project Agreement.

Incomplete submissions will not be accepted.

4.2 Application Submission

Applications are submitted on CFIN's Application Portal:
https://cfin-rcia.smartsimple.ca/

Eligibility pre-screening questions are included in the online Application Portal to ensure projects meet the basic eligibility requirements.

Refer to Appendix D for guidance on completing each section of the application.

The application portal allows applicants to submit supplemental documents, such as pitch decks, letters of support, quotes or cost proposals, or other documentation they feel will add context to their submission.

As a requirement, we request 2 years financials (audited, review engagement, or notice to reader) to be submitted with your application. If you cannot meet this requirement, a term sheet, a bank statement, or other documentation demonstrating your financial position, and letter showing you have the balance of your request is the bare minimum. Providing proof of financial capability does not guarantee approval of your application.

For a full overview of the application questions and portal, please see Appendix D: Completing the Application Template.

Applicants will receive a confirmation of receipt once they submit their application via email, with a copy of the application.

Full proposals will be reviewed by CFIN to determine if the proposal is compliant with the eligibility requirements. If information is missing or updates are required, CFIN staff will contact you via email and provide you with 48 hours to make changes. If changes are not made in this window, the application will be withdrawn. 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. The full review process is expected to take up to 60 business days.

4.3 Project Assessment Criteria

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

Innovation Booster Assessment Criteria	Scoring
Has the applicant provided an overview of their business, and is the Firm's model and value proposition outlined and well communicated?	5
Has the applicant clearly outlined their financial capability to undertake the project?	5
Background and the rationale for completing the project, including a description of the specific innovation or technical hurdle that the applicant is encountering.	10

Objectives of the proposed research, development and demonstration activities are clearly articulated.	5
Design and methodology to be deployed by the applicant to achieve the project objectives, including key activities, expenditures, resources, and timeline. Major technical hurdles should be identified.	15
Innovative aspects of the project: the applicant outlines their innovation's position in the market and its unique value proposition. Competitors, their strengths, and how the solution compares are highlighted., An outline of any IP to be created and how it will be protected is provided.	20
CFIN Priorities: the applicant demonstrates a clear understanding of sector needs and outlines a solution that directly impacts an opportunity or challenge experienced by CFIN members.	10
Direct benefits to the applicant firm, such as new jobs, revenues, IP, partnerships, customers, etc. are identified and quantified.	5
Benefits to the wider food sector are identified, quantified, and credible.	10
Detailed project work plan with appropriate activities, milestones, timelines for the project that has been outlined throughout the submission.	10
Comprehensive budget with detailed line items that are demonstrated as required for the proposed project activities and align with CFIN eligible cost policy	5
Total Score	**100**

Applications are scored by CFIN staff and external reviewers based on this rubric. Based on the scores and available funds, winning projects are selected for each intake.

4.4 Final Funding Decisions

CFIN will aim to communicate funding results within 60 business days of the intake deadline. 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 30 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 but still be deemed eligible, 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. 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 Eligibility Date as outlined in the signed Master Project Agreement. The earliest start date is 60 days from the project intake close date. 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

Approved projects will have quarterly reporting requirements as well as a final report at project completion. Reporting is in place to ensure that project participants are fulfilling their obligations, and track 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.

The 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 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 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

Applicant Responsibilities

Innovation Booster submissions may only have one applicant (Lead) who incurs and submits costs. Project partners may be indicated if they are providing cash or key resources to the project, but they cannot incur or submit their own expenses to CFIN for reimbursement. The responsibilities of the 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.

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

CFIN will support industry-led projects that will generate IP of potential benefit to Canada's food ecosystem. The Project proposal is a key document to be used by applicants to detail their intellectual property strategies for their outlined project. Applicants who have not begun their IP protection or strategy work yet will be required to outline budget line items for these costs or prove their involvement with intellectual property resources such as Elevate IP, Intellectual Property Ontario, or a law firm to receive CFIN funding. Your Regional Innovation Director can connect you to regional or provincial resources to assist with intellectual property protection.

Project proposals are required to provide an IP rationale that demonstrates how the Project will provide CFIN members, including those who are not participating in a Project, the opportunity to access IP arising from the Project. This is the basis of our focus on the ‘transformative’ innovation potential of a project.

Successful applicants must comply with the terms of the CFIN‘s Intellectual Property Policy (included in the Master Project Agreement) and agree that:

- Any IP deriving from CFIN projects, ownership rights and exploitation thereof, will remain in Canada for a minimum of five years (5) after the end of the project funding agreement unless otherwise approved in writing by the Minister on a case-by-case basis.

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.

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**: https://ised-isde.canada.ca/site/strategic-innovation-fund/en/collaborations-and-networks/strategic-innovation-fund-program-guide#annex-a)

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

Direct Labour
The portion of gross wages or salaries incurred and paid by the applicant for direct technical labour on 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. The wages of majority owners/stakeholders in the applicant's business are not eligible for reimbursement.
Subcontractors and Consultants
The costs of Subcontractors 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.
Direct Materials
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. i. 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. ii. Materials issued from the applicants' general stocks shall be measured in accordance with the material pricing method consistently used by the applicant. Direct Materials include but are not limited to any raw material that is "used up" by completing approved project activities.
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 applicant's costing system. Shipping costs are an Other Direct Cost. 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.

Eligible Project Costs include:

- 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.

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 rubber gloves, hairnets 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 (laptops, AV 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.

Foreign Costs

The applicant must identify all foreign costs for each claim and can claim foreign costs that are incurred and paid on eligible Project activities.

Direct Labour
Direct Labour costs are those that are necessary to the completion of Project activities by direct

employees of the Recipient or its wholly owned subsidiary. As a general rule, foreign costs related to direct labour are those costs incurred for work performed outside of Canada. For more clarity, the following examples are provided.

1. If an employee is employed at a Canadian location and is paid in Canadian dollars, those are considered costs incurred in Canada.
2. If a Canadian employee of a Canadian company or its wholly owned subsidiary works abroad in order to complete Project activities, we also consider this a cost incurred inside of Canada.
3. If a foreign employee of a Canadian company or its wholly owned subsidiary does work on Project activities outside of Canada, we consider this to be foreign costs.

Direct Materials Purchased outside of Canada
Direct Material costs are specifically identified and measured for Project activities, including parts, components, and consumption of inventory for the purpose of carrying out Project activities. For direct material costs to be considered incurred within Canada, they must be utilized or consumed within Canada for the purpose of the Project activities, whether they were purchased in Canada or outside of Canada. Any other type of Direct Material which is not utilized or consumed within Canada for Project activities, shall be considered a foreign cost.

Subcontractors and Consultants
Subcontractor and consulting costs are the costs for work or services not performed by the Recipient, which are directly attributable to the completion of Project activities and can be specifically identified and measured. For subcontractor and consultant costs to be considered a cost occurring inside of Canada, the subcontractor or consultant must be performing the work inside of Canada. For more clarity, costs incurred for work performed by a foreign affiliate is considered a foreign cost.

Other Direct Costs
Other Direct Cost are the costs that can be specifically identified and measured as having been performed or to be performed on Project activities and are for items which have not been captured in the direct labour, direct material, or equipment cost categories. For costs to be considered incurred within Canada, they must be utilized or consumed within Canada. Any other type of Other Direct Cost which is not utilized or consumed within Canada for Project activities shall be considered a foreign cost. It is important to note, all travel abroad and conferences by Recipient employees or Canadian wholly owned subsidiary employees for the purposes of Project activities are not considered to be foreign costs, so long as they are permitted under the Statement of Work.

Equipment
Equipment costs are costs that can be specifically identified and measured to be used on Project activities. Equipment purchased within Canada from Canadian suppliers are considered a cost incurred in Canada. Also, if a piece of equipment is purchased from a foreign supplier, of which there is no comparable from a supplier within Canada and the equipment is imported to a Canadian location, then this may also be considered a cost incurred in Canada. Equipment purchased outside of Canada and consumed outside of Canada shall be considered a foreign cost. Also, for costs of retrofitting existing Canadian or foreign supplied equipment by a company abroad shall be considered a foreign cost.

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.

Appendix D – Completing the Application Template

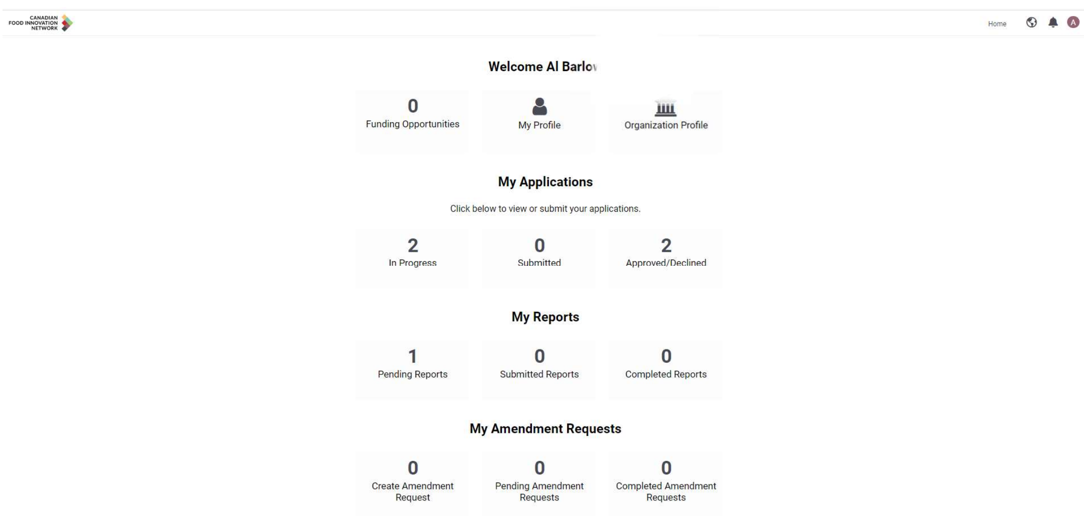
Access the Application: The application forms can be found at https://cfin-rcia.smartsimple.ca/

Become a CFIN Member: Access to this system is activated for CFIN Members only; you can join CFIN at https://www.cfin-rcia.ca/

On your first login to the application platform, applicants are encouraged to complete their Organization Profile with their address and other contact information.

To view currently open submissions, select FUNDING OPPORTUNITIES in the top row to view currently open programs and begin your application. Once you have started an application, you can view them under MY APPLICATIONS (Saved Drafts will remain in IN PROGRESS until submitted

The language of the system can be changed by selecting the Globe Icon in the top right.



*** information in fields marked with an asterisk may be disclosed publicly. See Terms and Conditions (Section 7) in the application template for due diligence disclosure requirements.**

Section 1. Project Overview *

- Propose a concise but informative project title;
- Provide a short description of the project (maximum 150 words). * Please provide a high-level overview of the project, focus on the objectives that the project intends to achieve. **This information will be used to communicate your goals to a wider audience, if successful.**
- Select the start and end date for the project. **The earliest start date for projects will be 60 days after the intake close date.** This will be outlined in the Master Project Agreement

with CFIN. Projects must be completed in accordance with the Master Project Agreement and no later than one year from the start date.
- Primary contact for the project – Provide a name, title, email and phone number for an individual, who will be the primary for CFIN to use for any communications related to the Lead Applicant and project.

Section 2. Applicant Information

- Metrics collected in the Applicant Details section will be reported to Industry, Science and Economic Development Canada;
- Legal Business Name and Operating Name;
- Provide your address, city/town, province and postal code, website URL, 9-digit business number and date and location of incorporation;
- Business Profile *– provide a short description of what your business does;
- Business Type – select from the drop-down menu;
- Percentage Canadian Ownership – indicate the percentage of the company that is ultimately owned by Canadians or by firms incorporated in Canada (as determined by voting shares);
- List of Shareholders – indicate the name and portion of ownership of majority shareholders for the applicant.
- Primary NAICS Code – The North American Industry Classification System (NAICS) is an industry classification system developed by the statistical agencies of Canada, Mexico and the United States. For more information, visit the Statistics Canada website;
- Applicant Ownership Demographics – please respond to the demographic questions regarding business ownership.
- Please indicate any legal proceedings, if any, that may adversely affect your business;
- Applicant Fiscal Year Data: Please complete the data for your most recent completed fiscal year. Please note that regular reporting on this data is required should your project be approved.
    - Revenues from the Canadian Operation, including domestic and export sales;
    - Gross Canadian expenditures on research and development and capital expenditures;
    - Total number of full time equivalents (FTE)s in your business in the past calendar year – Employment figures should be provided using the following definition of an FTE: "means each employee or, where applicable, intern, who works for the client on a full-time basis (i.e. they are responsible to work at least 2080 hours when calculated on an annual basis) and, in the case of hourly paid employees or interns who are responsible to work for the business less than on a full-time basis, each equivalent to such a full-time worker, where the number of such equivalents is calculated by dividing (a) by (b) where (a) = the aggregate of all hours worked by such individuals for the client including hours taken by them as paid vacation, sick leave, and for other similar reasons, calculated on an annual basis, and (b) =2080 hour". Please include all paid employees in reporting and exclude employees on unpaid leave of absence.

Section 3. Service Providers & Partners (If Applicable) *

- Project Partners: Complete this section only if the Lead Applicant is working directly with other project partners (businesses and/or researchers) (i.e., they play an active role in the project, they are providing a cash contribution, **they are not a paid service provider**, etc.), identify the partner(s) and their role and/or contribution.

- Service Providers: Complete this section to outline major project service providers (consultants or subcontractors).

Section 4. Application Questions

Provide responses (maximum 500 words) to each of the following questions that will form the basis for assessing the proposal.

Q1. Please provide an overview of your business, revenue model, and value proposition.

- Describe your current business operations, key markets and verticals, and offerings.
- For early-stage ventures, describe your current state, path to revenues, and proposed revenue model for your organization.

Q2. Please describe your current financial position, and your ability to finance the project activities.

- CFIN funding operates on a reimbursement basis; you must incur the expense then claim the cost and wait for reimbursement.
- Describe your ability to bridge finance the project costs, and any available cash, investments, or financing that your organization has access to. Include other funding programs you are currently pursuing or in receipt of.
- If your organization has recently closed or begun an investment round or is in the process of raising capital, please describe the amounts and stage of the investments.

Q3. Provide the background and rationale for completing the project.

- Describe the challenge that triggered the need for this project i.e. what is the technical hurdle that will be addressed and the market need for your solution;
- Outline any related background work that has set the stage for this project; and,
- Include any references/supporting documentation for the market need or on the work completed to date.

Q4. Outline the project objectives and outcomes.

- Describe the objectives and expected outcomes that will be achieved;
- Identify the current and proposed TRL levels of your solutions at the beginning and end of your project;
- Describe any significant or notable expenditures that will be incurred; and,
- If the application is submitted with a partner, describe the partner's role in achieving specific objective and outcomes.

Q5. Describe the project design and methodology.

- Provide all relevant details to enable an evaluation of the technical and/or scientific merit or the proposed project design and methods, references and supporting documentation;
- Describe the specific opportunities or research questions that will be addressed during the project;
- What methodology will you use to carry out the project and why. Consider the design of the investigation/experiments/test marketing/piloting/commercialization;
- Identify the key team members and resources and their qualifications;
- Outline timelines and key decision points throughout the course of the project;
- Concise point form/bullets are acceptable; and,

- You may attach any relevant references/supporting documentation to provide the credentials/CV/resume for the project team and/or technical services providers under supplemental documents/application files.

Q6. Describe the innovative and/or transformational aspects of the project.

- Outline the unique value proposition for your solution, and your target market.
- How is this problem solved today? Who are others working to solve this problem and how does the proposed solution differ or improve upon existing solutions. Reference early customers, industry reports, surveys or other materials. Letters of support are encouraged and should clearly articulate product-market fit.
- Describe the new intellectual property that will be created; the type, and how you plan to protect it.

Section 5. CFIN's Innovation Priorities

Q7. Select only ONE innovation priority that BEST aligns with your project and then check all applicable innovation priorities that align with your project. Projects that align with more than one priority are encouraged.

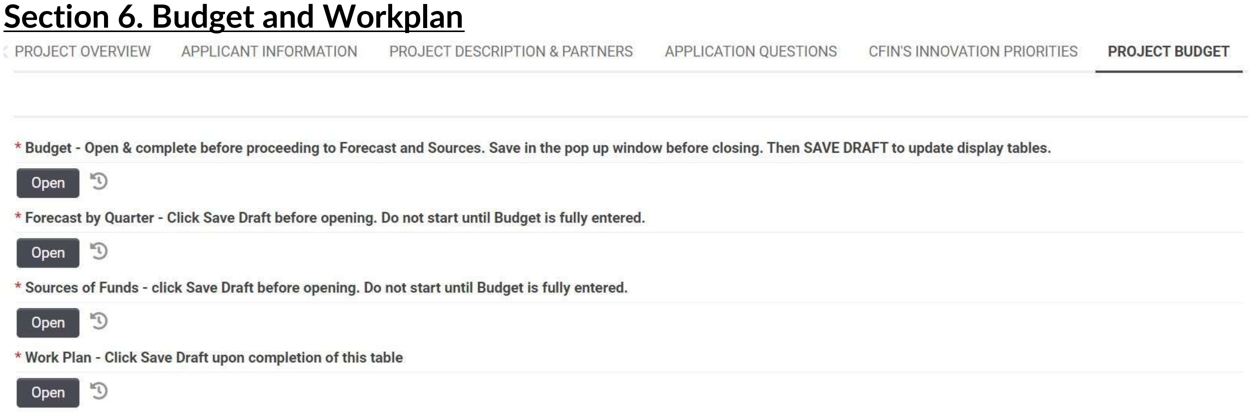
Q8. Describe the project alignment with CFIN's innovation priorities.

- Describe how your project aligns with CFIN's priorities.
- Ensure you are outlining the pain point or opportunity felt by food and beverage manufacturers, foodservice or restaurant operators, distributors or grocery retailers.

Q9. Outline the direct benefits to your business as well as the larger indirect benefits to the food sector generally.

- Detail the expected benefits to your firm should the project objectives be successfully achieved. Impacts such as new jobs, new intellectual property, new processes, revenues, exports, etc. should be quantified.
- Describe how the project outcomes will have a larger impact to the food industry and outline the opportunities or challenges within the sector you are helping address.
- Complete the project impacts table.

Section 6. Budget and Workplan



Use the open buttons to populate each table in a separate window. Complete the budget prior to completing Forecast by Quarter and Sources of Funds. Any changes made to the budget after completing these subsequent tables will require them to be cleared and re-

completed. Press Save and Save Draft often. The completed tables will populate in the lower portion of the tab.

Budget

- Your budget needs to be detailed enough for assessment. For direct labour resources, outline the job title and number of hours on the project. For consultants, outline the vendor's name if available, and the scope of work (i.e. Testing Services, Outsourced Engineering, etc.).
- Refer to Appendix C - Guidelines for Eligible and Ineligible Costs to determine which cost categories your project costs will fit under. You can add rows if you need to add more costs. The costs must be outlined based on the Fiscal Year in which they are incurred.
- Based on your costs inputted into the budget, the spreadsheet will calculate the Total Eligible Costs, Unsupported Indirect Costs (based on the calculation of Indirect Costs), Total Project Costs Eligible for CFIN funding and the Total Costs to be financed by Lead Applicant, Partners & Other Government Funds.
- The 5% Project Management Fee is calculated on total project cash eligible for CFIN funding.

Forecast by Quarter

- Complete the Forecast by Quarter to forecast the amount of CFIN reimbursement funding that you will be requesting in a fiscal quarter (based on the government fiscal year from April 1 - March 31). This will be based on the invoice date for the expenses incurred.

Sources of Funds

- The purpose of this spreadsheet is to provide a further breakdown about the sources of funding from the Lead Applicant and Partners, along with any sources of government funds that will be used (50%);
- The Business/Organization Name will populate from the Project Profile tab;
- Indicate with a Y/N if the funding partners are a Small or Medium Enterprise (SME), a business with 499 or fewer employees and less than $50 million in gross revenues;
- Indicate with a Y/N if any of the project partners are affiliated to each other, as defined in the Program Guide;
- Outline the industry cash coming directly from the Lead Applicant and Partner(s).
- If the cash contribution from the Lead Applicant or Partner(s) is sourced from other municipal, provincial or federal Government funding programs, outline the total funds, the Government/Program Name and the Government Level; and,
- Indicate with a Y/N if your Industry Cash Contribution is sourced from outside Canada (i.e. any of the Lead Applicant or Partner cash is directly from an international source).

Work Plan

- Complete a detailed project work plan with activities, milestones, timelines. A minimum of 4 activities are required.
- Select the appropriate fiscal year associated with the activity start date from the drop-down menu;
- Activity Description should outline the planned activities in chronological order and include any project milestones;

- Expected Outcomes are the benefits or results that will occur during the project and their achievement is a measure of success. These might include items such as new products, practices, processes, and systems that are developed:
    - New products are goods and services that differ significantly in their characteristics or intended uses from products previously produced and used. Examples could include equipment, software, novel foods or consumer goods;
    - New practices are new techniques or methods that can be applied
    - New processes are the set of operations performed by equipment in which variables are monitored or controlled to produce an output in labs or processing facilities; and,
    - New Systems are the set of detailed methods, procedures and routines created to carry out a specific activity, perform a duty, or solve a problem.
    - Select the appropriate TRL that represents the achievement of the Expected Outcomes. If no TRL is associated with the Expected Outcome then select "_"

Example:

Fiscal Year (FY)	**Activity Description**	**Expected Outcomes**	**TRL Associated with the Outcome**
FY One 2021-2022	Engage laboratory capable to undertake research and development for protein extraction	Principal Investigator is identified, masters student is engaged, timeline is secured.	_
FY One 2021-2022	Test the lab scale method to effectively isolate proteins from barley flour. January – March	Protocol is documented. Ready to test pilot plant protocol with industry partner.	TRL 5
FY Two 2021-2022	Hire engagement officer on short-term contract. April - June	New business partners are identified, samples ready to be tested in facilities.	TRL 6

Section 7. Application Files

Supporting Documentation: applicants can upload multiple documents in support of their project, such as letters of support, quotes, or other relevant information.

Financial Statements: The last two years of external accountant prepared financial statements for the Lead Applicant should be attached.

All applicants to CFIN programs must demonstrate their financial capacity to undertake the project. As a requirement, we request 2 years financials (audited, review engagement, or notice to reader) to be submitted with your application. If you can not meet this requirement, a term sheet, a bank statement, or other documentation demonstrating your financial position, and letter showing you have the balance of your request is the bare minimum.

Section 8. Terms & Conditions

The primary contact must agree to the terms and conditions to submit the application. 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.

If you have further questions or need assistance with your application submission, please reach out to the CFIN team at innovation@cfin-rcia.ca.