



# SmartGrowth Program

Critical Project Financing for Food & Agri-Tech Businesses

## R4 PROGRAM GUIDE

Round 4: Open Call for Proposals

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## 1. Introduction and Background

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The Government of Canada, through a contribution from FedDev Ontario, is building on regional strengths to help secure Canada as a world leader in innovation. With this contribution, Bioenterprise is leading the creation of an agri-food hub in southern Ontario, operating as a region-wide collaborative network. This hub will target support to later stage companies providing access to specialized industry expertise, mentoring and business coaching, and access to capital. The resulting increased access to scaling resources and enhanced collaboration across the value chain will strengthen southern Ontario's most promising agri-businesses and accelerate economic growth.

One of Bioenterprise's primary activities within the hub is the introduction and delivery of the SmartGrowth Program. This program provides SMEs in southern Ontario's agri-technology sector access to acceleration financing to support scale-up and expansion projects.

The SmartGrowth Program invites food and agri-businesses with innovative technologies that are at or beyond Technology Readiness Level 7 (TRL 7+), to lead impactful projects that will accelerate their business growth and profitability while strengthening the regional economy for southern Ontario's innovative food and agri-technology industries (e.g., agri-tech, agri-food, agri-products, cleantech, and related sectors).

## 2. SmartGrowth Program and Objectives

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SmartGrowth will accelerate the [scale-up](#) and expansion of innovative agri-businesses in [southern Ontario](#), translating strengths of the agri-technology ecosystem into new commercial and global opportunities for growth and competitiveness.

The primary objectives of the SmartGrowth Program are to:

- Advance the scale-up and expansion of innovative companies in agri-tech, agri-food, agri-products, cleantech, and related sectors
- Create jobs utilizing resources for scale-up, growth and talent
- Improve productivity through the adaptation/adoption of highly innovative, first-of-its-kind technologies with the goal of global competitiveness and market expansion

Accomplishing the objectives of the program will translate southern Ontario's industrial, regional, and technological advantages into tangible economic outcomes including job creation, enterprise growth, regional and global competitiveness.

SmartGrowth includes support for underrepresented groups, including youth, women, and indigenous groups within the food and agri-technology sectors.

### 3. SmartGrowth Parameters

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#### 3.1 Eligible Applicants

[Eligible Applicants](#) are:

- For-profit SMEs with technologies at or beyond [Technology Readiness Level](#) 7 (TRL-7+) stage of development only
- Businesses that operate in the food and [agri-technology sectors](#) (as defined below) and provide a benefit (directly or indirectly) to local and provincial agriculture and/or the producer/processor community
- Businesses that have less than 500 employees
- Businesses that have raised a minimum of \$200,000 in [Working Capital](#) in the 2021 calendar year
  - Working Capital is defined to include:
    - Sales revenues (minimum of \$100,000) plus
    - [Non-Arm's Length Equity Investments](#) raised
- Incorporated in Canada and headquartered in southern Ontario (regions are outlined in *Appendix B: Eligible Catchment Area*)

The food and agri-technology sectors include the following categories:

- |   |  |
|---|--|
| • Agri-Biotech  | • Crop Science   |
| • Agri-Management Tools                                   | • Equipment & Machinery Development                                  |
| • Agri-Waste Management                                   | • Industrial Agri-Food Innovation (e.g., food processing technology) |
| • Animal Feed/Food  | • Natural Health Products  |
| • Animal Health & Sciences                                | • Plant Genetics   |
| • Aquaculture   | • Precision Agriculture & Data Analytics                             |
| • Bioenergy   | • Seed Technology  |
| • Bio-Products (e.g., bio-fibers, bio-composites)         | • Water Management   |
| • Cannabis  |  |
| • Cleantech   |  |
| • Consumer Agri-Food Innovations (e.g., food & beverages) |  |

#### Special Considerations

- The Applicant must declare other government sources of funds received within the 12-month period prior to the application process
- Stacking of government funding programs are subject to review and approval

- Applicants may submit more than one proposal if multiple projects exist
- Only one project will be approved per Applicant

### 3.2 Eligible Projects and Activities

[Eligible Projects](#) are those that support the execution of a full range of scale-up activities to improve productivity, global competitiveness and market expansion through the adaptation or adoption of highly innovative agri-technologies.

To be considered eligible, projects must:

- Be at minimum TRL-7 and be advancing through the following stages of development:
  - **TRL-7:** Prototype ready for demonstration in an appropriate operational environment
  - **TRL-8:** Actual technology completed and qualified through tests and demonstrations
  - **TRL-9:** Actual technology proven through successful deployment in an operational setting
- Respond to the objectives of the SmartGrowth Program (as described in *Section 2* above)
- Demonstrate a need for, and the impact of, project financing on their business growth
- Provide a [Project Milestone Plan](#) that demonstrates how implementation will be achieved beginning no earlier than **September 1, 2022**, and ending no later than **September 30, 2023**

Eligible Activities of the Project Milestone Plan include, but are not limited to:

- **Marketing.** Activities that focus on supporting SMEs to implement marketing strategies and expand or access new and emerging domestic or export markets
- **Product demonstration.** Activities that focus on supporting SMEs to conduct demonstrations or pilots that help retain or access new domestic or export markets
- **Intellectual Property (IP) protection.** Activities that focus on supporting SMEs to protect IP through patent, trademark, industrial design, or copyright activities to accelerate growth. Activities could include, but are not limited to education, technical literature reviews and prior art patent searches. Filing/office fees are not eligible
- **Regulatory compliance.** Activities that focus on supporting access to specialized technical services, certifications, regulatory requirements
- **Internal employee labour.** Activities that require new and existing staff to complete and are directly related to the execution of the project
- **Other commercialization activities.** Activities that focus on supporting growth and expansion

### 3.3 Eligible Project Costs

[Eligible Project Costs](#) include costs that are:

- Directly related to the intent of the project
- Directly connected to the Project Milestone Plan
- Reasonable and required to carry out the project
- Incremental to the cost of doing business
- Subject to approval by Bioenterprise
- Auditable (complete documentation is necessary)

Eligible Project Costs should be incurred in Ontario. For project costs incurred outside of Ontario, strong justification is required to be considered eligible. Eligible and ineligible project costs and expenses are further defined in *Appendix C: Financial Guidelines*. In-kind contributions are not eligible.

### 3.4 Funding Available

The total funding available through the SmartGrowth Program is \$2.4 million over a 4-year period from April 2020 through December 2023.

Applicants can request up to **40% of the total budget** (Eligible Project Costs) of the Eligible Project, limited to 20% of the Applicant's Working Capital raised in the 2021 calendar year:

- Maximum funding contribution from the SmartGrowth Program is limited to \$100,000 on projects with Eligible Project Costs of \$250,000 or greater
- Minimum funding contribution from the SmartGrowth Program is \$40,000 on projects with minimum Eligible Project Costs of \$100,000

Applicants must demonstrate available sources of capital to deliver on all activities of the Eligible Project.

Bioenterprise, at its sole discretion will:

- Determine the amount of funding approved per project
- Assess and evaluate the applicant's financial resources available to complete the Eligible Project

Applicants with approved projects will enter into a Contribution Agreement with Bioenterprise and will be required to pay Bioenterprise a Program Management Fee (PMF) of 4% of the total approved Eligible Project Costs with a minimum fee of \$4,000 and a maximum fee of \$10,000.

## 4. Application Process & Requirements

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### 4.1 Application Process

Applications will be accepted in a two-phase process, consisting of an open call for Letters of Intent (LOIs) and an invitation-only Full Application. The purpose of the two-phase process is to provide Applicants with the necessary time and guidance to put together strong, at-scale proposals that involve sufficient partners within the ecosystem. Specific timelines will be posted on the website in advance of a call for proposals.

Please note that during this two-phase process no funding will be approved or committed until after the second phase has been completed. Only successful Full Applications will result in financing and move towards negotiating a Contribution Agreement. Details on submission deadlines will be made available on the Bioenterprise website.

#### Phase I: Letter of Intent

- Applicants wishing to apply for SmartGrowth funding must submit an LOI to Bioenterprise (details provided in the *Applicant Guide I*), by the submission deadline
- All LOIs submitted will be reviewed and assessed by a review committee
- Short-listed Applicants will receive an invitation to submit a Full Application

#### Phase II: Full Application

- Short-listed Applicants from the LOI assessment process will be invited to submit Full Applications (details provided in the *Applicant Guide II*)
- Short-listed Applicants submitting a Full Application will be required to pay a one-time, non-refundable [Application Fee](#) of \$200 + HST. Exceptions may apply to members of The Engine in good standing
- Those that do not submit Full Applications following parameters of the second phase of the application process will be considered withdrawn from the selection process.

### 4.2 Application Requirements

#### Phase I: Letter of Intent

LOIs will provide a high-level overview of the Applicant's intended proposal that will accelerate their business growth and profitability. A complete LOI will include the following elements completed in full:

- Electronic version of the [SmartGrowth R4: Letter of Intent Form](#)
- A Microsoft Word template for the *2022-23 Letter of Intent Written Proposal*
- Required appendices and supporting documentation (see *Applicant Guide I* for details).

## Phase II: Full Application

Applicants who have been invited to submit a Full Application must submit a package consisting of the following elements completed in full:

- Electronic version of the online *SmartGrowth R4: Full Application Form*
- *2022-23 Full Application Workbook* Microsoft Word template
- *Budget Workbook* Microsoft Excel template
- Required appendices (see *Applicant Guide II* for more details):
  - Two (2) years of financial statements reviewed and reported on by an independent external accountant with a minimum “Notice to Reader Report” to the most recently completed year-end
  - Internally prepared financial statements for the current fiscal year to the date of application submission
  - Pro-forma financial statements for the balance of the current fiscal year
  - Evidence of matching funding available or accessible by the Applicant, such as:
    - Proof of available operating line of credit
    - Letter of Comfort from the Applicant’s bank or accounting firm
  - [Letters of Support](#) from relevant stakeholders as evidence of need and/or potential for commercial adoption (not required but encouraged)

The Full Application is the detailed information package on the proposed project. Invitation-only Full Applications will expand on the initial information provided at the LOI phase, but will solicit a greater level of detail, including:

- Description of the Applicant’s business and its technology innovation (including Technology Readiness Level), as well as long and short-term growth plans
- Detailed project plan outlining project objectives, activities, milestones, and outcomes
- Summary of project partners and their involvement, as well as expected outcomes from their participation
- Assessment of the projected economic growth, industrial benefits, and business outcomes of the proposed project
- Implementation plan, including financial plan, rationale for the funding request, activity launch, timelines, and milestones initializing activities and achieving results

### **4.3 Instructions for Preparing an Application**

Instructions for preparing a complete LOI and Full Application, including minimum requirements, as well as guidance on the information to be included, are outlined in the *Applicant Guides I* and *II*. All Applicants are strongly encouraged to review *Applicant Guides I* and *II*, prior to submitting their applications.

Refer to the [Bioenterprise website](#) for a list of Frequently Asked Questions (FAQs).



#### 4.4 Submission Procedures

All application documents, including [SmartGrowth Application Form](#), written proposal, supporting documentation, and required appendices (for LOI and Full Application phases) must be submitted online using the Application Forms. Mailed, emailed, or faxed submissions will not be accepted. Applications are due by 12pm (noon) Eastern Time on the day of the submission deadline. Late submissions will not be accepted.

There is no fee to submit an LOI. Short-listed Applicants submitting a Full Application must pay a one-time, non-refundable [Application Fee](#) of \$200 + HST. Exceptions may apply to members of The Engine in good standing.

### 5. Assessment, Selection & Decision Process

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#### 5.1 Assessment Criteria

Selection factors may change over the course of the SmartGrowth Program delivery. In the event these indicators change, a revised version of the Program Guide will be released and accessible on the Bioenterprise website.

Projects will be reviewed to assess the importance, relevance, and feasibility of the Applicant's proposed project, with a focus on potential to generate real economic impact for the Applicant and for southern Ontario.

Eligible applications will be reviewed using the following criteria:

##### Strategic Importance

- The project purpose aligns with SmartGrowth objectives and has a high probability of delivering on multiple program outcomes
- The problem is stated clearly and if solved will lead to significant benefits to the company (e.g., increased productivity and competitiveness) and the sector
- Project approach is clearly stated and addresses multiple major factors for success
- The project team is identified, skills are clearly stated and aligned with project purpose and ensure project success
- Innovation is clearly stated and is considered disruptive to the industry sector globally
- The proposed project is critical to company growth and is connected to significant business outcomes and industrial benefit to southern Ontario

##### Impact and Expected Outcomes

- Activity-based and overall outcomes such as job creation and maintenance, revenue generation, add-on/new investment, and export readiness, are all tangible, measurable and achievable within the project timelines
- Demonstrated likelihood of this project having a positive effect on sustainable practices now or in the future is high within the project timeline

### Implementation and Governance

- Proof of commitment in the form of matching cash investment that reflect the program requirements
- Use of funds is clear and contributes to multiple project outcomes
- Suitability of the budget allocated to align with project activities and fulfill commitments
- Adequacy of plans to launch activities that are articulated, reasonable, logical, and required for the success of the project
- Definition of clear and realistic project timelines and milestones to deliver on activities outlined in the proposal

Project applications from Eligible Applicants will be assessed according to the criteria outlined above. A review committee, made up of external [Expert Reviewers](#), assesses all applications once they have been initially assessed for eligibility.

## 5.2 Funding Decisions

The SmartGrowth Program is run on a scheduled Call for Proposal basis. Successful Applicants will be notified according to posted dates for each periodic call. See the Bioenterprise website for call details and timelines.

Applicants with approved projects will enter into a Contribution Agreement with Bioenterprise. The Contribution Agreement outlines details of the project, including project activities, project milestones, approved budgets, maximum contribution by the program, payment schedules, and reporting requirements.

Please note that the submission of an application creates no obligation on the part of Bioenterprise and FedDev Ontario officials to provide support for the proposed project. Bioenterprise retains full discretion to determine which applications are approved to receive funding support. Please note discussions and decisions of the review committee are confidential and will not be shared with applicants.

## 5.3 Approval Process

The approval process will proceed as follows:

**Step 1:** Program launch and call for LOIs

**Step 2:** Review LOIs

**Step 3:** Short-listed applicants invited to submit Full Applications

- All Applicants will be notified by email on the dates outlined in each call for proposals. Short-listed Applicants will be invited to submit a Full Application.

**Step 4:** Review of Full Applications, funding decisions and approval

- All Applicants who have submitted a Full Application will receive an email notifying them of the decision of the review committee and Successful Applicants will be contacted directly for next steps.

**Step 5:** Project negotiations, funding award, announcements and signing of Contribution Agreements

- Public announcement of funding decisions and amounts will be made on dates as outlined in each call for proposals upon the successful execution of a Contribution Agreement.

Successful applicants will receive a one-year complimentary Access membership to [Canada's Food & Agri-Tech Engine](#) upon successful project completion.

#### 5.4 Protection of Proprietary Information

Applicants should clearly mark as “proprietary” any information contained in their applications that they believe is a trade secret or proprietary business information. Proprietary information also includes details of the Applicant, their financial information provided and their project. This information is to be maintained confidential and will not be shared with other Applicants nor on public sites.

Proprietary information contained in applications will be used or disclosed only for the purposes of project evaluation and assessment. Funded projects under the SmartGrowth Program are subject to the federal [Access to Information Act](#) and the [Privacy Act](#).

All Expert Reviewers participating in the programs are required to sign Non-Disclosure and Conflict of Interest Agreements. They are required to uphold the confidentiality of all privileged information, including trade secrets, proprietary business information or information that is commercial or financial.

#### 5.5 Retention of Applications

An electronic copy of all applications reviewed and assessed, will be retained by Bioenterprise for six (6) years, after which it will be destroyed.

Applications not received within the timelines of the call for proposals, and not reviewed or assessed will be returned to the Applicant directly.

## 6. Program Administration

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### 6.1 Timeline

2020	Program Launch	April 1, 2020
	Application Intake Round 1	April 1, 2020
	Round 1 Recipient Announcement	June, 2020
2021	Application Intake Round 2	January 4, 2021
	Round 2 Recipient Announcement	April 1, 2021
2022	Application Intake Round 3	January 1, 2022
	Round 3 Recipient Announcement	April 1, 2022
2022	Final Application Intake	June 1, 2022
	Final Recipients Announcement	October 1, 2022

*\*Additional open calls for proposals may occur annually. Please check the Bioenterprise website for related program updates.*

### 6.2 Contribution Agreement

A Contribution Agreement will be executed with successful Applicants outlining, at a minimum:

- Eligible Project details including Project Milestone Plan and Communications Plan
- Approved budgets and spending timelines
- Payment schedules and reconciliations
- Reporting requirements
- Retention of data

The project is considered approved upon execution of the Contribution Agreement.

Non-repayable contributions will be negotiated to be the minimum amount required, in the opinion of Bioenterprise, to allow a [Recipient](#) to proceed with their approved Project.

SmartGrowth financing payments will be managed by Bioenterprise and support Eligible Costs as described in the Contribution Agreement.

### **6.3 Payment Schedule**

A payment schedule is outlined in the Contribution Agreement and will be determined based on the project milestones and budget, with contributions being made in the form of advance payments. Advance payments are determined based on the cash flow requirements of the project (see *Section 6.7 Reporting Requirements* for details).

Payments under the Contribution Agreement are non-repayable contributions, subject to reconciliation of advance payments with actual expenditures as reported on claims.

### **6.4 Claims and Payment Reconciliation**

Payments are reconciled on a periodic basis through the submission of claims by the Recipient. Claims will be submitted on a timeline outlined in the Contribution Agreement and are reconciled with cash flow requirements and actual expenditures. All claims must be accompanied by a report of the work accomplished and details of costs being claimed for the period covered by the claim. Expenditures must be substantiated by appropriate documentation such as invoices, timesheets, contracts, and other approved documents. Claims must be certified by an authorized financial officer of the Recipient. Bioenterprise may require that any claim for payment be certified by an external auditor.

Recipients may be requested to provide evidence to support that all Eligible Costs claimed have been paid by the Recipient. The Recipient must keep records and documents for a minimum of six (6) years following the conclusion of the project and Contribution Agreement.

### **6.5 Communications**

Recipient activities, results and accomplishments should be conveyed to external audiences, including participants from the agri-technology ecosystem, participants from other sectors, the media, and the public.

For the duration of the Contribution Agreement, the Recipient's communications activities and messages related to the approved project must acknowledge the contribution of Bioenterprise by mentioning the project activities are made possible through the SmartGrowth Program, in conjunction with the Bioenterprise wordmark.

### **6.6 Intellectual Property**

The Recipient is required to include, in the Full Application, their Intellectual Property (IP) Strategy related to achieving project objectives through IP-related activities. IP activities should facilitate increased technical collaboration and provide an opportunity for Recipients to

advance their technologies. Bioenterprise makes no claim to ownership of IP resulting from activities supported through SmartGrowth.

## 6.7 Reporting Requirements

The Contribution Agreement outlines the reporting requirements for

- Claims and project expenditures
- Project activities, and
- Results and outcomes of the project

### Required Reports

- Claims and interim progress reports:
  - Recipients will submit claims on a periodic basis, as outlined in the Contribution Agreement.
  - Interim progress reports must be submitted with each claim using the template provided. These reports will provide information to assess progress and to track Recipients' success against the terms and conditions of the Contribution Agreement.
- Annual reports:
  - For the duration of the Contribution Agreement, Recipients must submit annual reports on a calendar year basis, by January 15, using the templates provided and as outlined in the Contribution Agreement.
  - Recipients are asked to report on project goals, milestones, accomplishments, the nature and extent of expansion efforts, financial reports, and activity plans. These reports must indicate major achievements of the Recipient over the last year, strategies used to achieve the goal, information on any course corrections or deviations from the original objectives, as well as forward-looking activity plans and financial plans. The annual reports will provide an overview of all eligible expenditures incurred and paid as part of the project cash flow requirements and administrative reports using the templates provided.
  - Bioenterprise reserves the right to request financial statements and reports more frequently than annually.
- Final report:
  - Recipients must submit a final report at the conclusion of the Contribution Agreement on overall goals, achieved outcomes, results and economic benefits of the project.
- Annual Client Surveys post project completion:

- Recipients are required to complete Annual Client Surveys for up to six (6) years after the completion of the project. Client surveys are designed to report on SmartGrowth Program objectives, to measure achievements and to provide feedback on engagement with Bioenterprise.

### Retention of Reports

Recipients are required to keep official records, including all interim, annual, and final reports, and supporting claims documentation for a minimum of six (6) years following the conclusion of the Contribution Agreement.

## **7. Other Information**

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### **7.1 Access to Information Act and the Privacy Act**

The SmartGrowth Program is subject to the federal [Access to Information Act](#) and the [Privacy Act](#).

### **7.2 Underrepresentation Balance**

Bioenterprise encourages the participation and engagement of Applicants from underrepresented groups to encourage diversity among Recipients.

### **7.3 Public Website**

Information about the SmartGrowth Program and how to apply is available on the [Bioenterprise website](#).

### **7.4 Frequently Asked Questions**

Consult *Frequently Asked Questions (FAQs)* to learn more. FAQs are maintained and updated regularly to provide additional information related to the SmartGrowth Program.

### **7.5 Contact Us**

All enquiries about the SmartGrowth Program, should be directed as follows:

Email: [submissions@bioenterprise.ca](mailto:submissions@bioenterprise.ca)

Business hours: 8:30 a.m. to 4:30 p.m. (Eastern Time)

Bioenterprise reserves the right to revise this Program Guide.

# APPENDIX A – GLOSSARY OF TERMS

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**Agri-technology:** Agri-technology (agri-tech) is considered to be products, services or applications derived from or going into agriculture that are applied to a broad scope of industry and market opportunities. Agri-tech innovations often aim to improve input and output processes for agriculture, agri-food, agri-product, cleantech, and related industries.

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**Application:** Refers broadly to the documents submitted to Bioenterprise to participate in the two-phase application process for SmartGrowth financing. This includes the LOI package, and the Full Application package, each including the mandatory SmartGrowth Application Form, written proposal and required appendices. The Applicant Guide provides instructions, guidance, and templates for preparing an application.

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**Application Fee:** Refers to the one-time, non-refundable fee of \$200 required for submission of a Full Application to the SmartGrowth Program. This fee is subject to HST. Exceptions may apply to members of The Engine in good standing.

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**Contribution Agreement:** Written agreement or documentation constituting an agreement between Bioenterprise Corporation and an eligible Applicant (who is now more appropriately termed the “Recipient”) setting out the obligations or understandings of both with respect to one or more transfer payments.

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**Eligible Applicant:** The innovative, for-profit SME applying to the SmartGrowth Program in either Phase I (LOI) or Phase II (Full Application) of the application process. The Applicant must be able to demonstrate that they have a unique agri-technology, agri-food, agri-product, cleantech or related innovation at or beyond TRL-7 stage of development. Applicants must be incorporated in Canada and headquartered in southern Ontario (regions are outlined in *Appendix B: Eligible Catchment Area*).

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<b>Eligible Projects:</b>	Scale-up/expansion stage projects with a clear plan for implementation within two years or less.
<b>Eligible Project Costs:</b>	The relevant, reasonable, and essential expenses required to carry out the Eligible activities to which they relate and as further defined in the Contribution Agreement.
<b>Expert Reviewers:</b>	In the second phase of the application process, Bioenterprise will consult a roster of external experts for their technical and/or sector expertise. Expert Reviewers are current industry professionals, researchers or academics with industry-related expertise, or other experts with relevant technological, industrial, or regional expertise. They will provide an assessment of eligible Applicants' project proposals, considering the merit and potential of the proposals. They will review and provide considerations related to strategic approach and implementation of the project, in line with program objectives. Bioenterprise's use of Expert Reviewers will take necessary steps to avoid real or perceived conflicts of interest.
<b>Full Application:</b>	Detailed application (submitted by invitation only) for Phase II of the application process.
<b>Innovation:</b>	Innovation, regarding this program, refers to any product, process, technology, or platform that is disrupting current methodologies to increase efficiency, increase productivity, or introduce a new solution to current issues in the value chain. Innovation should have potential impact for an entire sector or a large portion of a sector and be accessible for adoption by those ecosystem members affected.
<b>Letters of Support:</b>	Demonstrate need for technology or opportunity for adoption from organizations that are taking on a prominent role in the proposed project.
<b>Non-Arm's Length Equity Investments</b>	Defined as equity investments from parties not related to the principals of the company and includes investment from

	individuals, corporations, accredited investors and angel groups, and venture capital.
<b>Project Milestone Plan:</b>	A milestone is a marker in a project that signifies a change or stage in development. Milestones should show key events and map forward movement of the project plan.
<b>Recipient:</b>	A successful applicant, with an approved project, that has been authorized to receive a transfer payment or that has received a transfer payment.
<b>Scalability / Scale-up:</b>	A characteristic of a system, model, or function that describes its capability to cope and perform under an increased or expanding workload. A system that scales well will be able to maintain or even increase its level of performance or efficiency when tested by larger operational demands.
<b>SmartGrowth Application Form:</b>	The mandatory online application form to submit a LOI and Full Application. Applicants are required to fill out all mandatory fields, including details on Applicant company, and attach their completed written proposal and supporting documents.
<b>Small and medium-sized enterprises (SMES):</b>	SmartGrowth defines SMEs, consistent with Industry Canada definitions. Industry Canada uses the term SME to refer to businesses with fewer than 500 employees - a small business is defined as having fewer than 100 employees if the business is a goods-producing business, or fewer than 50 employees if it is a service-based business, and a firm that has more employees than these numbers, but fewer than 500 employees overall, is classified as a medium-sized business.
<b>Southern Ontario:</b>	Southern Ontario includes the following 2011 Statistic Canada Census Regions: 1 Stormont, Dundas and Glengarry; 2 Prescott and Russell; 6 Ottawa; 7 Leeds and Grenville; 9 Lanark; 10 Frontenac; 11 Lennox and Addington; 12 Hastings; 13 Prince Edward; 14 Northumberland; 15 Peterborough; 16 Kawartha Lakes; 18 Durham; 19 York; 20 Toronto; 21 Peel; 22 Dufferin; 23 Wellington; 24 Halton; 25 Hamilton; 26 Niagara; 28 Haldimand-

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Norfolk; 29 Brant; 30 Waterloo; 31 Perth; 32 Oxford; 34 Elgin; 36 Chatham-Kent; 37 Essex; 38 Lambton; 39 Middlesex; 40 Huron; 41 Bruce; 42 Grey; 43 Simcoe; 46 Haliburton; and 47 Renfrew.

See *Appendix B: Eligible Catchment Area* with a map of all regions of southern Ontario for visual representation:

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**Technology Readiness Level (TRL):**

Businesses conducting product development and commercialization activities often refer to a nine-point Technology Readiness Level (TRL) scale. This scale helps categorize development stages, which is helpful to define project scope, progress, timelines, and resource requirements. The TRL system measures a technology's maturity, from Level 1 (Concept Evaluation) to Level 9 (Successful Deployment). The SmartGrowth Program will only consider projects focused on technologies that are at TRL 7 and beyond. For more information on the TRL scale, visit <https://www.ic.gc.ca/eic/site/080.nsf/eng/00002.html>.

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**Working Capital**

Defined as the sum of sales revenues in the 2021 calendar year plus Non-Arm's Length Equity Investment raised in the 2021 calendar year.

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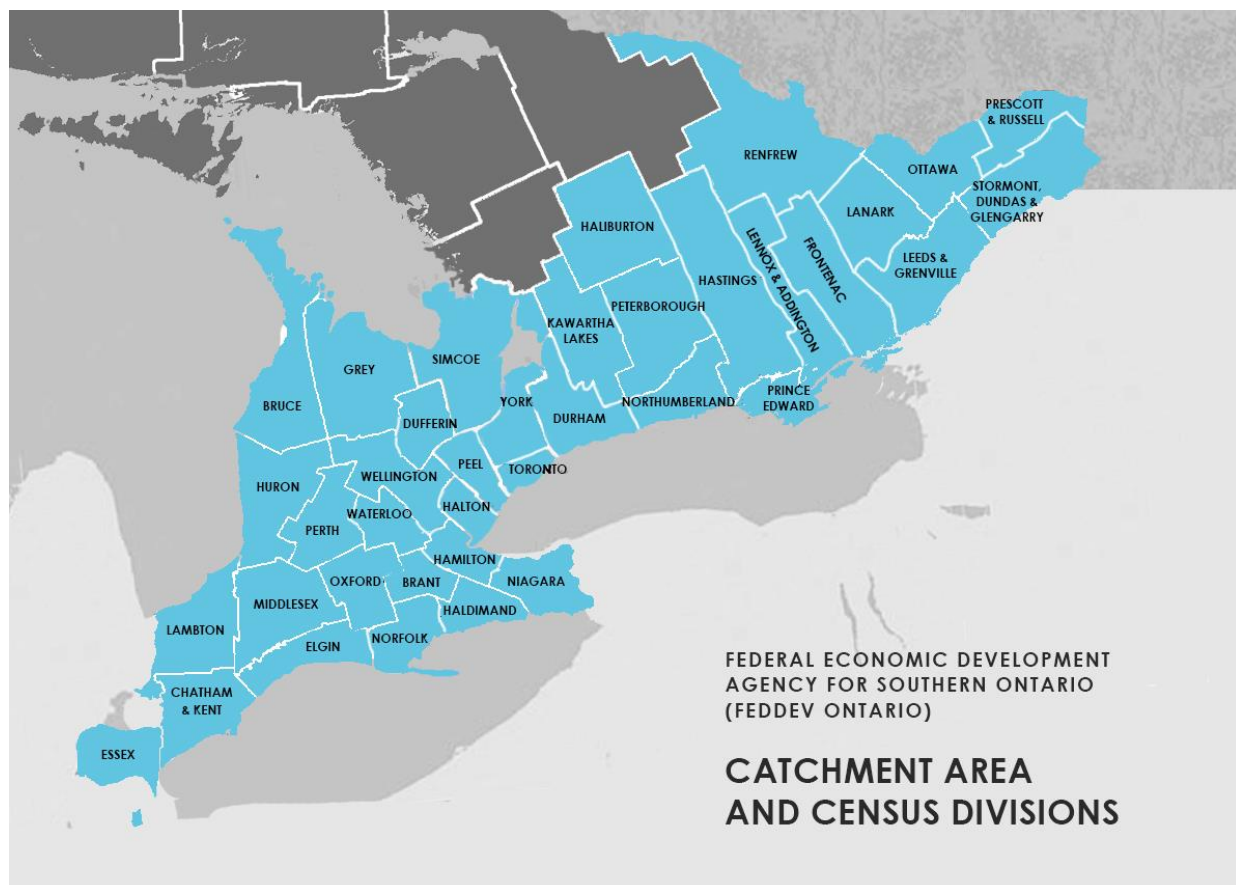
# APPENDIX B – ELIGIBLE CATCHMENT AREA

Applicant Business must be headquartered within the regions outlined below:

## Territory – Southern Ontario

Southern Ontario includes the following 2011 Statistic Canada Census Regions: 1 Stormont, Dundas and Glengarry; 2 Prescott and Russell; 6 Ottawa; 7 Leeds and Grenville; 9 Lanark; 10 Frontenac; 11 Lennox and Addington; 12 Hastings; 13 Prince Edward; 14 Northumberland; 15 Peterborough; 16 Kawartha Lakes; 18 Durham; 19 York; 20 Toronto; 21 Peel; 22 Dufferin; 23 Wellington; 24 Halton; 25 Hamilton; 26 Niagara; 28 Haldimand-Norfolk; 29 Brant; 30 Waterloo; 31 Perth; 32 Oxford; 34 Elgin; 36 Chatham-Kent; 37 Essex; 38 Lambton; 39 Middlesex; 40 Huron; 41 Bruce; 42 Grey; 43 Simcoe; 46 Haliburton; and 47 Renfrew.

See the following map below for visual representation.



# APPENDIX C – FINANCIAL GUIDELINES

SmartGrowth Program funds can only be used for Eligible Project Costs that are

- Directly related to the intent of the project
- Reasonable and required to carry out the project
- Incremental to the cost of doing business
- Directly connected to the Project Milestone Plan
- Subject to approval by Bioenterprise
- Auditable by funding body (paper trail is necessary)

Eligible Projects Costs should be incurred in Ontario. For project costs incurred outside of Ontario, strong justification is required to be considered eligible.

## C.1 Eligible Project Costs

The main categories of eligible project costs include:

### Internal Employee Labour

- Actual salary costs for existing and new staff directly attributable to carrying out the Eligible Activities of the project, calculated at:
  - The employee's direct hourly labour rate plus
  - Normal benefits including company portion of CPP, EI, WSIB and health/dental benefits (benefits cost in total not to exceed 15% of the hourly rate)
- Salary costs for executives, administrative staff, or Board Members are not eligible
- Internal employee labour costs for existing staff are not to exceed 15% of total project budget
- There is no limit on salary expenses for incremental new hires

### Consulting and Professional Service Providers

- Costs of consultants and professionals directly related to the project activities subject to the following restrictions:
  - General legal fees are eligible up to a maximum of 5% of total project budget and activities must be related to Project Milestone Plan
  - Intellectual Property costs are restricted to the costs of professional services related to Project Milestone Plan eligible up to a maximum of 5% of total project budget
    - Patent or filing fees are not eligible

### **Consumables including**

- Materials and supplies directly related to the project activities

### **Equipment (leased or purchased)**

- Equipment is defined as any item (or interrelated collection of items comprising a system) which is used wholly or in part for the proposed project having a useful life of more than 1 year and costing more than \$2,000
- Equipment costs are to be apportioned to the project and other uses:
  - The costs attributable to the project are eligible
  - Costs related to commissioning of new equipment or modification/relocation of existing equipment (infrastructure and commissioning) related to the project may be eligible
- Equipment costs are not to exceed 15% of total project cost

### **Facility rental costs**

- External premises rented specifically to carry out the project activities
- Allocation of the company's facility costs is not eligible
- Leasehold improvements as a category are not eligible

### **Travel & transportation costs**

- Vehicle costs
  - Mileage must adhere to [National Joint Council Travel Directive](#)
  - Rental of a compact model or equivalent, if attributable to the Project Milestone Plan is eligible
  - Car allowance is not eligible
- Air and rail travel
  - Air and rail travel directly attributable to the project activities are eligible
  - Economy or coach class equivalent is eligible
- Accommodations
  - Single accommodation in a standard room is eligible where directly attributable to the project activities

## C.2 Ineligible Project Costs

Costs deemed ineligible project expenses for SmartGrowth Program funding include:

- Any costs incurred prior to the Effective Date stated in the funding contribution agreement
- Costs of land, building or vehicle purchase
- Refinancing
- Costs of intangible assets such as goodwill, whether capitalized or expensed
- Depreciation or amortization expenses
- Interest on invested capital, bonds, debentures, or mortgages
- Bond discount
- Losses of investments, bad debts, and any other debts
- Fines or penalties
- Costs related to litigation
- Fees for administrators, including payments to any member or officer of the recipient's Board of Directors
- Opportunity costs
- Food and entertainment costs
- Costs of membership in a professional body
- Lobbyist fees
- Cost of conference or tradeshow admission if not exhibiting or presenting
- Costs associated with basic research and development activities
- Sales tax / HST
- Salaries/wages for executives, administrative staff and members of the Board of Directors or Advisory Board
- Car expenses
- Extraordinary or abnormal fees for professional advice unless approval is obtained from Bioenterprise before incurring the cost
- Discretionary severance and separation packages

## C.3 In-kind Contributions

In-kind contributions are not considered eligible.