

## Startup Money Tricks: Work the Grant Structure

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Every year billions of dollars are provided as an incentive for companies in the startup phase and on an ongoing basis. Roughly 80% of the eligible companies **do not** claim grants, funding and refundable investment tax credits that they are entitled to.

Here are some reasons to look at alternative financing:

1. Doesn't dilute your share ownership;
2. Extends your operational capabilities;
3. Increases the value of your company;
4. Shows potential investors that you are competent; and
5. Puts you in a better negotiating position in front of potential investors.

Proven programs to consider . . . (some perseverance and tenacity is required!)

1. NRC Industrial Research Assistance Program (NRC-IRAP)
2. Scientific Research and Experimental Development Program (SR&ED)
3. Natural Sciences and Engineering Research of Canada (NSERC)
4. National Research Council (NRC)
5. Alberta Advanced Education and Technology

Hot off the press. . . The Alberta government announced on April 24, 2008 a new Alberta Enterprise Corporation fund worth \$100 million to develop a local venture capital industry specifically supporting knowledge-based companies in Alberta. The focus will be information and communications technology, life sciences, green technology and nanotechnology.

### **The NRC Industrial Research Assistance Program (NRC-IRAP)**

This program provides a range of both technical and business oriented advisory services along with potential financial support to growth-oriented Canadian small - and medium-sized enterprises (fewer than 500 employees). Working directly with these clients, NRC-IRAP supports innovative research and development and commercialization of new products and services.

For Information on IRAP, call 1-877-994-4727

### **Scientific Research and Experimental Development Program (SR&ED)**

The Canadian Scientific Research and Experimental Development (SR&ED) program is a federal tax incentive program to encourage Canadian businesses of all sizes and in all sectors to conduct research and development (R&D) in Canada that will lead to new, improved, or technologically advanced products or processes.

The Federal SR&ED program is the largest single source of government support for industrial research and development and provides a **refundable** 35% credit for CCPC's up to \$2 million on eligible expenditures and 20% on the excess. Public corporations, proprietorships and partnerships receive a non-refundable tax credit of 20% on eligible expenditures that can be used to reduce taxes payable.

Alberta's latest budget, introduced on April 22, 2008 provides a new provincial scientific research and experimental development (SR&ED) program initially worth \$60 million. This **refundable** credit is worth 10% of eligible expenditures on research and development and will take effect on January 1, 2009. Eligible expenditures up to \$4 million will receive an annual credit of \$400,000.

The credit is **refundable** for all companies. This will be of special benefit to start-up and early stage companies, as they will receive the credit even though they may not be earning enough income to pay income taxes.

For more information visit <http://www.cra-arc.gc.ca/sred>

### **Natural Sciences and Engineering Research Council of Canada (NSERC)**

Under the Collaborative Research and Development (CRD) Grants program direct project costs are shared by the industrial partner(s) and NSERC in an amount equal to, or greater than, the amount requested from NSERC. Projects may range from one year to five years in duration, but most awards are for two or three years.

For more information call 613-995-1111 or email [rpp@nserc.ca](mailto:rpp@nserc.ca)

### **The National Research Council (NRC)**

Free Scientific Information is available from this organization that publishes more than 200 reports and related publications each year, the institution is one of the largest providers of free scientific and technical information in the world. Most of it is now on the Web at [www.nap.edu](http://www.nap.edu).

NRC also conducts collaborative and fee-for-service research in facilities and offices across Canada.

### **Western Economic Diversification Canada (WD)**

WD offers numerous funding and assistance programs through the Western Diversification Program. Through the Loan and Investment Program, WD contributes to a loan loss reserve, which offsets a portion of the risk financial institutions experience when lending to small businesses.

[http://www.wd.gc.ca/259\\_ENG\\_ASP.asp](http://www.wd.gc.ca/259_ENG_ASP.asp)

### **Alberta Advanced Education and Technology (AAET)**

Alberta Advanced Education and Technology provides leadership and strategic investments in research and science and technology initiatives that are undertaken in the following priority areas: energy, ICT, nanotechnology, and the life sciences.

Research equipment in these areas can be applied for via the Alberta Science and Research Investments Program (ASRIP) or the Small Equipment Grants Program (SEGP).

Alberta Advanced Education and Technology manages a number of programs that provide various forms of research funding.

- [Alberta Advanced Education and Technology](#)
- [Alberta Ingenuity](#)
- [iCORE](#)
- [AHFMR](#)

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