

## INTRODUCTION

The Alberta Entrepreneurship Incubator Program (the “**Program**”) is a two-stream initiative funded over two years, by the Government of Alberta, Ministry of Economic Development and Trade (“**EDT**”) and administered by Alberta Innovates. The purpose of this Program is to offer support for individuals with innovative ideas, Recent Graduates seeking employment, and anyone who has the opportunity to create new products/concepts after service in a traditional industry sector, who are focused on becoming Entrepreneurs.

The first stream, the Accelerator Expansion Support stream, supports physical storefront locations (“**Incubators**”) across the Province, which in turn support innovative businesses, entrepreneur development, and job creation for the growth and diversification of the Alberta economy.

Entrepreneurs can go to these Incubators to have their ideas professionally assessed by qualified consultants, (collectively in this Guide, “Business Development Advisors (“**BDAs**”) and be given advice, coaching, and guidance on the state of readiness for product development, a path to success, and in many cases, an invitation to occupy space in an assigned incubation space in their region.

Through these Incubators, Entrepreneurs can be connected to the second stream, a suite of funding choices designed to provide support not currently available in Alberta’s innovation system that will enable new businesses to accelerate their growth.

This Program Guide (the “**Guide**”) is written to provide the general framework of the Program, including an overview of the funding structures, minimum requirements to apply, application process, review process and administrative matters. Accordingly, BDAs and Entrepreneurs should thoroughly review and understand this Guide prior to submitting an Application and are encouraged to contact Alberta Innovates with any questions.

Key definitions are set out in Appendix 1 at the end of this Guide, although other defined terms may be used throughout this Guide.

All references to monetary amounts in this Guide and all funds paid pursuant to the Investment are in Canadian currency (CAD). In the case of a foreign Service or Product Provider, where the quote states an amount in foreign currency, Alberta Innovates shall pay the amount invoiced in Canadian currency at the rate of exchange on the date of processing the Payment.

## 1 DESIRED OUTCOMES

The Program is designed to deliver a positive and meaningful return on Investment to the Province of Alberta including:

- (a) Accelerate the entry and growth of new entrepreneurial businesses with innovative ideas and potential products;
- (b) Increase the number of jobs in Alberta; and
- (c) Encourage Recent Graduates and those individuals who are unemployed due to the current economic downturn, to consider entrepreneurship as a potential career path.

## 2 FUNDING STRUCTURES

There are three funding choices available through the Program:

- (a) Entrepreneur Seed Voucher
- (b) Entrepreneur Bridge Voucher
- (c) Entrepreneur Growth Voucher

## 2.1 Purpose of Funding

The funding structure promotes the Investment having a maximum effect on advancing Alberta's Entrepreneurs.

## 2.2 Overview

The Entrepreneur Seed Voucher, Entrepreneur Bridge Voucher, and Entrepreneur Growth Voucher (collectively "**Entrepreneur Vouchers**") are intended to aid in the development of the Entrepreneur's efforts, and Applications must have the full support of the BDAs. The BDAs will be expected to identify, through one-on-one meetings, who best satisfies the eligibility criteria and is most likely to benefit from the Program. The BDAs will also meet regularly with those Entrepreneurs for whom they have supported funding under the Entrepreneur Vouchers, in order to monitor and assist with the progress of the Project, and report to Alberta Innovates issues which they feel may be affecting the success of the Project.

- (a) The **Entrepreneur Seed Voucher** is designed to provide funding for the Entrepreneur to retain one Service or Product Provider for the following activities:
  - i. Market viability/Industry assessment/Trends;
  - ii. Legal, share structure, organization, and/or incorporation advice and incorporation costs;
  - iii. Technology/product feasibility and market viability assessment;
  - iv. Product and prototype development;
  - v. Market/customer validation testing;
  - vi. Intellectual Property protection;
  - vii. Innovation training;
  - viii. Go-to-market strategy; lead generation, customer acquisition strategy; and/or
  - ix. Other activities supported by the BDA (to be considered on a case by case basis).
- (b) The **Entrepreneur Bridge Voucher** is designed to further support innovation enhancement by providing a bridge for Entrepreneurs to engage up to two (2) Service or Product Providers. The activities supported under this Program will be considered on a case by case basis.
- (c) The **Entrepreneur Growth Voucher** is designed to support the Entrepreneur who is preparing for dramatic business growth. To be eligible for the funding support, the entrepreneur must demonstrate coachability, have a product or service that is already selling commercially, and their business must be profitable (or close to breaking even) at current sales level, and recognized as able to, at least, double in size upon a disciplined marketing, sales and business development program. The voucher is to support growth activities supported by a Certified Management Consultant or someone with equivalent skills and experience to advise on sales and marketing, business model development, finance, business development, operations, leadership development, create business systems and processes and/or address multiple and diverse business challenges which may include all of the items lists from the Entrepreneur Seed Voucher group.

The activities listed above form the basis of the Application and are referred to as the Project. Entrepreneurs may only qualify to receive each type of Entrepreneur Voucher once; however, an Entrepreneur may qualify for a different Entrepreneur Voucher and may receive funding from two or more Entrepreneur Vouchers concurrently and/or consecutively.

## 2.3 Investment and Contributions

The Investment must be used efficiently and only for costs essential to the success of the Project, is subject to audit, and is provided to cover eligible expenses only, as incurred by the Service or Product Provider(s), for the Project Costs, as further outlined in Appendix 1 ("**Eligible Expenses**").

Alberta Innovates' Investment to a successful Applicant is:

- (a) Entrepreneur Seed Voucher up to \$10,000
- (b) Entrepreneur Bridge Voucher up to \$25,000
- (c) Entrepreneur Growth Voucher up to \$20,000

Before Alberta Innovates advances funding for an Entrepreneur Voucher, the Applicant and the Service or Product Provider(s), must enter an Agreement governing the Investment, payments are made directly to the Service or Product Provider(s) named in the Application, and such payments may be made in instalments pursuant to Section 2.

## 2.4 Eligible Expenses

Guidance regarding what constitutes an “**Eligible Expense**” as well as an “**Ineligible Expense**” is provided under the definitions of those terms in Appendix 1. Applicants should review those terms carefully and understand the scope of Eligible Expenses before preparing an Application. Any questions or concerns should be discussed with their BDA.

If the Applicant wishes Alberta Innovates to pay a portion of the Investment for an Ineligible Expense, such requests must be pre-approved in writing by Alberta Innovates. Any costs incurred before the Applicant has received the fully executed Agreement are only considered Eligible Expenses upon written approval from Alberta Innovates, which approval is in its sole and absolute discretion.

It is a condition of the Investment under the Programs that Alberta Innovates has the right, in addition to any other rights under this Guide or the Agreement, to require the Applicant to repay all amounts of the Investment which were used to cover Ineligible Expenses, and such amount is an immediate debt owed and repayable by the Applicant to Alberta Innovates.

## 3 MINIMUM REQUIREMENTS TO APPLY

### 3.1 The Applicant

The Entrepreneur, as the Applicant, must meet the following minimum requirements:

- (a) Be pre-vetted and recommended by a BDA;
- (b) Be Arm's Length from the Service or Product Provider(s);
- (c) Must not have an actual or perceived Conflict of Interest which, in the opinion of Alberta Innovates, cannot be mitigated;
- (d) Demonstrate why support from Alberta Innovates for the Project is necessary for success;
- (e) Reside in Alberta;
- (f) Be able to provide a plan to determine the viability of their innovative concept and its potential market value;
- (g) Does not have an outstanding balance or otherwise owe money to any Alberta Innovates organization, subsidiary, or partner; and
- (h) Be willing to provide tax returns if requested by Alberta Innovates.

### 3.2 The Service or Product Provider(s)

The “**Service or Product Provider(s)**” is defined as the Person or entity named in the Application who is providing services and/or products to the Applicant during the Project. Each Service or Product Provider(s) must meet the following requirements:

- (a) Must have demonstrated qualification, capabilities and capacity to successfully perform the work required or deliver the applicable product in or for the Project in a timely manner;
- (b) Be Arm’s Length from the Applicant;
- (c) Must not have an actual or perceived Conflict of Interest which, in the opinion of Alberta Innovates, cannot be mitigated;
- (d) Must provide the service(s) and/or product(s) at reasonable market rates; and
- (e) Does not have an outstanding balance or otherwise owe money to an Alberta Innovates organization, subsidiary, or partner.

### 3.3 The Project

The Project must meet the following requirements:

- (a) Clearly identify why the requested support is necessary for the Project’s success;
- (b) Identify critical “go/no go” Milestones for the Project activities;
- (c) Be a logical fit within the Applicant’s business strategy;
- (d) Have a Project Start Date, as further described in Section 4.3, and the Project cannot commence prior to fully executed Agreement as outlined in Section 7.2;
- (e) Unless an extension is specifically approved in writing by Alberta Innovates as outlined in Section 6.3, must be completed:
  - i. within three (3) months of the Project Start Date for the Entrepreneur Seed Voucher and the Entrepreneur Growth Voucher;
  - ii. within six (6) months of the Project Start Date for the Entrepreneur Bridge Voucher; and
- (f) Demonstrate how the technology or innovation addresses a technology gap or current market requirement.

## 4 APPLICATION PROCESS

All information must be written within the application form provided, except that information expressly indicated as an acceptable or required attachment. Any question answered with “See Attached” will result in the Application being considered incomplete and may not be processed.

The review process will begin only after the complete Application and all required supplemental information is received by Alberta Innovates. Incomplete Applications will not be considered or reviewed by Alberta Innovates.

### 4.1 Application for the Entrepreneur Vouchers

Applications for the Entrepreneur Vouchers may *only be submitted at the recommendation of the Incubator after their pre-vetting process*, and must be submitted in the form provided.

Alberta Innovates employs a 2-Stage application process for the Entrepreneur Vouchers, and both stages require full cooperation and support from the BDA based on their intake and pre-vetting process. At any time following an initial meeting, either in person or by phone, the BDA may provide the Entrepreneur with the hyperlink to enter stage one of the Application. This preliminary portion of the Application will provide the BDA with the specific information required to determine next steps for the relationship between the Entrepreneur and the BDA, and will be used by Alberta Innovates to identify any ineligibility issues that may exist. In many cases, where an Entrepreneur and a BDA determine that mentoring, coaching, and

possibly utilizing Incubator space will meet the needs of the Entrepreneur, the stage one application will be considered a completed Application.

If the BDA and the Entrepreneur mutually agree that funding is required and appropriate, the Entrepreneur will go on to submit stage two. Stage two of the Application must be submitted by the Entrepreneur, in complete cooperation with the BDA, and must identify which Entrepreneur Voucher is being requested.

The Applicant must obtain two (2) quotes from Service or Product Providers and indicate their selection in the Application. Both quotes will be a required attachment in the Application.

#### **4.2 Project Start Date**

As part of the application process, the Applicant will identify a reasonable Project Start Date. Applicants should consider the anticipated time required for the review of an Application and if approved, the time required to execute an Agreement, and must not set a Project Start Date sooner than the expected execution date of the Agreement.

A request to delay the Project Start Date must be made to Alberta Innovates in writing, and Alberta Innovates has the right, as determined in its sole and absolute discretion, to extend the Project Start Date as requested or rescind the Investment.

### **5 REVIEW PROCESS**

Applications will be reviewed by Alberta Innovates and the review process will begin only after the complete Application and all required supplemental information is received by Alberta Innovates. Incomplete Applications will not be considered or reviewed by Alberta Innovates.

Alberta Innovates may, in its sole and absolute discretion, forward to the Applicant any constructive feedback.

The decision to invest in the Project is based on the evaluation of:

- (a) The capabilities of the Applicant;
- (b) The capabilities of the Service or Product Provider(s), where applicable;
- (c) The Project;
- (d) The technology or innovation solution;
- (e) The competitive landscape;
- (f) The Project's clarity, structure, and compliance with Program requirements;
- (g) The funding history between Alberta Innovates and the Applicant;
- (h) The Applicant demonstrating how the technology or innovation addresses a current market need; and
- (i) Other factors as determined by Alberta Innovates in its sole and absolute discretion.

Alberta Innovates may request an interview with either or both of the Applicant and the Service or Product Provider(s) prior to approving a Project.

#### **5.1 Due Diligence Searches**

In assessing the eligibility of the Applicant, the review process may include due diligence searches of various public registries, such as a corporate or name search.

Alberta Innovates may also complete such due diligence at any time after approval of an Investment or during the Project. Results of such searches may result in a determination of ineligibility of the Applicant at any time during the Project and/or a decision to rescind the Investment.

## 5.2 Investment Determinations

Notwithstanding the Applicant, Service or Product Provider(s), and the Project meeting the minimum requirements or eligibility criteria, or recommendation of the BDA, or the results of any evaluation or recommendation or the involvement of an agent of Alberta Innovates, Alberta Innovates retains sole and absolute discretion regarding Investment determinations. Such determinations include whether to invest, the amount of the Investment (if any), and the terms and conditions of such Investment. Further, Alberta Innovates, in its sole and absolute discretion, has the right to decline any Application at any stage of the review process for any reason and does not owe a duty of reasonableness to the Applicant in making its Investment determination. The Applicant acknowledges that Alberta Innovates has no obligation to the Applicant during the course of receiving and reviewing the Application or in making its Investment determination.

Alberta Innovates will use its reasonable commercial efforts to inform the Applicant of the Investment determination made in respect of an Application in a timely fashion. Any failure to inform the Applicant of the Investment determination regarding an Application will not result in any obligation or liability of Alberta Innovates to the Applicant or any other interested party.

All Investment determinations made by Alberta Innovates (including declining an Investment) are final, non-appealable and binding on the Applicant.

## 6 OTHER

### 6.1 Conflict of Interest

At all times, Incubators, BDAs and Entrepreneur/Applicants are expected to behave in a way that does not result in a perceived or actual Conflict of Interest. As this Guide does not cover specific scenarios of an actual or perceived Conflict of Interest, Incubators and BDAs must use common sense and good judgement in deciding whether actual or perceived conflict of interest may exist.

At any time during the Program:

- (a) Incubators, BDAs and Entrepreneur/Applicants must notify Alberta Innovates where there is a perceived or actual Conflict of Interest; or
- (b) Should Alberta Innovates discover an actual or perceived Conflict of Interest;

Alberta Innovates will review the matter and determine in their sole discretion whether a Conflict of Interest exists and whether it can be mitigated. Where in the opinion of Alberta Innovates, the Conflict of Interest cannot be mitigated; Alberta Innovates may exercise its rights in Sections 6.8 and 6.10 or any other remedy available in law and equity.

### 6.2 Timing of Payment

Alberta Innovates will pay the Investment directly to the Service or Product Provider(s):

- (a) up to 20% of the Investment to the Service or Product Provider(s) within forty-five (45) days of the execution of the Agreement; and
- (b) the remainder of the Investment to the Service or Product Provider(s) within forty-five (45) days of approval of the Final Report and the attached invoice from the Service or Product Provider(s).

### 6.3 Changes to the Project

Applicants are expected to set reasonable Milestone Start and Completion Dates, anticipating times in the Project where setbacks or unavoidable delays may be encountered, and achieve the Milestones as set



out in the Application. With this in mind, when unanticipated delays or changes to the Project are unavoidable, and it becomes clear that it will not be possible to meet the deliverables set out in the Agreement, the Applicant may request an amendment to the Agreement by contacting the Alberta Innovates representative named in the Notices section of the Agreement no later than two (2) weeks prior to the Project Completion Date. Failure to provide notification within this time may result in Alberta Innovates declining any amendments to the Agreement.

Changes to the Project may include:

- (a) An increase or decrease in the Investment of the Project, within the limits of the Entrepreneur Vouchers;
- (b) A change in the scope of the Project;
- (c) A delay of the Project Completion Date;
- (d) A change of Service or Product Provider(s); or
- (e) Where Alberta Innovates determines a change to the Project has occurred.

Upon review of the request, Alberta Innovates may approve, decline, or require further information. If a request for an amendment is approved in the form required by Alberta Innovates, the parties acknowledge and agree that all other terms and conditions of the Agreement shall remain in full force and effect. If the request is declined, the Applicant may choose to proceed with the Project as previously approved by Alberta Innovates, if this is possible under the circumstances, or may elect to terminate the Agreement with no further payments of the Investment being provided. Alternatively, if in the opinion of Alberta Innovates it is not possible to proceed with the Project under the current terms and conditions of the Agreement, Alberta Innovates may elect to rescind the Investment and terminate the Agreement.

Cumulative changes during the Project that result in more than three (3) months extension from the Project Completion Date may not be considered. Should such changes delay the Project Completion Date for more than three (3) months from the original Project Completion Date, all funding shall cease the day after the three (3) month anniversary of the original Project Completion Date, unless otherwise approved by Alberta Innovates, such approval to be in its sole and absolute discretion.

#### 6.4 Reporting Obligations

A successful Applicant has the following reporting obligations, which may be amended by Alberta Innovates in its sole and absolute discretion:

- (a) complete the Project in accordance with the approved Application and the Agreement;
- (b) deliver to Alberta Innovates a completed Final Report within fourteen (14) days of the Project Completion Date, signed by the BDA, the Applicant and the Service or Product Provider(s), together with an itemized invoice from the Service or Product Provider(s) and all supporting documentation; and
- (c) deliver a Post-Investment Metrics Report (using Alberta Innovates' standard form), within fourteen (14) days of receiving the request by Alberta Innovates, for each of the seven (7) following years (the "**Post-Investment Period**");

Failure to provide a Final Report within the times stated above may result in the cancellation of the Investment by Alberta Innovates.

The information or the aggregate data contained in the Final Report and Post-Investment Metrics Report may be published in the public domain, without further notice to the Applicant.

During the Post-Investment Period, Alberta Innovates may collect information on impacts and outcomes resulting from its Investment in the Project, including, but not limited to new or enhanced products and processes, intellectual property generated, new customers, new employees or new hires, new or increased sales, market capture, any other economic growth of the Applicant and other significant outcomes arising directly or indirectly from the Project or the Investment. All such information is deemed

to be non-confidential for all of Alberta Innovates' purposes. The Applicant agrees to comply with such request of disclosure.

### **6.5 Site Inspection**

Alberta Innovates and/or its authorized agents are entitled, at reasonable times and upon reasonable notice to the Applicant and the Service or Product Provider(s), to attend, or have its authorized agents attend at the premises of the Applicant or the Service or Product Provider(s), or at the place where the Project is being carried out, for the purpose of examining premises and files, documents and records, and any other assets relevant to the Project in order to assess whether the Applicant and the Service or Product Provider(s), are in compliance with the terms of the Investment. The Applicant and the Service or Product Provider(s), must provide Alberta Innovates and its authorized agents with such assistance as may be reasonably required during such an inspection. This right of inspection is limited to the purpose of ascertaining whether the terms of the Investment have been complied with and Alberta Innovates does not have any general right to obtain custody or copies of records in the custody of the Applicant, Service or Product Provider(s).

### **6.6 Program Evaluations**

By signing the Agreement, the Applicant agrees to participate in Program evaluations that may be undertaken by Alberta Innovates from time to time at the Applicant's cost, both during the Project and after the Project Completion Date.

### **6.7 Frustration of the Project for Suspension or Delay**

If any one of the Applicant or the Service or Product Provider(s) suspends or delays the Project for any reason whatsoever for a period greater than one (1) month or for periods which in aggregate exceed one (1) month, then Alberta Innovates in its sole and absolute discretion may terminate the Agreement effective immediately upon notice to the Applicant. Upon such notice, Alberta Innovates will have no further payment obligations to the Applicant.

### **6.8 Termination of the Project**

If any one of the Applicant or the Service or Product Provider(s) terminates their part of the Project for any reason after execution of the Agreement and prior to the Project Completion Date, Alberta Innovates must be notified immediately. Failure to notify Alberta Innovates may result in Alberta Innovates terminating the Project and rescinding the Investment.

In the event of termination of the Project for whatever reason or by whomever, the Applicant must submit a final report within fourteen (14) days of effective date of termination.

### **6.9 Rescission of Investment caused by Default and Effect**

Applicants are cautioned that Alberta Innovates has the right to unilaterally terminate and rescind its Investment for any Project that incurs a Default. Applicants are strongly encouraged to review and understand the definition of "Default" in Appendix 1 and to contact Alberta Innovates with any questions. The Applicant is to be aware of its post-rescission obligations.

### **6.10 Repayment of Investment**

It is a condition of the Investment that Alberta Innovates has the right to require the Applicant to repay to Alberta Innovates any amounts of the Investment paid to the Service or Product Provider(s). This is the case where (i) the Applicant fails to comply with all required reporting obligations under the Agreement including but not limited to, Section 6.4; (ii) a change request is not approved under Section 6.3; (iii) the Project is terminated by the Applicant, the Service or Product Provider(s) under Section 6.8; (iv) the Investment is rescinded by Alberta Innovates due to a Default under Sections 6.9.



In any of these causes, any amount of the Investment previously advanced by Alberta Innovates to the Service or Product Provider(s) constitutes a debt owed by the Applicant to Alberta Innovates. The debt owed is on a dollar for dollar basis together with interest, which accrues from and after the date of notice of rescission from Alberta Innovates at the prime rate for commercial loans fixed by the Alberta Treasury Branches as at such date, plus 3%. Such debt plus accrued interest is due and re-payable upon notice of rescission delivered by Alberta Innovates to the Applicant. The Applicant has forty-five (45) days from the date of the notice of rescission to repay the debt and accrued interest.

## 7 LEGAL DETAILS

### 7.1 Discretion of Alberta Innovates

Any decision to be made at the discretion of Alberta Innovates may be made by any Alberta Innovates authorized representative for and on behalf of Alberta Innovates.

### 7.2 Agreement

Each successful Applicant approved for an Investment is required to enter into an Agreement with Alberta Innovates in the form provided by Alberta Innovates, prior to commencing the Project. The Agreement will contain terms and conditions which govern the relationship of the parties involved in the Project and the operation of the relevant Entrepreneur Voucher;

- (a) Alberta Innovates must receive the fully executed Agreement within thirty (30) days of the Applicant receiving notice from Alberta Innovates of its successful Application and before the Project Start Date; and
- (b) The Service or Product Provider(s) is also required to enter an Agreement in the form provided by Alberta Innovates prior to commencing the Project.

### 7.3 Terms and Conditions

In order to properly manage its operations, Alberta Innovates has the right to amend the terms and conditions or any other aspect of the Program at any time as determined in its sole and absolute discretion.

The Investment is governed by this Guide, the approved Application, and the terms and conditions in the Agreement. In the event of a conflict between a term of the Agreement, the approved Application and/or a term of this Guide, the term in the Agreement prevails to govern the parties and the term in conflict is not binding on the parties to the extent of such conflict.

For clarity, this Guide may be amended by Alberta Innovates in its sole and absolute discretion from time to time, with notice of the amendment together with the amended Guide provided on [Alberta Innovates' website](#). No additional notice is required to any party regarding any amendment to the Guide. The Applicant understands its obligation to review Alberta Innovates' website periodically and ensure that it understands the current terms governing Alberta Innovates' Investment. The Guide as amended governs the Investment from the date the amended Guide is published on Alberta Innovates' website regardless of the stage of any particular Investment or Project. Notwithstanding the foregoing, Alberta Innovates may determine in its sole and absolute discretion that the Guide in effect at the time the Applicant submits its Application to Alberta Innovates will govern the Investment.

The Applicant and the Service or Product Provider(s) representative(s), have disclosed all information in the Application which is required under this Guide and that information remains true and accurate and you will promptly notify Alberta Innovates of any change to the information provided in the Application.

#### 7.4 Forms

The Applicant and Service or Product Provider(s) agree to use Alberta Innovates' standard form documents during the course of completing and reporting on the Project. All forms can be found on Alberta Innovates' [website](#).

Alberta Innovates may amend its standard forms from time to time without notice to the Applicant or the Service or Product Provider(s). Accordingly, all parties are encouraged to access the particular form from Alberta Innovates' website (at the web address set out above) at the time it is required in order to ensure the most current version of the form is used.

#### 7.5 FOIP and Collection and Retention of Information

During the duration of the Project, and thereafter, Alberta Innovates must keep accurate and complete records of the Application, the Project, the Agreement, and all forms and supporting documentation, in accordance with the Alberta Records Management Committee approved retention schedule, as amended from time to time. Such records may be subject to the Freedom of Information and Protection of Privacy Act (Alberta) ("FOIP"), as outlined in greater detail in the Application. A copy of FOIP can be found on the Alberta Innovates website.

#### 7.6 Program Audit and Requirement to Maintain Auditable Records

As part of an ongoing effort to improve and enhance the Programs, Alberta Innovates reserves the right to audit any account of the Applicant and/or the Service or Product Provider(s) pertaining to a Program, from time to time and at any time during the Project and the Post-Investment Period. This right to audit includes due diligence searches of various public registries as outlined at Section 5.1.

The cost of any audit, examination or report is payable by Alberta Innovates, unless the audit, examination or report reveals a material breach of any term governing the Investment or indicates that the records and books of account were inadequate to permit a determination of how the Investment was used by the Applicant or Service or Product Provider(s) or what results were achieved through the conduct of the Project, in which case the cost will be borne by the Applicant or Service or Product Provider(s) as the case may be.

During the Project and the Post-Investment Period, each of the Applicant and Service or Product Provider(s) must maintain and have available for audit or review by Alberta Innovates full, accurate and complete records of the Project activities, the results achieved, and financial accounting evidencing proper expense of the Investment together with all supporting receipts. Such records may be subject to FOIP, as outlined in greater detail in the Application

#### 7.7 Purchased Material

The Applicant and Service or Product Provider(s) retain ownership of all purchased material directly related to the Project.

#### 7.8 Intellectual Property

Alberta Innovates makes no claim to Intellectual Property Rights arising from any Investment in a Project. Ownership of Intellectual property developed during the course of the Project is not governed by this Guide or the Agreement. The Applicant shall be responsible for addressing any Intellectual Property Rights issues

#### 7.9 Acknowledging the Funding Agencies

All publications, presentations and public messages arising from the Investment must acknowledge the support of Alberta Innovates and be provided to Alberta Innovates in draft form for approval. Please use

the full corporate name, Alberta Innovates, rather than any acronym. Alberta Innovates' financial support of a Project in no way constitutes an endorsement of the Project, the Applicant, or the Service or Product Provider(s). Any suggestion or statement that Alberta Innovates endorses a Project or any party involved in the Project is strictly prohibited as a term of the Investment and can result in the repayment of the Investment to Alberta Innovates.

#### **7.10 Non-Confidential Information and Publication of Non-Confidential Information by Alberta Innovates**

The Applicant and the Service or Product Provider(s) agree that Alberta Innovates may (1) publish and/or disseminate in the public domain certain information contained within the Application, Final Report, and/or Post-Investment Metrics Report(s) as a way to promote success stories about and report on innovation in the Province of Alberta and/or (2) may use certain information within the Application to verify other information provided by the Applicant. On that basis, the parties acknowledge the information expressly set out as non-confidential information in Part 3 of the Application and the final results with respect to those components as described in any Final Report and Post-Investment Report is non-confidential and subject to disclosure, as indicated in Part 3 of the Application, by Alberta Innovates in its sole and absolute discretion at any time without notice to the Applicant and the Service or Product Provider(s).

#### **7.11 Extent of Liability**

Alberta Innovates is not liable in any way whatsoever to the Applicant or the Service or Product Provider(s), or any of their respective directors, officers, employees, agents or any other person they may be responsible for at law, personal legal representatives and/or heirs for any direct damages, or any indirect, incidental, consequential, or special damages or any loss of profits, loss of business opportunity, loss of revenue, or any other loss or injury suffered or arising in any way, whether arising before or after submitting an Application or entering the Agreement with Alberta Innovates.

#### **7.12 Indemnity**

Each of the Applicant and the Service or Product Provider(s) indemnify and hold harmless Alberta Innovates, its directors, officers, employees and agents against and from any and all third party claims, demands, actions, and costs whatsoever (including legal costs on a solicitor and its own client full-indemnity basis) that may arise directly or indirectly out of any act or omission of the Applicant or the Service or Product Provider(s), or any of their respective directors, officers, employees, contractors, agents or legal representatives or the negligence or tortious act or willful misconduct of the Applicant or the Service or Product Provider(s) or any of their respective directors, officers, employees, contractors, agents or legal representatives in relation to their obligations under a Program.

#### **7.13 Dispute Settlement**

In the case of a dispute between the Applicant and the Service or Product Provider(s) or any other party involved in the Project, it is the responsibility of the disputing parties to reach a resolution. Alberta Innovates will not act as a mediator or adjudicator. In the event of a dispute, in all instances Alberta Innovates is not liable to pay any arbitration, court or any other dispute resolution related costs.

#### **7.14 Funding to Alberta Innovates**

Notwithstanding anything in this Guide or the Agreement, if the Government of Alberta suspends, revokes, reduces or terminates funding to Alberta Innovates at any time, Alberta Innovates may immediately and unilaterally alter or terminate its obligations under the Program, including all obligations under an Agreement. In such an instance, Alberta Innovates will notify the Applicant and the Service or Product Provider(s) of such alteration or termination of Alberta Innovates' obligations as soon as practicably possible, and such parties will be entitled to reimbursement for the direct costs of winding down the Project, including incurred Eligible Expenses and non-cancellable legal commitments made by

other parties seeking reimbursement, supported by applicable receipts or invoices and as confirmed and approved by Alberta Innovates and up to a maximum amount of the approved Investment in each case, and the Applicant shall have no further claim against Alberta Innovates or the Government of Alberta.

#### **7.15 Assignment or Encumbrance**

The Applicant and Service or Product Provider(s) may not assign or transfer any of its rights or obligations under the Program without Alberta Innovates' written consent, which consent may not be unreasonably withheld. Alberta Innovates may transfer its rights under the Program upon providing notice to the Applicant and/or the Service or Product Provider(s).

The rights, duties, obligations and liabilities of Alberta Innovates and any other party are individual and not joint or collective. There is no intention of Alberta Innovates, the Applicant or the Service or Product Provider(s) to create a partnership, a joint venture, unincorporated association or a trust in its dealings together under a Program. Nothing under this Guide, or any subsequent Application, Agreement or other document pertaining to the Programs authorizes any party to act as an agent or an employee of the other party for any purpose whatsoever, except as expressly set out in this Guide, Agreement or other document.

#### **7.16 Governing Law**

All matters contemplated in this Guide are governed by the laws of Alberta and the federal laws of Canada applicable therein. The parties hereby submit to the exclusive jurisdiction of the Courts in the Province of Alberta for all disputes arising under this Agreement.

#### **7.17 Compliance with Applicable Laws**

The parties must comply with all applicable laws, ordinances, codes and regulations of government agencies having jurisdiction over the matters contemplated in this Guide, the approved Application, the Agreement and/or any required reporting.

#### **7.18 Time**

Time is of the essence, and no extension or variation of this Guide, the approved Application, the Agreement, any required reporting or any other matter relating to the Project will operate as a waiver of this provision.

**APPENDIX 1****Definitions**

For the purposes of this Guide, the following terms are defined to have the corresponding meaning:

- (a) **“Agreement”** means an Entrepreneur Voucher Investment Agreement between Alberta Innovates, the Applicant, and the Service or Product Provider(s);
- (b) **“Applicant”** means the Entrepreneur;
- (c) **“Application”** means the Entrepreneur Vouchers Investment Application forms as provided by Alberta Innovates, and may include only stage one, or stage one and stage two together;
- (d) **“Arm’s Length”** means an agreement between the Applicant and a Service or Product Provider that is free and independent without any special relationship such as, but not limited to, a personal or familial relationship, a legal relationship like ownership interest by an officer, director, shareholder or employee, parent or subsidiary company;
- (e) **“Business Development Advisors (BDAs)”** means collectively the employees, contractors, agents or representatives of the Incubators who provide support to the Entrepreneurs under the Program and who may have different titles within the Incubators;
- (f) **“Conflict of Interest”** means a situation or circumstance that creates an actual or perceived risk that the Primary Interest of the Incubator, the BDA or the Entrepreneur/Applicant will be unduly influenced by, contrary to, or inconsistent with the Secondary Interest of such Incubator, BDA or Entrepreneur/Applicant. The situation or circumstance may not be objectionable in and of itself, but is deemed objectionable in the opinion of Alberta Innovates, because it is perceived or determined that the Secondary Interest may or does hold greater weight than the Primary Interest;
- (g) **“Default”** means any one (1) or more of the following:
  - (i) the bankruptcy or insolvency of any one (1) of the Applicant or Service or Product Provider(s) (including becoming the subject matter of any proceeding relating to its bankruptcy, insolvency, receivership, liquidation, dissolution or winding up); or
  - (ii) where the Project fails to start within thirty (30) days after the date of notification of approval from Alberta Innovates without approval from Alberta Innovates for extension; or
  - (iii) any breach of an obligation or failure to perform or observe any provision on its part under the Agreement or this Guide, made by any one (1) or more of the Applicant, or Service or Product Provider(s), and any such breach or default continues for a period of five (5) days after receipt of written notice from Alberta Innovates specifying such breach;
  - (iv) but provided that where Alberta Innovates gives notice of the occurrence of a Default and the Default is cured within five (5) days, notice that the Default is no longer continuing will be given to Alberta Innovates by the party who incurred the Default immediately after the party becomes aware that the Default has been cured, and Alberta Innovates will not rescind its Investment on the basis of that Default;
- (h) **“Eligible Expense”** means:
  - (i) labour costs (gross wages or salaries incurred at reasonable market rates) for those individuals who are specifically identified as performing the service which is directly attributable to the Project and thereby quantifiable or measurable. Accordingly, general overhead is not considered an Eligible Expense;

- (ii) costs of materials, made at the lower of cost or fair market value, which can be specifically identified and quantified as having been incurred in the performance of the Project activities, and which are so identified and quantified consistently in the Applicant's cost accounting practices;
  - (iii) acquisitions of property and capital equipment (but excluding land and buildings), made at the lower of cost or fair market value, that are critical to the performance of the Project will be considered on a case by case basis upon submission to Alberta Innovates by the Applicant;
  - (iv) acquisitions of software or information databases, made at the lower of cost or fair market value, that are critical to the performance of the Project will be considered;
  - (v) web design, web development, and other related design services;
  - (vi) additional direct operating costs (incurred at reasonable market rates), not falling within the categories of labour and materials, but which can be specifically identified and quantified as having been incurred, or to be incurred, in the performance of the Project activities and which are so identified and quantified consistently by the Applicant's cost accounting practices; and
  - (vii) any other cost which Alberta Innovates pre-approves in writing as an Eligible Expense;
- (i) **"Entrepreneur"** means a person who organizes and operates a new knowledge-based enterprise in Alberta, offering an innovative technology or business innovation intended to meet a marketplace need, and designed to rapidly develop a scalable business model, taking on greater than normal financial risks in order to do so. Such Entrepreneur may or may not have formed a corporation, partnership or other legal entity;
- (j) **"Entrepreneur Vouchers"** means collectively the Entrepreneur Seed Voucher, and the Entrepreneur Bridge Voucher, and the Entrepreneur Growth Voucher; and **"Entrepreneur Voucher"** means any one (1) of the foregoing;
- (k) **"Final Report"** means the report required under any Agreement at the end of the Project, in the form determined by Alberta Innovates;
- (l) **"Incubator"** means the physical store front entities supported by the Accelerator Expansion Support stream of the Alberta Entrepreneurship Incubator Program;
- (m) **"Ineligible Expense"** means any one (1) of the following:
- (i) any cost that does not qualify as an "Eligible Expense";
  - (ii) any cost incurred prior to formal approval of an Investment by Alberta Innovates, except where Alberta Innovates has provided written approval to include the cost as an Eligible Expense;
  - (iii) transactions between related parties;
  - (iv) provisions for contingencies;
  - (v) allowance for interest on debt;
  - (vi) losses on investments, bad debts and expenses for collection charges;
  - (vii) losses on other projects or activities outside the approved Project;
  - (viii) fines and penalties;
  - (ix) unreasonable compensation for Project labour;
  - (x) costs related to land and buildings (for example, acquisitions, leases and/or leasehold improvements);
  - (xi) costs associated with applying for government grants and programs;
  - (xii) costs of internships or support for students of knowledge institutions;
  - (xiii) routine testing and maintenance;
  - (xiv) any other costs deemed ineligible by Alberta Innovates;
- (n) **"Intellectual Property"** means tangible or intangible property in which Intellectual Property Rights subsist and/or that is subject to Intellectual Property Rights including, without limitation, ideas,



formulae, algorithms, concepts, techniques, processes, procedures, approaches, methodologies, plans, systems, research, information, documentation, data, data compilations, specifications, requirements, designs, diagrams, inventions, technology, computer programs (including all related code), tools, products, knowledge, know-how and trade secrets;

- (o) **"Intellectual Property Rights"** means:
  - (i) any and all proprietary rights anywhere in the world provided under: patent law, copyright law, trademark law, design patent or industrial design law, semiconductor chip or mask work law, trade secret law, or any other statutory provision or common law principle that provides a right in either intellectual property or the expression or use of intellectual property; and
  - (ii) any and all applications, registrations, licenses, sub-licenses, franchises, agreements or any other evidence of a right in any of the foregoing;
- (p) **"Investment"** means the amount of funding granted by Alberta Innovates to an Applicant under the Program and governed by the Agreement;
- (q) **"Milestone"** means a major segment of the Project activities for the purpose of monitoring and measuring the progress of the Project, concluding in every case, with a critical "go/no go" decision and **"Milestones"** mean all major segments of the Project activities which comprise the entire Project;
- (r) **"Milestone Completion Date(s)"** means the date on which each Milestone is expected to end, as outlined in the Application;
- (s) **"Milestone Start Date"** means the date on which each Milestone is expected to begin, as outlined in the Application;
- (t) **"Person"** means any individual, body corporate, partnership, sole proprietorship, joint venture, trust, unincorporated association, unincorporated organization, and any other entity or organization of any nature whatsoever. Unless the context otherwise requires, any reference to a Person includes its heirs, administrators, executors and other legal representatives, successors and permitted assigns;
- (u) **"Post-Investment Metrics Report"** means a report completed by the Applicant upon request by Alberta Innovates for the Post-Investment Period;
- (v) **"Primary Interest"** means the principal goal of the activity of the Incubator, BDA or the Entrepreneur Applicant, as the case may be;
- (w) **"Project"** means the scope of work to be performed by the Service or Product Provider(s), and the work product arising from the Project;
- (x) **"Project Completion Date"** means:
  - (i) Three (3) months from the Project Start Date in the case of the Entrepreneur Seed Voucher and the Entrepreneur Growth Voucher; and
  - (ii) Six (6) months from the Project Start Date in the case of the Entrepreneur Bridge Voucher;
- (y) **"Project Costs"** means all Eligible Expenses incurred during the course of the Project;
- (z) **"Project Start Date"** has the meaning set out in Section 4.3;

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- (aa) **“Recent Graduate”** means anyone who has successfully completed a program from any Campus Alberta institution (see <http://eae.alberta.ca/post-secondary/policy/campusab/>) within the previous five (5) years from the time of application;
- (bb) **“Secondary Interest”** means a personal benefit of the Incubator, BDA or the Entrepreneur Applicant, as the case may be;
- (cc) **“Service or Product Provider(s)”** has the meaning set out in Section 3.2;

The preceding definitions are not exclusive and other defined terms may be used throughout this Guide.