



# Mentorship, Capital and Continuation (MC<sup>2</sup>) Capital Winter 2023 Program Package

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[Submit your MC<sup>2</sup> Capital Application here](#)

## I. MC<sup>2</sup> Capital Program Overview

**Apply now** to receive up to \$400,000 CAD in investment and acceleration services from CABHI.

Plus, eligible companies may access additional investment up to \$400,000 from the [Ontario Brain Institute](#), \$150,000 from [Greyhill Capital Partners](#), commercialization and funding support from [Ontario Bioscience Innovation Organization](#), and business financing from [Clearco](#).

Companies may also access additional investment opportunities through CABHI's investor community.

The Centre for Aging + Brain Health Innovation's (CABHI) **Mentorship, Capital, and Continuation (MC<sup>2</sup>) Program**, in partnership with National Bank, offers **MC<sup>2</sup> Capital**, a first-of-its-kind investment fund dedicated to support the growth of early-stage healthtech and fintech companies.

CABHI recognizes that there is an early-stage funding gap for Canadian health and fintech companies. We also know that it can be difficult to scale a business without access to potential buyers, subject matter experts, and international markets, such as those in the US, Japan, or UK, for example.

CABHI has heard this feedback and created MC<sup>2</sup> Capital. This program seeks to support the growth of early-stage Canadian healthtech and fintech, that have a solution that can improve the lives of aging adults and need access to capital to grow and scale.

In MC<sup>2</sup> Capital, each participating company may receive an investment of up to \$400,000 CAD from CABHI. Plus, eligible companies may access additional investment up to \$400,000 CAD from the Ontario Brain Institute, \$150,000 from [Greyhill Capital Partners](#), and business financing from [Clearco](#). Companies can also access additional investment opportunities through CABHI's venture community.

In addition, to receiving an investment, companies will gain access to CABHI's [Acceleration Services](#) to help grow and scale their solution. These services include, but are not limited to:

- **Coaching and mentorship** from CABHI's [Coaches Community](#), a group of 100+ subject matter experts, including clinicians, end-users, entrepreneurs, industry partners, legal and regulatory affairs experts, marketing and sales leaders, organizational decision makers, researchers, venture capitalists, and more.
- **End-user testing and customer discovery** through [LEAP](#), our diverse, international community of older adults, caregivers, healthcare providers, and decision makers who help companies refine and market their solutions to improve end-user uptake and increase sales.



- **Internships/Co-op placements:** access 25% intern subsidized funding exclusively available to CABHI portfolio companies. (Note: Subsidy can increase to 100% with leverage of Biotalent, or other similar funding sources)
- **Customers and distribution channels** through CABHI's [Innovation Network](#), a group of 200+ care delivery and industry organizations that are supported and activated to test, adopt, and procure innovations.
- **Perks and benefits (e.g., financing, legal, regulatory)** from our Innovation Network partners that help companies grow and scale.
- **Scientific Officer Program:** Access researchers from scientific networks and partner organizations to help with research and clinical trial validation. This includes tailored deep clinical expertise from CABHI's Scientific Officers from the [Rotman Research Institute](#) and the [Canadian Consortium on Neurodegeneration in Aging](#).

## Why CABHI

Since its inception, CABHI has helped companies acquire customers, grow revenues, expand sales pipelines, incorporate in new jurisdictions, and obtain carry-on investments (including seed, series A, and debentures). To date, CABHI innovators and companies have secured more than \$525M+ CAD in carry-on investments and more than 50% of CABHI companies have received follow-on funding.

Community of Practice – CABHI served as a founding member in the emerging Community of Practice (CoP) amongst Ontario-funded research and innovation organizations. CABHI plans to play a similarly active and engaged role in the CoP, providing staffing resources, infrastructure (e.g., physical space, the interactive Leap platform, design thinking and Knowledge Mobilization services, etc.) to ensure the greatest possible success and impact from the group. CABHI expects new partnerships to emerge from the CoP, and also plans to share learnings and best practices with groups beyond the CoP.

CABHI alumni include:

- Digital physical therapy provider **Sword Health**, which recently attained unicorn status ([valued at \\$2 billion](#))
- Virtual care platform **Akira Health**, acquired by TELUS Health
- Neurohealth technology company **BrainFx**, acquired by Highmark Innovations, Inc

Some of our notable Innovation Network partners include:



## II. Important Dates

Program applications open	February 1, 2023
Deadline for applications	March 1, 2023
Shortlisted applicants notified	March 8, 2023
CABHI Summit 2023: Shortlisted applicants pitch for People's Choice Award and LEAP prize	March 22, 2023
Due diligence process <ul style="list-style-type: none"> <li>• Data room review</li> <li>• Due diligence sessions</li> </ul>	<p>March 13 – 29, 2023</p> <p>March 20 – April 5, 2023</p>
Selected applicants notified	April 12, 2023

Final date for contracts to be signed	April 30, 2023
Program starts	May 1, 2023

### *III. CABHI Investment*

Each participating company may receive up to \$400,000 CAD in investment from CABHI via an unsecured venture debt or post-money SAFE agreement to help selected companies achieve a business or validation milestone over a 12-month period.

CABHI's investment will be released in tranches, as aligned with specific business milestone(s). As a founder-friendly solution accelerator, CABHI offers both unsecured venture debt and convertible equity deals on more favourable terms. We believe that founders need to be properly incentivized while remaining competitive within the global ecosystem. CABHI will work with each company to select the right funding option that makes sense from a cash flow or capitalization table perspective.

#### **Unsecured venture debt via royalty:**

- Eligibility: Early revenue is required
- Funding: Up to \$400,000 CAD (principal)
- Return: Principal plus a 20% return
  - For example, if CABHI invests \$400,000, then \$480,000 is returned to CABHI by the royalty maturity date.
- Payment: 5% of gross revenue is paid to CABHI each quarter. For companies in later stages, we will work with you to define an appropriate percentage based on your current revenues.
- Royalty: Begins on start date
- Maturity: 3-year post start date
  - If royalty is not paid back during the term, a one-time balloon payment is made at royalty maturity.
  - For example, if CABHI invests \$400,000, and cumulative gross revenue over the 3-year term is \$5.5M, a one-time balloon payment of \$205,000 is made at royalty maturity.

Each of CABHI's unsecured venture debt via royalty agreements include warrants rights. **This allows us to lower the cost of your financing and provide you with access to additional follow-on capital.** The high-level terms of the warrant are:

- Warrant: Equal to 10% of CABHI's investment (up to \$40,000 CAD)
- Warrant expiry: 10 years

- Warrant price: Based on current institutional priced round share price, at the time of exercise. If a company has not raised a priced round, the warrant price would be set at the price per share at their next qualified financing.
- Shares issued: Common shares
  - For example, if CABHI invests \$400,000, CABHI reserves the right, but not the obligation, to invest an additional \$40,000 at the warrant price, within a 10-year period.

#### **Equity deal:**

- Eligibility: All companies
- Funding: Up to \$400,000 CAD (investment)
- Instrument: Modified post-money SAFE
- Valuation cap: Depending on the stage of the company, CABHI's standard valuation cap is between approximately \$2.55M CAD (\$2M USD) to \$5.11M CAD (\$4M USD). For companies who have already raised a priced round or have outstanding convertibles at a valuation cap greater than \$4M USD, we will work with you to define an appropriate cap based on your current stage.
- Discount: 20%
- Pro-rata rights: Yes

#### **Co-Investment notes:**

- In addition, companies interested in co-investment from one of CABHI's equity partners (Ontario Brain Institute and investor community) will be completed on the same equity terms negotiated by CABHI.
- Companies interested in Clearco's business financing or investment through CABHI's equity partners must meet Clearco's eligibility and due diligence requirements

## ***IV. Innovation Themes***

CABHI supports innovations that address challenges associated with aging adults. Examples of challenges that CABHI seeks to solve include the following themes:

1. Aging at Home
2. Financial Health and Wellness (fintech theme)
3. Caregiver Support
4. Care Coordination and Navigation
5. Cognitive and Mental Health

View more information about CABHI's Innovation Themes [here](#).

## V. Investment Process

1. **Online applications:** Applications are submitted online and then reviewed and scored by CABHI's review panel. Shortlisted companies are invited to participate in the due diligence and investment review process. As part of their application, we encourage applicants to include a pitch video of no more than three minutes.
2. **Due diligence and investment review:** The shortlisted companies selected from the online application process will provide CABHI access to their data room and participate in a due diligence day meeting, to determine eligibility for the investment by CABHI of up to \$400,000 CAD.
3. **Selection and contracting:** Following a successful due diligence process, CABHI will inform all selected companies and proceed with contracting of their unsecured venture debt or Post-money SAFE agreements, prior to the start of MC<sup>2</sup> Capital in May, 2023.

## VI. Program Eligibility

- The applicant must be a company registered federally or provincially in Canada and have a solution focused on the aging and brain health sector, or a healthtech or fintech solution that has an application to improve the lives of aging adults  
Note: if you are a company that has questions about Program Eligibility or how to register your company federally or provincially in Canada, please email Jesse Mastrangelo, Innovation Office, CABHI, at [jmastrangelo@cabhi.com](mailto:jmastrangelo@cabhi.com).
- Solutions must clearly address at least one of the five [CABHI Innovation Themes](#).
- The company must have a prototype or MVP completed.
- CABHI's funds must be used to help the company achieve a business or validation milestone, such as:
  - Developing a marketing and sales plan for the product launch
  - Further developing, testing, validating, and advancing a solution
  - Growing a sales team and/or advertising services to increase annual recurring revenue
  - Demonstrating product-market fit (e.g., high renewal rates and low customer churn)
  - Alleviating working capital shortages to satisfy a sales contract



- Hiring personnel to help with a regulatory or patent submission (e.g., FDA/Health Canada)
- The solution has freedom to operate (i.e., the solution has no risk to potential infringement).
- The applicant must use CABHI's investment in accordance with CABHI's Eligible Expenses Guideline.

## *VII. Evaluation Criteria*

All applications will be evaluated based on the following criteria:

1. **Company and team experience (30%):** Why are you and your employees uniquely qualified to be solving this problem and/or working on this solution? What is your demonstrated track record of success? Who else is helping you to be successful?
2. **Quality of solution (30%):** Why did you pick this idea to work on? How do you know people need what you are making? What standard of care/solutions are your customers using now to address this problem? What advantage(s) does your solution have over existing standards/products/practices?
3. **Market opportunity/growth potential (20%):** What is the current size of the market and how big will it be in 5 to 10 years? Why did you prioritize this market? What is your business/service model and how will this get you customers? How do you make money?
4. **Competition/traction (20%):** What are the barriers challenging the adoption of your solution? Who are your key competitors, both in terms of competing product categories and firms? Why will you win against them?

## *VIII. Additional Rules and Obligations*

1. CABHI will not obtain any ownership rights to the intellectual property associated with the completion of your business or validation milestone, but CABHI will have the right to disseminate the results of your business or validation milestone.
2. CABHI reserves the right to select applications to maintain a balanced portfolio, which includes, but is not limited to, the distribution of companies across its Innovation Themes, founder diversity, and investment deal type.
3. CABHI may terminate negotiations or invite an alternate applicant to engage in negotiations if a contract is not signed in a reasonable amount of time (to be determined exclusively by CABHI).



4. CABHI reserves the right to decline any application and to modify or annul this Call for Innovations at any time, without incurring any liability.

## *IX. Resources*

The following application resources are also posted on the CABHI website's [program page](#) as downloadable PDFs:

- Eligible Expenses Guideline
- Unsecured Venture Debt Royalty Agreement
- Warrant Agreement
- Modified Post-Money SAFE Agreement
- French-language version of this program package

**[Submit your MC<sup>2</sup> Capital Application here](#)**

**For additional questions, please contact**

**Jesse Mastrangelo, Innovation Office, CABHI, at  
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*CABHI reserves the right to change, modify, or cancel any of the terms and conditions of this program at any time, without incurring any liability. CABHI reserves the right to decline any application to its programs. The final determination of eligibility rests solely with CABHI, based on available funding.*