



## ENCQOR 5G: Technology Development Program [Academic & SME Streams]

### Eligible Use of Funds:

Eligible expenses include costs and activities directly related to achieving the objectives for which the OCE funding was granted. All procurement activities must conform to [Broader Public Sector Accountability Act \(BPSAA\)](#).

### Eligible Expenses:

Actual costs directly attributable to and necessary for the completion of the project and are not wholly or partially for another purpose. One-time costs, directly attributable to implementation of the project; actual cash outlays that must be documented through invoices, receipts, or records - and are subject to verification by an independent auditor. Evidence of payment must be maintained for audit purposes. Costs incurred outside Ontario are ineligible unless otherwise approved by OCE.

### Retroactive Expenses:

OCE will acknowledge expenses after the approval date. In cases where an application is not approved and activated, expenses are incurred at the risk of the applicant.

### Institutional Overhead:

- Academic Stream, institutional overhead is an eligible expense and capped at a maximum of 10% of the project budget.
- SME Stream, overhead is an eligible expense on Federal Funding salary costs only and capped at a maximum of 55% of the salary cost. The Ontario Funding does not support overhead.

### Founder's Salary:

For a Start-up company, the maximum allowable compensation for a founder is \$5,000 per month (terms and conditions apply), please consult with your OCE Business Development Manager for details.

### Capital Costs:

Capital items (fixed assets) include equipment, testing tools, and instruments that have residual values as determined by Generally Accepted Accounting Principles (GAAP) at the end of the funding period. The eligible expense items allowed by OCE are the cost of utilization/depreciation of capital item (fixed assets) specifically required for the delivery of the eligible project. The prorated cost should be entered under "Regular Equipment" along with the justification.

### Notes:

**GAAP** is a collection of commonly followed accounting rules and standards for financial reporting. The purpose of GAAP is to ensure that financial reporting is transparent and consistent from one organization to another.

**Residual Value** of an asset, the estimated amount that it will be worth at the end of funding period.

**Depreciation** is the systematic reduction in the recorded cost of a fixed asset.

**Travel outside of the province of Ontario requires a request for pre-approval from OCE which will include justification.**



**DIRECT LABOUR:**

Eligible Expenses	Ineligible Expenses
<ul style="list-style-type: none"> <li>The costs of the portion of gross wages or salaries incurred for work which can be specifically identified and measured as having been incurred in the performance of the Project to a maximum specified in the funding agreement with OCE (specify position and employment status).</li> </ul> <p><b>Additional Limits &amp; Conditions:</b></p> <ul style="list-style-type: none"> <li>Direct Labour must only be claimed in proportion to the amount of time spent working directly on Project activities.</li> <li>The Applicant shall be required to maintain timesheets or appropriate records for all employees working directly on the project.</li> </ul>	<ul style="list-style-type: none"> <li>Costs related to proposal development (including staff);</li> <li>Indirect labour;</li> <li>Fringe benefits; and</li> <li>General and administrative expenses including, but not limited to, the remuneration of executive and corporate officers, general office wages and salaries, clerical expenses related to the administration and management of the Project, such as processing claims and reporting, and expenses such as stationery, office supplies, postage and other necessary administration and management expenses.</li> </ul>

**SUB-CONTRACTORS:**

Eligible Expenses	Ineligible Expenses
<ul style="list-style-type: none"> <li>The costs of subcontracts or consultants incurred for work or services which can be specifically identified and measured as having been incurred in the performance of the Project.</li> <li>Sub-contractor and consultant fees must approved by OCE management prior to the start of the project and if procured in accordance with the BPSAA Procurement Directive</li> </ul>	<ul style="list-style-type: none"> <li>Item included in the definition of “Indirect Costs”.</li> <li>See Ineligible Expenses under “Other Direct Costs”.</li> </ul>

**DIRECT MATERIALS:**

Eligible Expenses	Ineligible Expenses
<ul style="list-style-type: none"> <li>Materials purchased solely for the performance of the Project and processed by the Applicant, or obtained from sub-contractors, any materials issued from the general stocks of the Applicant solely for the performance of the Project;</li> <li>Materials purchased solely for the performance of the Project must be charged to the Project at the net laid down cost to the Applicant; and</li> <li>Materials issued from the general stocks of the Applicant must be charged to the Project in accordance with the method as used consistently by the Recipient in pricing its material inventories.</li> </ul>	<ul style="list-style-type: none"> <li>Item included in the definition of “Indirect Costs”.</li> <li>See Ineligible Expenses under “Other Direct Costs”.</li> </ul>



### REGULAR EQUIPMENT:

Eligible Expenses	Ineligible Expenses
<ul style="list-style-type: none"> <li>The costs of equipment, including, but not limited to, ancillary systems, instrumentation, or special test equipment that is purchased, leased, manufactured or otherwise acquired for the purposes of the Project.</li> </ul> <p><b>Regular Equipment includes:</b></p> <ul style="list-style-type: none"> <li>Cost of usage of equipment (up to maximum 20% of the project cost);</li> <li>Project related computer hardware and software, including specialized hardware and software.</li> </ul>	<ul style="list-style-type: none"> <li>Full purchase price of equipment with a useful life longer than the length of the Project, and;</li> <li>Federal and provincial goods and services taxes.</li> </ul>

### TRAVEL:

Eligible Expenses	Ineligible Expenses
<ul style="list-style-type: none"> <li>Travel expenses are explicitly project-related, represent the most economical option (economy fare, and standard hotel room).</li> </ul>	<ul style="list-style-type: none"> <li>Meals and incidental expenses;</li> <li>Reimbursement for airfare purchased with personal frequent flyer points programs;</li> <li>Commuting costs between residence and place of employment, and;</li> <li>Passport and immigration fees.</li> </ul>

### OTHER DIRECT COST:

Eligible Expenses	Ineligible Expenses
<ul style="list-style-type: none"> <li>Costs not falling within the definitions of Direct Labour Costs or Direct Materials Costs, but which can be specifically identified and measured as having been incurred in the performance of Project Activities.</li> </ul>	<ul style="list-style-type: none"> <li>Costs not directly associated with meeting the deliverables and milestones as specified in the funding agreement with OCE;</li> <li>Expenses of a personal nature;</li> <li>Costs related to staff awards and recognition;</li> <li>Monthly parking fees;</li> <li>Costs of moving;</li> <li>Expenses associated with lobbying or government relations activities</li> <li>Allowance for interest on invested capital, bonds, debentures, bank or other loans together with related bond discounts and finance charges;</li> <li>Legal, accounting and consulting fees in connection with financial reorganization, security issues, capital stock issues, obtaining of licenses and prosecution of claims;</li> </ul>



- Losses on investments, bad debts and expenses for the collection charges;
- Losses on other projects or contracts;
- Federal and provincial income taxes, goods and services taxes, excess profit taxes or surtaxes and/or special expenses in connection with those taxes;
- Provisions for contingencies;
- Premiums for life insurance on the lives of officers and/or directors where proceeds accrue to the Recipient;
- Amortization of unrealized appreciation of assets;
- Fines and penalties;
- Unreasonable compensation for officers and employees;
- Product development or improvement expenses not associated with the work being performed under the Project;
- Advertising, except reasonable advertising of an industrial or institutional character placed in trade, technical or professional journals for the dissemination of information for the industry or institution;
- Meals and entertainment expenses, gifts and alcoholic beverages;
- Donations;
- Dues and other memberships other than regular trade and professional associations;
- Extraordinary or abnormal fees for professional advice regarding technical, administrative, or accounting matters; and
- Selling and marketing expenses associated with the products or services or both being developed.



## INDIRECT COSTS (OVERHEAD) APPLICABLE TO FEDERAL FUNDING ONLY:

### Eligible Expenses

- Indirect Costs, also called “Overhead”, are those costs which, though necessarily having been incurred during the Work Phase for the conduct of the business in general of the Recipient, cannot be identified and measured as directly applicable to the carrying out of the Project.

#### **Indirect Costs include:**

- indirect materials and supplies (including but not limited to, supplies of low-value, high-usage items which meet the definition of Direct Material Costs but for which it is commercially unreasonable, in the context of the Project, to account for their costs in the manner prescribed for Direct Costs);
- indirect labour;
- fringe benefits;
- public utilities expenses of a general nature including, but not limited to, power, HVAC, lighting, and the operation and maintenance of general assets and facilities;
- expenses such as property taxes, facilities and office rentals and depreciation costs; and
- general and administrative expenses including, but not limited to, the remuneration of executive and corporate officers, general office wages and salaries, clerical expenses related to the administration and management of the Project, such as processing claims and reporting, and expenses such as stationery, office supplies, postage and other necessary administration and management expenses.