



## Critical Industrial Technologies: Sector Adoption Program

### Eligible Use of Funds:

Eligible expenses include costs and activities directly related to achieving the objectives for which the OCI 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 OCI.

### Retroactive Expenses:

OCI 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:

This is an ineligible expense.

### 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 OCI 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 OCI 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 OCI which will include justification.**

## OPERATING EXPENSES:

| Eligible Expenses   | Ineligible Expenses  |
|---|--|
| <ul style="list-style-type: none"> <li>• Sub-contractor and consultant fees if approved by OCI management prior to the start of the project and if procured in accordance with the Broader Public Sector (BPS) Procurement Directive</li> <li>• Research and Development costs directly related to the project</li> <li>• Project related computer hardware and software, including specialized hardware and software</li> <li>• Cost of usage of equipment</li> <li>• Cost of direct materials, necessary for specifically identified activities and measured as having been used for, the completion of the project</li> <li>• Materials used for prototypes, configuring, testing production processes, systems, and training employees</li> <li>• Cost of upgrade of project related equipment</li> <li>• Capital lease of equipment (interest costs are not eligible)</li> <li>• Project related leasehold improvement costs (prior OCI approval required)</li> <li>• Sales and marketing cost attributed to the project</li> <li>• Training costs directly attributable to the project</li> <li>• Cost of regulatory compliance (up to maximum specified by OCI)</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 OCI</li> <li>• Expenses of a personal nature</li> <li>• Ongoing cost of production</li> <li>• Interest cost on capital leases</li> <li>• General working capital requirement</li> <li>• Costs related to staff awards and recognition</li> <li>• Bonuses, dividends, and cash incentives</li> <li>• Cost of merger and acquisition</li> <li>• Monthly parking fees</li> <li>• Costs of moving</li> <li>• Fines and penalties</li> <li>• Meals and entertainment expenses, gifts, and alcoholic beverages</li> <li>• Expenses associated with lobbying or government relations activities</li> <li>• Tax expenses (including but not limited to sales taxes, tax filing, income taxes)</li> <li>• Allowance for interest on invested capital, bonds, debentures, bank, or other loans together with related bond discounts and finance charges</li> <li>• Infrastructure costs except IT related</li> <li>• Tangible capital costs such as, but not limited to, land, buildings, and vehicles</li> <li>• Legal, accounting and consulting costs and fees not related to the Project, which includes those costs and fees in connection with financial reorganization, security issues, capital stock issues, obtaining of patents and licenses and prosecution of any claims against the Province</li> </ul> |

## SALARIES AND BENEFITS:

| Eligible Expenses   | Ineligible Expenses   |
|---|---|
| <ul style="list-style-type: none"> <li>Incremental salary and benefits for company employees working exclusively on eligible project activities, to a maximum specified in the funding agreement with OCI (specify position and employment status).</li> </ul> <p><b>Additional Limits &amp; Conditions:</b></p> <ul style="list-style-type: none"> <li>Salaries and benefits 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> </ul> |

## TRAVEL AND LIVING:

| 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>Costs associated with travel, activities or operations performed outside of Ontario, unless the proposed expenditures are directly related to the Project and provided that the Recipient obtains prior written approval from OCI</li> <li>Commuting costs between residence and place of employment, and</li> <li>Passport and immigration fees.</li> </ul> |