A logo with blue and green circles

Description automatically generated

**SUMMER 2025 CALL FOR PROPOSALS**

**GUIDELINE FOR APPLICANTS**

Publication Date: 26 June 2025

Contents

[Summary 3](#_Toc153363286)

[Glossary of Key Terms 3](#_Toc153363287)

[Eligibility and Project Requirements 4](#_Toc153363288)

[Basic Eligibility Requirements 4](#_Toc153363289)

[Additional Project Aspects 4](#_Toc153363290)

[Funding Mechanism and Eligible Project Costs 5](#_Toc153363291)

[1. Eligible Cost Categories 5](#_Toc153363292)

[I. Direct Labour 5](#_Toc153363293)

[II. Subcontractors and Consultants: 5](#_Toc153363294)

[III. Direct Materials 5](#_Toc153363295)

[IV. Equipment 6](#_Toc153363296)

[V. Land, Building and Building Improvement: 6](#_Toc153363297)

[VI. Other Direct Costs: 6](#_Toc153363298)

[2. Indirect Costs (Overhead) 6](#_Toc153363299)

[3. Ineligible Costs 7](#_Toc153363300)

[Guide to Completing the Application 8](#_Toc153363301)

[Review Process and Evaluation Criteria 8](#_Toc153363302)

[CMIE Eligible Project Selection Criteria 9](#_Toc153363303)

[Evaluation of Eligible Projects 10](#_Toc153363304)

[Appendix A: Technology Readiness Levels (TRL) 12](#_Toc153363305)

[Appendix B: Project Cost Principles 13](#_Toc153363306)

[1. Eligible Costs 13](#_Toc153363307)

[2. Affiliated Persons Clause 13](#_Toc153363308)

[3. Reporting Responsibility 13](#_Toc153363309)

[4. Eligible Cost Activities 13](#_Toc153363310)

[5. Eligible Cost Categories 14](#_Toc153363311)

[6. Indirect Costs (Overhead) 16](#_Toc153363312)

[7. Ineligible Costs 18](#_Toc153363313)

# Summary

The Canadian Medical Isotope Ecosystem (CMIE) represents a dynamic, nation-wide community that is dedicated to strengthening the Canadian medical isotope sector by providing resources to connect organizations, create new jobs, and throughout development fund (CMIEDF), fund next generation medical isotope programs.

CMIEDF offers financial support to innovators, developers, and academic institutions in Canada, specifically in the field of radiopharmaceuticals and medical isotope technologies. This funding is designed to expedite the progress of early-stage programs, thereby creating a continuous pipeline for development and eventual commercialization.

CMIEDF has $5 million to dedicate to advancing medical isotope technologies within Canada. Individual project support will range from $200-500k. CMIEDF will provide reimbursement of up to 50% of eligible project costs when at least 50% of the project is funded by additional sources. Additionally, each project must actively involve at least one small to medium enterprise (SME).

This funding cycle will support radiopharmaceutical and medical isotope technology research programs. We are seeking programs with high impact collaborations that foster business and technology development with enhanced emphasis on commercialization. Eligible programs can be at a Technology Readiness Level (TRL) of 1-9.

# Glossary of Key Terms

**Project Lead:** The lead Canadian organization that is applying for this funding request. The Project Lead will be the primary contact for CMIE staff during the application and review process. Should the project be selected for funding, the Project Lead will have the responsibility of coordinating the project, ensuring that project spending is in line with the project budget, and reporting on behalf of all Ultimate Recipients.

**Collaborator or Ultimate Recipient:** The Project Lead and the other Canadian organization(s) collaborating on project activities who will receive a part of the CMIEDF Contribution (they are known as Collaborators during the application process and Ultimate Recipients after project selection). These include:

* **Academic Collaborators:** Universities, colleges and publicly assisted postsecondary institutions located in Canada which grant degrees or diplomas and Academic Affiliated Institutions, or research institutions wholly owned or controlled by a Canadian university.
* **Industry Collaborators:** Corporations, including not-for-profit organizations, incorporated, and operating in Canada or any province or territory of Canada that are not Academic Collaborators.

**Small and Medium Enterprise (SME):** A corporation employing fewer than 500 paid employees.

**Multinational Enterprise (MNE):** Any large-sized enterprise with 500 or more paid employees.

**Total Eligible Supported Costs:** The costs of project expenditures that are eligible supported direct or indirect costs, per Strategic Innovation Fund (SIF) Cost Principles.

**CMIEDF Contributions:** The portion of the Total Eligible Supported Costs that will be reimbursed to Ultimate Recipients by the CMIE.

**Contribution Ratio:** The Contribution Ratio indicates the percentage of Total Eligible Supported Costs will be reimbursed through CMIEDF Contributions.

**Technology Readiness Level (TRL):** A measure of technology readiness according to the scale in Appendix A.

# Eligibility and Project Requirements

## Basic Eligibility Requirements

Applications submitted to the CMIEDF must:

1. Propose a project within the medial isotope sector.
2. Involve a minimum of one (1) SME as an Ultimate Recipient on each Eligible Project.
3. Include collaborators that have the financial capacity to carry out their Eligible Projects.
4. Request at least $200,000, but no more than $500,000 from the CMIEDF.
5. Propose a project with a minimum of 90% of activities being carried out in Canada.

## Additional Project Aspects

Projects should include:

1. Strong engagement and commitment from all collaborators.
2. Potential for commercial impact and a path toward commercialization.
3. Potential to benefit the Canadian medical isotope sector and other sectors.

Additional considerations will be given to projects that:

1. Have the potential to improve the representation of underrepresented and equity-seeking groups in the medical isotope sector.
2. Attract, retain, and provide training to highly qualified personnel in the medical isotope sector.
3. Include Ultimate Recipients or collaborators in provinces or territories outside of Ontario and British Columbia.

# Funding Mechanism and Eligible Project Costs

The CMIEDF program is a reimbursement fund, not a disbursement fund. On a quarterly basis, recipients will submit a progress report and their eligible refundable claims. Subject to review by the CMIE and the Minister, funds should be forwarded to the recipient about 60-90 days after the claims are submitted subject to questions from the Minister.

Eligible project costs must be reasonable and related to eligible project activities. Project costs must only include actual expenses that are incurred and traceable. In-kind services are not considered an eligible expense.

## Eligible Cost Categories

For full details on eligible costs, see Appendix B: Project Cost Principles. All costs should be reported prior to the addition of sales tax, as sales tax is an ineligible expense.

Eligible cost categories may include the following:

### Direct Labour

* 1. The portion of gross wages or salaries incurred and paid by the Ultimate Recipient(s)’s for eligible project activities.
  2. Timesheets are required tomeasure employees’ hours spent performing project activities.
  3. Costs related to the preparation of this application are not eligible to be claimed.
  4. Costs related to administration, including but not limited to the preparation of reports, financial documentation, and claim forms are accounted for as part of Indirect Costs (Overhead) and not Direct Labour.

### Subcontractors and Consultants:

1. Costs of subcontracts or consultants incurred and paid for by Ultimate Recipients for project activities.
2. The Ultimate Recipient(s) cannot be a Recipient and a Subcontractor on the same Eligible Project.

### Direct Materials

1. The cost of materials which are consumed during project activities.
2. Net laid down costs of materials purchased solely for project activities net of any sale taxes and after any discounts offered by suppliers.
3. Cost of materials consumed from the Ultimate Recipient(s)’s general stocks shall be measured in accordance with the material pricing method consistently used by the Ultimate Recipient(s).

Direct Materials include, but are not limited to, items such as circuit boards, cables, and metals, essentially any raw material that is “used up” by completing project activities.

### Equipment

1. The capital cost of equipment, that can be specifically identified as having been purchased for project activities.
2. If an Ultimate Recipient has built the equipment themselves, the costs would be included in the appropriate cost categories (Direct Material, Direct Labour, etc.);
3. If an Ultimate Recipient has equipment built by a third party, the costs would be included in the Equipment category if readily identifiable, otherwise the equipment could be reported in the Subcontractors category and consultants.
4. If an Ultimate Recipient outright purchases a piece of equipment, the costs would be included in the Equipment category.

Equipment costs include but are not limited to, the purchase of equipment necessary for the project activities, costs to alter or modernize the equipment, costs to get the equipment into working order, and shipping costs.

### Land, Building and Building Improvement:

Capital cost of land, buildings or building improvement that are necessary to carry out project activities. Costs within this category require specific approval.

### Other Direct Costs:

1. Other eligible direct costs that do not fall within the categories above but are required for project activities. This may include costs such as incremental costs for project-specific software, fees for accessing high-performance computing, and costs related to filing patents.
2. Laboratory fees for *in-vivo* testing (animal, human) can be entered here. This includes imaging-related costs. However, if an Ultimate Recipient is directly conducting the testing, costs should be split between Direct Labour and Direct Materials.
3. Travel costs and fees to attend conferences and trade shows are not considered eligible.

## Indirect Costs (Overhead)

Indirect Costs (Overhead) are those costs which, though necessarily having been incurred and paid by the Ultimate Recipient(s) for the conduct of the business in general, cannot be identified and measured as directly applicable to the carrying out of the project activities included in the Statement of Work.

Indirect Costs (Overhead) include, but are not limited to:

* Indirect materials and supplies including but not limited to, supplies of low-value, high-usage, and consumable items, such as paintbrushes and safety supplies, which meet the definition of Direct Material costs but for which it is commercially unreasonable to account for their costs in the manner prescribed for Direct Costs.

## Ineligible Costs

Ineligible Costs incurred and paid by the Ultimate Recipient(s) are not eligible for reimbursement, regardless of whether they are reasonably and properly incurred and paid in the carrying out of the project activities.

Ineligible Costs include:

* 1. any form of interest paid or payable on invested capital, bonds, debentures, bank, or other loans together with related bond discounts and finance charges; the interest portion of the lease cost that is attributable to cost of borrowing regardless of types of lease;
  2. legal, accounting and consulting fees in connection with financial reorganization (including the set-up of new not-for-profit organizations), security issues, capital stock issues, obtaining of licenses, establishment, and management of agreements with Ultimate Recipients and prosecution of claims against the Minister. Such legal costs associated with developing the agreement template and in connection with obtaining patents or other statutory protection for Network intellectual property are considered eligible;
  3. losses on investments, bad debts, and expenses for the collection charges;
  4. losses on other projects or contracts;
  5. federal and provincial income taxes, goods and services taxes, value added taxes, excess profit taxes or surtaxes and/or special expenses in connection with those taxes, except duty taxes paid for importing is Eligible Cost.
  6. provisions for contingencies;
  7. premiums for life insurance on the lives of officers and/or directors where proceeds accrue to the Recipient;
  8. amortization of unrealized appreciation of assets;
  9. depreciation of assets paid for by the Minister;
  10. fines and penalties;
  11. expenses and depreciation of excess facilities;
  12. unreasonable compensation for officers and employees;
  13. product development or improvement expenses not associated with the work being performed under the Network;
  14. 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;
  15. entertainment expenses (including but not limited to, catering, alcohol, non-travel expenses);
  16. donations;
  17. dues and other memberships other than regular trade and professional associations;
  18. extraordinary or abnormal fees for professional advice in regard to technical, administrative, or accounting matters, unless approval from the Minister is obtained;
  19. selling and marketing expenses associated with the products or services, or both being developed under the Agreement;
  20. in-kind costs; and
  21. recruiting fees unless approval from the Minister is obtained.

# Guide to Completing the Application

The first stage of the application is a **non-confidential** PowerPoint presentation. Questions and topics have been included in the template slide deck for applicants to complete. With a limit of 10 slides, the applicant is challenged with preparing a concise yet detailed application, conveying the novelty and importance of their project.

Successful applicants will have included the following information in their application:

1. A target product profile (TPP) that defines the minimal/ideal profile of the final marketed product.
2. Description of how the CMIE funding would advance the project towards the ultimate TPP.
3. Budget (including current and/or anticipated matched funding sources)
4. Gantt chart and description of the work.
5. Description of the status of the technology that will be advanced.
6. Description of the intellectual property (IP).
7. Description of the team/management involved.
8. Competition and competitive positioning.
9. Expected commercialization strategy.

When completing the application, be aware of the evaluation criteria which reviewers will use to score your application.

Top ranking projects will be selected to proceed to the second stage of the application process, where applicants will be asked to prepare a thirty minute **confidential** presentation to the Eligible Project Selection Committee which will describe in greater detail the project.

# Review Process and Evaluation Criteria

Upon the call for proposal closing date (August 12, 2025), a CMIE team member will screen all applications for basic eligibility criteria (See ***Eligibility and Project Requirements*** above). If an application does not meet the eligibility criteria, it will not be considered for further review.

Applications that meet the eligibility criteria will be reviewed by the CMIE Eligible Projects Selection Committee according to the Eligibility Criteria shown below.

Projects will be given a numerical score by at least three reviewers based off the evaluation criteria. The average of the three reviewers’ scores will be taken, as well as the recommendations from each reviewer about whether to fund the project or not. This information will be presented to the CMIE Executive Committee. Any proposal with a critical flaw (score of 1-3 in any section) may not be considered for funding, regardless of the project’s average score.

The CMIE Executive Committee is responsible for endorsing the recommendations from the reviewers and making final funding decisions. The Committee will communicate, in writing, the funding decisions to all eligible applicants at the end of the review period.

## CMIE Eligible Project Selection Criteria

1. Location: researchers and Project Leads must be from Canadian institutions **(10%)**
   1. Projects will provide a “Made in Canada” solution and/or lead to and support future Canadian R&D efforts.
   2. Potential to overcome a deficiency in Canadian medical isotope production and/or support a Canadian ‘core to clinic’ mentality.
   3. Potential to attract research dollars and further investment into Canadian organizations and/or further Canada’s position as an international hub for medical isotope research and development.
2. Fit: advancing technologies and benefits for medical isotope sectors across Canada **(20%)**
   1. Alignment with technological focus areas of the CMIE.
   2. Alignment with the CMIE key performance indicators (KPIs) as outlined in the Network Strategy.
   3. Contribution to network sustainability.
   4. Potential to address and/or solve a problem within one or more of the technology focus areas.
3. Viability: feasibility and likelihood of success **(30%)**
   1. Team composition and expertise.
   2. Available facilities and/or infrastructure.
   3. Description of risks and mitigation strategies, as appropriate, including technical, expertise and infrastructure.
   4. Identification of or having secured matching funds, required partners and end-users.
4. Potential benefits: ability to generate economic, innovation, and social benefits for Canada **(25%)**
   1. Potential to innovate, develop, validate, demonstrate and/or commercialize new technologies in Canada.
   2. Involvement of Canadian SMEs and job creation.
   3. Description of unmet needs and benefits to Canada (e.g., benefits to the healthcare sector, application in other sectors, technology, innovation, and economy).
   4. Potential to create employment opportunities and contribute to Canada’s GDP both during and after the project’s completion.
   5. Identifiable path to develop significant intellectual property for technology.
5. Diversity, equity, and inclusion (DEI) considerations and overall impressions of the project **(15%)**
   1. Potential for improving the representation by underrepresented and equity-seeking groups in the medical isotope sector.
   2. The importance of securing CMIEDF for the success of the program.

## Evaluation of Eligible Projects

Following the above criteria, reviewers will evaluate all Eligible Project applications using the rubric below as a guide.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Location** | **Fit** | **Viability** | **Potential Benefits** | **DEI Considerations & Overall Impressions of the Project** |
| Supports future Canadian R&D efforts | Technological focus of project | Team composition | Innovation and commercialization in Canada | Representation by underrepresented and equity-seeking groups |
| Overcomes a deficiency in medical isotope production | Contribution to network KPIs | Facilities and infrastructure | Involvement of SMEs and job creation | The importance of securing CMIEDF for the success of the program. |
| Creates investment into Canadian organizations and/or furthers Canada’s position in medical isotope R&D | Contribution to network sustainability | Risks and mitigation strategies | Benefits to healthcare and/or other sectors |  |
|  | Addresses and/or solves a problem within at least one technology focus area | Other funding sources | Development of intellectual property for technology |  |

|  |  |  |
| --- | --- | --- |
| **Qualitative Rank** | **Numerical Rank** | **Description** |
| High | 8 | Excellent with no weaknesses identified. Reviewer has very high confidence that the strengths in this criterion will drive the project to be successful. |
| 7 | Excellent with minor weaknesses identified. Reviewer has high confidence that, with slight improvements, the strengths in this criterion could drive the project to be successful. |
| Medium | 6 | Very good with minor weaknesses identified. The reviewer has confidence that, with moderate improvements, the strengths in this criterion could drive the project to be successful. |
| 5 | Very good with moderate weaknesses identified. The reviewer has confidence that, with moderate improvements, the strengths in this criterion could drive the project to be successful. |
| 4 | Good with moderate weaknesses identified. The reviewer has some confidence that, with some necessary improvements, the strengths in this criterion could be enough to drive the project to be successful. |
| Low | 3 | Fair with moderate weaknesses identified. The reviewer is not confident that the strengths in this criterion would be enough to drive the project to be successful. |
| 2 | Poor with moderate to major weaknesses identified. The proposal does not address the aspects in this criterion, does not demonstrate strengths needed for success, and/or shows uncorrectable flaws and weaknesses. Based on this criterion, the reviewer believes this proposal is not fundable. |
| 1 | Poor with major weaknesses identified. The proposal does not address the aspects in this criterion, does not demonstrate strengths needed for success, and/or shows uncorrectable flaws and weaknesses. Based on this criterion, the reviewer believes this proposal is not fundable. |

# Appendix A: Technology Readiness Levels (TRL)

|  |  |
| --- | --- |
| Technology Readiness Level (TRL) | Description |
| TRL 1—Basic principles observed and reported | Lowest level of technology readiness. Scientific research begins to be translated into applied R&D. Examples might include paper studies of a technology's basic properties. |
| TRL 2—Technology concept and/or application formulated Invention begins. | Once basic principles are observed, practical applications can be invented. Applications are speculative, and there may be no proof or detailed analysis to support the assumptions. |
| TRL 3—Analytical and experimental critical function and/or characteristic proof of concept | Active R&D is initiated. This includes analytical studies and laboratory studies to physically validate the analytical predictions of separate elements of the technology. |
| TRL 4—Product and/or process validation in laboratory environment | Basic technological products and/or processes are tested to establish that they will work. |
| TRL 5—Product and/or process validation in relevant environment | Reliability of product and/or process innovation increases significantly. The basic products and/or processes are integrated so they can be tested in a simulated environment. |
| TRL 6—Product and/or process prototype demonstration in a relevant environment | Prototypes are tested in a relevant environment. Represents a major step up in a technology's demonstrated readiness. Examples include testing a prototype in a simulated operational environment. |
| TRL 7—Product and/or process prototype demonstration in an operational environment | Prototype near or at planned operational system and requires demonstration of an actual prototype in an operational environment (e.g. in a vehicle). |
| TRL 8—Actual product and/or process completed and qualified through test and demonstration | Innovation has been proven to work in its final form and under expected conditions. In almost all cases, this TRL represents the end of true system development. |
| TRL 9—Actual product and/or process proven successful | Actual application of the product and/or process innovation in its final form or function. |

# Appendix B: Project Cost Principles

## Eligible Costs

Eligible Costs incurred and paid by the Ultimate Recipient(s) are those which are necessary to carry out the project activities. These costs are generally non-recurring and incremental to the ordinary business activities of the Ultimate Recipient(s). Eligible Costs shall be reasonable, such that the nature and the amounts do not exceed what an ordinary prudent person would conduct in a similar business context and can be directly attributable to the completion of the project activities included in the Statement of Work. These costs must be determined in accordance with the Ultimate Recipient(s)’s cost accounting practices as accepted by the Minister and applied consistently over time. The cost accounting system should clearly establish an audit trail that supports all costs claimed.

## Affiliated Persons Clause

Affiliated Persons are to be understood and treated as defined in the Income Tax Act, which includes but is not limited to; two or more entities that have similar ownership personnel; or entities that have a working business relationship. In the case of Eligible Costs for goods or services incurred and paid with an Affiliated Person, the amount of the costs incurred and paid must:

1. not exceed their Fair Market Value;
2. in the case of a good or service for which there is no Fair Market Value, the amount must not exceed the Fair Market Value of Similar Goods; or
3. in the case of a good or service for which there is neither a Fair Market Value nor Similar Goods, the amount must not exceed the sum of the applicable Direct Costs with Indirect Costs (Overhead) at the rate stipulated by this Agreement, plus five percent (5%) profit.

\*Note: It is important for Ultimate Recipient(s)’s, from the outset, to self-identify any related parties or Affiliated Persons who will be contracted to provide goods or perform services for completion of project activities. For wholly owned subsidiaries of the Ultimate Recipient’s completing project activities, its Eligible Costs incurred and paid will be claimed by the Ultimate Recipient on their behalf and costs are to be treated as if the wholly owned subsidiary is the Recipient.

## Reporting Responsibility

It is the Project Lead’s responsibility to provide financial records, costing methods, management estimates and legitimate business causes to support the claimed costs to the satisfaction of the CMIE.

## Eligible Cost Activities

Eligible Costs will generally include expenditures related to the following activities:

1. Industrial research, including activities related to the discovery of new knowledge that aim to support the development of new technology-driven products, processes, or services at early-stage technology readiness levels; and
2. Large-scale technology demonstration, including the advancement and development of new technologies into product-specific applications at mid-to-late-stage technology readiness levels.

## Eligible Cost Categories

In performing the project activities included in the Statement of Work, Eligible Cost categories may include the following:

#### Direct Labour

Meaning the portion of gross wages or salaries incurred and paid by the Ultimate Recipient(s)’s for eligible activities which can be specifically identified and measured as having been performed for the project activities and which is so identified and measured consistently by the Ultimate Recipient(s)’ cost accounting system. The cost accounting system should sufficiently prove the hours worked by employees are directly related to the project activities.

#### Subcontractors and Consultants

Meaning the costs of subcontracts or consultants incurred and paid for project activities are the costs for work or services performed by an external third party, which can be specifically identified and measured as having been incurred and paid for the project activities. The Ultimate Recipient(s) can be a Recipient and a Subcontractor in the same Network but not on the same Eligible Project.

The Indirect Cost (Overhead) rate calculation for the Ultimate Recipient(s) does not apply to bona fide Subcontractors and Consultants.

\* Option: In the case of Recipients with high Subcontractors and Consultants costs or low Direct Labour costs, Indirect Costs (Overhead) thresholds calculated to a maximum of five percent (5%) on eligible Subcontractors and Consultants costs, but no more than fifteen percent (15%) of total Eligible Supported Costs may apply. Such thresholds would be calculated for each Recipient and each individual Eligible Project if more than one Eligible Project is selected for an Ultimate Recipient.

#### Direct Materials

Meaning the cost of materials which are incurred and paid and can be specifically identified and measured as having been processed, manufactured, and used in the performance of the project activities, which are measured consistently by the Ultimate Recipient(s)’ cost accounting system.

* + 1. Materials purchased solely for the activities of the Network shall be at the net laid down cost to the Ultimate Recipient(s), net of any sale taxes and after any discounts offered by the suppliers.
    2. Materials issued from the Ultimate Recipient(s)’s general stocks shall be measured in accordance with the material pricing method consistently used by the Ultimate Recipient(s).

Direct Materials include, but are not limited to, items such as circuit boards, cables, and metals, essentially any raw material that is “used up” by completing project activities

#### Equipment

Meaning the capital cost of Equipment, which are incurred and paid and can be specifically identified as having been purchased for project activities and measured consistently by the Ultimate Recipients’ costing system. Significant Equipment required to complete the project activities should be detailed in the Statement of Work. See below scenarios for clarification of costs related to equipment:

1. If an Ultimate Recipient has built the equipment themselves, the costs would be allocated to the appropriate cost categories (Direct Material, Direct Labour, etc.);
2. If an Ultimate Recipient has equipment built by a third party, the costs would be allocated to the Equipment category if readily identifiable, otherwise the equipment could be reported in Subcontractors category and consultants; and
3. If an Ultimate Recipient outright purchases a piece of equipment, the costs would be allocated to the Equipment category.

Capital equipment acquired under the Agreement may be subject to the Minister’s approval for disposal in accordance with the Covenants Article in the Agreement.

Equipment costs include but are not limited to, the purchase of equipment necessary for the project activities, costs to alter or modernize the equipment, costs to get the equipment into working order, and shipping costs.

#### Land, Building and Building Improvement

Meaning the capital cost of land, buildings or building improvement that are incurred and paid, and are necessary to carry out project activities and have been approved by the Minister. Eligible building costs may include the acquisition costs, construction of new or the expansion of existing facilities, the development of testing facilities, investments in modern buildings, building and land leases (the incremental cost of leasing land during the work phase of the project activities), and permanent building improvement. See below scenarios for clarification of costs related to buildings:

1. If an Ultimate Recipient has built the facility themselves, the costs would be allocated to the appropriate cost categories (Direct Material, Direct Labour, etc.);
2. If an Ultimate Recipient has a facility built by a third party, the costs would be allocated to the Subcontractors category; and
3. If an Ultimate Recipient outright purchases an already existing building, the costs would be allocated to the building category.

#### Other Direct Costs

Meaning those eligible direct costs, not falling within the categories of direct cost mentioned above, but which are incurred and paid, and can be specifically identified and measured as having been incurred and paid by the Ultimate Recipient(s) for the activities of the Network and which are so identified and measured consistently by the Ultimate Recipient(s)’s costing system.

#### Travel and Outreach Costs

Meaning those eligible direct costs incurred and paid by the Recipient that are directly related to project activities. Travel costs shall include expenses for Network Executive Committee meetings. Travel expenses shall be appropriate, economical, reasonable, and available to most of the employees of the Ultimate Recipient. Travel costs can be claimed, to the maximum allowance, as per the conditions in the national joint council directive or treasury board policies.

A copy of the Ultimate Recipient’s travel policy may be required for review by the SIF program during the claim process.

## Indirect Costs (Overhead)

Indirect Costs (Overhead) are those costs which, though necessarily having been incurred and paid by the Ultimate Recipient(s) for the conduct of the business in general, cannot be identified and measured as directly applicable to the carrying out of the project activities included in the Statement of Work.

Indirect Costs (Overhead) include, but are not limited to:

1. Indirect materials and supplies including but not limited to, supplies of low-value, high-usage, and consumable items, such as paintbrushes and safety supplies, which meet the definition of Direct Material costs but for which it is commercially unreasonable, in the context of the activities of the Network, to account for their costs in the manner prescribed for Direct Costs. Costs such as stationery, office supplies, postage and other necessary administration and management expenses, small tools, such as ladders, drills, paint sprayer, and general inventory build-up.
2. Indirect labour, Network management, and administrative support, including but not limited to the remuneration of executive and corporate officers, general office wages and salaries, clerical expenses, HR, Accounting/Finance staff, overtime premiums, bonuses, all types of benefits paid by employer, for example, CPP, EI, fringe benefits, medical benefits, dental benefits, pension benefits and other taxable benefits.

Administration costs spent on the following activities is considered an indirect cost:

1. review and approval of documents,
2. oversight,
3. quality review,
4. strategic guidance,
5. participation in all-staff meetings,
6. professional development,
7. performance reviews and any costs associated with interactions with government including application,
8. claims,
9. amendment, and
10. audit and reporting communications.
11. Indirect building costs including, but not limited to, snowplowing costs, 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;
12. Expenses such as property taxes, rentals of equipment and building (not covered as part of direct costs) and depreciation costs;
13. Indirect equipment costs including, but not limited to, maintenance cost of assets, office equipment, office furniture, etc.; and
14. Other indirect costs include, but are not limited to, daily commutes, unreasonable modes of transportation, general software and licenses, and travel insurance.

Indirect Costs (Overhead) thresholds of fifty-five percent (55%) on eligible direct labour but no more than fifteen percent (15%) of total Eligible Supported Costs will apply for each Ultimate Recipient(s) (and for each individual Eligible Project if more than one Eligible Project is selected for an Ultimate Recipient).

\* In the case of Recipients with high Subcontractors and Consultants costs or low Direct Labour costs: Indirect Costs (Overhead) thresholds calculated to a maximum of five percent (5%) on eligible Subcontractors and Consultants costs, but no more than fifteen percent (15%) of total Eligible Supported Costs may apply. Such thresholds would be calculated for each Recipient and each individual Eligible Project if more than one Eligible Project is selected for an Ultimate Recipient).

## Ineligible Costs

Ineligible Costs incurred and paid by the Ultimate Recipient(s) are not eligible for SIF Contribution, regardless of whether they are reasonably and properly incurred and paid in the carrying out of the project activities.

1. any form of interest paid or payable on invested capital, bonds, debentures, bank, or other loans together with related bond discounts and finance charges; the interest portion of the lease cost that is attributable to cost of borrowing regardless of types of lease;
2. legal, accounting and consulting fees in connection with financial reorganization (including the set-up of new not-for-profit organizations), security issues, capital stock issues, obtaining of licenses, establishment, and management of agreements with Ultimate Recipients and prosecution of claims against the Minister. Such legal costs associated with developing the agreement template and in connection with obtaining patents or other statutory protection for Network intellectual property are considered eligible;
3. losses on investments, bad debts, and expenses for the collection charges;
4. losses on other projects or contracts;
5. federal and provincial income taxes, goods and services taxes, value added taxes, excess profit taxes or surtaxes and/or special expenses in connection with those taxes, except duty taxes paid for importing is Eligible Cost.
6. provisions for contingencies;
7. premiums for life insurance on the lives of officers and/or directors where proceeds accrue to the Recipient;
8. amortization of unrealized appreciation of assets;
9. depreciation of assets paid for by the Minister;
10. fines and penalties;
11. expenses and depreciation of excess facilities;
12. unreasonable compensation for officers and employees;
13. product development or improvement expenses not associated with the work being performed under the Network;
14. 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;
15. entertainment expenses (including but not limited to, alcohol, non-travel expenses);
16. donations;
17. dues and other memberships other than regular trade and professional associations;
18. extraordinary or abnormal fees for professional advice in regard to technical, administrative, or accounting matters, unless approval from the Minister is obtained;
19. selling and marketing expenses associated with the products or services, or both being developed under the Agreement;
20. in-kind costs; and
21. recruiting fees unless approval from the Minister is obtained.