



SMALL BUSINESS INNOVATION CHALLENGE (SBIC)

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).

In-kind Contributions:

In-kind contributions are auditable and essential in carrying-out the project and must be thoroughly documented and justified. In-kind contributions may be cash equivalent goods and/or services, which represent an incremental expense that a project partner would not normally incur, and would have to be purchased using project funds, if not donated. In-kind contributions may include the project partner's personnel time; (providing direction, and participating in the project), services, access to special equipment, and supplies required to execute the project. Personnel time cannot exceed \$100 per hour, to a maximum of \$5,000 per month.

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:

This is an ineligible expense unless otherwise stated.

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 "Operating Expenses" 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.



TRAVEL AND LIVING:

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

SALARIES AND BENEFITS:

Eligible Expenses	Ineligible Expenses
<ul style="list-style-type: none"> ✓ Pro-rated salary and benefits for employees of the company working on the project activities, to a maximum specified in the funding agreement with OCE (specify position and employment status) <p>Additional Limits & Conditions:</p> <ul style="list-style-type: none"> ✓ The company shall be required to maintain timesheets or appropriate records for all employees working directly on the project 	<ul style="list-style-type: none"> ✗ Costs related to proposal development (including staff)



OPERATING EXPENSES:

Eligible Expenses	Ineligible Expenses
<ul style="list-style-type: none"> ✓ Hardware and software implementation, installation, and setup cost ✓ Cost of usage of equipment (up to maximum 20% of the project cost) ✓ Cost of direct materials, necessary for specifically identified activities and measured as having being used for, the completion of the project ✓ Materials used for prototypes; configuring, testing production processes, systems, and training employees ✓ Cost of research and development ✓ Sub-contractor and consultant fees if approved by OCE management prior to the start of the project and if procured in accordance with the BPSAA Procurement Directive ✓ Cost involved in providing personnel with training and/or development in novel techniques required for the project for their role(s) ✓ Lab analyses and related services 	<ul style="list-style-type: none"> ⊗ Expenses of a personal nature ⊗ Costs related to staff awards and recognition ⊗ Monthly parking fees ⊗ Costs of moving ⊗ Meals and entertainment expenses, gifts and alcoholic beverages ⊗ Expenses associated with lobbying or government relations activities ⊗ Costs not directly associated with meeting the deliverables and milestones as specified in the funding agreement with OCE ⊗ Tax expenses (including but not limited to sales taxes, tax filing, income taxes) ⊗ Cost of basic utility services ⊗ Allowance for interest on invested capital, bonds, debentures, bank or other loans together with related bond discounts and finance charges ⊗ Tangible capital costs such as, but not limited to, land, buildings, vehicles, equipment ⊗ Infrastructure costs ⊗ Costs of developing web-based information, including website maintenance fees