**Canadian Agri-Food Automation**

**and Intelligence Network**

**Livestock Innovation Program**

**2022/23 Competition**

**PROJECT APPLICATION FORM**



Introduction

The 2022/23 Canadian Agri-Food Automation and Intelligence Network (CAAIN) competition for the **Livestock Innovation Program** has been developed to foster technological advances in livestock production and primary processing. The goal of this program is to support research and development to enhance efficiency in livestock agriculture and includes the adoption of automation such as implementation of robotics and automation, data-based decision making, and validation of new technologies through smart farms. The competition is categorized into three (3) broad topic areas:

1. Animal production and efficiency
2. Animal food safety and quality
3. Sustainable production

Specific projects may include but are not limited to research and/or innovations in:

* Environmental sustainability (ESG, GHG emissions, carbon capture and storage)
* Genomics/ bioinformatics/artificial intelligence
* Production efficiency
* Traceability
* Transportation
* Animal welfare
* Food safety and quality
* Animal Health
* Primary processing of meat
* Meat science and cold chain management
* Feed and forage research related to animal production

Animal species eligible for this competition include bovine (beef and dairy cattle, bison), porcine poultry, ovine, caprine, bees and alternate livestock species (elk, deer, moose), and production of their primary products. Secondary food products, packaging, sensory science and aquaculture, are not eligible project topics for this competition.

With support from Innovation, Science, and Economic Development Canada (ISED), CAAIN is dedicating **$5 Million** to projects in this livestock call.

Application Stages

The application process for this call involves 3 stages:

1. **Project Application Form (PAF)**: Outlines the criteria and eligibility requirements, providing applicants and their project partners a clear understanding of the competition's parameters.
2. **Expression of Interest (EOI)**: Provides a more detailed description of the project and includes a simplified financial workbook.
3. **Full Project Proposal (FPP)**: Provides a detailed project description, full financial workbook and relevant supporting documentation.

Note that submissions at the EOI and FPP stages of the competition are by invitation only; no unsolicited EOIs or FPPs will be accepted.

Application Timeline  
Program opens November 1, 2022   
PAF due February 6, 2023  
Invitation to submit EOI February 21, 2023  
EOI due March 21, 2023  
Invitation to submit FPP April 18, 2023  
FPP due June 19, 2023  
Notice of Decision September 2023

**These dates are subject to change depending upon the number of applications received. Applicants will be informed of any changes accordingly.**

Key Eligibility Criteria

Applications must meet the following criteria to be considered for further evaluation. A full list of requirements is noted in the **Program Guide**.

1. Project objectives must be consistent with those of CAAIN and of the ISED Strategic Innovation Fund Stream 4 (<https://www.ic.gc.ca/eic/site/125.nsf/eng/00007.html>).
2. The project team must include **at least two** small or medium enterprises (SME) incorporated in Canada. SMEs are defined by Statistics Canada as businesses with 499 or fewer employees.
3. CAAIN will reimburse projects up to **40%** of the **Total Eligible Supported Expenses** (see Program Guide), to a maximum of **$3 Million**. However, CAAIN reimbursement of total eligible supported expenses can only flow to entities conducting business in Canada.
4. A financial (cash) contribution must be committed by **at least two SMEs** from the project team. Financial contributions may also come from MNEs (multinational enterprise) or not-for-profit organizations in order to achieve the minimum 60% industry cash contribution (see Appendix 1).

Contributions from each SME or team member need not be equal.

Financial contributions from governmental sources (including post-secondary institutions) are **not eligible** for reimbursement by CAAIN.

1. In-kind contributions are **not eligible** for matching funding by CAAIN but are considered to be important indicators of team commitment and likelihood of success. Relevant contributions should be assessed at fair market value.
2. The initiative must be incremental to the regular business of project team members in that:
   1. Financial commitments are distinct from investments that would have otherwise occurred; and
   2. The project is new or would not be undertaken at the same scope or scale without the support of CAAIN funding.
3. All funded projects are subject to a **CAAIN administration fee equal to 4%** of the total eligible supported expenses. These fees will be deducted from each approved claim prior to reimbursement to the Project Lead.
4. Diverse project teams involving multiple stakeholders are encouraged. Project teams may include academic and/or research institutions, not-for-profit organizations, for-profit partners. CAAIN project contributions must flow only to enterprises registered in Canada. All team members must be working in Canada.
5. Applicants must demonstrate how their project will provide significant benefit (economic, employment-related, social, and/or environmental) during development or following completion of the project.

Program Application Form

This **Project Application Form (PAF)** is intended to facilitate development of applications to CAAIN’s **Livestock Innovation Program**. The PAF is the first step in a three-stage project selection process, with each successive stage requiring more details of the proposal project. All stages of the application process are competitive and not all applicants submitting a PAF will be invited to submit an Expression of Interest in stage 2 of the selection process.

It is important that applicants clearly align their proposals to CAAIN’s priorities for this funding call. The proposal description should outline the problem to be addressed and the specific objectives and expected outcomes. Applicants should also review the eligibility criteria carefully to ensure that proposals and teams qualify for funding.

CAAIN funding support for research and innovation activities is provided through a reimbursement model of eligible expenditures. Budgetary information provided in the PAF will help determine the cash contributions from CAAIN and the project partners.

Detailed information about CAAIN’s funding programs can be found in the **Program Guide**, available on the CAAIN website: [www.caain.ca](http://www.caain.ca).

Inquiries on CAAIN programs may be directed to: [info@caain.ca](mailto:info@caain.ca).

**Completed Project Application Forms must be submitted to** [**info@caain.ca**](mailto:info@caain.ca)**.**

APPLICATION

**PROJECT LEAD ORGANIZATION**Legal organization name: Click here to enter text

**PROJECT LEAD CONTACT**First name:Click here to enter text Last name: Click here to enter text

Position: Click here to enter text

Email: Click here to enter text Telephone: Click here to enter text

**PROJECT TITLE (25-word maximum)**Click here to enter text

**PROJECT DESCRIPTION (1-page maximum)  
What is the problem or opportunity you intend to address? What is your proposed solution? How does your project align with CAAIN’s goal of supporting research and/or innovation in the livestock sector?**

Click here to enter text

**PROJECT MEMBERS (IN ADDITION TO LEAD APPLICANT)  
Please list team members/organizations who will have a significant role in project leadership.**

Team Member: Click here to enter text Organization: Click here to enter text  
Team Member: Click here to enter text Organization: Click here to enter text  
Team Member: Click here to enter text Organization: Click here to enter text  
Team Member: Click here to enter text Organization: Click here to enter text

**ADDITIONAL PARTNERS**Are you open to adding other partners? **☐ Yes ☐ No** If yes, do you need help finding partners? **☐ Yes ☐ No**

**SHARING INTELLECTUAL PROPERTY AND DATA**

CAAIN will share with its network members a catalogue of **high-level descriptions** of the Intellectual Property (IP) and data generated by funded projects. Interested CAAIN members may then seek to collaborate through IP- or data-sharing agreements.

Is your project team willing to share high-level descriptions of data and/or IP with other CAAIN network members

**☐** Yes, both **☐** Yes, data only **☐** Yes, IP only   
**☐** Yes, data generated will be open source **☐** No

Other comments regarding data and/or IP sharing:  
Click here to enter text

**PROJECT FINANCIALS  
(Please note the maximum CAAIN funding available per project is $3M)**

Estimated total project cost: $Click here to enter text

Estimated CAAIN funding requested: $Click here to enter text  
 CAAIN funding ratio requested: **☐ 20% ☐ 30% ☐ 40%** (see Appendix 1)

Total industry cash contribution: $Click here to enter text

All public and private funding received or applied for must be declared.  
 Is there any other public funding aligned to this project? **☐ Yes ☐ No**  
 If yes, list the source(s) and amount:   
 Source: Click here to enter text Amount: $Click here to enter text Confirmed? **☐ Yes☐ No** Source: Click here to enter text Amount: $Click here to enter text Confirmed? **☐ Yes☐ No** Source: Click here to enter text Amount: $Click here to enter text Confirmed? **☐ Yes☐ No**

CAAIN will only match unencumbered cash contributions to the project for eligible supported expenses. CAAIN will not match:

* Funds provided directly for the proposed project by **any** government or publicly-funded entity;
* Future revenue associated with the outcomes of the project such as tax incentives associated with the project (e.g., Canadian [SR&ED](https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/overview.html) credits);
* Revenue from sales of the project’s end-products; or
* Non-eligible contributions.

However, the presence of these contributions should be identified in the application as their impact on project success will be considered during the evaluation process.

**GUIDELINES FOR SHARING OF INFORMATION**

All project holders must provide a non-confidential summary of the project, including its total value and expected outcomes. All approved projects must agree to be part of CAAIN’s promotional activities and media events, if requested. All announcements regarding CAAIN investment must be coordinated and approved by CAAIN prior to being released.

**NOTICE OF FINANCIAL REQUIREMENTS**

If the project proposal is approved, CAAIN will undertake a financial assessment to ensure that the project team can support its commitment.

**LINKAGES TO FOREIGN ECONOMIES**

All linkages between program funding recipients and Russia’s economy must be reported. These may include:

* Russian investment or ownership linkages with a recipient, i.e., where Russian nationals and/or business interests may in part or in whole own the recipient business or any of its affiliates
* Russian involvement on boards of directors of recipients
* Recipient business operations in Russia, including branch plants or subsidiaries that are established in Russia
* Close relationships between recipients and Russian entities or companies, including joint ventures, R&D collaborative agreements, or licensing agreements
* Arms-length business relationships between recipients and Russia, including sales or exports to Russia or imports of materials, goods, equipment or services from Russia and filing of patents

**DECLARATION**

**☐** I affirm that to my knowledge everything on this form is true and accurate.  
**☐** I agree to all requirements as outlined above.  
**☐** I verify all participating project team members agree to their role in the project and to  
 CAAIN’s financial due diligence  
**☐** I am authorized to sign on behalf of the Project Team Lead Organization.

Click here to enter text Click here to enter text

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name of Project Lead/Primary Contact Date

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature

Appendix 1: Available Cost-Sharing Ratios

For approved CAAIN projects, cost sharing ratios will be contingent on cooperation and coordination factors between applicants and alignment with CAAIN network objectives. The ratios considered range from 20% reimbursement of eligible supported project costs by CAAIN (80% of cost is contributed by participating organizations) to a maximum of 40% contribution toward eligible supported project costs (60% of cost is contributed by participating organizations).

|  |  |
| --- | --- |
| Criterion | CAAIN Contribution |
| The proposed project meets basic eligibility requirements as published in the Program Guide, will be consistent with TRL stages 1 to 7 as described below, demonstrates expanded collaboration, and is likely to result in significant benefit for Canada | 20% |
| Project team members agree to provide a high-level summary of datasets generated during the project for publication in the CAAIN data catalogue | 10% |
| Project team members agree to contribute a high-level summary of Foreground IP generated to the CAAIN IP catalogue | 10% |
| MAXIMUM CONTRIBUTION FROM CAAIN | **40%** |

Technology Readiness Levels (TRL)

Many federally-funded programs support projects at different stages of development. These are represented by nine technology readiness levels, with 1 being the least advanced, or ready for commercial use, and 9 being already used in real-life conditions. To be eligible for CAAIN funding all projects should fall between **TRLs 1 and 7**.

| Technology Readiness Level | 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. |

Benefits to Canadians

Applications will be assessed on a competitive basis to identify those projects that will provide strong benefits as outlined below, and that also best demonstrate a commitment to further developing the technology for potential commercialization or research purposes.

* *Research and Innovation Benefits*The proposed project’s expected contribution towards the enhancement or development of new industrial or technological innovations. Assessment factors may include potential spillover benefits, creation of new knowledge or intellectual property, patents filed, impact on productivity of the new technology, and number of journal publications.
* *Economic Benefits*  
  The proposed project’s forecasted impact on the growth of Canadian farms, firms, clusters and supply chains, as well as its expected benefits for Canada’s workforce. Assessment factors may include number of new businesses and/or jobs created, the resulting number of high-paying jobs, and project-related revenue growth.
* *Public and Social Benefits*  
  The project’s expected contribution to the broader public good, including inclusive business and hiring practices, such as gender balance, investment in skills and training, and environmental best practices. Assessment will consider the degree to which the applicant demonstrates that the project is expected to generate social, environmental, health, security, or other benefits to Canada. Assessment factors may include project-related environmental benefits, investment in local communities, and project-related impact on Indigenous communities. Potential impacts could include:  
  + Development of highly qualified personnel
  + Investment in STEM-related co-op or WIL programs
  + Promotion of EDI in hiring, training processes and business practices
  + Integration of technology access in remote and under-represented regions, including First Nations lands
  + Reduction of greenhouse gas emissions
  + Improvement of soil conservation
  + Preservation of biodiversity
  + Protection and preservation of waterways
  + Improvement of the health and security of Canadians
  + Improvement in animal health and/or welfare
  + Improvement in food safety

Data- and IP-Sharing

CAAIN strongly encourages the sharing of data and IP between project partners and CAAIN to contribute to the sustainability and value of the network to its members. Applications will be assessed on a competitive basis to identify those projects that will provide strong collaboration and resource-sharing potential among CAAIN members.

CAAIN will develop a Data Catalogue for the exclusive use of members. CAAIN members may enter into data sharing arrangements as many innovations benefit from aggregation of data from multiple sources.

To aid SMEs and large businesses in maximizing the value of the IP they help develop, CAAIN will also create an IP Catalogue for all foreground IP resulting from CAAIN investments. CAAIN may also assist in developing project-based connections of its network members by identifying potential foreground IP and additional partners that could add value to the CAAIN network or benefit from more formal access to such intellectual property.

Appendix 2: Guidelines for Eligible and Ineligible Costs for

Ultimate Recipients of CAAIN Funding

1. Eligible Costs

Eligible Costs incurred and paid by the Project Lead are those which are necessary to carry out the approved project activities. These costs are generally non-recurring and incremental to the ordinary business activities of the Project Lead. 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 Approved Project Activities included in the Project Funding Agreement. These costs must be determined in accordance with the Project Lead’s cost accounting practices as accepted by CAAIN and the Minister of Innovation Science and Economic Development (ISED) and applied consistently over time. The cost accounting system should clearly establish an audit trail that supports all costs claimed.

1. 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 5% profit.

*\*Note: Project Leads must self-identify any related parties or Affiliated Persons who will be contracted to provide goods or perform services for completion of Approved Project Activities. For wholly owned subsidiaries of the Project Leads completing Approved Project Activities, its Eligible Supported Costs incurred and paid will be claimed by the Project Lead on their behalf and costs are to be treated as if the wholly owned subsidiary is the Project Lead.*

1. Reporting Responsibility

The Project Lead is responsible for providing financial records, costing methods, management estimates and legitimate business causes to support the claimed costs to the satisfaction of CAAIN and ISED.

1. 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 (TRLs) 1-7; 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.

Projects should cover a broad range of TRLs to support the development and growth of innovation ecosystems through activities from research to commercialization.

1. Eligible Cost Categories

Eligible Cost categories of Approved Project Activities may include the following:

1. **Direct Labour:** The portion of gross wages or salaries incurred and paid by the Project Lead for eligible activities which can be specifically identified and measured as having been performed for Approved Project Activities and which is so identified and measured consistently by the Ultimate Recipient’s cost accounting system. The cost accounting system should clearly indicate the allocation of an employee’s hours worked on the Approved Project Activities.
2. **Subcontractors and Consultants:** The costs of subcontracts or consultants incurred and paid for work or services performed by an external third party or affiliate (except a wholly owned subsidiary), which can be specifically identified and measured as having been incurred and paid for the Approved Project Activities. The Project Lead cannot be a Recipient and a Subcontractor on the same Approved Project.

The Indirect Cost (Overhead) rate calculation for Project Leads does not apply to bona fide Subcontractors and Consultants.

*\* 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 5% on eligible Subcontractors and Consultants costs, but no more than 15% of total Eligible 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 a Project Lead.*

1. **Direct Materials & Supplies:** 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 Approved Project Activities, which are measured consistently by the Project Lead’s cost accounting system.
   1. Materials purchased solely for the Approved Project Activities shall be at the net laid down cost to the Project Lead, net of any sale taxes and after any discounts offered by the suppliers.
   2. Materials issued from the Project Lead’s general stocks shall be measured in accordance with the material pricing method consistently used by the Project Lead.

Direct Materials may include, but are not limited to, items such as circuit boards, cables and metals, or any raw material that is consumed during Approved Project Activities.

1. **Equipment:** The capital cost of Equipment, which is incurred and paid and can be specifically identified as having been purchased for Approved Project Activities and measured consistently by the Project Lead’s costing system. Significant Equipment required to complete the Approved Project Activities should be detailed in the Project Funding Agreement. Common scenarios of equipment-related costs are:
2. If the Project Lead builds the equipment themselves, the costs are allocated to the appropriate cost categories (Direct Material, Direct Labour, etc.);
3. If the equipment is built by a third party, the costs are allocated to the Equipment category if readily identifiable, otherwise the equipment could be reported in the Subcontractors category; and
4. If the Project Lead purchases equipment outright, the costs are allocated to the Equipment category.

Capital equipment acquired under the Agreement will be subject to CAAIN and ISED approval for disposal and repayment may be triggered if sold.

Equipment costs may include but are not limited to, the purchase of equipment necessary for the Approved Project Activities, costs to alter or modernize existing equipment, costs to bring equipment into working order, and shipping costs.

1. **IP & Other Direct Costs:** 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 Project Lead for Approved Project Activities and which are so identified and measured consistently by the Project Lead’s costing system.
2. **Travel and Outreach Costs:** Eligible direct costs incurred and paid by the Project Lead that are directly related to Approved Project Activities. Travel expenses must be appropriate, and reasonable. Travel costs may be claimed, to the maximum allowance, as per the conditions in the national joint council directive or treasury board policies

The Project Lead’s travel policy may be required for review by CAAIN and ISED during the claim process.

1. Demonstration activities

Eligible costs

a. Direct labour of staff required to demonstrate the technology at a specific event

b. Travel costs to known, or trusted events with large or significant audiences. This can provide a large amount of data on consumer acceptance of new technologies (e.g., transportation/mileage, meals, accommodations)

c. Onsite costs (e.g., registration and setup fees, space and A/V rental –if used specifically for the demonstration, and incremental to the project)

d. Demonstration materials for attendees

Ineligible costs

a. Operation and maintenance costs of equipment (e.g., autonomous tractors, robotics) at the demonstration site-overhead costs-covered through the overhead provision

b. Catering/refreshments

c. Advertisement of the demonstration event

1. Indirect Costs (Overhead)

Indirect Costs (Overhead) are those which, though necessarily having been incurred and paid by the Project Lead for the general conduct of the business, cannot be identified and measured as directly applicable to the carrying out of the Approved Project Activities.

Indirect Costs (Overhead) may 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 Approved Project, 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, Project Administration Fees, 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 employers (e.g., CPP, EI, fringe benefits, medical and dental benefits, pension benefits and other taxable benefits).

Administration costs spent on the following activities are considered indirect costs:

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 and preparation of all reports to CAAIN
9. Amendment, and
10. Audit and reporting communications.

Notwithstanding the above, Indirect Costs (Overhead) will not include those Direct Labour costs described in Section 5.A.

1. 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;
2. Expenses such as property taxes, equipment rental and building (not covered as part of direct costs) and depreciation costs;
3. Indirect equipment costs including, but not limited to, maintenance of assets, office equipment, office furniture, etc.; and
4. Other indirect costs including, but not limited to, training, conference registration and travel (unless for demonstration), daily commutes, unreasonable modes of transportation, general software and licenses, and travel insurance.

Indirect Costs (Overhead) thresholds of 55% on eligible direct labour but no more than 15% of total Eligible Costs will apply for each Ultimate Recipient (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 5% on eligible Subcontractors and Consultants costs, but no more than 15% of total Eligible Costs may apply. Such thresholds would be calculated for each Project Lead and each individual Eligible Project if more than one Eligible Project is selected for a Project Lead).*

1. Ineligible Costs

Ineligible Costs incurred and paid by the Project Lead are not eligible for reimbursement by CAAIN, regardless of whether they are reasonably and properly incurred and paid in the carrying out of the Approved Project Activities.

Ineligible Costs include:

(a) 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;

(b) 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 CAAIN and the Minister. Such legal costs associated with developing the agreement template and in connection with obtaining patents or other statutory protection for Approved Project intellectual property are considered eligible;

(c) Losses on investments, bad debts and expenses for the collection charges;

(d) Losses on other projects or contracts;

(e) 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.

(f) Provisions for contingencies;

(g) Premiums for life insurance on the lives of officers and/or directors where proceeds accrue to the Recipient;

(h) Amortization of unrealized appreciation of assets;

(i) Depreciation of assets paid for by the Minister;

(j) Fines and penalties;

(k) Expenses and depreciation of excess facilities;

(l) Unreasonable compensation for officers and employees;

(m) Product development or improvement expenses not associated with the work being performed under the Approved Project Activities;

(n) 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;

(o) Entertainment expenses (including but not limited to, catering, alcohol, non-travel expenses);

(p) Donations and/or sponsorships

(q) Dues and other memberships

(r) extraordinary or abnormal fees for professional advice in regard to technical, administrative or accounting matters, unless approval from CAAIN and ISED is obtained;

(s) Selling, marketing and promotional expenses associated with the products or services, or both being developed under the Project Funding Agreement;

(t) In-kind costs; and

(u) Recruiting fees