

**IMPORTANT NOTE:** SIF Network Cost Principles below are summarized guidelines only and should not be considered as a complete list of claimable or unclaimable expenses. We suggest discussing your detailed budget expense line items with DHDP staff to better understand the cost guidelines and help avoid expenses from being rejected later during the SIF reimbursement claims review or audit.

**Last Updated: May 1-25**

**The Terry Fox Research Institute - Digital Health and Discovery Platform Expense Eligibility Classification Schedule for Ultimate Recipients\***

Category	Eligible Direct Costs for % Reimbursement**	Eligible indirect Costs - not included as Eligible Direct Costs but may be covered through Overhead - see calculation below	Other Types of Ineligible Costs
<b>Direct Labour</b>	Gross wages and salaries that can be specifically identified and measured as being performed for eligible activities and projects. Must be in the form of # of direct project hours <u>actually worked</u> x <u>actual hourly pay rate</u> = gross wages. Timesheets and backup payroll information will be needed to support hours and pay rates.	<p><b>Indirect labour includes hours not worked directly on the project</b> such as organization, management and administrative support costs, including, but not limited to, the remuneration of executive and corporate officers, general office wages and salaries, clerical expenses, recruitment, HR, Accounting/ Finance, claims processing, legal, staff overtime premiums, bonuses, <b>all types of benefits paid by employer</b>, for example, CPP, EI, fringe benefits, medical benefits, dental benefits, pension benefits and other taxable benefits.</p> <p>- Pay for sick hours, pay for vacation hours, statutory holiday pay and other time NOT working on eligible direct activities</p> <p>Overhead CAN be calculated on Eligible Direct Labour costs.</p>	<ul style="list-style-type: none"> <li>- Goods and services taxes (GST), provincial sales taxes (PST), HST, VAT, and any other taxes</li> <li>- Any other federal, provincial or municipal taxes</li> <li>- Life insurance premiums paid by the organization</li> <li>- Unreasonable compensation for officers and employees</li> <li>- Dues and other memberships other than regular trade and professional associations</li> <li>- Professional development</li> <li>- Recruiting fees</li> </ul>
<b>Subcontractors</b>	Subcontracts or consultant costs incurred for work or services performed by an external third party that can be specifically identified and measured as being performed directly for eligible approved activities and projects, <b>NET OF ANY TAXES.</b>	Overhead CANNOT be calculated on subcontractor/consultant costs.	<ul style="list-style-type: none"> <li>- Extraordinary or abnormal fees for professional advice in regard to technical, administrative or accounting matters, unless approval from the Minister is obtained</li> <li>- Goods and services taxes (GST), provincial sales taxes (PST), HST, VAT, and any other taxes</li> <li>- Recruiting fees</li> <li>- Legal or accounting fees. Legal fees are only eligible if they are directly related to obtaining patents or other statutory protection for new Eligible Project Intellectual Property.</li> </ul>
<b>Direct Materials</b>	Direct cost of materials that can be specifically identified and directly measured as being performed or used up for eligible activities and projects, <b>NET OF ANY TAXES.</b> Can be either specifically purchased for project activities or released from Recipient's inventory at cost.	<p>Indirect materials and supplies including but not limited to, supplies of low-value, high-usage and consumable items i.e. safety supplies, stationary and office supplies, small tools, etc.</p> <p>Overhead CANNOT be calculated on Direct Materials costs.</p>	<ul style="list-style-type: none"> <li>- Goods and services taxes (GST), provincial sales taxes (PST), HST, VAT, and any other taxes</li> </ul>

Category	Eligible Direct Costs for % Reimbursement**	Eligible indirect Costs - not included as Eligible Direct Costs but may be covered through Overhead - see calculation below	Other Types of Ineligible Costs
<b>Equipment</b>	<p>Must be approved in the statement of workplan and is subject to disposal limitations. Consists of direct costs of the following, <b>NET OF ANY TAXES:</b></p> <ul style="list-style-type: none"> <li>- The purchase of equipment necessary for eligible activities and projects</li> <li>- Costs to alter or modernize the equipment</li> <li>- Costs to get the equipment into working order, and</li> <li>- Shipping costs</li> </ul>	<p>Indirect equipment costs including, but not limited to, maintenance cost of assets, office equipment, office furniture, insurance, etc.</p> <p>Overhead CANNOT be calculated on equipment costs.</p>	<ul style="list-style-type: none"> <li>- Goods and services taxes (GST), provincial sales taxes (PST), HST, VAT, and any other taxes</li> </ul>
<b>Land, Building and Building Improvement</b>	<p>The direct capital cost of land, buildings or building improvement directly necessary for the eligible activities and projects, <b>NET OF ANY TAXES.</b></p> <p>Eligible direct 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 Eligible Projects), and permanent building improvement.</p>	<p>Indirect building costs including, but not limited to, snowplowing costs, public utilities (i.e. power, water, heat), HVAC, lighting, and the general operation and maintenance of general assets and facilities.</p> <p>Expenses such as property taxes, rentals of equipment and building (not covered as part of direct costs) and depreciation costs.</p> <p>Overhead CANNOT be calculated on Land, Building and Improvement costs.</p>	<ul style="list-style-type: none"> <li>- Goods and services taxes (GST), provincial sales taxes (PST), HST, VAT, and any other taxes</li> <li>- Property related taxes</li> <li>- Depreciation of capital assets</li> <li>- Expenses and depreciation of facilities</li> </ul>
<b>Other Direct Costs</b>	<p>Eligible direct costs, not falling within the categories above, that can be specifically identified and measured as being directly performed for eligible activities and projects, <b>NET OF ANY TAXES.</b></p> <p>This includes pre-planned and justified travel costs, which can be claimed, to the maximum allowance, as per DHDP Travel policies and limited by the conditions in the national joint council directive or treasury board policies.</p>	<p>Other indirect costs including, but not limited to, daily commutes, general office or other office software and licenses, and travel insurance.</p> <p>Overhead CANNOT be calculated on Other Direct costs.</p>	<ul style="list-style-type: none"> <li>- Interest on bank or other loans; the interest portion of lease costs; any finance or bank charges</li> <li>- Goods and services taxes (GST), provincial sales taxes (PST), HST, VAT, and any other taxes</li> <li>- Legal, accounting and consulting fees in connection with financial reorganization, security issues, capital stock issues, obtaining of licenses, etc.</li> <li>- Losses on investments or contracts, bad debts and collection charges, provision for contingencies</li> <li>- Entertainment expenses (including but not limited to alcohol and other non-travel expenses)</li> <li>- dues and other memberships other than regular trade and professional associations;</li> <li>- Donations</li> <li>- Selling and marketing expenses associated with the products or services being developed under the Agreement</li> <li>- In-kind costs and contributions</li> </ul>

**Indirect Costs Calculation** Indirect costs are calculated at 25% on eligible direct labour costs only. However, an indirect cost threshold of 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).

\*Note: It is important for Ultimate Recipient(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 Eligible Projects. For wholly owned subsidiaries of the Ultimate Recipient completing Eligible Projects, 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 costs are those of the Ultimate Recipient.

\*\* Final determination of eligibility of a particular expense will be made by the Minister (ISED). No expenses or work can be performed outside of Canada without prior written consent of TFRI and the Minister (ISED)

If you have any questions on any of the classifications above, or need clarity on the eligibility or allocation of a proposed expenditure, please don't hesitate to reach out to **Jorge, interim Director of Finance, at [jligason@tfri.ca](mailto:jligason@tfri.ca)**