

SCHEDULE OF ELIGIBLE COSTS

GENERAL CONDITIONS

The definitions and descriptions of Eligible Costs are applicable to the Lead Contractor and the Participants, if any, in each Project.

Costs shall be claimable to the extent that they are reasonable and are within the intent of the Agreement, in the opinion of CANARIE.

All goods and services including labour provided by the Lead Contractor in each Project shall be valued at cost and shall not include any mark up nor exceed market value.

In each Project, final payment will not be made until all costs incurred have been paid.

This Schedule of Eligible Costs applies equally to all goods and services (including labour) acquired from related parties or associates. CANARIE is not obliged to accept any of these costs as eligible unless access is provided to the relevant records of the related entity.

ELIGIBLE COSTS OF LEAD CONTRACTORS

1. DIRECT LABOUR

1.1 Direct salaries and wages paid by the Lead Contractor are eligible at the rates shown in payroll documents.

1.2 The salaries of management and administrative staff directly attributable to a Project when qualified senior management work on the Project are eligible at a rate not greater than that of the highest paid engineer or researcher in the company or organization.

1.3 Time sheets or time logs or other CANARIE approved labour attestation forms for labour claimed must be available for audit purposes.

1.4 Actual fringe benefit costs are eligible and are not to exceed 20% of eligible direct labour costs in any claim.

2. DIRECT MATERIALS

2.1 All materials and components needed to produce models, prototypes, including the direct materials referred to in the Statement of Work are eligible.

2.2 Indirect materials are eligible to the extent they are specifically identified in the Statement of Work.

3. SUB-CONTRACTORS AND CONSULTANTS

3.1 Work performed by Canadian sub-contractors or consultants to advance a Project is eligible to the extent it is identified in the Statement of Work. The fees charged must be reasonable and not exceed fair market value.

3.2 Fee-for-service contracts with federal labs that have the authority to collect revenue are eligible.

3.3 The use of foreign consultants or foreign sub-contractors to be employed during the Project will be identified separately in the Statement of Work, and CANARIE's prior approval in writing is required.

4. SPECIAL PURPOSE EQUIPMENT

4.1 Special Purpose Equipment (SPE) is equipment necessary for the performance of the Project including the costs of local network access. To be an Eligible Cost, the equipment must be described in sufficient detail in the Statement of Work of the Project as to be readily identifiable and the relevant cost should be specified in the Statement of Work.

4.2 The cost should not exceed 10% of the total of all eligible Project costs. An exception may be approved, upon a request to CANARIE.

4.3 Eligible Costs of SPE will include the net laid down cost to the Lead Contractor, after deducting trade discounts and cash discounts for prompt payment.

4.4 Labour and material costs required in the modification or adaptation of equipment for the purposes of the Project are eligible. Costs of construction or alteration of plant facilities to accommodate the SPE, and any profit, fees, general, and administrative overhead expenses related thereto, are not eligible.

4.5 Where applicable, periodic payments under a capital lease are Eligible Costs to a maximum equal to the price of the SPE, if it was purchased at the commencement of the lease period. All interest and carrying charges are to be excluded. For operating leases, the eligible cost is the actual lease payments incurred during the performance of the Project.

5. DEMONSTRATION COSTS

5.1 Reasonable costs for demonstration of the results of the project to CANARIE for the purpose of a technical review are eligible.

6. TRAINING

6.1 Training and the costs thereof, to the extent that training is required for users to benefit from the project development, is eligible.

7. TRAVEL

7.1 Travel costs essential for the performance of a Project or exploitation of the results are eligible and shall not exceed Treasury Board approved rates. The purpose of the trip and the company or persons visited must be recorded on the claims.

8. PATENTS

8.1 Costs of patents and copyright searches and filing in Canada, the United States, or Mexico are eligible for property developed in a Project.

9. RENTALS

9.1 Costs of renting equipment essential to a Project are eligible.

10. AUDIT COSTS

10.1 Each Project will require audits by a CANARIE approved auditor. The audit's costs as a result of requirements imposed by CANARIE are eligible.

11. OTHER COSTS

11.1 The Goods and Services Tax is an eligible cost only where the amount is not refundable in whole or in part by the Canada Customs and Revenue Agency as an input tax credit, or as a rebate. The non-refundable portion must be validated by an independent accounting professional.

12. IN-KIND EXPENDITURES

12.1 In-kind expenditures of Lead Contractors are not considered Eligible Costs.

13. GENERAL NON-ELIGIBLE COSTS

13.1 The following costs are not eligible:

- Repairs and maintenance except repairs of special purpose equipment acquired during the Project;
- Salaries and benefits of university faculty;
- CANARIE Inc. membership fees;
- Other legal fees, unless they are directly associated with the management of the Project;
- Other professional fees unless they are directly associated with the management of the Project;
- Trade marks;
- Patents outside Canada, United States, or Mexico unless approved in writing in advance;
- Interest portion for equipment purchased by means of a capital lease;
- utilities;
- User manuals except first drafts and essential technical documentation;
- Federal and provincial income tax;
- Fines;
- Costs related to the prosecution of claims against the government;
- Costs of equipment except as allowed in article 4 of this schedule; and
- Land and buildings.

13.2 Costs incurred prior to the effective date of an Agreement for a specific Project are not eligible.