



Eligible & Ineligible Expense Directive for the Indigenous Innovation Initiative of Grand Challenges Canada (GCC)

This document outlines a list of eligible expenses that GCC Innovators (“Innovator”) can include in their Indigenous Innovation Initiative project (“Project”) budget. When preparing the Project budget, the Innovator must always include a detailed description of each expense. The Innovator must save supporting documentation, which verifies the value of each expense, and provide this documentation to GCC if requested. The Innovator is required to keep any documentation for 6 years after the end of the Project in case this documentation is needed for an audit. This document provides more details on the documentation and descriptions required for each expense type below.

Please refer to the Women and Gender Equality guideline on eligible expenditures for more information:

<https://women-gender-equality.canada.ca/en/funding/funding-programs/guidelines-eligible-expenses.html>

Types of Expenses

GCC will pay for eligible expenses if GCC considers them necessary to support the purpose of the Project, and if they are paid while the Innovator has an active Project (within the Project period). There are two types of eligible expenses:

- **Direct delivery expenses:** Expenses necessary to complete the Project that the Innovator can easily trace to a specific Project activity.
- **Administrative expenses:** Expenses necessary to the Innovators operations and support activities, which are required to complete the Project and cannot be traced to a specific Project activity.
 - For the Project, the Innovator must use **no more than 20%** of their Project budget on Administrative Expenses.

Expense Specifications

When the Innovator is completing the Project budget, the Innovator must ensure that the total amount for each eligible expense:

- Is equal to the **total amount expected or paid** by the Innovator
 - The Innovator cannot budget a cost that is higher than the expected cost with the goal of making a profit from the funding.
 - If the Innovator receives any discounts or refunds on the original cost, the Innovator must report these savings to GCC. The Innovator will only be reimbursed for the total amount paid, after any discounts or refunds have been applied.
- **Includes any non-refundable taxes** paid on each expense (if any)

- Tax paid by the Innovator (if any) for goods and services will not be reimbursed if the Innovator has access to a tax credit or tax reimbursement.

Budget Reporting Timelines

The Innovator will be given funds to pay for eligible expenses only. If the Innovator cannot use the funds received for their intended purpose by the end of the Project period, the Innovator must return these funds to GCC at the end of the Project.

The Innovator can pay an external organization (sub-grantee) that acts like a partner to provide key services required to complete the Project. The external organization is subject to the same eligible expense requirements and policies as the Innovator. All eligible expenses accumulated through external organizations or individuals must be claimed as expenses under the Sub-grants category.

Any expenses that are ineligible, unnecessary or outside the scope of the Project will not be reimbursed. The Innovator has 30 days, after the Project end date to submit a final financial report to GCC, including any outstanding eligible expenses. Any expenses that the Innovator submits after final financial report has been approved, will not be reimbursed by GCC. An explanation for the difference in money requested and money spent by the Innovator may be requested by GCC.

If the funds available for the Indigenous Innovation Initiative is cancelled or reduced, the Innovator may receive less funding than originally stated by GCC.

The three sections below outline the eligible expenses, ineligible expenses and other indirect expenses that are ineligible.

1.1 Salaries and Wages – Innovator's Employees

| Expense Category | Eligible Expense | Limitations | Description Required | Supporting Documentation |
|--------------------------------|--|---|---|--|
| Direct Delivery Expense | Daily rates paid to employees for work directly related to the Project | Remuneration includes salary and daily wage rates paid to employees for work directly related to the Project. Salary and wage rates should be comparable to the local market for similar types of work. | The description should include: <ul style="list-style-type: none"> • number of people working on the Project. Employee name and their position title • annual wage • percentage and length of time working on the Project • Example: 1 Project Coordinator, annual salary \$60,000, 35% of time working on the project for 2 years, \$60,000 x 35% x 2 = \$42,000 | GCC can request: <ul style="list-style-type: none"> • relevant contracts of employment paystubs or other proof of payment • other relevant documents |
| Administrative Expense | Daily rates paid to management and support staff for work directly related to the Project | Salaries paid by the Innovator to its employees may be increased in accordance with Global Affairs Canada's Policy on Salary Increases Under Contribution Agreements for the Delivery of International Development Assistance found at: https://www.international.gc.ca/development-developpement/partners-partenaires/bt-oa/policy_salary_ida-politique_salariales_adi.aspx?lang=eng . The following costs are considered remuneration: direct salaries and benefits in accordance with internal policies. | | |

1.2 Professional Fees – External individuals or groups hired by the Innovator to contribute directly to the Project

| Expense Category | Eligible Expense | Limitations | Description Required | Supporting Documentation |
|---------------------------------|---|---|---|--|
| Direct Delivery Expenses | Payments made to an individual or company who is not an employee of the Innovator to work on Project specific activities (For example, Elder/Knowledge Carrier, translation services, etc.) | Professional fees if the total payment is comparable to local rates for similar types of work. Professional fees to a maximum of: <ul style="list-style-type: none"> • 7.5 hours per day • 5 days per week | The description should include: <ul style="list-style-type: none"> • type of service (For example, translation, interpretation, consultant) • daily or hourly wage • percentage or length of time attributed to the Project • Example: Elder to guide the meetings, \$400/half-day, 3 half-day workshops, \$400 x 3 = \$1,200 | GCC can request: <ul style="list-style-type: none"> • contracts signed between the professional service and the Innovator • invoice or receipt proving the service is complete • copy of final materials, reports, etc. • other relevant documents |
| | Legal fees directly related to Project specific activities | Individual rates or amounts negotiated under a subcontract agreement must comply with the requirements of GCC's Procurement Policy, and shall not exceed the fair market value for the service or good in question. Please see GCC's procurement policy found at: https://www.grandchallenges.ca/innovator-resources/ | | |
| Administrative Expense | Payments made to an individual or company who is not an employee of the Innovator to work on Project management activities (For example, bookkeeping, accounting, auditing, IT, etc.) | | | |
| | Legal fees directly related to the funding agreement between GCC and the Innovator | | | |

1.3 Travel Costs

| Expense Category | Eligible Expense | Limitations | Description Required | Supporting Documentation |
|---------------------------------|--|--|--|--|
| Direct Delivery Expenses | Project-related ground or air transportation within Canada* | <p>Innovators will be reimbursed for the lowest transport cost available at the time of reservation (For example, if the Innovator chooses to fly in business class, only the cost for an economy class ticket will be reimbursed).</p> <p>The cost of cancellation can be charged to the Project if the cancellation reason is legitimate, and the circumstances are documented by the Innovator.</p> <p>Travel expenses cannot exceed the rates for government employees set out in the National Joint Council Travel Directive: https://www.njc-cnm.gc.ca/directive/d10/en</p> | <p>The description should include:</p> <ul style="list-style-type: none"> • position title of the person travelling • frequency of trips, the means of transport and the locations of departure and arrival, if possible • purpose for travelling • cost of meals and accommodation • Example: Project Coordinator, 3 roundtrips (Ottawa-Montreal) for 2-day workshops, train tickets 3 x \$114 (\$342) + meal allowance 3 x 2 x \$90 (\$540) + accommodation 3 x \$150 (\$450) = \$1,332 | <p>GCC can request:</p> <ul style="list-style-type: none"> • invoice, receipt, or quote from vendor • a copy of the tickets purchased and/or boarding pass • at least 3 different ticket prices at the time of purchase, showing that the purchased flight was the lowest available fair at the time of purchase • proof that the Innovator booked the transportation as early as possible • other relevant documents |
| | Cost of meals and accommodation during travel time within Canada* | <p>The Innovator cannot purchase alcohol or cannabis with GCC funds</p> <p>Meal per diems cannot exceed the rates for government employees set out in the National Joint Council Travel Directive: https://www.njc-cnm.gc.ca/directive/d10/en</p> <p>A guide to the reasonable cost of accommodation in Canada can be found here: https://rehev-acrd.tpsgc-pwgsc.gc.ca/preface-eng.aspx</p> | | |
| | Local transportation within Canada* | Limited to tickets for public transit | | |
| Administrative Expense | Not applicable | | | |

*Travel outside of Canada requires written pre-approval from GCC.

1.4 Materials and Supplies

| Expense Category | Eligible Expense | Limitations | Description Required | Supporting Documentation |
|---------------------------------|---|--|---|---|
| Direct Delivery Expenses | Materials and supplies needed to complete the Project (For example, printing manuals for activities) | If the Innovator buys materials and supplies outside of Canada, GCC will not pay for the import of the materials and supplies. This means it will not cover any duties or fees imposed to bring the materials and supplies into Canada | The description should include: <ul style="list-style-type: none"> • item or service purchased • cost per item or service • percentage of the service attributed to the Project and length of the service, if applicable • Example: Print Manuals for 16 participants, 3 workshops, \$13 x 16 x 3 = \$624 | GCC can request: <ul style="list-style-type: none"> • confirmation of delivery • invoice, receipt, or quote from supplier • copy of final materials, reports, etc. • other relevant documents |
| Administrative Expense | General office materials and supplies that are not specific to a single Project activity (For example, paper, photocopying, ink, etc.) | The cost of buying, transporting, installing, and maintaining materials and supplies must be comparable to other alternatives. | | |

1.5 Equipment Costs

| Expense Category | Eligible Expense | Limitations | Description Required | Supporting Documentation |
|---------------------------------|---|---|---|---|
| Direct Delivery Expenses | Not Applicable | | | |
| Administrative Expense | Rent or purchase of office equipment and furniture necessary to carry out the Project activities and not already owned by the organization (For example, computers, printers, fax machines and photocopiers) | Equipment can be any materials that cost more than \$1,000 CAD per unit and will be useful to the Innovator for at least a year. If the equipment is still valuable when the Innovator exits the Indigenous Innovation Initiative and will no longer be used towards project activities, GCC can request the Innovator to sell the equipment at a fair value and refund GCC the funds from that sale. | The description should include: <ul style="list-style-type: none"> • item or service purchased • cost per item or service • percentage of the service attributed to the Project and length of the service, if applicable • Example: Internet and telephone services, \$160/month, 10% attributed to the project for 24 months, \$160 x 10% x 24 = \$384 | GCC can request: <ul style="list-style-type: none"> • at least 3 different quotes from alternative suppliers, which shows the selected vendor was reasonable to alternative options. • confirmation of delivery • invoice, receipt, or quote from supplier • other relevant documents |
| | Repair and maintenance of office equipment and furniture necessary to carry out the Project activities and not already owned by the organization (for example, computers, printers, fax machines and photocopiers) | If the Innovator buys equipment outside of Canada, GCC will not pay for the import of the equipment. This means it will not cover any duties or fees imposed to bring the equipment into Canada Equipment must be tendered competitively in accordance with GCC's Procurement Policy, unless there is a valid reason not to, which would require prior approval from GCC. GCC's procurement policy can be found at: https://www.grandchallenges.ca/innovator-resources/ | | |
| | Internet and telephone service | The price paid for this expense must be reasonable compared to alternative options in the market | | |

1.6 Facilities

| Expense Category | Eligible Expense | Limitations | Description Required | Supporting Documentation |
|---------------------------------|---|---|---|---|
| Direct Delivery Expenses | Daily facility rentals for Project activities (For example, a facility rented for a workshop or conference) | The price paid for this expense must be reasonable compared to alternative options in the market. | The description should include: <ul style="list-style-type: none"> • item or space rented • daily or monthly rental fee and cost of the utilities, if applicable • percentage of space attributed to the Project and length of the rental agreement, if applicable • Example: Audiovisual equipment for workshops over 3 days, \$75/day X 3 = \$225 | GCC can request: <ul style="list-style-type: none"> • quote or copy of paid invoice or receipt from supplier • list of events and activity hosted in the facility • other relevant documents |
| Administrative Expense | Costs related to office space , including utilities (For example, electricity and heating) Repair and maintenance of facilities , directly related to project activities | | | |

1.7 Publicity and Promotion

| Expense Category | Eligible Expense | Limitations | Description Requirements | Supporting Documentation |
|---------------------------------|---|---|---|--|
| Direct Delivery Expenses | Design, production and printing of brochures and posters , and the purchase of ad space to promote the Project activities | The price paid for this expense must be reasonable compared to alternative options in the market. | The description should include: <ul style="list-style-type: none"> • type of promotion or publicity • cost per item or service, or daily or monthly rates • Example: Advertising space for 4 advertising campaigns, \$200/campaign x 4 = \$800 | GCC can request: <ul style="list-style-type: none"> • contract with supplier • invoice or receipt from supplier • delivery confirmation • a copy of final materials or reports created • other relevant documents |
| | Updates to the Innovator's website to include Project information | | | |
| | Expenses relating to film, video, radio, or television productions, if specifically needed as Project activities | The price paid for this expense must be reasonable compared to alternative options in the market | | |
| Administrative Expense | Not applicable | | | |

1.8 Other Project Costs

| Expense Category | Eligible Expense | Limitations | Description Required | Supporting Documentation |
|---------------------------------|--|---|--|--|
| Direct Delivery Expenses | Costs related to the taking care of dependents and children (For example, day care) | The price paid for this expense must be reasonable compared to alternative options in the market. | The description should include: <ul style="list-style-type: none"> • type of expense • cost per item or service, or daily or monthly rates • reason for needing the expense • Example: Lunch per diem of \$10 per study participants, for 15 participants, \$10/person x 15 participants = \$150 | GCC can request: <ul style="list-style-type: none"> • invoice or receipt from supplier • delivery confirmation • a copy of final materials or reports created • other relevant documents |
| | Costs to ensure Project activities are accessible to people living with disabilities (For example, creating alternative text for documents) | | | |
| | Cost of traditional medicines, offerings/gifts for ceremonies (for example smudging), and snacks/meals served during key Project activities (For example, meetings, workshops, and conferences) | The Innovator cannot buy alcohol or cannabis with Project funds. | | |
| Administrative Expense | IT maintenance (For example, hardware and software support and checks) | | | |
| | Long distance communication charges (For example, long distance phone calls, or mail) | | | |
| | Cost to process, print or produce reading materials and Project reports necessary to complete the Project or requested by GCC | | | |
| | The cost charged by the bank to transfer money between bank accounts if the transfer is necessary to complete the Project (bank fees) | | | |
| | Fees to apply for and implement intellectual property rights can be covered under certain circumstances, if the expense is needed, subject to prior written approval by GCC | | | |

1.9 Sub-grants

The Innovator can pay an external organization (referred to as a sub-grantee) that acts like a partner to provide key services required to complete the Project. A sub-grantee is defined as an external organization that cannot be easily replaced by a vendor or supplier.

- Sub-grantees must be legal entities, who can enter into legal agreements.
- Sub-grantees are subject to the same eligible expense requirements and policies as the Innovator.
- Sub-grantees must keep track of expenses incurred in a detailed general ledger and submit this detailed general ledger to GCC with the Innovator's final financial report.
- Sub-grantees must complete their budget following the same guidance provided above, identifying expenses as Direct Delivery or Administrative Expenses.

1. Ineligible Expenses

Ineligible expenses will not be covered by GCC. Expenses that are ineligible under the Innovator's Project include, but are not limited to, any ongoing expenses to operate the Innovator's business that are not directly associated with completing the Project. For example,

- a) Entertainment expenses;
- b) Any expense paid before the start date of the Project, or after the end date of the Project;
- c) Gifts, unless directly related to Project activities;
- d) Costs related to family members or individuals who are not directly working on the Project;
- e) Bonus payments, salaries and wages, or fees that include profits of the Innovator (GCC outlines this restriction in the introduction paragraph and Salaries and Wages – Innovator's Employees)
- f) Money lost or gained through monetary exchange rates when the Innovator pays for an expense in any currency other than CAD;
- g) Alcohol and Cannabis;
- h) Gratuities/tips;
- i) Expenses above the lowest cost of an economy flight at the time of reservation (Business Class) (GCC outlines this restriction in Travel Costs);
- j) Monthly bus passes to get to the office;
- k) Food/Beverages for daily use in the office (Coffee, tea, etc.);
- l) Flowers;
- m) Kitchen supplies;
- n) Late-submission fines and other penalties imposed by Canada Revenue Agency or other provincial or territorial tax revenue agencies (if any);
- o) Laundry/dry cleaning;
- p) Costs for recreational activities (i.e. club memberships);
- q) All other costs that GCC considers ineligible cost elements.

2. Other Indirect Expenses that are not eligible

These include, but are not limited to, the following:

- a) Changes in the value of a piece of equipment (Amortization/Depreciation);
- b) Banking and financing costs not related to the Project (interest on a loan);
- c) Money spent on fundraising campaigns or other fundraising events;
- d) The purchase of land, buildings, vehicles etc.;
- e) Insurance (office, board of directors, liability, vehicle, travel);
- f) Expenses to promote the Project through methods the Innovator already uses (newsletters, magazines, journals, etc.);

- g) Salaries and benefits for the administration of the organization (including Board Members, or other decision-making body);
- h) Allowances paid to board members or other decision-making body;
- i) Any activities done by a volunteering board member;
- j) Salary increases;
- k) Severance (the cost of firing employees);
- l) Recruitment Fees
- m) Long term sick leave
- n) Maternity leave
- o) The cost of hiring new employees;
- p) Travel (non-program/Project specific);
- q) Immunizations and medications;
- r) Costs related to obtaining passports;
- s) Organization membership fees
- t) All legal costs not related to Project activities
- u) All other costs that GCC considers indirect costs.

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