

**CONTRIBUTIONS PROGRAM
2007-2008**

Eligible Costs – Schedule B

Project		
OPC Contribution #		
Duration	From:	To:

Allowable expenditures	Organization	Office of the Privacy Commissioner (OPC)	Other Sources of Funding	Total Project Funding
Salaries and benefits				
Travel expenses				
Telecommunications				
Contractual services				
Materials and supplies				
Rentals (includes equipment and meeting rooms)				
Other (specify)				
Total				

*Administrative expenses should be limited to no more than 15% of the total project cost.

Costing Memorandum

1. General

- 1.1. The total Eligible Costs of the Project shall be the sum of the applicable direct and indirect costs which are, or are to be reasonably and properly incurred or allocated, in the performance of the Project, less any applicable credits. These costs shall be determined in accordance with the Recipient's cost accounting system as accepted by the Office and applied consistently over time (see Schedule C).
- 1.2. This Costing Memorandum applies equally to all goods and services (including labour) acquired from related parties or associates. These acquisitions shall be valued at cost and shall not include any mark-up for profit, return on investment, administration or overhead except as provided for in this Agreement and shall not exceed fair market value. The Office is not obliged to accept any of these costs as eligible unless access is provided to the relevant records of the related entity.
- 1.3. The Goods and Services Tax is an eligible cost only where the amount of tax is not refundable in whole or in part by Revenue Canada Excise as an Input Tax Credit or as a Rebate.

2. Definition of Reasonable Cost

- 2.1. A cost is reasonable if, in nature and amount, it does not exceed that which would be incurred by an ordinary prudent person in the conduct of a competitive business.
- 2.2. In determining the reasonableness of a particular cost, consideration shall be given to:
 - 2.2.1. whether the cost is of a type generally recognized as normal and necessary for the conduct of the Recipient's business or performance of the Project;
 - 2.2.2. the restraints and requirements by such factors as generally accepted accounting principles, arm's length bargaining, and applicable laws and regulations;
 - 2.2.3. the action that prudent business persons would take in the circumstances, considering their responsibilities to the owners of the business, their employees, customers, the Government and public at large;

- 2.2.4. significant deviations from the established practices of the Recipient which may unjustifiably increase the Eligible Costs of the Project; and
- 2.2.5. the specifications, milestone schedule and requirements of the particular Project as they affect costs.

3. Costs

3.1. Eligible Costs

The eligible costs under the program are the reasonable costs directly related to the activities mentioned in the Statement of Work. However, administrative expenses should be limited to no more than 15% of the total project cost.

3.2. Non-Eligible Costs

Costs other than those allowed in this Costing Memorandum are ineligible unless specifically approved in writing prior to the time costs are incurred.

Notwithstanding that the following costs may have been or may be reasonably and properly incurred by the Recipient during the performance of Project activities; they are considered ineligible:

- a. Allowance for interest on invested capital, bonds, debentures, bank or other loans together with related bond discounts and finance charges;
- b. Legal, accounting and consulting fees in connection with financial reorganization, financial security issues, capital stock issues, and prosecution of claims against the Office;
- c. Losses on investments, bad debts and expenses for the collection thereof;
- d. Losses on other projects or contracts;
- e. Federal and provincial income taxes, excess profit taxes or surtaxes and/or special expenses in connection therewith
- 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 Office;
- j. Fines and penalties;
- k. Expenses and depreciation of excess facilities;
- l. Unreasonable compensation for officer and employees;
- m. Product development or improvement expenses not associated with the product being acquired under the Project;
- n. Donations;

Schedule B

- o. Dues and other memberships other than regular trade and professional associations;
- p. Trade-mark expenses;
- q. Land and buildings.