



Advancing Water Technologies (AWT) Program Company Matching Contribution Guidelines

Company partners are required to provide a 1:1 matching contribution to the AWT program funding provided to a project. Cash or cash-equivalent contributions, or a combination of both, will be accepted. Matching contributions must be allocated towards eligible project activities and cost categories (see AWT Program Guidelines) and should adequately reflect the project's needs.

Attestation and Documentation of Contribution

The company partner will be required to provide attestations of all contributions on forms provided: an Eligible and Not Supported Financial Claim Statement form and a Labour Attestation Form. Supporting documents to substantiate the company's matching contributions are required.

Cash and cash-equivalent contributions from the company partner are eligible if they are directly associated with the project and reasonable and necessary expenses related to the project and meet the eligibility requirements as detailed below.

Cash contributions must be provided to the project's academic partner institution and must be expended on eligible project costs. Cash contributions made by the company will be claimed as part of the academic partner institution's quarterly financial claim statement of Eligible and Not Supported Costs.

Cash-equivalent (or "in-kind") contributions must be based on actual costs or posted rates in order to be eligible. See the below list for examples of eligible cash-equivalent contributions. This list is not exhaustive. Please contact SOWC if you have questions about the eligibility of a contribution.

Cost Categories and Eligible Contributions

Cash-equivalent matching contributions from a company must be included in the project budget according to the following cost categories. A justification for each contribution must be provided in the application.

i) Labour

Cost of company personnel time spent on eligible project activities. Contributions must be based on actual costs. Reporting on incurred labour costs (those employed by the company partner) must include employee information, including number of hours worked on the project, hourly rate and benefits. Labour contributions must be reported on the "Labour Attestation Form" provided. Please note that administrative activity on the project (e.g. reporting) is not an eligible project activity and is not considered an eligible matching contribution.

ii) Expertise

Payments for external or third-party professional services that are necessary to carry out the project are eligible. Examples include:

- analytical lab contract
- project design



- performance measurement
- specialized technical support

iii) Non-capital

Payment for expenses such as, but not limited to:

- safety equipment
- measuring tools
- software
- sensors
- testing materials
- monitors
- utility costs (water, electricity) that are directly attributed to eligible project activities and that are substantiated with documentation
- Transportation expenses towards company partner employees undertaking eligible project activities. These include:
 - Mileage: where personal automobile is used, kilometer (mileage) allowance will be based on current Treasury Board of Canada Travel Directive rates or the academic partner institution rates, whichever is lower. Please consult Appendix B of the Travel Directive for information on kilometric rates for private vehicle use: <http://www.njc-cnm.gc.ca/directive/travel-voyage/s-td-dv-a2-eng.php>
 - Train/bus fare (economy rates)
 - Parking (at a location other than the company partner’s primary place of employment)
 - Vehicle rental (economy rates)

iv) Capital

The value of equipment intended to be used for eligible project activities as part of an AWT project may be used as a cash-equivalent matching contribution by the company partner, as defined in the AWT Project Guidelines. For a more specific definition of capital (as opposed to “non-capital, this is usually a threshold value), please refer to the policies of the academic partner institution or contact SOWC for more information.

For a company matching contribution to be considered an acquisition of capital, the item acquired must appear on the academic institution’s balance sheet as an amortizable expense. If the equipment acquired is used to generate revenue or is used for any other ineligible or non-project-related activity, only the value proportional to the usage of the equipment for eligible project activities and a depreciation rate during the project term can be claimed. Use a depreciation rate that is acceptable to Revenue Canada. Lost revenue (i.e. opportunity costs) due to repurposing the equipment is not eligible. For information on acceptable depreciation rates, company partners are encouraged to contact Revenue Canada or a Certified Accountant.

Assessing the value of matching contributions for equipment is further based on ownership of the equipment following the completion of the project, referred to as ‘Post-project ownership’ below.

There are three categories under which expenditures on equipment may be claimed as a matching contribution:

1. Equipment is purchased by company partner for AWT project

a. Post-project ownership: Company partner

Claim the value of the equipment equal to a depreciation rate during the project term as the matching contribution. Use a depreciation rate that is acceptable to Revenue Canada. If the equipment is not used 100% of the time for eligible project activities, the claimed amount must be reduced accordingly. Example: If the equipment is valued at \$10,000 and has a life expectancy of 5 years, one would normally use straight-line depreciation when reporting it to Revenue Canada, which represents a depreciation rate of \$2,000 per year. A 2-year project would represent a \$4,000 matching contribution assuming the equipment is used only on eligible project activities during the project. If the equipment is used 40% of



the time for ineligible or non-project-related activities during the project, then the amount should be discounted by 40% to account for the time the equipment is used for ineligible or non-project-related activities.

b. Post-project ownership: Academic institution

Claim the full value of the equipment as the matching contribution. If the capital equipment is used for ineligible or non-project-related activities a portion of the time during the project, claim an amount proportional to its usage for eligible project activities.

Example: If the capital equipment is used 30% of the time on ineligible or non-project-related project activities, claim 70% of the value as a matching contribution.

2. Equipment is owned by company partner pre-AWT project

a. Post-project ownership: Company partner

- i. Claim the value of the equipment equal to a depreciation rate during the project term as the matching contribution. Use a depreciation rate that is acceptable to Revenue Canada. If the equipment is not used 100% of the time for eligible project activities, this amount must be reduced accordingly. Same as scenario 1(a).
- ii. If it is the company partner's normal practice to rent or lease the equipment, claim the value of the equipment's historically proven renting or leasing rates proportional to its usage on eligible project activities as the matching contribution.

b. Post-project ownership: Academic institution

Claim the entire remaining book value of the equipment as the matching contribution. If the equipment is used a portion of the time for ineligible or non-project-related activities, claim an amount proportional to its usage for eligible project activities during the project.

Example: If the equipment is used 45% of the time for ineligible or non-project-related activities, then claim 55% of the remaining book value as a matching contribution.

3. Equipment for AWT project is manufactured by company partner

a. Post-project ownership: Company partner

The value is based on the cost to manufacture the equipment. Claim the value of the equipment equal to a depreciation rate during the project term as the matching contribution. Use a depreciation rate that is acceptable to Revenue Canada. If the equipment is not used 100% of the time for eligible project activities, this amount must be reduced accordingly. Same as scenario 1(a).

b. Post-Project Ownership: Academic institution

Claim the selling price, less its depreciation value during the project, as the matching contribution. The selling price should be the best possible price for that type of consumer (e.g. not-for-profit, educational institution, etc.). Additional documentation may be required to verify the selling price.

Ineligible Contributions

Examples of ineligible contributions include:

- Overhead (indirect costs)
- Labour related to project administration (e.g. reporting activities)
- Opportunity costs
- Any contribution that is not related to the eligible cost categories (i.e., labour, expertise, non-capital and capital) and not directly related to the execution of eligible project activities

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