

# Project Financial Guide

Key Information on Supercluster Project Finances

**BUILDING**  
WORLD-LEADING  
ADVANCED  
MANUFACTURING  
**CAPABILITIES**  
IN CANADA

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Canada's Advanced Manufacturing Supercluster is led by Next Generation Manufacturing Canada (NGen), an industry-focused, not-for-profit corporation dedicated to positioning Canada as a world leader in advanced manufacturing capabilities.

The Supercluster will drive connections between technology and industrial companies to accelerate the development, adoption, and scale-up of transformative capabilities in Canadian manufacturing.

The Supercluster aims to strengthen the competitiveness of Canada's manufacturing sector, drive more innovation and investment in advanced manufacturing technologies in Canada, generate new commercial opportunities for Canadian companies in global markets, grow more large-scale world-leading Canadian enterprises, and develop a modern and inclusive workforce with the skills to excel in advanced manufacturing.

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## General rules

To receive Supercluster funding, project applicants must meet NGen's evaluation criteria and be approved by NGen's independent project selection process. Approved projects will be reimbursed for that portion of their project expenses that are reasonable and eligible under the federal government's conditions for Supercluster funding.

All recipients of Supercluster funding will be required to enter into a contractual agreement with NGen defining the terms and conditions by which funding will be provided, and be required to comply with the terms of the funding agreement.

Projects may receive complementary funding from other government agencies.

Supercluster funds cannot be used to reimburse costs already covered by funding from other government sources.

The total amount of government funding cannot exceed 100% of eligible project costs.

Claims will be made on a reimbursement basis following submission of a claim form, copies of invoices >\$500 and other documentation as required to support the amounts claimed.

Once the claim and the supporting documentation has been received by NGen, it will normally be paid within 45 days, unless it is necessary for NGen to seek further information to support the claim.

Claims are to be submitted to NGen every three months.

R&D Projects will be reimbursed to a maximum of 44.4% of total eligible project costs, with no individual project participant receiving more than 70% of the reimbursed funds.

NGen is under no obligation to pay more than 85% of the funding to the Recipients until it has received and approved all outstanding claims with supporting information, and the project reporting and monitoring obligations as set out in the Master Project Agreement have been met.

Supercluster funding is subject to availability of funds being approved annually by Parliament.

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# Who is eligible for funding?

Recipients of Supercluster funding must be either:

- for-profit organizations, or
- not-for-profit organizations that facilitate and fund research and development, and whose funding is received primarily from private-sector organizations.

Ineligible organizations include:

- not-for-profit organizations
- post-secondary institutions
- federal Crown corporations
- government departments or agencies

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# What costs are eligible for NGen funding?

Projects will incur two categories of costs, outlined in [Section 2.3](#) of the ISI Program Guide.

1. Funded Eligible Costs are project expenses that are eligible for reimbursement from Supercluster funding.
2. Unfunded Eligible Costs are project expenses listed as not eligible for reimbursement under the Supercluster program.

Both Funded and Unfunded Eligible Costs must be incurred in Canada.

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# What kinds of costs qualify as Eligible Funded Costs?

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Eligible costs must be reasonable and relate directly to the eligible activities of the project. If in doubt about the eligibility of a cost, please contact NGen for clarification that will protect you from spending on activities that may later be deemed ineligible.

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All amounts submitted for reimbursement must be net of any applicable HST/GST/PST.

## SALARIES & WAGES

Eligible costs are those incurred as the portion of gross wages or salaries for personnel working directly on the project.

Who is eligible for funding?

This includes CPP, EI and EHT but must exclude any discretionary benefits (i.e. health & dental, retirement) or bonuses.

(The costs of routine administration and operations, including the costs of administering project activities, are ineligible.)

What costs are eligible for NGen funding?

### Examples of the distinction:

Employees dedicated to the project, including project managers and project controllers - Eligible

Senior leadership from participating organizations who provide oversight - Ineligible

What kinds of costs qualify as Eligible Funded Costs?

## SUB-CONTRACTS AND CONSULTANCY FEES

Costs are covered for any work essential to the success of the project and where the expertise does not exist among the partners.

These costs must be accounted at Fair Market Value and must be reasonable and in line with industry norms and practices.

A project partner cannot also be a sub-contractor or consultant.

Attention will be paid to the total amount of sub-contracts or consultancy in relation to total project costs when assessing eligibility and level of support.

What kind of project costs are ineligible for reimbursement?

## EQUIPMENT, FACILITIES & SUPPLIES

Supercluster funding covers purchase, rental, operation and maintenance costs.

If the equipment/asset will be used at all for production or commercialization, only the portion of the cost used for R&D purposes will be allowed as an eligible expense.

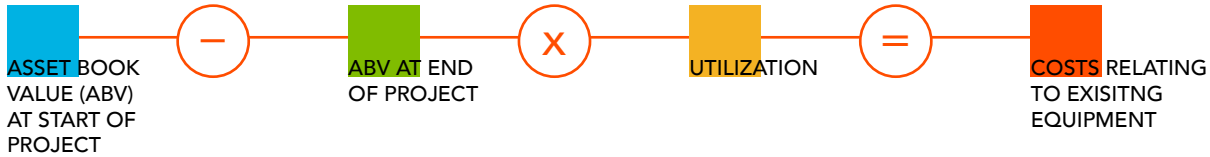
What costs are ineligible and do not count toward the value of the project?



## [ What kinds of costs qualify as Eligible Funded Costs? ]

Overview

Equipment costs can be allocated to the project only for the portion and duration that it is utilized for the project. This is determined by:



General rules

where Utilization is the percentage of time the asset is used on the project.

For example, an asset purchased at the start of a project of a 12-month project but only used six months after start will need to be adjusted for the idle period.

Who is eligible for funding?

### USER FEES

Service fees and subscription/license fees directly related to the project are eligible expenses.

Project administration fees charged to the projects by NGen are ineligible.

What costs are eligible for NGen funding?

### MATERIALS & SUPPLIES

Materials consumed by the project.

Materials supplied by subsidiaries or associated companies should exclude the profit element of the value placed on that material (i.e. these are to be valued at cost).

If waste or scrap material has a significant residual/resale value, the figures should reflect this.

What kinds of costs qualify as Eligible Funded Costs?

### ROOM OR FACILITY RENTALS

Overheads or costs incurred by the project in respect of the routine administration and operation of the organization, such as rent, utilities, etc. are ineligible.

What kind of project costs are ineligible for reimbursement?

### CONFERENCE COSTS

Costs related to renting facilities to support conferences and related telecommunication expenses are eligible but must have a specific and direct link to project activities.

What costs are ineligible and do not count toward the value of the project?



## [ What kinds of costs qualify as Eligible Funded Costs? ]

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### For example:

A targeted Hack-a-thon to address a project challenge is an eligible expense.

Travel to an advanced manufacturing conference or industry association conference would be considered an ineligible expense.

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### TRAVEL COSTS

All travel expenses must be in accordance with the [National Joint Council Travel Directive](#) to be eligible for reimbursement.

Only reasonable costs incurred exclusively for advancing the project will be accepted as an eligible expense.

Alcohol is an ineligible expense.

Who is eligible for funding?

What costs are eligible for NGen funding?

### DISSEMINATION COSTS

Publication costs of project results are eligible but must not include any dissemination costs relating to commercialization or production, such as marketing or advertising costs.

What kinds of costs qualify as Eligible Funded Costs?

### OTHER ELIGIBLE DIRECT COSTS

Other direct costs which can be specifically identified and measured as being incurred on behalf of project activities are eligible. For example: market studies.

What kind of project costs are ineligible for reimbursement?

### CAPITAL COSTS

To be eligible for reimbursement under the Supercluster program, capital expenditures must be:

- Linked to the objectives of the project
- Vital for the success of research & development or demonstration of projects
- Not otherwise available as a shared resource
- Limited to the portion used over the project term

What costs are ineligible and do not count toward the value of the project?

Costs will follow the same formula as the above guidance for equipment.

The capitalization threshold is in accordance with ultimate recipient's own capitalization policy.

Capital expenditures totaling over \$1 million must be pre-approved by NGen.





# [ What kinds of costs qualify as Eligible Funded Costs? ]

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## IN-KIND CONTRIBUTIONS

Goods or services that are provided to the project at no cost may be eligible for reimbursement, provided that:

- An agreement that sets out the nature of the in-kind contribution is in place
- In-kind expenses are valued at Fair Market Value
- In-kind expenses are capped at 25% of the Industry Match

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Who is eligible for funding?

## FOREIGN COSTS

Cost incurred outside Canada may be eligible, on an exceptional basis, with advance approval by NGen. These costs must be necessary for the success of the project and could not otherwise be incurred in Canada.

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# What kind of project costs are ineligible for reimbursement?

The following costs are counted towards the value of the project but are ineligible for reimbursement from Supercluster funding:

- Infrastructure costs (for example: property or plant used in the project.)
- Costs related to construction, purchase of a building or land with advance approval of NGen.
- Payments to federal entities, such as the NRC.
- Any eligible costs incurred before the approval of the project by NGen; projects will be notified when they are in the eligible funding zone.

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# What costs are ineligible and do not count toward the value of the project?

- Capital, infrastructure or equipment costs unrelated to project objectives.
- Expenses relating to the construction, purchase of a building or land (except as set out in the section on unfunded eligible costs).
- Fines and penalties.
- Provisions for contingencies.
- Losses on investments, other projects, contracts, bad debts or expenses for the collection charges.
- Federal and provincial income taxes, harmonized sales tax (HST), goods and services taxes (GST), excess profit taxes or surtaxes and/or special expenses in connection with those taxes.
- Expenses and depreciation of buildings or rooms that are not in use during the project.
- Amortization of unrealized appreciation of assets.
- Depreciation of assets paid for by NGen.
- Honoraria, gifts, donations, entertainment expenses, and alcoholic beverages.
- Dues and other memberships other than regular trade and professional associations.
- Extraordinary or abnormal fees for professional advice unless the NGen's approval is obtained prior to incurring the cost.
- Premiums for life insurance where proceeds accrue to the recipient.
- Discretionary severance and separation packages.
- Costs related to the routine administration and operation of recipients, except salary costs specifically related to the eligible project.
- Costs related to overhead incurred by recipients.
- Costs for which the recipient is eligible for a rebate from federal, provincial, territorial or municipal government sources.
- Salaries of the Members of the Board of Directors.
- Legal, accounting and consulting fees in connection with litigation or financial reorganization.
- Activities where benefits accrue to a single firm or organization.
- Projects where, in the opinion of the Minister, there is no buy-in from Members and no collaborative aspect.

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# JOIN THE SUPERCLUSTER AT **NGEN.CA**

NGen is founded on the principle that the transformation to advanced manufacturing will enrich the lives of Canadians, delivering better products and good jobs while generating the economic growth essential to a better future.

