

SCHEDULE C – ELIGIBLE AND INELIGIBLE EXPENSES

This Clean Resources Program has the following definitions for Eligible Expenses and Ineligible Expenses:

a) "Eligible Expenses" means:

- i. labour costs (gross wages or salaries incurred at reasonable market rates) for those individuals, including technical personnel and graduate students, who are specifically identified as performing the service which is directly attributable to the Project and thereby quantifiable or measurable. Accordingly, general overhead is not considered an Eligible Expense;
- ii. costs of materials, made at the lower of cost or fair market value, which can be specifically identified and quantified as having been incurred in the performance of the Project activities, and which are so identified and quantified consistently in the cost accounting practices of the Applicant;
- iii. acquisitions of property including capital improvements to facility premises and capital equipment (but excluding land and buildings), made at the lower of cost or fair market value, that are critical to the performance of the Project will be considered on a case-by-case basis upon submission to Alberta Innovates by the Applicant. The contribution will be pro-rated to the Project Period based on asset's expected economic life, if purchased, at industry standard depreciation rates with any residual undepreciated value attributed to the economic life of the asset remaining after the Project Period being an Ineligible Expense;
- iv. acquisitions of software or information databases, made at the lower of cost or fair market value, that are critical to the performance of the Project will be considered. The cost of such technology will be pro-rated over the Project Period;
- v. additional direct operating costs (incurred at reasonable market rates), not falling within the categories of labour and materials, but which can be specifically identified and quantified as having been incurred, or to be incurred, in the performance of the Project activities and which are so identified and quantified consistently by the Applicant's cost accounting practices;
- vi. if travel is a necessary part of accomplishing the Project and either: (i) Alberta Innovates has pre-approved such travel; or (ii) such travel is part of the approved Project budget included in Schedule A; then costs relating to travel including mileage, airfare (only the lowest economy class/excursion or other promotional type of air fare available at the time of booking is eligible) and accommodation and meals at reasonable rates.

For clarity: (i) travel is only eligible when it is part of the approved Project budget in Schedule A or has been pre-approved as being required for accomplishing the Project; (ii) travel expenses related to marketing and/or commercialization activities are outside the scope of the Program and thus ineligible; and (iii) no first class or business class flights, or luxury accommodation or meals, will be eligible unless the Applicant can establish exceptional circumstances to justify such expenditures. Exceptional circumstances could include the features of such flights, accommodation or meals being required to accommodate the traveller's physical disability and there being no other reasonable way to accommodate such needs for a lower cost;

vii. publishing costs for knowledge translation activities directly related to the Project;

viii. GST, but only where such GST is levied on costs which are themselves Eligible Expenses and solely to the extent such GST is unrecoverable and the Applicant is not otherwise reimbursed for same; and

ix. any other cost which Alberta Innovates pre-approves in writing as an Eligible Expense.

b) "Ineligible Expense" means any cost that does not qualify as an Eligible Expense. For avoidance of doubt, "Ineligible Expenses" includes any of the following:

i. any cost incurred prior to the Project Start Date, except where Alberta Innovates has provided written approval to include the cost as an Eligible Expense;

ii. transactions between Related Persons;

iii. provisions for contingencies;

iv. allowance for interest on debt;

v. losses on investments, bad debts and expenses for collection charges;

vi. losses on other projects or activities outside the approved Project;

vii. fines and penalties;

viii. unreasonable compensation for Project labour, including eligible time charged at rates above existing salary;

ix. costs for professional training & development;

x. Federal and Provincial income taxes, goods and services taxes, excepting only unrecoverable portions of the GST for which the Applicant is not otherwise reimbursed;

xi. costs related to land and buildings (for example, acquisitions, leases and/or leasehold improvements);

xii. depreciation and amortization charges;

xiii. advertising costs, except reasonable advertising of an industrial or institutional character placed in trade, technical or professional journals for the dissemination of information for the industry or institution;

xiv. costs associated with applying for government grants and programs;

xv. basic professional services, fees and disbursements, such as ongoing routine accounting, tax and legal business requirements and financing fees unless directly related to the Project;

- xvi. passport or immigration fees;
- xvii. routine testing and maintenance;
- xviii. commuting costs between residence and place of employment; and
- xix. any other costs deemed ineligible by Alberta Innovates.

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