

## **ecoENERGY for Personal Vehicles Program – Guidelines In-kind Support**

### **Purpose**

The purpose of this guide is to identify the kinds of non-cash contributions (“in-kind support”) that are acceptable as part of the overall funding for the project from the project’s principal proponent<sup>1</sup> and its partners, and to provide guidance on how to put a value on those contributions.

### **Definitions**

*In-kind support* - a cash-equivalent contribution in the form of an asset<sup>2</sup> for which no cash is exchanged but that is essential to the project and that would have to be purchased by the project proponent on the open market, or through negotiation with the provider, if it were not provided by the project proponent.

- *Fair market value* - the average dollar value the project proponent could get for a contributed asset in an open and unrestricted market, between a willing buyer and a willing seller (the proponent) who are acting independently of each other. As a guide, it should approximately represent the original cost minus the depreciation.

### **Eligibility of in-kind contributions**

To be eligible as an in-kind contribution:

- The asset must be essential to a project's or initiative's success, eligible under the program's terms and conditions, and otherwise would be purchased and paid for by the recipient.
- It must be supported by a commitment from the applicant or a contributor to the project, and its valuation confirmed by departmental officials during the project's assessment phase.
- Support for in-kind contributions must be justified and documented at the initial approval or amendment stage
- The asset must be recorded in the recipient's contribution agreement and records at fair value. Applicants' in-kind contributions should only be recognized when fair value can be reasonably estimated.

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<sup>1</sup> Unless otherwise indicated, “project proponent” in this document means the principal proponent and any of its non-federal partners, considered as a collective entity.

<sup>2</sup> “Asset” in this document means a useful and valuable good, service or other support provided to the project.

- To determine fair value, use either the asset's market value or an appraisal. An appraisal that uses the cost basis as one method of valuation may be required where competitive market forces are weak or absent (e.g., valuation of "use of facilities" in a remote northern settlement where no similar properties exist).
- Its value must be determinable and verifiable.
- Its valuation must be confirmed by NRCan officials, and agreed upon by the project proponent and NRCan

### **Assessing the Value of In-kind Contributions**

Two different approaches to the valuation of in-kind support are possible:

- Using the fair market value, as described above.
- Using the project proponent's incremental cost - the cost to the project proponent of providing the contributed asset over and above normal operating costs.

### **Categories of Eligible In-Kind Support**

#### **1: Salaries and Benefits**

This category addresses the provision of the project proponent's employees' time to undertake work, such as project management, conducting pre and post surveys research, technology assessment, and expert analysis, that is wholly and directly in support of the project.

- Services of an employee of the project proponent shall be valued at the employee's base salary or hourly rate of pay (plus up to 15% for employee benefits, but exclusive of overhead costs), provided these services are consistent with the duties for which the employee is normally paid.

#### **2: Professional, Scientific and Contracting Services**

This category addresses the provision of analytical and technical services. Analytical and technical services include routine laboratory and field technical services such as data collection, laboratory analyses and measurements, and field measurements, exclusive of equipment maintenance. These services may be provided by a component of the project proponent's overall organisation, or provided to the project proponent by a third party.

- The value of professional, analytical and technical services provided by or to the proponent should be the lesser of the project proponent's internal rate<sup>3</sup> for the service if that service is provided internally (i.e., within the project proponent's organisation), or the incremental cost to the project proponent if it is provided by a third party.

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<sup>3</sup> "Internal rate" means the rate that would be charged by the component of the proponent that *provides* the service to the component of the proponent that *receives* it.

### **3: Provision of Equipment and Laboratory and Field Supplies and Materials (Applies to projects qualifying under Stream 2)**

This category includes equipment, laboratory supplies and field supplies that are provided by or to the project proponent, and the provision of access to, and use of, proprietary software and databases owned by or provided to the project proponent.

Values assessed Equipment and laboratory and field supplies and materials provided to the project must meet the following criteria:

- The value of supplies and materials shall not exceed the selling price to the provider
- The value of equipment shall not exceed the fair market value of equipment of the same age and condition at the time of provision.
- If the equipment is special purpose, one-of-a-kind, its value shall not exceed the cost to the provider of its design, testing and manufacture.
- The value of access to, and use of, proprietary software and databases should be the incremental costs to the project proponent of providing that access and use, such as staff time involved, including providing any required instruction on their use. Costs associated with developing the software or databases are ineligible as an in-kind contribution.

### **4: Travel, Meals and Accommodation costs**

Treasury Board rates that are in effect at the time of signing the Contribution Agreement shall be used in assigning a value to the following expenses.

- Travel, food and lodging costs to meet with NRCan officials.
- Travel, food and lodging costs necessary for other project activities, e.g. campaigns, field demonstrations etc...
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### **5: Overhead expenses**

Overhead costs will be negotiated on an individual basis with project proponents and included, as necessary, in the Contribution Agreement, should ecoENERGY for Personal Vehicles Program funding be approved for the project.

With regard to categories 1-4 they *may* include:

- administrative support provided directly to the project by the proponent's employee(s), valued on the same basis as professional staff time (as described under category 1);
- routine laboratory and field equipment maintenance, based on the actual cost to the proponent that is directly related to the project.
- heat hydro, and office operating costs (e.g. faxes, telephone) telephone, provided they are directly related to the project.

**Important Note**

Proposed in-kind contributions that are deemed acceptable by NRCan officials must be supported by a formal commitment from the project proponent to provide them, prior to any commitment on ecoENERGY for Personal Vehicles Program funding to the proposed project being made.