

## Eligible and Ineligible Expenditures

### Community Action Program for Children (CAPC) and Canada Prenatal Nutrition Program (CPNP)

This guide is intended to assist Community Action Program for Children (CAPC) and Canada Prenatal Nutrition Program (CPNP) recipients in the daily planning, management and implementation of their funded project(s) to distinguish eligible and ineligible expenditures. This guide is divided into eight (8) budget categories:

- A. Personnel Costs
- B. Travel, Transportation Costs and Accommodation
- C. Material
- D. Equipment
- E. Rent
- F. Utility Costs
- G. Performance Measurement and Evaluation
- H. Other Costs

**Eligible expenditures** are those considered necessary to support the purpose/objective of the funding. Where the recipient further distributes contribution funding to another organization(s) to deliver programming, payments by the recipient to the ultimate recipient(s) must follow the same eligible expenditures guidelines. Eligible expenditures may include both direct and indirect expenditures.

**Direct expenditures** are those where 100% of their cost can be reasonably attributed to support the purpose/objective of the funding.

**Indirect expenditures** (those that are not 100% used for the project) are eligible on a prorated basis. These expenses include, but are not limited to, salaries and benefits related to administration and managerial oversight, not specific to a particular project but essential for supporting organizational activities (e.g. Executive Director salary), bookkeeping/accounting costs, rental expenses, utilities, insurance, office supplies, and office equipment rental (e.g. printers, etc.). They can be determined based on different allocation methods, depending upon how the indirect costs support multiple funded initiatives. For example, costs can be grouped into a shared/overhead cost pool and allocated to various projects based on factors such as space usage, number of staff, funding level, etc. The approach should be reasonable, supported and applied consistently. Details on how these costs are allocated are to be made available to the Public Health Agency of Canada (PHAC) upon request. Periodic reviews should be done to ensure the accurate allocation of costs from year to year. Recipients are responsible for identifying other funding received by the organization that restricts the organization from allocating indirect costs, resulting in a request for a greater share of these costs to be allocated to the program. These instances will be considered on a case-by-case basis in the assessment of indirect costs, as outlined above.

Only the **GST/HST** portion of eligible expenditures that is not subject to a rebate/credit from the Canada Revenue Agency can be considered an eligible expense.

All costs are considered incurred and eligible in the fiscal year that the goods and/or services are received. Reimbursement is based on actual expenditures incurred.

All expenses need to be verifiable, detailed, eligible under CAPC and/or CPNP, and supported by proper documentation. Costs covered by other funders (federal, provincial, municipal, etc.) are not eligible for reimbursement from PHAC. Costs are considered incurred and eligible in the fiscal year that the goods and/or services were received.

This document is intended to be periodically reviewed and updated to remain in alignment with changes to the eligible expenditures within CAPC and CPNP and changes in the internal standards of the Public Health Agency of Canada (PHAC).

Budget Category	Eligible Expenditures	Ineligible Expenditures										
A. Personal Costs	<p><b>Full and Part-Time Employees</b></p> <p>Salary &amp; Benefits</p> <ul style="list-style-type: none"><li>Salary: employees' gross salaries (before deductions) for time spent directly on the Project.</li><li>For full time employees, vacation per minimum provincial/territorial employment standards. Statutory Benefits: Québec Pension Plan (QPP), Canada Pension Plan (CPP), Employment Insurance (EI), Workers' Compensation Board (WCB), other payroll taxes (e.g., provincial health tax).</li><li>Overtime as per the organizations internal policies.</li></ul> <p>Extended benefits</p> <ul style="list-style-type: none"><li>Eligible expenditures to include employer's contribution to extended employee group benefits (dental, medical, pension benefits, RRSPs) plans by virtue of employment/labour agreement or equivalent, combined with statutory benefits for each employee. If benefits are higher than 20%, a copy of the collective agreement or letter of employment is required as justification. Extended benefits must be offered to all full-time employees under the employer's employment/labour agreement or equivalent.</li><li>Statutory holidays.</li></ul> <p>Example:</p> <table><tr><td>Full-time Employee Annual Salary:*</td><td>\$40,000.00</td></tr><tr><td>Estimated Stat Benefits:**</td><td>\$3,520.40</td></tr><tr><td>Extended Benefits:</td><td>\$4,200.00</td></tr><tr><td>Total Benefits:</td><td>\$7,720.40</td></tr><tr><td>Benefits % of salary:</td><td>19.3%</td></tr></table> <p>*Salary includes annual vacation pay as per minimum provincial/territorial employment standards before federal and provincial payroll deductions.</p> <p>**Statutory benefits are estimated based on employer percentage.</p>	Full-time Employee Annual Salary:*	\$40,000.00	Estimated Stat Benefits:**	\$3,520.40	Extended Benefits:	\$4,200.00	Total Benefits:	\$7,720.40	Benefits % of salary:	19.3%	<ul style="list-style-type: none"><li>Statutory and extended benefits not included in employee group benefits plans (dental, medical, pension benefits, RRSPs) by virtue of the collective agreement or the letter of employment.</li><li>Performance pay (bonus).</li><li>Severance/separation/termination payments.</li><li>Maternity leave (including top up – portion not covered under EI).</li><li>Compensation during extended absence.</li></ul> <p>Other:</p> <ul style="list-style-type: none"><li>Canada Revenue Agency penalties (Quebec – Revenue Québec) or payroll penalties.</li><li>Personnel recruitment costs for recipient staff not related to the project.</li></ul>
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	<p><b>Contractual Employees:</b></p> <ul style="list-style-type: none"><li>▪ A contract employee is hired for a specific job at a specific rate of pay and is not considered a full-time/part-time employee. T4As should be issued when and as required by CRA.</li><li>▪ Professional Services: consultants, advisors/specialists (nutritionist, crisis counselors, psychologists, psychiatrists, focus group facilitators, physiotherapists, nurse consultants, external project evaluators, etc.).</li><li>▪ Translation services, interpreters.</li><li>▪ Information management/information technology services e.g., development of applications (for recipients and their clients), webinars, Wiki sites, registries, online exchange forums.</li><li>▪ Survey/outreach specialist services – conduct of surveys to assess project reach, awareness of target clients, accessibility of knowledge and services, community capacity, application of best practices, data entry personnel.</li><li>▪ Advertising specialists in paper, electronic/ social media.</li><li>▪ External bookkeeping services.</li></ul>	<ul style="list-style-type: none"><li>▪ Tender costs to secure the services.</li><li>▪ Statutory and employee benefits.</li><li>▪ Interest charges.</li></ul>
	<p><b>Honoraria:</b></p> <ul style="list-style-type: none"><li>▪ A voluntary payment made to a person for services for which fees are not legally or traditionally required (i.e., board members, volunteer speakers, Elders, Knowledge Keepers, etc.). A payment with nominal value that is issued as a token of appreciation, a thank you for a contribution to a project or activity.</li><li>▪ Volunteers may receive a modest remuneration via an honorarium for a maximum of three hundred dollars (\$300). It should be evaluated on a case-to-case basis. An honorarium payment has no influence on the decision of the individual to participate or volunteer their time.</li><li>▪ An honorarium is not meant to be used regularly/frequently or as a mechanism to deliver a program, particularly on an ongoing basis.</li><li>▪ T4As should be issued when total payments to an individual are \$500 or more as required by CRA.</li></ul>	<ul style="list-style-type: none"><li>▪ Employees and contractors are not eligible to receive honoraria.</li></ul>



<b>B. Travel, Transportation Costs, and Accommodation</b>	<p><b>Travel &amp; transportation costs</b> (All costs for travel required to carry out the approved project):</p> <ul style="list-style-type: none"><li>▪ Transportation includes bus tickets, economy airfare, train fares, ferries and related costs, non-conventional travel not normally used on roadways (e.g. off-road vehicles), parking fees, taxi fares, bus pass, rental vehicle, use of personal vehicle for work related travel.</li></ul> <p><b>Accommodation (while on travel status):</b></p> <ul style="list-style-type: none"><li>▪ Accommodation (number of nights, and number of participants).</li><li>▪ Meals and incidentals (consider the number of meals, number of days, and rates).</li><li>▪ Vehicle insurance, fuel, repairs, and maintenance (for recipient owned/leased vehicles used to carry out approved programming).</li></ul> <p><b>Travel and hospitality expenses:</b></p> <ul style="list-style-type: none"><li>▪ Meeting space rental, conference equipment expenses, meeting materials, food, accommodation, etc. for off-site meetings.</li><li>▪ Conference equipment expenses such as set-up expenses for information technology and audio-visual equipment in meeting rooms (e.g. cabling, speakers), wired and wireless microphones and electronic and overhead projector, screen.</li></ul> <p><b>Other travel related expenses:</b></p> <ul style="list-style-type: none"><li>▪ Bank/financial institution charges, (e.g., automated banking machine use, credit/debit card use, currency transaction commissions).</li><li>▪ Office related business calls, internet connections, photocopying.</li><li>▪ Insurance coverage.</li></ul> <p>Allowances must fall within the maximums outlined in the directives at the links below. Recipients may use their organization's own travel policy if the maximum allowances are not higher than the allowances indicated in the directives. Please ensure eligible GST/HST rebate amounts are removed from travel allowances.</p> <p><b><i>*Please refer to the National Joint Council Travel Directive for maximum travel allowances and exclusions: <a href="https://www.njc-cnm.gc.ca/directive/d10/en">https://www.njc-cnm.gc.ca/directive/d10/en</a></i></b></p> <p><b><i>*Please refer to the Directive on Travel, Hospitality, Conferences and Event Expenditures for maximum travel and hospitality expenses and exclusions: <a href="https://www.tbs-sct.canada.ca/pol/doc-eng.aspx?id=27228">https://www.tbs-sct.canada.ca/pol/doc-eng.aspx?id=27228</a></i></b></p>	<ul style="list-style-type: none"><li>▪ Vehicle rental larger than mid-size unless justified.</li><li>▪ Business class airfare.</li><li>▪ Reimbursement for airfare purchased with personal/corporate frequent flyer points.</li><li>▪ Costs associated with the use of recipient owned vehicles as well as personal vehicles that are not directly related to the project.</li><li>▪ Parking fees for staff at place of work.</li><li>▪ Parking tickets or other driving infractions.</li><li>▪ Business class hotel rooms.</li><li>▪ Non-employee incidentals.</li><li>▪ Alcoholic beverages.</li></ul>
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<b>C. Materials</b>	<ul style="list-style-type: none"><li>▪ Office Supplies: Stationary (e.g. pens highlighters, paper, envelopes, binders, folders), electronic storage devices, reference manuals, batteries.</li><li>▪ Printing/Photocopying: paper, ink cartridges, printing services completed by a printing firm: contract printing and photocopy charges).</li><li>▪ Postage: (i.e., regular postage, freight, courier messenger services including insurance costs.)</li><li>▪ Project Fees: Data acquisition fees, cost of subscriptions for items required by the project. Website license fees (website and website license should be considered eligible if they are not the major portion of the funded project. It is expected that the website is not the project but only a vehicle to disseminate project information), costs of literature to be reviewed to undertake the project, software/hardware license fees/renewals.</li><li>▪ Food &amp; Nutrition: food and nutritional items purchased for use by the program (i.e., groceries, nutritional supplements, grocery gift cards, etc.)</li><li>▪ Promotional items and resources for project participants. Consideration should be given to “value for money”.</li><li>▪ Gift cards: Gifts cards may be used in order to achieve program objectives. The value of the gift cards should be reasonable and reflective of where the program is located. In addition, gift cards must be distributed in the fiscal year they are bought and distribution tracked (i.e. using a log, distribution list, etc.). If ever the program has non-distributed gift cards after year-end, these will be recognized as money on hand.</li></ul>	<ul style="list-style-type: none"><li>▪ Office supplies: decorations for the office, costs related to staff awards.</li><li>▪ Gift cards that do not meet the deliverables of the project.</li><li>▪ Employees are not eligible for gift cards.</li><li>▪ Promotional items should not be perceived as gifts or have any personal benefit to participants or employees.</li></ul>
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<b>D. Equipment</b>	<ul style="list-style-type: none"><li>▪ Furniture: Specialized program/project equipment only on a case-by-case basis and must be justified and pre-approved (e.g. equipment for children, adults with special needs, cribs, highchairs, cots, mats, bedding, indoor and outdoor play equipment, life jackets, sports equipment, Braille reader)</li><li>▪ Office Equipment: rent (**see note under Ineligible Expenditures column) or purchase of computers, printers, photocopiers, fax machines, phones, cameras, whiteboards, electronic storage devices, and maintenance (if equipment owned by recipient), etc.</li><li>▪ Specialized Program Equipment: rent or purchase of special types of equipment not mentioned above, but necessary to carry out programming (i.e., equipment to support children with disabilities attending programming, etc.)</li><li>▪ Extended warranties on appliances, equipment, etc. that align with reasonable normative warranty practices (e.g. a reasonable extended warranty for a vehicle may be longer than a reasonable extended warranty for a laptop) during the life of the agreement. Consideration should be given to “value for money” of any warranty.</li></ul>	<ul style="list-style-type: none"><li>▪ Furniture: Non-specialized program/project equipment: desks, chairs, tables, filing cabinets and hanging files, unit dividers, bookcases.</li><li>▪ Furniture used for the project and provided by the recipient is generally considered an in-kind, non-financial contribution. Only in exceptional circumstances should furniture be purchased under the funding agreement.</li><li>▪ *Office Equipment: The cost of rent charges for use of the recipient owned equipment (computers, photocopiers, other office equipment).</li></ul>
<b>E. Rent</b>	<ul style="list-style-type: none"><li>▪ Actual rental costs incurred and substantiated by a rental/lease agreement (based on square footage or other reasonable methods), used for project.</li><li>▪ Cost incurred to rent space for off-site meetings, conferences, training (if space not available at project location).</li></ul> <p>*If rented spaces are not being used 100% for the project, please advise how PHAC's portion is calculated (i.e., square footage or other reasonable methods, number of staff, etc.).</p>	<ul style="list-style-type: none"><li>▪ Parking charges not included in the rent.</li><li>▪ Rental costs claimed for a property/space owned by or donated to the recipient must be provided in-kind.</li></ul>
<b>F. Utility Costs</b>	<ul style="list-style-type: none"><li>▪ Utilities and property maintenance costs (based on the square footage or other reasonable methods) used for project for rented (if not included in rental/lease agreement), donated or owned space: hydro, heating costs, water costs, janitorial costs, telephone (land line), cell phone, internet, snow removal costs, property taxes if building is owned.</li></ul> <p>*If utilities are not being used 100% for the project, please advise how PHAC's portion is calculated (i.e., square footage or other reasonable methods, number of staff, etc.).</p>	<ul style="list-style-type: none"><li>▪ Home utilities (heat and hydro)</li><li>▪ Utility costs used for personal purposes (cell phones, internet, online meeting costs)</li></ul>



<b>G. Performance Measurement and Evaluation</b>	<ul style="list-style-type: none"><li>▪ Performance measurement data collection and reporting, contractual fees for external evaluators (if applicable), survey costs, stakeholders and community consultations, presentation at the annual meetings or conferences, costs associated with result dissemination (photocopying, postage, electronic media).</li><li>▪ Recipient and program personnel need to be clear on what activities the funding is being requested to cover for a given project, (i.e. performance measurement, evaluation or a combination of both) and the scope of the work to be undertaken.</li></ul>	<ul style="list-style-type: none"><li>• Should an evaluation of the project be undertaken, Recipient staff that have been part of the project should not complete the evaluation themselves. This may be a conflict of interest.</li></ul>
<b>H. Other Costs</b>	<ul style="list-style-type: none"><li>▪ Training for project staff and volunteers.</li><li>▪ Webinar fees when directly related to the project (cost/individual or group rate).</li><li>▪ Membership fees when directly related to the project.</li><li>▪ Bank charges.</li><li>▪ Hospitality (non-travel): non-travel related hospitality costs for project participant/volunteers.</li><li>▪ Other indirect prorated costs for portions related to the project : auditor fees, insurance fees; and liability insurance (for the portion related to the project and for board members when directly related to the project).</li><li>▪ Childcare expenses should be dealt with on a case by case basis. These expenses are eligible in situations where the only means of engaging the target group is to provide child minding services to ensure the participation of individuals. Childcare is not a common service offered to anyone at any time. (cost/child or group rate).</li><li>▪ Service costs for the delivery of outreach type services by community-based workers, who are required to meet clients as part of their regular working day (e.g. the delivery of home visitation services).</li></ul>	<ul style="list-style-type: none"><li>▪ Individual membership fees for private clubs, (e.g., golf clubs, gyms, etc.)</li><li>▪ Legal costs and penalties.</li><li>▪ Costs associated with fundraising activities.</li><li>▪ Costs associated with profit-making activities.</li><li>▪ Hospitality (non-travel): Food and beverage provided at meetings or gatherings for paid project staff.</li><li>▪ Costs of ongoing activities for the organization (not directly related to the funded project).</li><li>▪ Overhead/administrative fees expressed as a percentage of the total annual allocation.</li><li>▪ Stand-alone activities that do not support the objectives of the Program such as: Conferences, symposia, training, workshops, and other activities as stand-alone projects unrelated to Project.</li><li>▪ Pure research in any discipline (also known as “basic” or “fundamental” research is original investigation undertaken to gain new scientific or technical knowledge and understanding, but without specific applications).</li></ul>