

STAR



STRENGTHENING
ADMINISTRATION
OF RESEARCH

2021 Workshop Series

-
- Welcome! Thank you for joining us. The workshop will begin shortly.
 - Please check that you are on mute and your video is off.
 - This workshop will be recorded.
 - Have your case study documents nearby

2021 Workshop Series

Canada Foundation for Innovation

Workshop 2:

Fair Market Value

May 26, 2021, 10:00 am – 11:30 am

Donna Walker

Director, Research Financial Reporting & Audit, Research Oversight & Compliance, VPRI

Land Acknowledgement

"I (we) wish to acknowledge this land on which the University of Toronto operates. For thousands of years it has been the traditional land of the Huron-Wendat, the Seneca, and the Mississaugas of the Credit. Today, this meeting place is still the home to many Indigenous people from across Turtle Island and we are grateful to have the opportunity to work on this land."

Access Check

Access is a shared responsibility between everyone in this workshop.

- Is there anything (presenter screen, sound) that may affect your participation in this session?
- For any other general access issues, please use the Zoom chat to send a private chat message to *Alexandra Candib*

Agenda

- Expenditure tracking
- Key definitions
- In-kind contributions
- Reporting
- Case studies & discussion
- Q&A (5 minutes)

Participant Poll 1:



Tracking of expenditures: Key points

Items involving in-kind contributions

- The CFI/ORF recognize eligible items involving in-kind contributions at fair market value. There may be a request for consideration of an in-kind contribution by suppliers, but the PI should not ask for a specific amount or percentage, since this is to be provided by the supplier on a *voluntary* basis.
- During the purchasing process, exercise careful judgment and ensure that in-kind contributions are real and properly valued.

Key definitions

- **Fair Market Value (FMV)** – This is the agreed upon price in an open and unrestricted market between knowledgeable and willing parties dealing at arm's length who are fully informed and not compelled to transact
- **Normal Discount** – The discount a supplier would normally offer to an institution, taking into consideration factors such as the institution's current volume of transactions and location

Key definitions

- **Educational Discount** – The discount offered to an institution due to its educational status
- **Net Selling Price** – The cash consideration paid or payable by the institution

Key Definitions:

**Fair
Market
Value** = List Price – Normal Discount – Educational Discount

Key Definitions:

Fair Market Value = Net Selling Price + In-Kind Contribution

In-Kind Contribution = Fair Market Value – Net Selling Price

In-kind Contributions from Suppliers

- To help establish the fair market value, a confirmation from the supplier is required (e.g. quote, competitive bid document, invoice or letter) of the price that would have normally been charged to the institution for the item or service (i.e. the price after normal and educational discounts but prior to any discount offered as a contribution toward the CFI/ORF-funded project).

In-kind Contributions from Suppliers

The institution should also consider other readily available information such as:

- Other bids received as part of a competitive bid process and that provide useful market comparisons;
- Cash consideration paid in a previous purchase of the same (or similar) infrastructure item, where the purchase was not related to a CFI/ORF-funded project and did not involve an in-kind contribution
- Institution's experience with a supplier's discount structure.

Reporting of items involving in-kind contributions

Items involving in-kind contributions must be reported at fair market value. This constitutes the eligible cost to be reported to the CFI/ORF.

Example:

List price	\$500.00
Normal discount	(\$20.00)
Education discount	(\$80.00)
Fair market value	\$400.00
CFI discount (In-kind contribution)	(\$100.00)
Net selling price* *does not include taxes	\$300.00

Reporting of items involving in-kind contributions

Taxes

- Taxes associated with the cash portion of an item involving an in-kind contribution, net of any rebate received, can be included in the eligible cost reported to the CFI.
- Taxes must not be calculated and reported for the portion of the item considered an in-kind contribution.

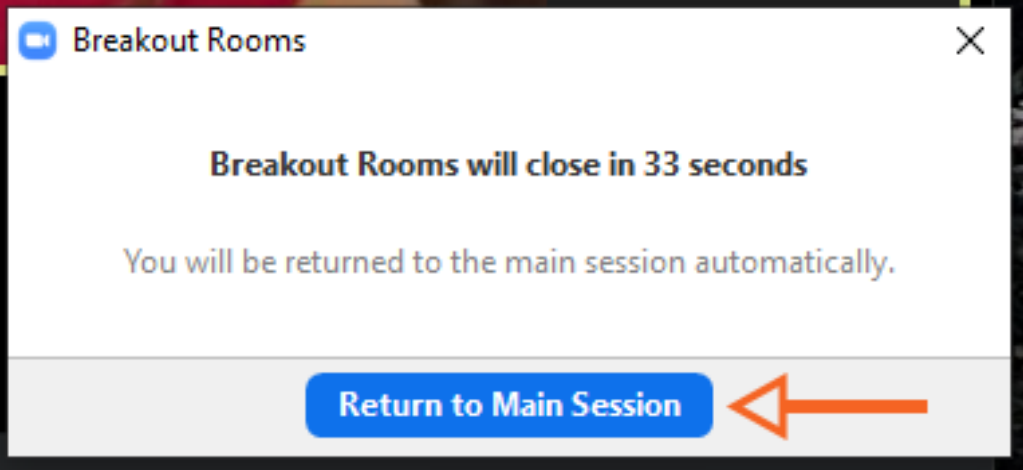
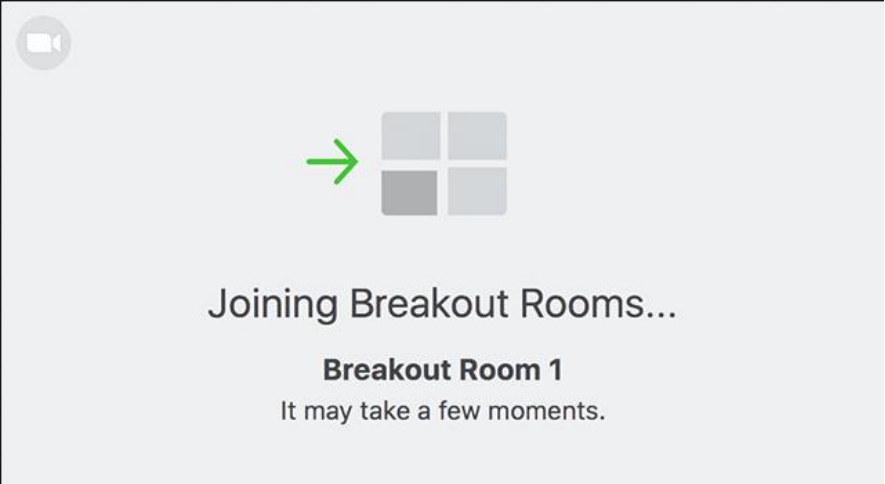
Reporting of items involving in-kind contributions

- Fair Market Value Assessments must be done for all purchases that contain an In-kind contribution from a Supplier
- The FMV Assessment Matrix provided as a reference document can be used as a reference in determining what needs to be prepared depending upon the value of the In-kind contribution provided by the Supplier

Reporting of items involving in-kind contributions

- The Utoronto Review Procedures for Valuation of CFI In-kind and FMV gives a thorough explanation of the FMV Assessment Matrix outlining what is required for each quadrant of the Matrix

Breakout Rooms

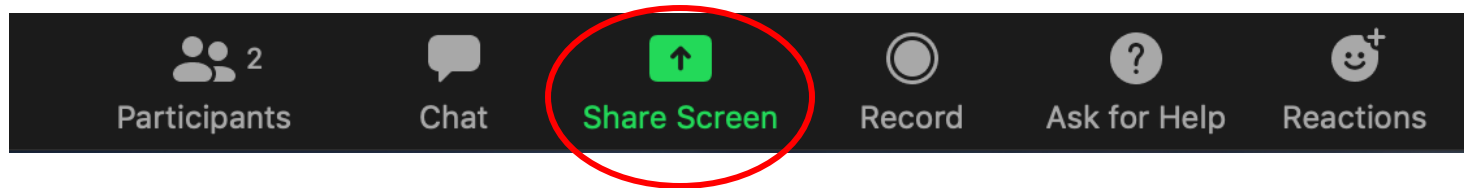


Breakout Rooms: What to do...

- Today, we will review **two case studies** on Fair Market Value assessment
- You will be randomly sorted into breakout rooms to discuss each case study as a group
- For each breakout room, **please nominate a “team leader”** to jot down notes and share the group’s ideas when we reconvene
- **Remember your breakout room number**; e.g. Breakout Room 3

Breakout Rooms: What to do...

- One person in your breakout group can use the **share screen** function to share the FMV assessment template for group input



- Each case study has its own set of files. For example, case study 1 documentation has the prefix CS1
- We will take up each case study together

Case Study #1

Case Study #2

Question & Answer

Still Have Questions?



Contact Us:

- <https://research.utoronto.ca/contact-us>

Feedback, please!



2021 STAR Workshop Series: Next Events

**My Research Applications and Agreements (MRA)
Renewal Initiative: Updates**

Mon. June 28,
1pm-2pm

****Break for summer****

Resources

- Division of the Vice-President, Research & Innovation (VPRI) <https://research.utoronto.ca>
- STAR Program <https://research.utoronto.ca/training-resources/research-administration-training-star-program>
- 2021 STAR Quick Tips (coming soon!)

Resources

- Procurement Services <https://www.procurement.utoronto.ca>
- Invitation to Quote Template for CFI-funded projects
<https://www.procurement.utoronto.ca/tools-templates-forms/invitation-to-quote-cfi-funded>
- Competitive Bid Request Form
<https://www.procurement.utoronto.ca/tools-templates-forms/competitive-bid>

Thank you for participating!