Welcome!

Thank you for joining us.

The workshop will begin shortly.



2022 Workshop Series

### Reminders

- Please mute your audio and turn off your video
- We will have time for questions at the end of each section. Please type your questions into the chat box.
- To turn on captioning if needed.
- We will be recording today's session
- Slides and recording will be shared following the session



### Accessibility

- Access is a shared responsibility between everyone in this workshop.
- If there is anything (presenter screen, sound, general tech issues) that may affect your participation in this session, please use the Zoom chat to send a private chat message to Garin Ohannesyan



#### Workshop

# CFI Budgeting & Procurement

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Nathan King Senior Procurement Officer, Procurement Services

Wednesday November 23<sup>rd</sup>, 2022

# 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."



#### **AGENDA**

- CFI budget principles & model
- Budgeting considerations
- Example budget & completing the forms
- Budget adjustments in the real world
- Practical Exercise (Breakout session)
- Procurement
- Question and Answer



### Icebreaker

What is your first thought when faced with preparing a CFI budget?

- 1 Hooray!
- 2 OK lucky it isn't an ORF-RE.
- 3 A low plaintive wail like a walrus...



# CFI Principles

The project belongs to the applying Institution(s)

- These are Institutional awards, not awards to PIs
- Equipment is owned by the University

#### CFI takes no ownership of projects

- Helping Institutional projects advance strategic research
- Awards are not contracts but CFI exerts financial accountability over its contribution, for 5 years



# CFI Budget Model

#### **Standard CFI funding model:**

Total cost = 40% CFI (<u>cash</u>) + 40% Ontario (<u>cash</u>) + 20% other (<u>cash/in-kind</u>)

#### In practice:

Total cost = up to 40% CFI + up to 40% Ontario + at least 20% other

#### CFI's view:

Total cost = up to 40% CFI + at least 60% other



# CFI Budget Model

#### Satisfying the model:

CFI looks at the model <u>applied to the complete budget, not individual lines</u>

#### In practice we should aim to:

- Build budgets line by line, following the formula
- Adjust between lines (if needed) to balance budget overall against the CFI model



# CFI Budget Model

#### "Cost"

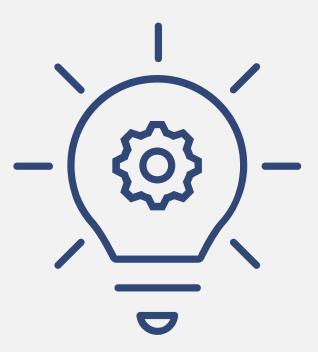
- the Fair Market <u>Value</u> of the equipment
- accounting for any normal academic discount

#### Myths about the 20%

- CFI does not dictate that the 20% must be in-kind through vendor deep discounts
- Divisional cash contributions are eligible (e.g., if renovations are planned already, and will house the equipment, they may be eligible as part of the 20% matching)
- Partner/third party cash contributions are eligible
- Tri-agency funds, and other provincial government funding, are not eligible as match



# Poll Question





### Poll # 1

Which equipment vendor quotes must you include in the application:

- a) All
- b) Only for items >\$100k
- c) Only for items where the In-Kind contribution is >20%
- d) None



#### Include the full cost of each item

- You need to cover every additional \$ the purchase will incur
- Ensure that the item cost includes all costs:
  - 。 3.41% tax
  - shipping, delivery, customs, brokerage fees, etc.
  - any installation costs
  - warranty/service contracts etc. as appropriate
  - any vendor deep discount (over educational discount)
- Ensure all values are stated in Canadian dollars
  - Consider currency exchange rates



#### Official quotes not required in the application, <u>however:</u>

- It is important to create a realistic budget, to ensure project will have all the cash it needs
- Quotes are a very good practice for larger value equipment
- Costs should be based on a reliable source (e.g., verbal quotes, previous recent purchase, etc.)
- Construction/renovations costs
- CFI request cannot be changed after application is submitted
- Ontario application must be the same as the CFI



# Systems: Equipment or components that physically connect or work together should be grouped into a "system"

- Avoids creating long lists of lower value items
- Provide details of sub elements in the Infrastructure <u>description</u>

#### Construction/renovation

- Include full direct costs, soft costs and contingency costs (10% max)
- Timeline for start, expected completion and occupancy dates
- If the renovation is part of a larger undertaking: maintain a separate record for the project space(s) expenses from the outset



#### Consult the CFI Policy and Program Guide re eligibility

See section 4.6 (pages 13–18) <a href="https://www.innovation.ca/apply-manage-awards/resources-apply-manage-award">https://www.innovation.ca/apply-manage-award</a>

#### If you're not sure - ASK!

- o eligibility of an item
- o how to account for the full cost of an item
- o what is eligible as an In-Kind contribution

Ask your Divisional Administrator, Planning personnel or RSO for advice, and ask early!



# Example: Budget Line Calculation



List Price	105,000	
Educational Discount @ 4.76%	5,000	
Net Educational Price	100,000	A
CFI Discount (In-Kind) @ 20%	20,000	
Net Cash Price	80,000	
Add shipping/brokerage	2,000	D
Add taxes @ 3.41%	2,728	E=3.41%*C
Cash total	84,728	- ·
Cash	84,728	-
In Kind	20,000	
Total Eligible Cost (= Fair Market value)	104,728	
		=total item amount included on CFI form
Total Eligible Cost (FMV)	104,728	
CFI @ 40%	41,892	40%
ORF @ 40%	41,892	40%
Institutional cash	954	
In kind 20%	20,000	20%



# RSO Budgeting Sheet (IBT)

	Budget Items					on (MM YYY E THESE C	Y) COLUMNS	CFI ORF CASH CASH			Institutional CASH	Vendor In-Kind
Category #	ltem #	Item Description	# of	# of	Total Cash	Total In- Kind	Total Cost	April 1, 2022 March 31, 2023	April 1, 2022 - March 31, 2023	Dept & CFC # / Vendor Name	April 1, 2022 - March 31, 2023	April 1, 2022 March 31, 2023
							-					
							-					
							-					
											-	-
												-



# CFI Budgeting Sheet

Detailed description of the item							
*Item description	Complicated Equipment			60 characters			
Convert to heading							
*Type of expenditure	Purchase of equip	Purchase of equipment (including shipping, taxes and installation) 🗸					
*Number of items	1 4 ch	naracters					
	Cash	In-kind	Total				
*Total eligible costs	80,000	20,000	\$100,000				
*Item location	University of Toro	nto 🗸					
*Date acquired (YYYY/MM) or to be acquired (YYYY)	2023						
ndicates a required field						Save	Ca



# CFI Budgeting Sheet

#### Add item

Move up | Move down

1 entry(ies) found

Item			Eligible costs				
number	Item description	Type of expenditure	Cash	In-kind	Total eligible costs	Delete	
1	Complicated Equipment	Purchase of equipment (including shipping, taxes and installation)	\$80,000	\$20,000	\$100,000	×	

1 entry(ies) found

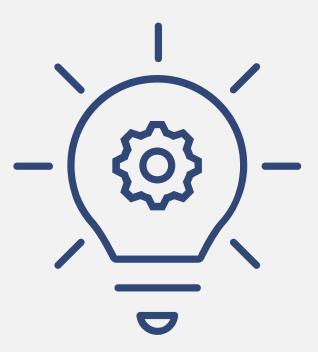
Move up Move down

Display/Print

Save



# Poll Question





### Poll # 2

Will CFI ever accept a 100% in-kind contribution?

- a) Yes
- b) No



### But it isn't really that tidy!

The vendor 20% discount doesn't cover all of the extras - tax, installation etc...

We believe you really need ~21%

#### **Solutions:**

- Ask the vendor for a higher discount %
- Make up the cash difference from other (usually University) sources
- Look for balancing provided by other purchases i.e. which have a higher discount



### Balancing Example

```
Item 1 = $100,000 $85,000 cash and $15,000 discount (15%)
Item 2 = $100,000 $75,000 cash and $25,000 discount (25%)
Overall = $200,000 $160,00 cash and $40,000 discount (20%)
```

#### But **not**:

```
Item 1 = $120,000 $102,000 cash and $18,000 discount (15%)
Item 2 = $80,000 $60,000 cash and $20,000 discount (25%)
Overall = $200,000 $162,00 cash and $38,000 discount (19%)
```



# Which gives us...

	FMV	Cash	Inkind	IK%
Item#1	120000	102000	18000	15%
Item#2	80000	60000	20000	25%
Total	200000	162000	38000	19%

Total Eligi	ble cost (FN	1V)	\$ 200,000
CFI@409	%		\$ 80,000
Ont@40	1%		\$ 80,000
Institution	nal cash		
Vendor Di	scount		\$ 38,000
	Shortfall		\$ 2,000



### What if it is the other way around?

Total Eligible cost (FMV)	\$ 200	00,000		FMV	Cash	Inkind	IK%	
CFI@40%			ltem#1	120000	91000	29000		24%
Ont@40%			Item#2	80000	60000	20000		25%
Institutional cash			Total	200000	151000	49000		25%
Vendor Discount	\$ 49	9,000						
Shortfall	\$ 15	51,000						

#### What you do:

Total Eligible cost (FMV)	\$ 200,000			FMV	Cash	Inkind	IK%	
CFI@40%	\$ 75,500	37.75%	Item#1	120000	91000	29000		24%
Ont@40%	\$ 75,500	37.75%	Item#2	80000	60000	20000		25%
Institutional cash			Total	200000	151000	49000		<b>25%</b>
Vendor Discount	\$ 49,000							
Shortfall	\$ -							



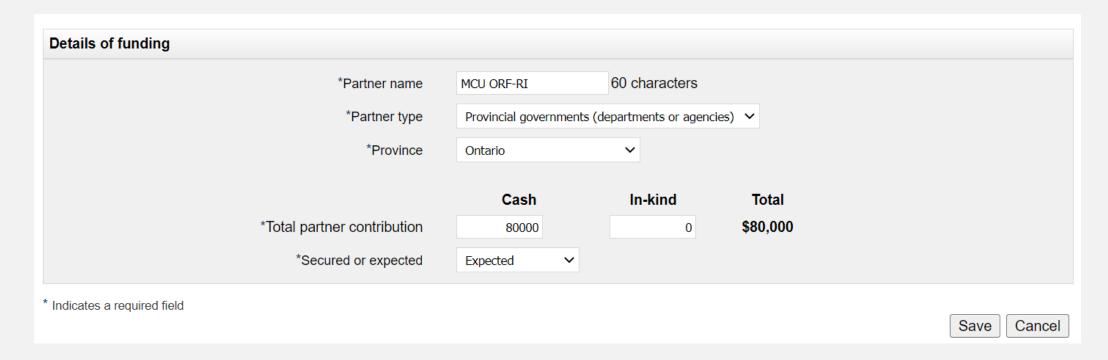
### What I would do...

- Include notes about the quoted numbers in the IBT
- Include the claimed amount in the application

Total Eligil	ole cost (FM	V)	\$ 200,000			FMV	Cash	Inkind	IK%	
CFI@409	6		\$ 80,000	40%	Item#1	120000	96000	24000		20%
Ont@40	%		\$ 80,000	40%	Item#2	80000	64000	16000		20%
Institution	al cash				Total	200000	160000	40000		20%
Vendor Di	scount		\$ 40,000	20%						
	Shortfall		\$ -		Quoted					
						FMV	Cash	Inkind	IK%	
					Item#1	120000	91000	29000		24%
					Item#2	80000	60000	20000		25%
					Total	200000	151000	49000		25%

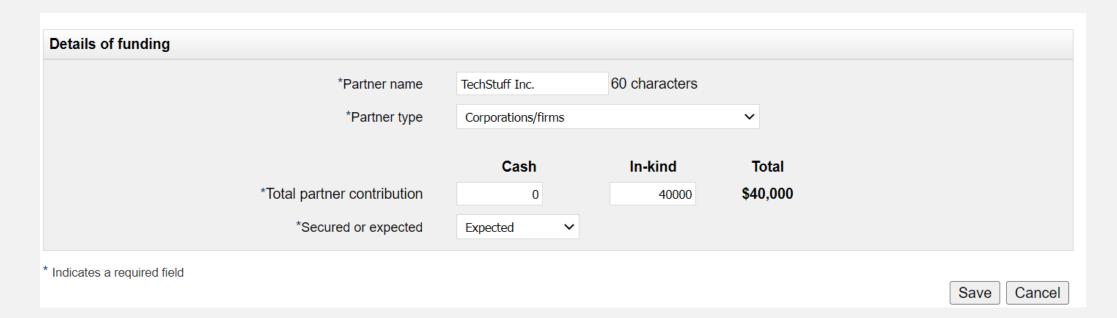


#### **Province:**





#### Vendor:





#### **Running Total:**

#### Add partner

2 entry(ies) found

Partner name	Partner type	Cash	In-kind	Total	Secured or expected	Delete
MCU ORF-RI	Provincial governments (departments or agencies)	\$80,000	\$0	\$80,000	Expected	×
TechStuff Inc.	Corporations/firms	\$0	\$40,000	\$40,000	Expected	×



#### On CAMS:

	Cash	In-kind	Total
Total eligible costs	\$160,000	\$40,000	\$200,000
Contributions from eligible partners	\$80,000	\$40,000	\$120,000
Amount requested from the CFI			\$80,000
Percentage of the total eligible costs requested from the CFI			40.00%



### Exercise solution

What you know from the quotes

						Application (MM YYYY)			ORF		Institutional	Vendor
	Budget Items				DO NOT CHANGE THESE COLUMNS				CASH		CASH	In-Kind
Category	ltem		# of	# of	Total	Total In-	T-1-1 C1	April 1, 2022 - March 31,	March 31,	Dept & CFC # / Vendor	March 31,	March 31,
#	#	Item Description	Items	Items	Cash	Kind	Total Cost	2023	2023	Name	2023	2023
							-					
13	1	Computing equipment	1	1	24,930		24,930			Computer Inc		
13	1	Supercompact Nanoscope and Confocal Microscope	1	1	79,770	18,868	98,638			Research Inc		18,868
13	1	Spectrometer	1	1	56,192	15,849	72,041			Scientific Co		15,849
							-					
		TOTALS			160,892	34,717	195,609	-	-		-	34,717
							-					



### Exercise solution

- What you don't have/don't know from the quotes:
- Computer Inc:
  - No Educational price or CFI discount
  - No delivery etc. find out if needed
- Research Inc:
  - No tax, delivery, install etc assume 5%?
- Scientific Co:
  - Don't be distracted by various discounts: focus on last two lines (CFI discount, and Total (which is the cash required)
  - Check if extended warranty required



### Exercise solution

Working out how much CFI will contribute

Total Eligible cost (FMV)	195609	
CFI@40%	78243.6	40%
Ont@40%	78243.6	40%
Institutional cash		
Vendor Discount	34717	18%
Shortfall	4404.8	



### Exercise solution...

#### Completing the IBT

Budget Items					Application (MM YYYY) DO NOT CHANGE THESE COLUMNS			CFI CASH	ORF CASH		Institutional CASH	Vendor In-Kind
Category #	Item #		# of Items	# of Items	Total Cash	Total In- Kind	Total Cost	March 31,	April 1, 2022 - March 31, 2023	Dept & CFC # / Vendor Name	April 1, 2022 - March 31, 2023	April 1, 2022 - March 31, 2023
							-					
13	1	Computing equipment	1	1	24,930		24,930	12,465	12,465	Computer Inc	4,404	
13	1	Supercompact Nanoscope and Confocal Microscope	1	1	79,770	18,868	98,638	39,885	39,885	Research Inc		18,868
13	1	Spectrometer	1	1	56,192	15,849	72,041	28,096	28,096	Scientific Co		15,849
							-					
		TOTALS			160,892	34,717	195,609	80,446	80,446		4,404	34,717
							-					



### Infrastructure Operating Fund (IOF)

- Each CFI award automatically receives an additional Infrastructure
   Operating Fund (IOF) award. This is valued at 30% of the CFI contribution.
  - If the total project cost is \$2.5M,
  - CFI's share will be \$1M (40%), and
  - the IOF will be \$300k (30% of \$1M)
- IOF funds are for operational and maintenance (O&M) costs to keep the CFI-funded infrastructure in "research-ready mode" (e.g., repairs, service contracts, equipment manager)
- IOF is not intended, nor does CFI expect it to cover the full cost of O&M
- Take account of this in the Sustainability section of the application



### Resources

- VPRI CFI Innovation Fund funding opportunity page
- U of T Research Services CFI IF 2023 Tips Sheet
- CFI IF 2023 Budget Template
- Addressing EDI Considerations in Your Funding Application (teams and training)
- EDI in Research & Innovation resources page



## The VPRI Support Team

#### **Kevin Hamilton**

Process, timelines, eligibility (<u>kevin.hamilton@utoronto.ca</u>)

#### **Helena Medeiros**

Policy and budget guidelines (helena.medeiros@utoronto.ca)

### Elizabeth Nguyen

Policy and budget guidelines (elizabeth.nguyen@utoronto.ca)

General inquiries (rso.vpr@utoronto.ca)



### CFI Budgets and Procurement

Timing of CFI Procurement

Dealing with Changes from Budgeted to Actual



### Timing of CFI Procurement

- When can you purchase items from the CFI Grant?
- What is the status of your CFI Grant
  - Approved vs Awarded
  - Has an account been set up with the funds
- Is the an Advanced Spending Request in place?
  - Will your department sign an Advance Spending Request if required?

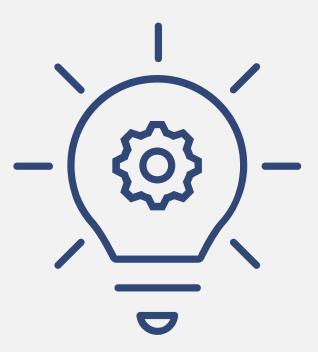


### Timing of CFI Procurement

- Invitational Procurement Under 100K
  - The funds should be readily available when you're getting quotes.
- Public Procurement Over 100K
  - 3-6 months for an RFx
  - Can I start an RFx before the funds are awarded and the account has been set up?



# Poll Question





### Poll # 3

I can issue an RFP prior to having the funds from CFI.

a) True

b) False



### Dealing with Changes

- Dealing with Changes from Budgeted to Actual
  - Budgetary Quotes vs Formal Quotation
  - What can you do when the quotes received don't match Budget
    - Negotiate with Supplier
    - Get more quotes
    - Review the total budget to see if there is additional in-kind on other line items
    - Use funds from other sources



### Example 1

		Normal	Educational	CFI	Total
	List Price	Discount	Discount	In-kind	Cost
Budget		\$	\$		
Quote	\$100,000	_	_	\$20,000	\$80,000
Formal		\$	\$		
Quote	\$120,000	_	_	\$24,000	\$96,000

- The Price of the equipment has increased
- In-kind
   Contribution is
   still at 20% but
   the cost is
   greater than
   budgeted.



### Example 2

		Normal	Educationa	CFI In-	
	List Price	Discount	l Discount	kind	<b>Total Cost</b>
Budget			\$		
Quote	\$100,000	\$ -	_	\$20,000	\$80,000
Formal					
Quote	\$100,000	\$5,000	\$2,000	\$13,000	\$80,000

# Changes in Discounts Provided

- Discount Structured is different from the Budgetary Quote
- In-kind doesn't equal 20%



### Example 3

		Normal	Educationa	CFI In-	
	List Price	Discount	l Discount	kind	<b>Total Cost</b>
Budget			\$		
Quote	\$100,000	\$		\$20,000	\$80,000
Formal			\$		
Quote	\$100,000	\$		\$20,000	\$80,000
			\$		
Shipping	\$5,000	\$		\$ -	\$5,000
			\$		
Warranty	\$10,000	\$		\$2,000	\$8,000
					\$93,000

- Additional Costs not included in the budgetary quote
- In-kind doesn't equal 20% and the quote is over budget.



# Question & Answer



## Upcoming Workshop

2023 STAR Workshop # 1

Wed January 18, 2023



## Feedback, please!

