



2022 Workshop Series

Welcome!

Thank you for joining us.

The workshop will begin shortly.

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

Kevin Hamilton Director, Institutional Initiatives, Research Services Office

Nathan King Senior Procurement Officer, Procurement Services

Wednesday November 23rd, 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 (cash) + 40% Ontario (cash) + 20% other (cash/in-kind)

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 **applied to the complete budget, not individual lines**

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 Value 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

Budget Considerations

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

Budget Considerations

Official quotes not required in the application, however:

- 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

Budget Considerations

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 description

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

Budget Considerations

Consult the CFI Policy and Program Guide re eligibility

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

If you're not sure - ASK!

- eligibility of an item
- how to account for the full cost of an item
- 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 |
| CFI Discount (In-Kind) @ 20% | 20,000 |
| Net Cash Price | 80,000 |
| Add shipping/brokerage | 2,000 |
| Add taxes @ 3.41% | 2,728 |
| Cash total | 84,728 |

A
B
C=A-B
D
E=3.41%*C
F=C+D+E

} QUOTE

| | |
|---|----------------|
| Cash | 84,728 |
| In Kind | 20,000 |
| Total Eligible Cost (= Fair Market value) | 104,728 |

F
B
G=F+B
=total item amount included on CFI form

| | |
|---------------------------|----------------|
| Total Eligible Cost (FMV) | 104,728 |
| CFI @ 40% | 41,892 |
| ORF @ 40% | 41,892 |
| Institutional cash | 954 |
| In kind 20% | 20,000 |

40%
40%
} 20%

RSO Budgeting Sheet (IBT)

| Budget Items | | | | Application (MM YYYY) DO NOT CHANGE THESE COLUMNS | | | | CFI | ORF | | Institutional | Vendor |
|--------------|--------|------------------|------------|---|------------|---------------|------------|---------------------------------|---------------------------------|-------------------------------|---------------------------------|---------------------------------|
| | | | | | | | | CASH | CASH | | CASH | In-Kind |
| Category # | Item # | Item Description | # of Items | # of Items | 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 |
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CFI Budgeting Sheet

Detailed description of the item

*Item description 60 characters

Convert to heading

*Type of expenditure ▼

*Number of items 4 characters

| | Cash | In-kind | Total |
|-----------------------|-------------------------------------|-------------------------------------|------------------|
| *Total eligible costs | <input type="text" value="80,000"/> | <input type="text" value="20,000"/> | \$100,000 |

*Item location ▼

*Date acquired (YYYY/MM) or to be acquired (YYYY)

Indicates a required field


CFI Budgeting Sheet

[Add item](#)

Move up

Move down

1 entry(ies) found

| | Item number | Item description | Type of expenditure | Eligible costs | | | Delete |
|--------------------------|-------------|-----------------------|--|----------------|----------|----------------------|---|
| | | | | Cash | In-kind | Total eligible costs | |
| <input type="checkbox"/> | 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

| | |
|------------------------------|---------|
| List Price | 105,000 |
| Educational Discount @ 4.76% | 5,000 |
| Net Educational Price | 100,000 |
| CFI Discount (In-Kind) @ 20% | 20,000 |
| Net Cash Price | 80,000 |
| Add shipping/brokerage | 2,000 |
| Add taxes @ 3.41% | 2,728 |
| Cash total | 84,728 |

A
B
C=A-B
D
E=3.41%*C
F=C+D+E

| | |
|---|---------|
| Cash | 84,728 |
| In Kind | 20,000 |
| Total Eligible Cost (= Fair Market value) | 104,728 |

F
B
G=F+B
=total item

| | |
|---------------------------|---------|
| Total Eligible Cost (FMV) | 104,728 |
| CFI @ 40% | 41,892 |
| ORF @ 40% | 41,892 |
| Institutional cash | 954 |
| In kind 20% | 20,000 |

40%
40%
} 20%

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 Eligible cost (FMV) | \$ | 200,000 |
| CFI@40% | \$ | 80,000 |
| Ont@40% | \$ | 80,000 |
| Institutional cash | | |
| Vendor Discount | \$ | 38,000 |
| | Shortfall | \$ 2,000 |

What if it is the other way around?

| Total Eligible cost (FMV) | \$ 200,000 | | | | FMV | Cash | Inkind | IK% |
|---------------------------|------------------|-------------------|--|--------------|---------------|---------------|--------------|------------|
| CFI@40% | | | | Item#1 | 120000 | 91000 | 29000 | 24% |
| Ont@40% | | | | Item#2 | 80000 | 60000 | 20000 | 25% |
| Institutional cash | | | | Total | 200000 | 151000 | 49000 | 25% |
| Vendor Discount | \$ 49,000 | | | | | | | |
| | Shortfall | \$ 151,000 | | | | | | |

- 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 | 25% |
| 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 Eligible cost (FMV) | \$ | 200,000 | | | | FMV | Cash | Inkind | IK% |
| CFI@40% | \$ | 80,000 | 40% | | Item#1 | 120000 | 96000 | 24000 | 20% |
| Ont@40% | \$ | 80,000 | 40% | | Item#2 | 80000 | 64000 | 16000 | 20% |
| Institutional cash | | | | | Total | 200000 | 160000 | 40000 | 20% |
| Vendor Discount | \$ | 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% |

Sources of Funding

Province:

Details of funding

| | | | |
|-----------------------------|---|--------------------------------|-----------------|
| *Partner name | <input type="text" value="MCU ORF-RI"/> | 60 characters | |
| *Partner type | <input type="text" value="Provincial governments (departments or agencies)"/> | | |
| *Province | <input type="text" value="Ontario"/> | | |
| | Cash | In-kind | Total |
| *Total partner contribution | <input type="text" value="80000"/> | <input type="text" value="0"/> | \$80,000 |
| *Secured or expected | <input type="text" value="Expected"/> | | |

* Indicates a required field

Sources of Funding

Vendor:

Details of funding

| | | | |
|-----------------------------|---|------------------------------------|-----------------|
| *Partner name | <input type="text" value="TechStuff Inc."/> | 60 characters | |
| *Partner type | <input type="text" value="Corporations/firms"/> | | |
| | Cash | In-kind | Total |
| *Total partner contribution | <input type="text" value="0"/> | <input type="text" value="40000"/> | \$40,000 |
| *Secured or expected | <input type="text" value="Expected"/> | | |


* Indicates a required field

Sources of Funding

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 |  |

Sources of Funding

- **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

| Budget Items | | | | Application (MM YYYY) DO NOT CHANGE THESE COLUMNS | | | | CFI | ORF | | Institutional | Vendor |
|--------------|--------|--|------------|--|------------|---------------|------------|--------------------------------|--------------------------------|----------------------------|--------------------------------|--------------------------------|
| Category # | Item # | Item Description | # of Items | # of Items | Total Cash | Total In-Kind | Total Cost | CASH | CASH | Dept & CFC # / Vendor Name | CASH | In-Kind |
| | | | | | | | | April 1, 2022 - March 31, 2023 | April 1, 2022 - March 31, 2023 | | April 1, 2022 - March 31, 2023 | April 1, 2022 - March 31, 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 | ORF | | Institutional | Vendor |
|--------------|--------|--|------------|--|------------|---------------|------------|--------------------------------|--------------------------------|----------------------------|--------------------------------|--------------------------------|
| Category # | Item # | Item Description | # of Items | # of Items | Total Cash | Total In-Kind | Total Cost | CASH | CASH | Dept & CFC # / Vendor Name | CASH | In-Kind |
| | | | | | | | | April 1, 2022 - March 31, 2023 | April 1, 2022 - March 31, 2023 | | 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 (kevin.hamilton@utoronto.ca)

Helena Medeiros

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

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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 there 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

| | List Price | Normal Discount | Educational Discount | CFI In-kind | Total 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

| | List Price | Normal Discount | Educational Discount | CFI In-kind | Total Cost |
|--------------|------------|-----------------|----------------------|-------------|------------|
| 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

| | List Price | Normal Discount | Educational Discount | CFI In-kind | Total Cost |
|--------------|------------|-----------------|----------------------|-------------|------------|
| 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!

