



ELIGIBLE COSTING GUIDELINES

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Understanding Eligible Costs

Important: The Canadian Red Cross can only approve costs that are demonstrated as ‘eligible costs’ in accordance with these Eligible Costing Guidelines. In addition to reviewing the proposed project budget as part of the application process, the Canadian Red Cross will review the financial reports and supporting documentation of funded projects to ensure eligibility of costs and expenditures.

To be considered eligible costs for projects funded by the Canadian Red Cross, expenses must be:

- ✓ Directly attributable to the project
- ✓ In furtherance of project activities and outcomes
- ✓ Reasonable
- ✓ Actually and properly incurred
- ✓ In line with these Eligible Costing Guidelines and the terms of the agreement

All eligible expenses need to be verifiable, detailed, and supported by proper documentation. Reimbursement by the Canadian Red Cross will be based on actual expenditures incurred, as supported by the relevant source documents (for example, receipts).

Ineligible Costs across Categories

As a charitable humanitarian organization, there are some costs that the Canadian Red Cross is unable to fund. In addition to the list below, consult the common ineligible costs listed under each Budget Category in the following sections.

The following costs are considered ineligible costs, and therefore not eligible for reimbursement by the Canadian Red Cross:

- Expenses covered by another funding source including other pandemic recovery funds and restricted organizational revenue
- Gift cards, gifts, prizes, and incentives for participation
- Costs or expenses for entertainment
- Purchasing land or buildings, real estate fees, and related costs
- General professional memberships and professional development fees
- Training for personnel not dedicated to the project
- Provision for losses or potential future liabilities
- Contingencies
- Exchange losses
- Interest expenses
- Legal penalties
- Taxes for which an organization is eligible for a tax rebate
- Alcohol or cannabis
- Individual membership fees for private clubs (e.g., golf clubs, gyms)
- Costs associated with profit-making activities

Note: this list is non-exhaustive. The Canadian Red Cross will review budgets and financial documentation of funded projects to ensure alignment with the principles of these Eligible Costing Guidelines.

Ineligible Activities across Categories

Ineligible activities include but are not limited to:

- Direct service delivery
- Major capital projects
- Partisan, political or election-related activities
- Publication of books or research
- Projects and activities that generate a profit
- Direct fundraising activities or events
- Projects that benefit only private interests
- Projects that promote a for-profit entity or its products and service.
- Activities that undermine, restrict, or infringe on human rights legally protected in Canada
- Sub-granting activities
- Sponsorship, endowment funds, and donations

Eligible Costs & Budget Categories




How to use this section

This section sets the rules and parameters for eligible costs in each of the eight budget categories below:

1. Personnel – wages and employment-related costs
2. Contractors – fees for professional services
3. Materials & Supplies
4. Project Equipment
5. Travel Expenses
6. Training & Events
7. Administrative Costs

To be considered eligible costs, costs and expenditures must comply with the parameters set out below for each budget category, as well as the characteristics of eligible costs listed earlier.

Each budget category section below includes:

- An explanation of the purpose of the category
- The **Eligible Costing Rate** for costs in that category
-  **Common eligible costs** in the category
-  **Common ineligible costs** in the category
-  **Supporting documentation** that must be retained over the course of the project. Documentation may be requested by the Canadian Red Cross at any time to substantiate eligibility of costs. Further, all original source documentation for the project must be held on file for a period of seven (7) years in case of audit.

1. PERSONNEL – wages and employment-related costs

This budget category represents the cost of personnel, payroll and other compensation for employees working on activities to achieve the project's outcomes. Salary costs and benefits, or hourly wages for individuals, employed to

work on activities directly related to the project objectives are eligible expenditures.

Any person working on the project who is covered by the organization's employee policies should be reflected in this cost category.

Eligible Costing Rate: Actual sums paid to employees (including permanent, temporary or short-term employees) in accordance with the organization's usual pay scales and practices for personnel required by the organization to carry out the activities of the project. This should reflect the total cost of an employee including vacation pay and benefits, as well as the organization's standard contributions for benefits as required by virtue of a company policy or collective agreement.



Common eligible costs

- **Salary.** Actual and justifiable salaries for personnel required by the organization to carry out the project. If only a percentage of an individual's time is required, this must be reflected in the budget. The total value in the budget includes the following:
 - i. **Direct Salaries:** actual and justifiable sums paid by the organization to employees in accordance with the organization's pay scales as regular salary, excluding overtime pay and bonuses. Rates shall be in accordance with local laws and practices including local market rate of remuneration.
 - ii. **Fringe Benefits:** in accordance with the organization's policies as follows:
 - a. **time-off benefits:** allowable number of days to be paid by the organization for the following payable absences: statutory holidays, annual vacation and sick leave;
 - b. **paid benefits:** actual sums paid by the organization for paid benefits: the organization's contribution to employment insurance and workers' compensation plans (where applicable), health and medical insurance, group life insurance, pension plans, or other mandatory government benefits.
- **Overtime.** Overtime is permissible in accordance with the organization's human resources procedures provided it is required for implementation of the project and is evidenced by documentation.
- **Honoraria.** Where it is considered a cultural norm, for example, for Indigenous Elders or Knowledge Keepers, honoraria should be included in this category. The principle of reasonableness applies, and documentation should be kept.



Examples of common ineligible costs

- Bonuses or additional remuneration
- Redundancy costs
- Severance costs

Note: this list is non-exhaustive.



Examples of supporting documentation that must be retained:

- Time management/tracking records such as timesheets
- Payroll documentation and/or general ledger showing personnel expenses
- Documentation of honoraria paid
- Other, similar documents

2. CONTRACTORS – fees for professional services

This budget category represents the cost of consultants, advisors, and specialized professional service providers who are not personnel of the organization but are required to achieve the project purpose and activities. A professional service provider is an individual with significant training, qualifications, and expertise in a professional, scientific, technical, or managerial field who provides a service to the organization for the project.

Note that contractors are self-employed, and as such do not receive benefits from the organization and are responsible for their own taxes and invoicing against the contract. Further, contractors are expected to have their own equipment, technology, or other materials required for the work.

Eligible Costing Rate. The actual fair market cost of contractors' fees under a service contract, supported by a fair and open procurement process or multiple quotes.

- i. **Individual rates or amounts negotiated shall not exceed the fair market value** that applies to the specific type of service in the regular place of work of the contractor or for similar work being performed under this agreement and shall exclude increased rate for overtime. This must be evidenced by an assessment of fair market value (such as multiple quotes or having a fair and open tender).
- ii. **Contractors should be at arm's length from the organization and its personnel.** "Arms-length" means there is no connection between the organization or its personnel and the vendor/contractor. A connection could result in a personal interest that would affect the perception of the procurement and tendering process. For example, an organization is "Not arms-length" when the organization is related to the contractor. In the case of a contractor that is a corporation or company, contractor personnel would be "related" to that company or corporation if a) the personnel controls the corporation; b) the personnel is a member of related group that controls the corporation; or c) the personnel is a person who is related to a person who controls the corporation or is a member of a related group that controls the corporation.



Examples of common ineligible costs

- Fees for contractors that are not demonstrably arms-length from the organization and its personnel
- Tender costs to secure services
- Statutory and employee benefits (as professional service providers are contracted, and not employees of the organization)
- Fees that exceed fair market value
- Increased fees for overtime not covered by the contract with the professional

Note: this list is non-exhaustive.



Examples of supporting documentation that must be retained:

- Procurement records for tender/RFP/RFQ, due diligence on costing (including justification of fair market value rate), sole sourcing forms if applicable
- Contract with contractors, purchase orders (PO), invoices, and receipts for payment
- Other, similar, documents

3. MATERIALS AND SUPPLIES

This budget category represents the **consumable** materials and supplies that are critical for successful delivery of the project. It must be clear how these materials are required and directly linked to project activities.

Eligible Costing Rate: Actual and reasonable costs of materials and supplies purchased for the project, supported by source documentation (receipts, invoices, purchase orders, etc.), provided that such costs do not exceed the fair market value that applies to the specific type of materials and supplies. As with other costs, evidence of fair market value and corresponding due diligence must be kept on file with good record-keeping practices.

Note that general office supplies are usually accounted for under the Administrative Costs contribution and should not be included here. However, if your project is delivering activities that require additional dedicated consumable materials and supplies for project activities, for example workshop materials, you may include those here.

Examples of common ineligible costs

- Gift cards
- Disbursement of financial assistance or non-material support for individuals/clients (for example, personal rent coverage, utilities, or internet subscriptions)
- Contests, prizes, awards, trophies, plaques, promotional items or similar materials

Note: this list is non-exhaustive.



Examples of supporting documentation that must be retained:

- Receipts for purchases
- Procurement records for tender/RFP/RFQ for larger purchases or supplier contracts, and sole sourcing forms if applicable
- Documents supporting justification of fair market value (price or quote comparisons, etc.)
- Due diligence (research and seeking multiple quotes) on fair market value costs (including justification that the supplier chosen offers fair market value compared to other quotes)
- Contract with contractor, purchase orders (PO), invoices, receipts
- Other, similar, documents

4. PROJECT EQUIPMENT

This Budget Category is used to itemize actual, real and fair market value for equipment purchased for the project, that is required for the organization to meet the project purpose.

Eligible Costing Rate. Actual and reasonable costs of equipment, supported by source documentation (receipts, purchase orders, etc.). As with other costs, evidence of fair market value and corresponding due diligence should be kept on file (for example multiple quotes). Project equipment should be purchased using the organization's procurement policies provided such practices comply with this document and the Agreement.

To be an eligible cost, the equipment must be newly acquired during the project term, specifically for the project. The use of existing equipment would represent an indirect cost, which the intended contribution of the Administrative Costs category.

Organizations are required to retain a listing of equipment purchased which must be readily available on request.

Note: “Capital Asset” means any single non-consumable item, or a collection of non-consumable items which form one identifiable functional unit. Any Capital Assets with purchase of or lease value of more than \$5,000 (before taxes) will remain property of the project until the end of the project. After this, the organization will be able to keep the item(s) or dispose of it in a manner decided on with the Canadian Red Cross.

Examples of common ineligible costs

- Equipment, inventory, or technology that is not newly acquired for the project
- Extended warranties for equipment

Note: This list is non-exhaustive.



Examples of supporting documentation that must be retained:

- Procurement records for tender/RFP/RFQ, due diligence on costing (including justification of fair market value rate), sole sourcing forms if applicable.
- Contract with contractor, purchase order (PO), invoices, receipts.
- Asset listing and identification of current location of items.
- Handover certificates / records if applicable at the end of the project term.
- Other, similar, documents

5. TRAVEL EXPENSES

This Budget Category is used to capture expenses for travel that is directly related to the project and required to carry out the project purpose. In order to ensure travel costs are equitable across projects, the Canadian Red Cross aligns with the Travel Directives and Special Travel Authorities set by the [National Joint Council of the Public Service of Canada](#) (“NJC”).

Eligible Costing Rate. Travel costs actually and reasonably incurred by the organization in accordance with the organization’s usual policies and practices, provided they do not exceed the rates set in the Travel Directive and Special Travel Authorities of the NJC set for the province.



Common eligible costs

- **Meals, incidentals, and mileage.** The cost of meals, incidentals and mileage for private (personal) vehicle usage, in accordance with the meal, incidental, and private vehicle allowances specified in Appendices B, C and D of the Travel Directive, which can be found at <http://www.njc-cnm.gc.ca/directive/travel-voyage/index-eng.php>. These costs are sometimes referred to as “per diems”. Per diems may be provided to personnel or to volunteers and are intended to cover costs incurred while undertaking project-related activities.
- **Accommodation.** The actual and reasonable cost of a single room in commercial accommodation or, when private non-commercial accommodation is used, the rate for such accommodation, in accordance with Appendix C of the Travel Directive.

- **Transportation.** This can include the cost of airfare, taxis, car rentals and mileage on vehicles already owned by the organization.
 - i. Airfare: the cost of commercial transportation based on the lowest available fares, using the most direct routing.
 - a. The organization shall endeavor to obtain the lowest possible airfare, such as by booking the reservation as early as possible. The standard for air travel is economy class, including APEX, charters and other reduced or discounted fares.
 - b. Canadian Red Cross will reimburse at the lowest airfare available at the time of reservation, but never more than the maximum of a full-fare economy airfare.
 - c. The organization must be able to demonstrate with proper supporting documentation deemed satisfactory to Canadian Red Cross, the lowest fare available at the time of reservation.

Examples of common ineligible costs

- Travel insurance (health, cancellation, baggage, etc.)
- Seat upgrades and seat selection
- Flight cancellation costs
- First class or business class travel
- Alcohol
- Per diems or claims more than the NJC standards
- International travel, including the USA

Note: This list is non-exhaustive.



Examples of supporting documentation that must be retained:

- Travel expenses claim forms (for per diem and reimbursement), original receipts for expenditures, or justification/due diligence for fair market value
- Records justifying flight changes
- Other, similar, documents

6. TRAINING AND EVENTS

This Budget Category is used to set out **all the components** required to run a workshop, training session or other event to achieve the project's purpose. This includes, but is not limited to, facilitator services/fees, transportation for the facilitator, venue rentals, coffee break/refreshment costs, and items for distribution as part of the event (e.g., workbooks or other training materials), etc.

Eligible Costing Rate. Actual and reasonable costs arising from the elements required for training sessions, workshops, and events, provided they do not exceed the fair market value for each element.

Examples of common ineligible costs

- Fundraising events
- Events where a profit is being made by the organization
- Promotional items (t-shirts, hats, pens, etc.)
- Contests, prizes, awards, trophies, plaques, promotional items or similar materials
- Gift cards

Note: This list is non-exhaustive.



Examples of supporting documentation that must be retained:

- Rental agreement for space/venue
- Procurement records for tender/RFP/RFQ, due diligence on costing (including justification of fair market value rate), sole sourcing forms if applicable
- Contracts with suppliers, facilitators, venue, etc. Plus, purchase orders (PO), invoices (with itemized expenses), and receipts
- Travel records if travel is undertaken (see Travel Expenses Records for more information)
- Other, similar, documents

7. ADMINISTRATIVE COSTS

The project budget should include all **direct costs** for your project. Direct costs are traceable and distinct from normal operating costs of the organization. In other words, they are the new or additional resources needed to successfully achieve the project purpose.

In addition to the direct costs budgeted by the organization, a contribution to Administrative Costs will be automatically added at a set rate of the total budget. This is intended to permit organizations to cost recover for ongoing operational costs, overhead and typical indirect costs incurred by the organization as they go about their normal work and their work on the project. In unique cases, depending on the project activities the Canadian Red Cross may further adjust the administrative percentage as part of our review of your application and will discuss these adjustments with you prior to signing the Agreement.

The Administrative Costs category may also be referred to as 'overhead', 'indirect costs' or 'management costs'. The Canadian Red Cross uses the term Administrative Costs in recognition that organizations incur indirect costs in the implementation of projects.



Common expenses intended as part of the Administrative Costs contribution

The following costs should generally not be included as Direct Costs in the Project Budget, as they would be considered shared resources not directly attributable to the project:

- General administrative support to the project: such as Executive management (CEO, COO, CFO, etc.), accounting, bookkeeping and general financial management, internal audit function, legal support and expenses, information technology support staff, facilities support personnel, human resources, shared procurement resources, general logistics support, material management
- Board activities
- Office supplies
- General communications and website support
- Information technology costs including cyber security and basic IT infrastructure utilization
- Existing information technology equipment and support (e.g., centralized IT systems, networks)
- Bank charges/fees
- Phone and internet costs
- Equipment repair, maintenance, or depreciation costs

- Insurance costs
- Generalized subscription and membership costs
- Advertising, marketing, and promotion
- Rent, utilities, maintenance, and use of-existing facilities
- Other shared resources that are not directly attributable to the project