

Accelerating Growth

Through Strategic Partnerships

*Presentation to New Grantees of the
BIRD Foundation*



Fiscal Reporting

Seminar

July 2018



Natalie Galperin

CFO

Topics for Discussion

- Triggers for payments
- Structure of fiscal reports
- Content of fiscal reports
- Documentation required for preparation of fiscal reports
- Variation from budget
- Repayments – general terms
- Commercialization reports

What Triggers Payments

Annex B to CPFA

PAYMENT OF CONDITIONAL GRANT

1. First Payment - On signing – Israeli Company: \$
- U.S. Company: \$

2. Second Payment –

After receipt and approval of the first interim technical and fiscal reports for the first 6 month period, or after actual expenditures on the project have equaled or exceeded the required expenditure, whichever is later.

	Required Expenditure	Payment
Israeli Company:	\$	\$
U.S. Company:	\$	\$

3. Final Payment - After receipt and approval of the final technical and fiscal reports - the balance due Proposer up to the total sum of the Conditional Grant in accordance with Section B.1.

Structure of Fiscal Report

1. Standard Cover Page
2. Direct labor
3. Equipment
4. Materials & supplies
5. Travel – foreign and domestic
6. Subcontracts
7. Consultants
8. Other Expenses
9. General & Administration - 5%
10. Total Expenditures

Cover Page

Fiscal Report - Standard Cover Page
(separate report required for each co.)

BIRD REF. NO.: _____

TO: ISRAEL-U.S. BINATIONAL INDUSTRIAL RESEARCH AND DEVELOPMENT FOUNDATION

PROJECT TITLE:

COMPANY NAME: _____

TYPE OF REPORT: (*Interim; Final*) _____

REPORTING SEGMENT COVERED (dd/mm/yy):

From: _____

To: _____

PROJECT START DATE (dd/mm/yy): _____

Number of months in segment: _____

Cover Page (cont.)

EXPENDITURE:	\$ U.S. CUMULATIVE <u>ACTUAL</u>	\$ U.S. TOTAL APPROVED <u>BUDGET (per Annex A)</u>	Actual, as <u>% of Budget</u>
Direct Labor	_____	_____	
Overhead @ 25%	_____	_____	
Tot. Direct Labor	_____	_____	-
Equipment (Purchased & Leased)	_____	_____	-
Materials & Supplies	_____	_____	-
Travel: Foreign	_____	_____	
Domestic	_____	_____	-
Subcontracts	_____	_____	-
Consultants	_____	_____	-
Other Expenses	_____	_____	-
Total Expenditures	_____	_____	-
G&A @ 5%	_____	_____	-
Total Company Expenditure	_____	_____	-
Budget for Current Reporting Segment			
Estimated Budget for Next Reporting Segment (if relevant)			
Updated Estimate of Total Budget (as shown in Proposal)			

Cover Page (cont.)

We confirm that this report is prepared from separate accounting records maintained for recording the entire project expenditures. The Project Manager's signature is his/her confirmation that all the listed items and expenditures were made by the company within the framework of the project.

Printed name and signature:

**Company's
Project Manager**

**Company's
Accounting Official**

**Company's
Authorizing Official**

Signature:

Printed Name:

Title:

E-mail:

Telephone no.:

Date Submitted (dd/mm/yy):

Direct Labor

PROJECT NO.:

For the reporting period from: _____ Through: _____
Number of months in segment: _____

I. DIRECT LABOR

Name of Employee	THIS REPORTING SEGMENT						Total Previously Reported	Cumulative Total to date	Approved Contract Budget
	Profession	No. of months during which time was spent on Project	% Time * on Project	Gross Salary during Months Worked	Social Benefits during Months Worked	Total Charged to Project			
			%	\$	\$	\$	\$	\$	\$
						-		-	
						-		-	
						-		-	
						-		-	
						-		-	
						-		-	
						-		-	
						-		-	
						-		-	
Total Expenditure						\$	-	-	-
25% Overhead						\$	-	-	-
TOTAL						\$	-	-	-

* % time on project within number of months during which time was spent on project

Direct Labor

1. Project No.

- ◆ name or number identifying project in company's records

2. Reporting segment

3. Employees

- ◆ identify by name
- ◆ NOT to be included corporate executives, secretarial staff, legal staff, administrative staff or staff engaged in selling activities; such expenses are included in the overhead allowance

4. Number of months

- ◆ number of months during which employee worked on project during the reporting segment

Direct Labor (cont.)

5. Percentage time

- ◆ time on project during period (in item 4 above)
- ◆ based on a project time monitoring system
- ◆ actual hours / total hours (incl. vacation and sick leave)

6. Gross salary

- ◆ from payroll and relative to time worked

7. Social benefits

- ◆ company's contribution
- ◆ payroll taxes, pension etc. (incl. vacation accrued)

8. Maximum annual salary (incl. social benefits)

- ◆ Israel - \$100,000
- ◆ U.S.A. - \$150,000

Equipment

Description of Equipment	Date of Purchase	Purchase Price	Percentage used on Project	No. of months used on Project During Segment	Total Charged to Project	Total Previously Reported	Cumulative Total to Date	Approved Contract Budget
	dd/mm/yy	\$	%		\$	\$	\$	\$
					-		-	
					-		-	
					-		-	
					-		-	
					-		-	
					-		-	
					-		-	
					-		-	
				TOTAL	\$		-	-

(*) The annual depreciation rate for all equipment types is 33.3%

IIb. LEASED EQUIPMENT

Leased Equipment Description	Monthly Lease Cost	No. of Units	Percentage used on Project	No. of months used on Project During Segment	Total Leasing Cost	Total Previously Reported	Cumulative Total to date	Approved Contract Budget
	\$/unit/mo		%		\$	\$	\$	\$
					-		-	
					-		-	
				TOTAL	\$		-	-

Equipment

1. Recognize

- ◆ depreciation or leasing costs

2. Itemize in report – each item should be specified in budget

- ◆ date of purchase or commencement of lease
- ◆ purchase price
- ◆ percentage used on project
- ◆ months used on project during segment
- ◆ depreciation rate %

3. Documentation

- ◆ proof related to project (invoice, purchase order, etc.)
- ◆ signed authorization by project manager
- ◆ proof of payment
- ◆ all documentation must be available for auditing

Travel (foreign & domestic)

PROJECT NO.: _____

For the reporting period from: _____ Through: _____

Number of months in segment: _____

IV. TRAVEL

A) FOREIGN

Name of Person	Dates of Travel		Destination	Total Charged to Project	Total Previously Reported	Cumulative Total to Date	Approved Contract Budget
	from	to		\$	\$	\$	\$
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
TOTAL			\$				

Travel (foreign & domestic)

Information & documentation required

- ◆ name of employee making the trip
- ◆ dates of travel & destination
- ◆ description of purpose of trip
- ◆ expenses generally accepted
 - air tickets - economy or business class
 - hotels
 - car rental & other transport costs
 - daily allowance for meals
 - communication
- ◆ all documentation must be available for auditing

Other Budget Items - Materials

III. EXPENDABLE MATERIALS AND SUPPLIES

Description of Sub-categories	Total Charged to Project	Total Previously Reported	Cumulative Total to date	Approved Contract Budget
	\$	\$	\$	\$
			-	
			-	
			-	
			-	
			-	
			-	
			-	
			-	
TOTAL	\$		-	-

Other Budget Items - Subcontractors



PROJECT NO.: _____ For the reporting period from: _____ Through: _____
 Number of months in segment: _____

V. SUBCONTRACTS

Name of Subcontractor	Service performed	Total Charged to Project	Total Previously Reported	Cumulative Total to Date	Approved Contract Budget
		\$	\$	\$	\$
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
TOTAL		\$		-	-

Other Budget Items

1. Itemize each expense in accordance to specified item in budget
2. Documentation required
 - ◆ proof related to project (invoice, purchase order, etc)
 - ◆ signed authorization by project manager
 - ◆ proof of payment
 - ◆ Subcontractors / consultants - need agreements
 - ◆ all documentation must be available for auditing

Other Budget Items

3. Other expenses

- ◆ include items such as exhibitions, regulatory activities, standards certifications, field trials, patent registration, market surveys or other development related expenses, not covered by any of the previous expense categories
- ◆ patent registration costs are allowable at up to \$20,000 per patent, subject to a maximum of \$25,000 per registration in two continents, with a maximum of two patents (\$40,000 or \$50,000) per project

Support Schedule



WORKING SHEET FOR FISCAL REPORT TO BIRD FOUNDATION

(Please use a separate page for each budget item)

COMPANY NAME: _____

REPORTING SEGMENT: From: _____ Through: _____

BUDGET ITEM: Equipment

Name of Sub-category (taken from budget): _____

Name of Supplier / Contractor	Date of Invoice	Invoice Number	Date of Payment	Check or Transfer No.	Amount \$
TOTAL					

Name of Sub-category (taken from budget): _____

Name of Supplier / Contractor	Date of Invoice	Invoice Number	Date of Payment	Check or Transfer No.	Amount \$
TOTAL					

Support Schedule

WORKING SHEET FOR FISCAL REPORT TO BIRD FOUNDATION

(Please use a separate page for each budget item)

COMPANY NAME: _____

REPORTING SEGMENT: From: _____ Through: _____

BUDGET ITEM: Materials

Name of Sub-category (taken from budget): _____

Name of Supplier / Contractor	Date of Invoice	Invoice Number	Date of Payment	Check or Transfer No.	Amount \$
TOTAL					

Name of Sub-category (taken from budget): _____

Name of Supplier / Contractor	Date of Invoice	Invoice Number	Date of Payment	Check or Transfer No.	Amount \$
TOTAL					

Support Schedule



WORKING SHEET FOR FISCAL REPORT TO BIRD FOUNDATION

(Please use a separate page for each budget item)

COMPANY NAME: _____

REPORTING SEGMENT: From: _____ Through: _____

BUDGET ITEM: Subcontractors

Name of Sub-category (taken from budget): _____

Name of Supplier / Contractor	Date of Invoice	Invoice Number	Date of Payment	Check or Transfer No.	Amount \$
TOTAL					

Name of Sub-category (taken from budget): _____

Name of Supplier / Contractor	Date of Invoice	Invoice Number	Date of Payment	Check or Transfer No.	Amount \$
TOTAL					

Support Schedule



WORKING SHEET FOR FISCAL REPORT TO BIRD FOUNDATION

(Please use a separate page for each budget item)

COMPANY NAME: _____

REPORTING SEGMENT: From: _____ Through: _____

BUDGET ITEM: Consultants

Name of Sub-category (taken from budget): _____

Name of Supplier / Contractor	Date of Invoice	Invoice Number	Date of Payment	Check or Transfer No.	Amount \$
TOTAL					

Name of Sub-category (taken from budget): _____

Name of Supplier / Contractor	Date of Invoice	Invoice Number	Date of Payment	Check or Transfer No.	Amount \$
TOTAL					

Support Schedule



WORKING SHEET FOR FISCAL REPORT TO BIRD FOUNDATION

(Please use a separate page for each budget item)

COMPANY NAME: _____

REPORTING SEGMENT: From: _____ Through: _____

BUDGET ITEM: Other Expenses

Name of Sub-category (taken from budget): _____

Name of Supplier / Contractor	Date of Invoice	Invoice Number	Date of Payment	Check or Transfer No.	Amount \$
TOTAL					

Name of Sub-category (taken from budget): _____

Name of Supplier / Contractor	Date of Invoice	Invoice Number	Date of Payment	Check or Transfer No.	Amount \$
TOTAL					

Variation from Budget

- Recognize up to 15% variation in any budget item
- When no budget for an item or variation is greater than 15%:
 - ◆ can recognize against under spending on other items
 - ◆ written request must be submitted by one company
 - ◆ detail changes required
 - ◆ submit new budget giving effect to changes requested
- When change results in a different allocation of tasks between companies:
 - ◆ same procedure as above but from both companies

Requests for budget modification should be submitted at least 3 months prior to Termination of Project

Example: Allowances when No Budget Amendment requested

	<u>Original</u> <u>Budget</u>	<u>Actual</u> <u>Expenses</u>	<u>Recognizable</u>
Direct Labor (incl. 25% Overhead)	500,000	450,000	450,000
Materials	100,000	80,000	80,000
Foreign Travel	10,000	20,000	11,500
Subcontractors	50,000	70,000	57,500
Consultants	_____	<u>45,000</u>	_____
	660,000	665,000	599,000
G&A – 5%	<u>33,000</u>	<u>33,250</u>	<u>29,950</u>
TOTAL	<u>693,000</u>	<u>698,250</u>	<u>628,950</u>

Other Issues

- ◆ Submitting Fiscal Report without Technical Report or Fiscal Report from one company only will not be of any advantage
- ◆ Invoices reported should not include VAT
- ◆ Interim set of reports (Fiscal report from both companies & joint technical report) must be submitted within 30 days from end of reporting segment
- ◆ Final set of reports must be submitted within 60 days from termination date. The final set of reports must also include Technical Report Part II (AKA: Updated Marketing Report)
- ◆ Reports should be submitted by hard copy and uploaded to BIRD's site

Repayments – General Terms

Repayments to BIRD are due from commercialization of the Product, Outright Sale or Licensing

- ◆ Repayments derived from Gross Sales at a rate of 5%
- ◆ Repayments due from Outright Sale of the Product or Transfer of Control - at a rate of 50% of all proceeds up to full repayment
- ◆ Repayments due from Licensing Agreement - at a rate of 30% of all proceeds
- ◆ Pharma project – Upon Conclusion of Product Development, a full repayment
- ◆ Maximum Repayment -150% of Grant after 5 years (adjusted to CPI-U)

Commercialization Report

- ◆ Reporting frequency – semi-annual
 - H1 report: for period January - June
 - H2 report: for period July - December
- ◆ Submission - within 3 months
- ◆ Based on income

Commercialization Report (cont.)

Commercialization Report

BIRD Ref. No.: _____

To: The Israel-United States Binational Industrial Research and Development Foundation

For the period _____ to _____ (dd/mm/yy)

Company reporting:

Partnering company in the BIRD project:

Project Title: _____

Please provide a general description of the Product developed within the framework of the Project: _____

Date of first sales revenue: _____ (dd/mm/yy)

Commercialization Report (cont.)

Semiannual revenue from the developed products, and repayment to BIRD:

For the period (dd/mm/yy)	Most recent revenue forecast submitted to BIRD for the period (US \$)	Total revenues for the period – basis for repayment (US \$)	Repayment rate (%)	Repayment due (US \$)
From: _____ To: _____

Commercialization Report (cont.)

- Please provide Company's total Revenues for the past semiannual calendar year: \$_____
- List all products in which the "Innovation" is used, in whole or in part, including products not mentioned in the project proposal and including all products reported in the sales report above:
- If the products were not developed to commercial readiness, is there a substantial possibility that they will in the future? If yes, when and what does it depend on?
- Has the technology developed in the project also been commercialized by your partnering company to the BIRD project? Yes/No
- Was service or maintenance revenue derived from sales of the developed products? Yes/No
- If yes, please include it in the sales report below.
- Please furnish, as an attachment, a separate report on income derived from licensing or sales of the technology developed in the BIRD project

Commercialization Report (cont.)

- Forecast of semiannual revenue (basis for repayments to BIRD) for the next 4 semiannual periods:

_____ to _____ \$ _____

_____ to _____ \$ _____

_____ to _____ \$ _____

_____ to _____ \$ _____

- The undersigned confirm that this report is prepared from the company's accounting records in which all commercialization activity relevant to the Cooperation and Project Funding Agreement, subject to repayments are recorded and that this report is accurate and true in its contents.

	Company Officer	Accounting Official
Signature:	_____	_____
Printed Name:	_____	_____
Title/Position:	_____	_____
E-mail:	_____	_____
Date Submitted:	_____	_____

With best wishes from the BIRD Foundation for a

Successful Outcome

of the joint project