

# Accelerating Growth

Through Strategic Partnerships

*Presentation to New Grantees of the  
BIRD Foundation*



## Fiscal Reporting

### Seminar

*January 2019*



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*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



# 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:

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Printed Name:

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Title:

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E-mail:

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Telephone no.:

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Date Submitted (dd/mm/yy):

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# 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						\$	-	-	-	-
<b>TOTAL</b>						<b>\$</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* % 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	\$	%		\$	\$	\$	\$
					-		-	
					-		-	
					-		-	
					-		-	
					-		-	
					-		-	
					-		-	
					-		-	
				<b>TOTAL</b>	\$		-	-

(\*) 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		%		\$	\$	\$	\$
					-		-	
					-		-	
				<b>TOTAL</b>	\$		-	-

# 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		\$	\$	\$	\$
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
						-	
<b>TOTAL</b>			<b>\$</b>				

# 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
	\$	\$	\$	\$
			-	
			-	
			-	
			-	
			-	
			-	
			-	
			-	
<b>TOTAL</b>	<b>\$</b>		-	-

# 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
		\$	\$	\$	\$
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
				-	
<b>TOTAL</b>		\$		-	-



# 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)

<b>COMPANY NAME:</b>	_____	
<b>REPORTING SEGMENT:</b>	From: _____	Through: _____
<b>BUDGET ITEM:</b>	<b>Materials</b>	

<b>Name of Sub-category (taken from budget):</b> _____					
Name of Supplier / Contractor	Date of Invoice	Invoice Number	Date of Payment	Check or Transfer No.	Amount \$
<b>TOTAL</b>					

<b>Name of Sub-category (taken from budget):</b> _____					
Name of Supplier / Contractor	Date of Invoice	Invoice Number	Date of Payment	Check or Transfer No.	Amount \$
<b>TOTAL</b>					

# 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 \$
<b>TOTAL</b>					

Name of Sub-category (taken from budget): \_\_\_\_\_

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

# 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 \$
<b>TOTAL</b>					

Name of Sub-category (taken from budget): \_\_\_\_\_

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

# 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 \$
<b>TOTAL</b>					

Name of Sub-category (taken from budget): \_\_\_\_\_

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

# 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>
<b>TOTAL</b>	<b><u>693,000</u></b>	<b><u>698,250</u></b>	<b><u>628,950</u></b>

# 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

Full Repayment – up to 150% of Grant (after 5 years), adjusted to CPI-U

- ◆ 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

# 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:

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Partnering company in the BIRD project:

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Project Title: \_\_\_\_\_

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

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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.

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



With best wishes from the BIRD Foundation for a

**Successful Outcome**

of the joint project