

BIRD Foundation

Accelerating Growth Through Strategic Partnerships

Fiscal Reporting Seminar

February 8, 2021

Presentation to New Grantees of the
BIRD Foundation

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Topics for Discussion

- Steps towards signing the Cooperation and Project Funding Agreement (CPFA)
- Annex B of CPFA - Triggers for payments
- Annex E of CPFA - Schedule of Project Milestones and Deliverables
- Structure and content of fiscal reports
- Documentation required for fiscal audit
- Variation from budget
- Repayments – general terms
- Commercialization reports

Steps towards signing the CPFA

- **Adjust budgets** - Should equal twice the approved grant, original ratio should be kept
- **Adjust program plan** (Gantt) – Reflect project start date (“Effective Date”)
- **Missing details supplied** - as instructed by Ms. Chava Doukhan
- Signed copy of relevant company to company agreement
- **Financial Status Analysis** - private companies only, provide substantiating material
- CPFA is circulated by the companies for signature – three copies sent by BIRD to the Israeli company, BIRD is last to sign

BIRD executes first grant payment to each company

Critical dates of a BIRD project

- **Project ‘Effective Date’**

“The effective date of this Agreement shall be the 1st day of _____, 20XX . The development work shall commence on the aforementioned date and, unless sooner terminated by the Foundation in accordance with Section. I., the Proposer undertakes to complete the development work XX months following the effective date (“Termination of Project”).”

- **Project ‘Termination of Product Development’ date** – Pharma CPFA only

“The Conclusion of the development of the Product pursuant to and in accordance with the Proposal, including the Product being ready for commercialization.”

- **CPFA signing date** - Don’t confuse this with the project “Effective Date”

Annex B - 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 to the Proposer up to the total sum of the Conditional Grant in accordance with Section B.1.

Annex E

Schedule of Project Milestones and Deliverables

1. Annex E includes a description of major milestones, how they are measured and the expected achievement date
2. Annex E also includes Deliverables – a description of each deliverable and the expected achievement date
3. Annex E is in addition to the GANTT, which presents the Program Plan
4. The technical report addresses the milestones' achievement

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 overhead
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 ACTUAL	\$ U.S. TOTAL APPROVED BUDGET (per Annex A)	Actual, as % of Budget
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 only (no patent consultants fees) 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:

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 for budget revision must be submitted by one company
 - ◆ detail the requested changes
 - ◆ submit new budget giving effect to the requested changes
- When change results in a different allocation of tasks between companies
 - ◆ same procedure as above with request from both companies

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

Example

Allowances when No Budget Revision was 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>

Repayments – General Terms

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

Full Repayment – a maximum of 150% of Grant is due after 5 years from Project Termination, adjusted to CPI-U

- ◆ Repayments derived from Gross Sales at a rate of 5%
- ◆ Repayments due to Outright Sale of the Product a Transfer of Control or IPO - 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.)

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