

# BIRD Foundation

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## Fiscal Reporting



Israel-United States Binational Industrial Research and Development Foundation

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# Fiscal - Topics for Discussion

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- Structure and content of fiscal reports
- Documentation required for fiscal audit
- Variation from budget
- Commercialization reports

# Structure of Fiscal Report

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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<br><u>ACTUAL</u> | \$ U.S. TOTAL APPROVED<br><u>BUDGET (per Annex A)</u> | Actual, as<br>% 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:

|                            | <b>Company's<br/>Project Manager</b> | <b>Company's<br/>Accounting Official</b> | <b>Company's<br/>Authorizing Official</b> |
|----------------------------|--------------------------------------|------------------------------------------|-------------------------------------------|
| Signature:                 | <hr/>                                | <hr/>                                    | <hr/>                                     |
| Printed Name:              | <hr/>                                | <hr/>                                    | <hr/>                                     |
| Title:                     | <hr/>                                | <hr/>                                    | <hr/>                                     |
| E-mail:                    | <hr/>                                | <hr/>                                    | <hr/>                                     |
| Telephone no.:             | <hr/>                                | <hr/>                                    | <hr/>                                     |
| Date Submitted (dd/mm/yy): | <hr/>                                |                                          |                                           |

# Direct Labor

PROJECT NO.:

For the reporting period from: \_\_\_\_\_ Through: \_\_\_\_\_

Number of months in segment: \_\_\_\_\_

## I. DIRECT LABOR

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

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

# Direct Labor

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## 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 - \$125,000   ◆ U.S.A. - \$175,000

(Applicable to projects approved since June 2021)

# 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

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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

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## 3. Other expenses

- ◆ 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

# Variation from Budget

- Allowed up to 15% variation in any budget item
- For variation greater than 15% or when no budget item:
  - ◆ can recognize against underspending on other items
  - ◆ Submit written request for budget revision - by one company
  - ◆ Explain the requested changes
  - ◆ submit new budget giving effect to the requested changes
- For changes that result 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><br><u>Budget</u> | <u>Actual</u><br><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> |

# Commercialization Report

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

With best wishes from the BIRD Foundation for a

**Successful Outcome**

of the joint project