Cash Back or Other Types of Benefits
Reporting Scenarios and Examples

The following describes three reporting scenarios relating to cash back and other benefits (including additional items) offered by a supplier.

1. **Advantageous to the CFI-funded project and reported as eligible items**

   If the additional items are eligible, the institution may choose to report these to the CFI (prior approval may be required in accordance with section 6.6.3 of the CFI *Policy and program guide*). The CFI-funded infrastructure purchased from the supplier, including the additional items, should be reported at fair market value (as defined in section 6.5.1 of the CFI *Policy and program guide*). A contribution from the supplier should thus be reported.

2. **Advantageous to the CFI-funded project, but not reported as eligible items**

   Even if the additional items are eligible, the institution may choose not to report these items to the CFI. In other cases, the additional items or other benefits are not eligible items therefore cannot be reported to the CFI, however are advantageous to the project (e.g. a portion of future operating expenses). The CFI-funded infrastructure purchased from the supplier should be reported at fair market value. The contribution from the supplier (related to cash back, additional items or other benefits) should not be reported.

3. **Not advantageous to the CFI-funded project**

   The infrastructure purchased from the supplier must be reported net of cash back or value of the benefit received from the supplier (i.e. fair market value less cash back or value of benefit).

For example:

An institution purchases an infrastructure item with a fair market value of $100,000.

Scenario 1 – Advantageous to the CFI-funded project and reported as eligible items

The supplier offers the institution cash back of $2,000 that will be used to purchase computers that will benefit the CFI-funded project. The institution chooses to report these computers in the *Itemized list*. The computers have a fair market value of $2,000. The infrastructure item should be reported at its fair market value of $100,000 and the computers at their fair market value of $2,000. A cash contribution should be reported from the supplier in the amount of $2,000.

Scenario 2 – Advantageous to the CFI-funded project, but not reported as eligible items

The supplier offers the institution cash back of $2,000 that will be used to purchase computers that will benefit the CFI-funded project. The institution chooses **<u>not</u>** to report these computers in the *Itemized list*. The computers have a fair market value of $2,000. The infrastructure item should be reported at its fair market value of $100,000. The contribution from the supplier for the computers should **<u>not</u>** be reported.

OR

The supplier offers the institution cash back of $2,000 towards supplies that will benefit the CFI-funded project. Since supplies are not eligible items, these cannot be reported in the *Itemized list*. The infrastructure item should be reported at its fair market value of $100,000. A contribution from the supplier should **<u>not</u>** be reported.

Scenario 3 – Not advantageous to the CFI-funded project

The supplier offers the institution cash back of $2,000 that will be used to purchase art work. The infrastructure item should be reported at $98,000, which represents the fair market value of $100,000 less the cash rebate of $2,000.