



Match: Documenting Cash and In-Kind

Corporation for
NATIONAL &
COMMUNITY
SERVICE 



Financial and Grants Management Institute
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You need to know . . .

The information in this session is based on CNCS and Federal laws, rules, and regulations; CNCS grant terms and provisions; and generally accepted accounting and financial principles and practices.

Some state commissions, national grantees, or parent organizations may impose additional requirements.



Welcome . . .

- Introduction of trainer and CNCS staff
- Program types represented
 - Senior Corps, AmeriCorps, SIF, NCB, 9/11, MLK
- Questions
 - As we go . . . ask clarifying questions and provide your experiences
 - Questions at the end as time permits
- We will do a small group activity as time permits



Session Objectives

1. Define cash and in-kind match & review regulations
2. Learn to record, value, and document in-kind match
3. Learn to identify and prevent key pitfalls related to match



Project Costs

The total allowable budget or expenditures incurred to operate the program and accomplish its objectives is divided into 2 sections:

**CNCS
Share**

Portion of budget or total expenditures paid for with CNCS funds

**Grantee
Share**
aka: match

Portion of total expenditures not paid for with CNCS funds

Federal and Grantee Share funds must be treated consistently



Sources of Match

Cash Contributions

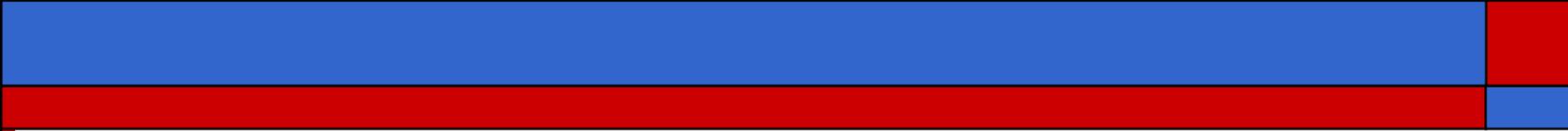
- Contributions received by cash, check, electronic funds transfer, credit card, or payroll deduction

In-Kind Contributions

- Value of non-cash contributions
- May be in the form of real property, equipment, supplies, services, and other expendable property

Approved Budget → Match Amount and Sources of Match

Sources of Match Changed Significantly → Contact your Grants Officer



Program Match Requirements



AmeriCorps Match Requirement

Regulatory Match:

- Grantees must meet minimum requirements as shown in table below up to 50% overall match
- \$1 dollar for every CNCS \$1 - by year 10
- For specifics, see NOFO and Application Instructions

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Overall Minimum Share	24%	24%	24%	26%	30%	34%	38%	42%	46%	50%



Senior Corps Match Requirements

- RSVP

- Cash and in-kind match

	Year 1	Year 2	Year 3 +
Overall Minimum Match	10%	20%	30%

- Foster Grandparents Program and Senior Companion Program

- 10% of total budget



NCBP and SIF Match Requirements

□ NCBP

- \$1 match = \$1 Federal (dollar-for-dollar)
- Cash match only (no in-kind)

□ SIF

- \$1 match = \$1 Federal (dollar-for-dollar)
- Cash match only (no in-kind)
- Subgrant match is \$1 for every \$1 awarded



9/11 and MLK Day of Service Match Requirements

- 9/11
 - 25% match of total budget
 - Cash and in-kind
- MLK
 - 70% match of total budget
 - Cash and in-kind



Volunteer Generation Match Requirements

- Volunteer Generation
 - Cash and in-kind

	Year 1	Year 2	Year 3	Year 4 +
Overall Minimum Share	20%	30%	40%	50%

Rules and Regulations

Federal Grant Guidelines	Educational Institutions	States, Local, Indian Tribal Governments	Non-Profits	Hospitals
Administrative Requirements	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)	§ 45 CFR 2541 (formerly A-102)	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)
Cost Principles	§ 2 CFR 220 (formerly A-21)	§ 2 CFR 225 (formerly A-87)	§ 2 CFR 230 (formerly A-122)	§ 45 CFR 74 (HHS regulations)
Audit Requirements ★	OMB A-133	OMB A-133	OMB A-133	OMB A-133

Notes:

CFR = Code of Federal Regulations

★ = Organization is subject to A-133 if it expends more than \$500,000 of Federal funds in its fiscal year

Locate Grants Management Circulars: www.whitehouse.gov/omb/grants_circulars/



Acceptable Match is . . .

Cash and in-kind contributions are accepted as part of the grantee's cost sharing or matching when contributions meet all of the following criteria:

- Are verifiable from the grantee's records
- Are necessary and reasonable for proper and efficient accomplishment of project or program objectives
- Are allowable under the applicable OMB cost principles
- Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching
- Are provided for in the approved budget (allowable under program guidelines)
- Conform to other grant provisions or OMB Circulars



Administrative Requirements



Cost Principles for Grants

Match must be



- Allowable**
- Reasonable**
- Allocable**
- Consistently Applied**



Allowable – What does it Mean?

To be allowable under a grant, costs must:

- Be included in your approved budget in eGrants
- Be reasonable and allocable for the performance of the award
- Conform to grant award limitations or cost principles
- Be consistent with policies and procedures that apply to both Federally-financed and other activities of the organization
- Be given consistent treatment within the entire organization
- Be in accordance with Generally Accepted Accounting Principles (GAAP)
- Not be included as a cost or used to meet cost sharing or matching requirements of any other Federally-financed program
- Be adequately documented



Example – Allowable?

- The Program Director of BEST AmeriCorps program decided to host a very important meeting at his home and serve beer and pizza hoping that everyone would attend.
- The purpose of the meeting was to discuss changes in the new CNCS Grant Provisions that affected the program.
- Because it was a business meeting he decided to charge the cost of the beer and pizza to the AmeriCorps grant, especially since he was providing the use of his home.

Allowable?



Reasonable – What Does it Mean?

A cost is reasonable if:

- It does not exceed what a prudent person would do under the circumstances at the time the decision was made to incur the cost
- Consideration should be given to:
 - Whether the cost is ordinary and necessary for the operations of the organization
 - The restraints or requirements imposed by generally accepted sound business practices
 - Whether the individuals concerned acted with prudence
 - Significant deviations from established practices which may unjustifiably increase the award costs



Example – Reasonable?

- ❑ BEST program needs 5 laptop computers for the program so that participants can learn basic computer skills.
- ❑ When deciding on the model that would best suit its needs, the Program Director received three price quotes on various models and two were within the same general price range of \$650 - \$700. However, one laptop appealed to him most – it met all of the necessary specifications plus being the “techie” he was it had many other “nice to have” features, such as built in webcam and mobile broadband, a 21” Hi-Def widescreen, and 8 built-in speakers and a subwoofer.
- ❑ Although the basic models were adequate, the more appealing one was \$2,999, on sale, and came in crimson red, the BEST program’s team color, so the Program Director ordered 5 of these laptop computers.

Reasonable?

Allocable – What Does it Mean?

A cost is allocable to the grant:

- ❑ If it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:
 - It is incurred specifically for the award
 - Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received or
 - Is necessary to the overall operation of the organization



Any cost allocable to a particular award may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award



Example – Allocable?

- When the crimson red laptops finally arrived, the Program Director found that funds allocated for supplies for the BEST AmeriCorps program were fully expended.
- Although the laptops were to be used only for the AmeriCorps program, BEST had another CNCS funded program through a Senior Corps program, so the Program Director told the accountant to charge the cost to the Senior Corps program since CNCS was also funding that program.

Allocable?



Consistent – What Does it Mean?

Grantees must be consistent in assigning costs:

- Whether a direct cost or an indirect cost
- Regardless of the source of funding, i.e., Federally or non-Federally sponsored activities, and
- Following written cost allocation plan, as applicable

Key wording in the cost principles:

- Consistent with that paid for similar work in the organization's other activities
- Distributed to awards and other activities in a consistent pattern
- The organization must follow a consistent, equitable procedure
- Charges must be consistent with those normally allowed in like circumstances in the organization's non-Federally sponsored activities



Example – Consistently Applied?

- The BEST program was running low on office supplies and postage stamps.
- Since the Program Director couldn't wait any longer for the office manager to provide the supplies, he purchased them and charged them to the BEST grant.

Consistently Applied?



Finding, Recording, Valuing & Documenting Match

Finding Match Sources

Cash:

- Donations
- Leases, sale of goods/services
- Local governments
- State appropriations
- Foundation grants or corporate contributions

In-Kind Contributions:

- Value of donated services and/or donated goods



Labor ★ space ★ vehicles
★ training ★ supplies ★
equipment ★ services

Senior Corps: Unclaimed volunteer reimbursements (i.e., mileage, meals, physicals) cannot be counted as match



Using Other Federal Funds as Match

- Budgeting
 - Discuss your intent to use other Federal funds to match a CNCS grant with the other agency before submitting your application
- AmeriCorps – Serve America Act of 2009 requires grantees and subgrantees to report the amounts and sources of Federal funds used to carry out programs
 - Report this on spreadsheet provided by CNCS
 - October 2012 – report on eGrants FFR may be possible
- Document in your records whether in-kind contribution that obtained with Federal funds

Exception: Volunteer Match



Do not count as match -

- The value of direct community services performed by volunteers



Do count as match -

- Services that contribute to organizational functions
- Count services such as accounting, legal, training of staff or participants that are elements of the grantee's cost allocation plan



Recording In-Kind Contributions

- Maintain adequate documentation to support amounts claimed as match
- Maintain same documentation for both CNCS Federal share and for grantee's share
- Documentation must meet same standards as other expenditures within organization
- Record donation and valuation of item in detail
- Enter into the General Ledger as income and expenditure
 - Failure to enter match contributions into general ledger requires a formal explanatory policy and separate spread sheet accountability of receipt and use



Why Record In-Kind in the General Ledger?

Statement of Financial Accounting Standards (SFAS #116) sets the standard for non-profits:

- Contributed services are recognized in financial statements if services received:
 - Create or enhance non-financial assets, or
 - Require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.



Recording In-Kind Contributions

Enter into the General Ledger as income and expenditure:

Example:

A local paint store donates a professional paint sprayer with a fair market value of \$550.00

\$550.00 – 7250 In-Kind Expense Account (debit)

\$550.00 – 5250 In-Kind Income Account (credit)



Valuing In-Kind Contributions

- Use fair market price
- Consider what it would cost to obtain similar goods or services
- The donor must provide the value of the donation
- Review the donation letter or form to ensure the value is reasonable

The IRS defines *fair market value* as the price that item would sell for on the open market



Documenting In-Kind Contributions

1. Document the basis for determining value of personal services, material, equipment, building, and land
2. Obtain written acknowledgement from the donor to include:
 - Name and signature of donor
 - Date and location of donation
 - Detailed description of contributed item or service
 - Estimated value of contribution, how value was determined, who made the determination
 - Whether the contribution was obtained with Federal funds

***** *Keep a copy of the receipt in your files* *****

If audited, a grantee may be required to provide supporting documentation of ALL donations, if not available during the audit

Sample: In-Kind Contribution Form

Organization's Logo Here

Non-profit Organization of My County
P.O. Box 1234 • Any City, TX 76001 • (713) 879-2812

In-Kind Contribution Form

Contributor Information

Name of Business or Individual: _____
 Name of Primary Contact: _____
 Address: _____
 City: _____ State: _____ Zip Code: _____
 Telephone: _____ E-mail: _____

Contributed Goods or Services

Description of Contributed Goods or Services: _____

Date(s) Contributed: _____
 Real or Estimated Value of Contribution: \$ _____
 How was the value determined?: Actual Value Appraisal Other
 If other, please explain: _____

Who Made this Value Determination?: _____

Is there a restriction on the use of this contribution?: No Yes
 If yes, what are the restrictions?: _____

Was this Contribution Obtained with or Supported by Federal funds?: No Yes
 If yes, please provide the name of the Federal agency and the grant or contract number: _____

Signature of Contributor

Date Contributed

Thank you for your support!!

Program/Accounting Use Only:

Person Receiving Goods or Services on Behalf of Any Non-Profit Organization of My County:

Printed Name

Position

Signature

Date Received

Accounting Use Only: Financial and Grants Management Institute

\$ Value Recorded Date Entered Account Number Data Entry Person

Does your In-Kind Form have all this information ?

See Handout 1



Non-Profits:

IRS Form 990 and In-Kind Contributions

Schedule M, Non-Cash Contributions:

- Requires organizations to report the aggregate of \$25,000
- 24 specific categories of non-cash property
- May require organizations to revise recordkeeping practices

See the Form 990: www.irs.gov/charities



Key Documentation Pitfalls Related to Match



Staff Timesheet Pitfalls

- Inadequate staff time and activity (timesheet) documentation to support charges to the grant
 - All charges of salaries and wages made to grants must be supported by signed timesheets
 - Same rule applies whether paid by match or Federal
 - Exceptions:
 - State, Local, and Indian Tribal Government must comply with requirements of § 2 CFR 225 [OMB A-87]
 - Educational Institutions must comply with requirements of § 2 CFR 220 [OMB A-21]

Attend the “*Timesheets: Requirements and Issues*” Session for more information



More Pitfalls Related to Match

Findings:

- ❑ Match requirement not met
- ❑ Inadequate documentation for expenses
- ❑ In-kind contributions not supported with after-the-fact documentation (promissory note is not acceptable)
- ❑ Other Federal agency funds used as match without authorization
- ❑ Expense was not necessary to operate grant
- ❑ Expense was unreasonable or excessive
- ❑ Expense not included in the approved budget
- ❑ Expense incurred outside of the grant award period



More Pitfalls Related to Match

Consequences:

- May disallow match, causing minimum match to not be met
- May disallow Federal funds if minimum match cannot be met
- May decide to audit or question all match if unable to confirm match is reasonable or allocable

Preventive Actions:

- Ensure documentation is adequate for all match
- Review all match to ensure it is necessary and reasonable
- Follow-up on promises to provide in-kind and obtain documentation
- Obtain written approval from other Federal agency to use its funds
- Request budget amendments to include new sources of match
- Determine if costs are allowable – ask questions, don't risk it!
- Know the regulatory and other match requirements



Documentation Basics

Why Retain Documentation?

- To track incoming information
- To review information
- To provide historical evidence
- To provide evidence of accomplishments
- To prepare for an audit

Establish a written record retention policy

See Handout 2



Activity

Match or Not?



See Activity 1

Taking it Home!



1. Familiarize all staff with cash and in-kind match requirements
2. Establish and apply documentation practices to ensure costs are: allowable, reasonable, allocable, and are consistently applied
3. Ensure supporting documentation relates directly to approved program funded by the CNCS grant
4. Maintain proper records and establish a written record retention policy



Questions?

Open

Wrap Up

Evaluation

For More Information

- **Contact your CNCS Grants Officer**

- E-mail or call your Grants Officer

- **Contact MBI Consulting**

- Financial & Grants Management Training and Technical Assistance Provider

- Telephone: 301-986-1595, ext. 110

- E-mail: cforrester@mbicfs.com

- **Visit the Resource Center**

- Online tools and training

- www.nationalserviceresources.org/financial-and-grants-management

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