

Identifying & Valuing In-Kind

In-kind match may be obtained from a variety of sources and used to meet the non-federal share match requirements provided they are garnered from the administration and implementation of the Title III program. Collaborating with local organizations can often provide in-kind match. For example, collaborative steering committees and hosting meetings at other agency's offices may count as match, providing the organization is not funding all of its efforts with federal funds. Potential sources of in-kind match include, but are not limited to:

1. Volunteer services used to assist with carrying out the program
2. Donated time of employees of other organizations
3. Donated supplies and loaned equipment or space
4. Donated equipment, buildings and land.

Additionally, an AAA may identify in-kind match when utilizing a contractor. Sources may include but are not limited to:

1. Hiring a contractor to provide services at fee lower than they would usually charge or below market value. In this case, the difference between the fee being paid by the AAA and the contractor's usual fee, may count as match. For example, if the contractor typically charges \$75 per hour, and the AAA pays only \$50 per hour, the \$25 per hour difference may count as match.
2. Document the office support costs of a contractor. Independent contractors are familiar with documenting their office costs for tax purposes. Most contractors should be able to document the percentage of office costs associated with your project.

45 CFR 92.24 Matching or Cost Sharing provides guidelines for determining the value of third-party in-kind contributions and how an AAA must document the value of third-party in-kind contributions.

Included is the complete text from 45 CFR 92.24 Matching or Cost Sharing. The sections that relate to valuing and recording third-party in-kind contributions are bolded.

45 CFR 92.24 Matching or Cost Sharing

- (a) Basic rule: Costs and contributions acceptable.

With the qualifications and exceptions listed in paragraph (b) of this section, a matching or cost sharing requirement may be satisfied by either or both of the following:

- (1) Allowable costs incurred by the grantee, sub grantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-Federal grants or by other cash donations from non-Federal third parties.
- (2) The value of third-party in-kind contributions applicable to the period to which the cost sharing or matching requirement applies.

(b) Qualifications and exceptions—

- (1) Costs borne by other Federal grant agreements.

Except as provided by Federal statute, a cost sharing or matching requirement may not be met by costs borne by another Federal grant. This prohibition does not apply to income earned by a grantee or sub grantee from a contract awarded under another Federal grant.

- (2) General revenue sharing.

For the purpose of this section, general revenue sharing funds distributed under 31 U.S.C. 6702 are not considered Federal grant funds.

- (3) Cost or contributions counted towards other Federal costs-sharing requirements.

Neither costs nor the values of third-party in-kind contributions may count towards satisfying a cost sharing or matching requirement of a grant agreement if they have been or will be counted towards satisfying a cost sharing or matching requirement of another Federal grant agreement, a Federal procurement contract, or any other award of Federal funds.

- (4) Costs financed by program income.

Costs financed by program income, as defined in Sec. 92.25, shall not count towards satisfying a cost sharing or matching requirement unless they are expressly permitted in the terms of the assistance agreement. (This use of general program income is described in Sec. 92.25(g).)

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- (5) Services or property financed by income earned by contractors.

Contractors under a grant may earn income from the activities carried out under the contract in addition to the amounts earned from the party awarding the contract. No costs of services or property supported by this income may count toward satisfying a cost sharing or matching requirement unless other provisions of the grant agreement expressly permit this kind of income to be used to meet the requirement.

- (6) Records.

Costs and third-party in-kind contributions counting towards satisfying a cost sharing or **matching** requirement must be verifiable from the records of grantees and sub grantee or cost-type contractors. These records must show how the value placed on third-party in-kind contributions was derived. To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allowability of regular personnel costs.

- (7) Special standards for third-party in-kind contributions.

(i) Third-party in-kind contributions count towards satisfying a cost sharing or matching requirement only where, if the party receiving the contributions were to pay for them, the payments would be allowable costs.

(ii) Some third-party in-kind contributions are goods and services that, if the grantee, sub grantee, or contractor receiving the contribution had to pay for them, the payments would have been indirect costs. Costs sharing or matching credit for such contributions shall be given only if the grantee, sub grantee, or contractor has established, along with its regular indirect cost rate, a special rate for allocating to individual projects or programs the value of the contributions.

(iii) A third-party in-kind contribution to a fixed-price contract may count towards satisfying a cost sharing or matching requirement only if it results in:

(A) An increase in the services or property provided under the contract (without additional cost to the grantee or sub grantee) or

(B) A cost savings to the grantee or sub grantee.

(iv) The values placed on third-party in-kind contributions for cost sharing or matching purposes will conform to the rules in the succeeding sections of this part. If a third-party in-kind contribution is a type not treated in those sections, the value placed upon it shall be fair and reasonable.

(c) Valuation of donated services—

(1) Volunteer services.

Unpaid services provided to a grantee or sub grantee by individuals will be valued at rates consistent with those ordinarily paid for similar work in the grantee's or sub grantee's organization. If the grantee or sub grantee does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation.

(2) Employees of other organizations.

When an employer other than a grantee, sub grantee, or cost-type contractor furnishes free of charge the services of an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay exclusive of the employee's fringe benefits and overhead costs. If the services are in a different line of work, paragraph (c)(1) of this section applies.

(d) Valuation of third-party donated supplies and loaned equipment or space.

(1) If a third-party donates supplies, the contribution will be valued at the market value of the supplies at the time of donation.

(2) If a third-party donates the use of equipment or space in a building but retains title, the contribution will be valued at the fair rental rate of the equipment or space.

(e) Valuation of third-party donated equipment, buildings, and land.

If a third-party donates equipment, buildings, or land, and title passes to a grantee or sub grantee, the treatment of the donated property will depend upon the purpose of the grant or sub grant, as follows:

(1) Awards for capital expenditures.

If the purpose of the grant or sub grant is to assist the grantee or sub grantee in the acquisition of property, the market value of that property at the time of donation may be counted as cost sharing or matching,

(2) Other awards.

If assisting in the acquisition of property is not the purpose of the grant or sub grant, paragraphs (e)(2) (i) and (ii) of this section apply:

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- (i) If approval is obtained from the awarding agency, the market value at the time of donation of the donated equipment or buildings and the fair rental rate of the donated land may be counted as cost sharing or matching. In the case of a sub grant, the terms of the grant agreement may require that the approval be obtained from the Federal agency as well as the grantee. In all cases, the approval may be given only if a purchase of the equipment or rental of the land would be approved as an allowable direct cost. If any part of the donated property was acquired with Federal funds, only the non-federal share of the property may be counted as cost-sharing or matching.
- (ii) If approval is not obtained under paragraph (e)(2)(i) of this section, no amount may be counted for donated land, and only depreciation or use allowances may be counted for donated equipment and buildings. The depreciation or use allowances for this property are not treated as third-party in-kind contributions. Instead, they are treated as costs incurred by the grantee or sub grantee. They are computed and allocated (usually as indirect costs) in accordance with the cost principles specified in Sec. 92.22, in the same way as depreciation or use allowances for purchased equipment and buildings. The amount of depreciation or use allowances for donated equipment and buildings is based on the property's market value at the time it was donated.

(f) Valuation of grantee or sub grantee donated real property for construction/acquisition.

If a grantee or sub grantee donates real property for a construction or facilities acquisition project, the current market value of that property may be counted as cost sharing or matching. If any part of the donated property was acquired with Federal funds, only the non-federal share of the property may be counted as cost sharing or matching.

(g) Appraisal of real property.

In some cases, under paragraphs (d), (e) and (f) of this section, it will be necessary to establish the market value of land or a building or the fair rental rate of land or of space in a building. In these cases, the Federal agency may require the market value or fair rental value be set by an independent appraiser, and that the value or rate be certified by the grantee. This requirement will also be imposed by the grantee on sub grantees.

Identified below are examples of potential third-party in-kind contributions and methodologies for determining their value. These are provided only as examples and do not include all potential sources of in-kind.

Example #1 Congregate Meal Site Volunteers

A contracted provider has three volunteers that assist with serving lunches and clearing tables. Another volunteer, a retired CPA, oversees the collection of program income and the client sign-in roster, assists new clients complete nutritional risk assessments and prepares the bank deposit for all program income collected.

The AAA used the required rate-setting package in negotiating the unit rate paid to this contracted meal provider. If volunteers were not available, the provider would have to hire employees to perform these duties and the unit rate would have increased. The value of the volunteer time is allowable as an in-kind contribution.

The cost of staff to perform the duties of the three volunteers who assist with serving lunches and clearing tables would be valued at a rate consistent with those ordinarily paid for similar work including a reasonable amount for fringe benefits. In most areas this would be minimum wage plus FICA.

In valuing the volunteer time the amount of time relative to the activity must be considered. The three volunteers are at the center an average of three hours per day, five days per week. If the provider were paying for these services how many hours would be required to perform the assigned duties? If the duties could be performed in two hours using two paid staff, the value of the volunteer time would be calculated based on two staff at two hours per day.

The fourth volunteer works two hours per day, five days per week. CPAs in the AAA's region are paid an average of \$25 per hour. The cost of hiring staff to perform the duties assigned to this volunteer would not be based on the skill level of the volunteer but on the skill level required for the assigned duties. If the provider has other staff performing similar duties, the rate would be consistent with those staff members. If there were no staff members performing similar job duties, the rate would be valued consistent with those ordinarily paid by other employers for similar work in the same market area.

Example #2 Volunteer Meal Delivery Personnel

A home delivered meal provider has 10 meal routes serving 80 clients five days per week and a total of 30 volunteers who rotate delivery of meals on these routes.

The AAA used the required rate-setting package in negotiating the unit rate paid to this contracted meal provider. If volunteers were not available the provider would have to hire employees to perform these duties and the unit rate would have increased. The value of the volunteer time is allowable as an in-kind contribution.

The cost of staff to perform the duties of the volunteers would be valued at a rate consistent with those ordinarily paid for similar work including a reasonable amount for fringe benefits.

In addition to the value of the volunteers, the provider can value the transportation cost donated by these providers. The value is based on the distance from where the meals are picked up to the last drop off point and return to the meal pick-up location (round trip) for each route. The standard mileage rate for 2008 is 58.5 cents per mile based on the federal IRS publication 463. This rate is adjusted periodically.

Example #3 Ombudsman Volunteers

An AAA has 25 Ombudsman volunteers. While all volunteers are certified, are assigned to a nursing facility and are required to attend training sessions and regular meetings, they have varying skill levels.

The cost of staff to perform the duties of the volunteers would be valued at a rate consistent with those ordinarily paid for similar work including a reasonable amount for fringe benefits. The cost of hiring staff to perform the duties assigned to the volunteers would not be based on the skill level of the volunteer but on the skill level required for the assigned duties (i.e., an entry level program specialist at the AAA).

The value of volunteer services would include time spent in the nursing facility, the associated travel time, training time, and required meeting time. In addition the standard mileage rate (58.5 cents per mile based on the federal IRS publication 463) can be used for travel associated with the performance of Ombudsman services. As Ombudsman volunteers do not have a regular place of work but have one or more temporary workplaces (nursing homes and the AAA office) the mileage between the Ombudsman volunteer's residence and a temporary workplace may be valued using the standard mileage rate.

Example #4 Advisory Committee Members

A AAA has an advisory committee consisting of (1) Governing Body Official (local elected official) (3) local elected officials, (2) Board members of non-profit service delivery agencies (1 Medical Doctor and 1 University Professor), (2) employees of service delivery agencies, (4) minority members (2 local elected officials and 2 retired workers) (1) 60+ representative from each county in the region totaling 13.

The value of the advisory committee member's time must first be determined. As a AAA would not have staff performing similar duties the rate would be valued consistent with those ordinarily paid by other employers for similar work in the same market area. The value of the services performed by the advisory committee members would not be based on the skill level of the advisory committee member but on the skill level required for the assigned duties.

After determining the value of the advisory committee member's time the AAA must determine which advisory committee member's time can be valued as in-kind. It is the AAAs responsibility to collect the information from the committee members. If the time the advisory committee member is attending the meeting is being paid for by an employer or local entity the AAA must identify the source of the income. If the committee member is not being paid the time can be classified as donated time and valued as in-kind.

For an advisory committee member who is paid by an employer or local entity, the AAA must determine if the employer receives federal or state funds, and determine whether or not these funds are used to pay all or a portion of the advisory committee member's salary either directly or indirectly. If no federal or state funds are used to pay the committee member's time, the time can be classified as donated and valued as in-kind.

If all or part of the advisory committee member's time is paid for with federal funds the value of the percentage of the time paid for with federal funds cannot be classified as donated and cannot be valued as in-kind.

If all or part of the advisory committee members time is paid for with state funds the AAA must verify that the state funds are not being used by the employer as matching funds for any federal funds received by the employer or a granting state agency. If the state funds are not being used as match funds for federal awards or grants the time can be classified as donated and valued as in-kind.

If the AAA reimburses the advisory committee member's travel expenses, the travel expenses cannot be valued as in-kind. If the AAA does not reimburse the travel expenses, the AAA would complete the same verification for travel expenses as for the advisory committee member's time prior to valuing the in-kind.

Example #5 Rate Reduction or Pro-Bono Services

A AAA negotiates an agreement with an attorney for legal assistance services. The attorney's standard rate per hour is \$150. The contracted rate is \$75. The difference between the standard rate and the charged rate can be valued as an in-kind contribution. The AAA must have supporting documentation (such as a fee schedule) from the attorney supporting the standard rate.

An attorney agrees to provide legal assistance to clients referred by the AAA at no cost to the AAA or the client. The attorney's standard rate per hour is \$150. The full standard rate can be valued as in-kind. The AAA must have supporting documentation (such as a fee schedule) from the attorney supporting the standard rate and supporting documentation of the hours of service from the attorney.

Example #6 Partnerships with Local Businesses

As an outreach effort the AAA distributes a resource directory to all or part of the service region. The AAA creates a database of services and agencies within the region that provide services for older persons. The local newspaper agrees to create and distribute the directory using the information provided by the AAA at no cost to the AAA. To cover the cost of the directory, the newspaper sells advertisement space in the directory to businesses whose client base are older persons. The AAA maintains editorial control including the right to review and veto all advertisements. The value of the layout, printing and distribution of the directory (without advertising) can be established by the newspaper and used as in-kind by the AAA for administration. If the resource directory is targeted to a specific service such as legal services, or a group of services such as caregiver services, the in-kind would be allocated to the appropriate services.

Example #7 Partnership with Local Community Organization

A AAA establishes an agreement with a local organization to sponsor and support caregiver education and training. The local organization will provide the meeting space, materials and a qualified trainer (who works for the organization). In addition, the local organization will provide door prizes for attendees.

If the local organization's operating costs are not supported by federal funds, the AAA may use the value of the donated space as in-kind. When determining the value of the meeting space, the AAA must determine the market value for securing space for the meeting (similar meeting space). In addition, the value of the trainer may be considered in-kind if the cost for the trainer is not supported with federal funds. For example, if the trainer would normally charge \$75 per hour, the in-kind value would be calculated at \$75 per hour plus fringe benefits. The materials distributed at the training are comprehensive care manuals that after printing are valued at \$20 per manual. The cost of materials provided can be valued as in-kind as long as the cost of materials was not supported by federal funds and the materials are relevant to the training. The door prizes furnished by the local organization cannot be valued as in-kind. If not donated, the door prizes would not be allowable costs.

Example #8 Donated Supplies and Loaned Equipment or Space

A church donates the use of space for preparing and serving congregate meals. The church's kitchen equipment is used to prepare the meals and store supplies. The dining area will seat 200 people. The average number of seniors eating meals at the senior center is 50 per day.

Loaned Space: The contribution of space is valued at the fair rental rate for the space used. Use local rental or lease rates for a comparable building space. Then verify with the local health and fire department the code requirement to determine the square footage requirements per person used for local restaurants.

The kitchen, dining area and restroom area of the church totals 3,000 square feet. Of this amount, the dining area is 2,400 square feet, the kitchen is 500 square feet, the restrooms, entry area and hallway are an additional 100 square feet. Based on local rental/lease rates it is determined a building of this size suitable for meal service would cost \$1,500 per month. The local fire code requires 12 square feet per person in a restaurant. The entire kitchen is utilized in meal preparation and the entry area and halls are necessary to access the kitchen, dining area and restrooms.

3,000 sq feet / \$1,500 = .50 per sq foot building rental
50 persons served per day X 12 sq foot per person = 600 sq feet X .50 per sq foot = \$300
Kitchen, entry area, halls, and restrooms = 600 sq feet X .50 per sq foot = \$300
Loaned space value = \$600 per month

Utilities and Janitorial Services: The church provides utilities and janitorial services. The church is used for church related activities an average of 80 hours per week or 320 hours per month, and the utilities and janitorial services cost \$1,500 per month. The time used to prepare and serve the congregate meals is 20 hours per week or 80 hours per month. The total church square footage (sanctuary, offices, meeting rooms, Kitchen, Dining area, common areas) totals 10,000 square feet.

10,000 sq feet / \$1500 = .15 per sq foot cost of building utilities and janitorial
Square footage used for congregate meals = 1,200 square feet (see above)
320 hrs church functions + 80 hrs congregate meals = 400 hrs per month total usage
80 hrs congregate usage / 400 hrs total usage = 20% of total time usage
.15 per sq foot cost of utilities X 1,200 square feet = \$180 X 20% of time usage = \$36 per month for utilities and janitorial services

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Loaned Equipment: The church kitchen equipment, and dining area tables and chairs are used to prepare and serve the congregate meals. The fair rental value of the equipment must be established for all equipment used. Ensure that only items used are valued, not all available items.

Stove, Refrigerator, Freezer, and Dishwasher = \$2,000 per month

Dishes, silverware, glassware, pots, pans, etc. = \$1,000 per month

Tables and chairs = \$200 per month

Total Equipment rental cost = \$3,200 per month

Equipment rental cost \$3,200 X 20% of time usage (see above) = \$640 per month

Donated Supplies: The church agrees to supply paper napkins and cleaning supplies. These supplies will be kept separate from the church supplies and will only be used for congregate meals. The actual cost or market value of these supplies would be used as in-kind.