



Technical Assistance Brief

RE: Documentation of In-Kind & Cash Match

Applies to: Vendors providing Older Americans Act Services

Classification: Subject to recoupment of funds by NWICA if the standard is "Not Met."

SUPERSEDES THE 11/15/2006 TECHNICAL ASSISTANCE BRIEF RELATED TO THIS TOPIC

Introduction

The information contained in this Brief details the requirements for documentation of In-Kind and Cash Match for vendors receiving Older Americans Act funds. Upon request NWICA can provide sample forms that will help you meet the documentation requirements. If you have any questions regarding this information, please do not hesitate to contact Anna Willstead, Director of Quality Assurance and Planning at (219) 794-1829, ext. 2314 or awillstead@nwi-ca.org.

In-Kind contributions must meet the following criteria to be acceptable as match.

The contribution must be necessary to accomplish the scope of work as described in the contract.

1. The contribution must meet all the requirements of allowable costs per OMB Circular A-122.
2. The contribution must be adequately documented. Documentation should include:
 - a. A description of the goods or services contributed.
 - b. The purpose of the goods or services as related to contract performance.
 - c. The basis for determining value and supporting calculations and documentation.
 - d. Time sheets for volunteer personnel services.
 - e. Any additional documentation necessary to authenticate the transaction.
3. The value of In-Kind contributions must be recorded in the contractor's general ledger under a unique set of accounts (i.e. - a separate and distinct cost center.)

In- Kind contributions will be subjected to the same financial review procedures as cash expenditures and must be supported with appropriate documentation. To the extent feasible, documentation for In-Kind contributions should be supported by the same methods used by the agency to support all other costs.

In valuing In Kind contributions, the amount claimed will be considered reasonable to the extent that it is consistent with the value placed on similar work or services performed within the agency. In cases where the type of service provided is not found within the agency, the amount claimed will be considered reasonable to the extent that it is comparable to that paid for similar services in the labor market in which the agency competes for the service involved. The service must typically be provided at a cost to the public and/or be a requirement under the provisions of the grant award. For example, ordinarily there is no cost associated with public service announcements, newspaper articles, and talk shows; therefore, there is no cost basis for claiming

an In-kind contribution. Surveys providing verifiable data representative of the services involved will be an acceptable basis for evaluating reasonableness of costs claimed as In-Kind contributions.

Listed below are general guidelines for backup documentation to support the most common types of In-Kind contributions. Each agency must determine the backup documentation required for other types of In-Kind contributions based on the minimum documentation requirements listed above.

SPEAKERS/PROFESSIONAL SERVICES

To adequately document the contribution of a speaker or other professional's time, a document should be used that is very similar to an invoice (i.e., -a pro-forma invoice) on which, at minimum, the following information is provided.

1. Name, address, phone number, and occupation of the person.
2. The date and actual time (i.e., 7:00 to 9:00 p.m. –not just number of hours) that the services were provided.
3. The location name (i.e., John F. Kennedy High School) and address of the site where the service was provided.
4. The specific type of service provided (i.e., Delivered speech on A Specific Topic of Speech).
5. The rate of pay for the service. (Note -The rate of pay should be based on the service provided -not the individual's rate of pay in his/her profession.)
6. A signature and date line for the speaker or professional attesting to the validity and accuracy of the invoice.

In addition to the above, documentation should be on file to justify the basis of the rate of pay (i.e., -how the fair market value for the service was established) being charged to the contract for the speaker or other professional services.

Note- Title this form In-Kind Services, Volunteer Services, or some other descriptive phrase that will ensure that this pro-forma invoice can never be confused for an actual vendor invoice.

VOLUNTEER WORKERS

A time sheet should be used to adequately document the volunteer's time contributed to contract related activities. At minimum, the time sheet should provide the following information.

1. Name, address, and phone number of the person.
2. The date and actual time (i.e., 7:00 to 9:00 P.M. -not just number of hours) that the volunteer worked.
3. The job site at which the volunteer worked.
4. The specific type of service provided (i.e., -secretarial services, set up tables and chairs for workshop, etc.) or job description on file.
5. The rate of pay for the service. (Note -The rate of pay should be based on the service provided -not the individual's rate of pay at his/her regular job.)

6. A signature and date line for the volunteer attesting to the validity and accuracy of the time sheet.
7. A signature and date line for the supervisor of the volunteer attesting to the validity and accuracy of the time sheet.

In addition to the above, documentation should be on file to justify the basis of the volunteer's rate of pay (i.e., surveys providing pay rates for similar work in the competing labor market) and a job description identifying responsibilities/essential functions of the volunteer position.

Note -Volunteers who work multiple times during the month can record all of the time donated on one time sheet rather than filling out a separate time sheet for each occasion worked, **but each occasion worked must be a separate line item** on the time sheet.

Note -Title this form In-Kind Time Sheet, Volunteer Time Sheet, or some other descriptive phrase that will ensure that this pro-forma time sheet can never be confused for a time sheet used for payroll purposes.

MILEAGE REIMBURSEMENT FOR VOLUNTEER SERVICES

A mileage log should be used to adequately document the contribution of mileage incurred by the volunteer to provide donated goods or services on which, at minimum, the following information is provided.

1. Name, address, and phone number of the person.
2. The date that the mileage was contributed.
3. Description of origination/destination points. Example:

From: Home

To: JFK High School

Address

Actual Address

4. The number of miles driven.
5. The specific purpose of the trip
6. The Mileage Reimbursement Rate
7. A signature and date line for the person attesting to the validity and accuracy of the mileage log.

In addition to the above, documentation should be on file to justify the basis of the mileage reimbursement rate that is being charged to the contract for the volunteer's mileage.

Note -Title this form In-Kind Mileage, Volunteer Mileage, or some other descriptive phrase that will ensure that this pro-forma mileage log can never be confused for an actual mileage log that could be submitted for cash reimbursement.

DONATION OF GOODS, EQUIPMENT OR FURNITURE

To adequately document the contribution of goods, furniture, or equipment (i.e., **-The actual donation of furniture or equipment where the title to the property changes hands as opposed to the use of furniture or equipment**), a document should be used that is very similar to an invoice on which, at minimum, the following information is provided.

1. Name, address, and phone number of the person or entity (i.e., -XYZ Office Supply, Public Library, etc.) that is making the contribution.

Note -These must be third party donations. A contractor (or its subcontractor) cannot donate goods, equipment, or furniture to itself.

- a. The contribution of goods (i.e., supplies, stamps, etc.) by a contractor would be a Cash contribution, not an In- Kind contribution.
2. The date of the contribution.
 3. A **detailed** description of the contribution. Describe each type of item being contributed (Office Max Copy Paper, Parker F-6000 Ball Point Pens, etc.) and list as a separate line item on the invoice with the number of units, the price per unit and the extended price for the item. Likewise, donations of equipment should describe the make, model, serial number, etc. for each piece of equipment with the price per unit and extended price for the equipment.
 - a. The Price per Unit for donations of equipment, furniture, etc. should be the Fair Market Value (FMV) of the item on the date of the contribution. Therefore, if the item was not new when donated, the item's age, condition, useful life, etc. are contributing factors in determining the FMV of the item and must be documented.
 - b. The best backup documentation to substantiate the Price per Unit for the donations of goods (i.e., supplies, stamps, etc.) would be the invoice or cash register receipt that was given to the person or entity making the donation when they originally purchased the goods, less any depreciation. If this is not available, then other sources (i.e., an Office Depot catalog) could be used as the basis for valuing the donated goods.
 4. A signature and date line for (1) the person making the contribution or (2) the representative of the entity making the contribution attesting to the validity and accuracy of the contributed items.

In addition to the above, documentation should be on file to justify the cost basis of each item (how the fair market value for the item was established) that is being charged to the contract. For example, when determining the value of the contributed item, consideration should be given to such factors as prior depreciation of the donated item, whether the item is new, used, or damaged, and the overall condition of the item.

Note -Title this form In-Kind Goods and/or Equipment, Donated Goods and/or Equipment, or some other descriptive phrase that will ensure that this pro-forma invoice can never be confused for an actual vendor invoice.

IN-KIND CONTRIBUTION FOR THE USE OF A BUILDING AND/OR OFFICE SPACE **(IN-KIND LEASE/RENT)**

To adequately document the contribution for the use of an entire building or partial space within a building, a document should be used that is very similar to a lease agreement (a pro-forma lease) on which, at minimum, the following information is provided.

1. Name, address, and phone number of the person or entity that is making the contribution.

Note -These must be third party donations. A contractor (or its subcontractors) cannot charge In-Kind rent on a building or office space that it owns.

2. The specific period that the lease will cover
3. The price for the full term of the lease and/or the hourly, weekly, or monthly rate being charged for the use of the building or office space.
4. A **detailed** description of the building or office space contributed. The detailed description should include, at minimum, the following:
 - a. The square footage of the building or office space provided.
 - b. The time when the building or space is being used. In other words, is the space available for your exclusive use 24 hours a day 7 day a week or do you have access to it only on Friday nights from 7:00 to 9:00 P.M.
 - c. Any other pertinent information that would have a bearing on establishing the fair market price of the building or office space.
5. A signature and date line for the person (if an individual) or authorized representative (if an entity) making the donation of the In-Kind attesting to the validity and accuracy of the contribution.

In addition to the above, documentation should be on file to justify the monetary basis of the pro-forma lease agreement (how the fair market value for the rent of the building or space was established). Justification of the monetary basis should be something that can be objectively documented such as, but not limited to, the following:

- a. A copy of a recent lease for the same building or space that is being donated.
- b. Quotes from Realtors for buildings or space in the same area and in relatively the same condition as the building or space that is being donated.
- c. An independent Realtor's assessment or report as to the market value of the building or space being donated.

Note -Title this form In-Kind Building or Office Space Rent, or Donated Building or Office Space Rent, or some other descriptive phrase that will ensure that this pro-forma lease can never be confused for an actual lease requiring payment.

IN-KIND CONTRIBUTION FOR THE USE OF OFFICE FURNITURE OR EQUIPMENT (IN-KIND RENTAL AGREEMENT)

To adequately document the contribution of the use (rent) of furniture or equipment, a document should be used that is very similar to a rental agreement (a pro-forma rental agreement) on which, at minimum, the following information is provided.

1. Name, address, and phone number of the person or entity that is making the contribution.

Note -These must be third party donations. A contractor (or its subcontractor) cannot charge In-Kind rent on furniture or equipment that it owns. The specific period that the rental agreement will cover.

2. A description of each specific piece of furniture or equipment including its date of purchase (if available), purchase price (if available), age, condition, make, model, serial number, etc.
3. The rental rate for each piece of furniture or equipment.

4. A signature and date line for (1) the person donating the furniture or equipment or (2) the representative of the entity donating the furniture or equipment.

In addition to the above, documentation should be on file to justify the monetary basis of the pro-forma rental agreement (how the fair market value for the furniture and equipment was established). Justification of the monetary basis (rental rate) should be something that can be objectively documented such as, but not limited to, the following:

- a. A copy of a recent rental agreement that details the established rental rate for the furniture or equipment being donated.
- b. Quotes from Rental stores for the monthly rental rates of furniture or equipment of the same type and condition.
- c. Rental rate quote(s) from independent companies (i.e., Xerox, 3M, Pitney Bowes, etc.) that are in the business of renting and/or leasing office furniture or equipment.

Note -Title this form In-Kind Rent/Use of Furniture or Equipment, Donated Rent/Use of Furniture or Equipment, or some other descriptive phrase that will ensure that this pro-forma rental agreement can never be confused for an actual rental agreement requiring payment.

PROJECT INCOME/CASH MATCH

Program Income: Program incomes means gross income received by the grantee or sub grantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period.

Voluntary contributions in the nutrition service programs are the most frequent form of program income in AOA programs. The Older American's Act limits its use. Cash contributions, however, may not necessarily be program income.

Cash contributions means the grantee's cash outlay, including the outlay of money contributed to the grantee or sub grantee by other public agencies and institutions, and private organizations and individuals.

Program Income/Voluntary Participant Donations:

- For the purpose of the contract with NWICA and reporting clarifications, NWICA will classify voluntary contributions from participants as program income.
- Program income in the form of voluntary contributions will not be allowable to meet the match requirements of the contract.

- At the end of the program year, each provider is to provide NWICA with a close-out profit and loss statement for each federal funding source. Program Income/Voluntary Participant Donations are required to be spent in the following manner:
 - To be spent in the program for which the donations are received to defray program costs and/or expand or enhance program services being delivered.
 - Project Income/Voluntary Participant Donations must be fully expended within the program year.
 - As a result of project income/voluntary participant donations, the provider may not end the grant year with revenues over expenses. Project income must be utilized before federal funds are claimed. NWICA will allow each provider to reconcile this at the end of the grant year. If the grant year ends with revenue over expenses, the final claim for the federal funding will be reduced by that amount.

Cash Match:

For the purpose of the contract with NWICA and reporting clarifications, NWICA will classify other cash contributions not from participants as cash match. The cash match contributions will be allowable to meet the match requirement of the contract.

Cash match claimed will be accepted as part of the vendor's cost sharing or matching when they meet all of the following criteria.

- a. Are verifiable from the vendor's records.
- b. Are not included as match for any other federally-assisted project or program.
- c. Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
- d. Are allowable under the applicable cost principles.
- e. Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.

SAMPLE GENERAL LEDGER

Example of Cash Match/Project Income Documentation:

330004 TIIC1 Congregate Meals

Revenues

10000 Federal	\$ 1,000.00
10300 Cash Match	\$ 200.00
10400 Project Income	\$ 150.00
10900 In-Kind	\$ 750.00
10910 Contra In-Kind	<u>\$ (750.00)</u>
	\$ 1,350.00

Expenses

20000 Salaries & Wages	\$ 650.00
20500 Fringe Benefits	\$ 175.00
23900 Postage	\$ 50.00
24320 Supplies/Office	\$ 200.00
24500 Training	\$ 250.00
24600 Travel	<u>\$ 25.00</u>
	\$ 1,350.00

MONITORING

When NWICA conducts on-site monitoring visits with your organization, the required documentation as outlined in this brief will be reviewed.