

# IV. ACCOUNTING

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Effective Date: April 21, 2008

## D. COST-SHARING AND MATCHING REQUIREMENTS

Under certain circumstances, the funding agency may require a not-for-profit grantee organization to provide partial support for the proposed budget which supports a particular program or service. Such participation on the part of the grantee is referred to as a cost-sharing or matching requirement.

The requirement may be satisfied by either cash or "in-kind" contributions (costs/expenditures); however, the "in-kind" amounts must satisfy certain criteria.

- 1. Must be verifiable on the grantee's financial records.**
- 2. Cannot be costs or expenditures which have been funded by another State grant or award. However, if the grant was State appropriations, it can be used for matching purposes against federal funds.**
- 3. Must represent costs or expenditures which are necessary and reasonable for proper and efficient operation of the program or service.**
- 4. Are allowable costs under the provisions of the grant or award.**
- 5. Are not "in-kind" amounts which have been used to satisfy cost-sharing or matching requirements of other State or federal awards.**
- 6. Are identified in the grant award and approved budget as acceptable "in-kind" contributions.**
- 7. Must not be costs borne by the federal government.**

A cost-sharing or matching requirement may be satisfied by attaching a reasonable value to volunteer services provided by professional and technical personnel, consultants, and other skilled and unskilled labor if such services represent an integral and necessary part of the approved project or program. Rates for such volunteer services must be consistent with amounts paid for similar work within the grantee organization. In the event the required skills are not found in the grantee organization, rates shall be consistent with those paid for similar work in the local labor market. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation. However, it is imperative that volunteer services be documented and, to the extent feasible, supported by the same method used to document time and effort of grantee employees.

Donated supplies, such as expendable equipment, office supplies, etc.; may be used to satisfy a cost-sharing or matching requirement. However, the value assigned to such supplies must be reasonable and should not exceed the fair market value of the property at the time of donation.

The value of the donation applicable to a particular grant period is limited to the amount that is utilized during the period.

While cash represents the preferred source of support for a cost-sharing or matching requirement, many not-for-profit organizations do not have surplus cash readily available for this purpose. Therefore, the governing board and finance committee are often required to explore various alternatives in an effort to satisfy such a requirement if imposed by a funding agency.