

In Kind Match

This information applies to:
All grants and cooperative agreements

Definition

2 CFR 200.96

Third-party in-kind contributions means the value of non-cash contributions (i.e., property or services) that—

- (a) Benefit a federally assisted project or program; and
- (b) Are contributed by non-Federal third parties, without charge, to a non-Federal entity under a Federal award.

2 CFR 200.306 Cost sharing or matching

(b) For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

- (1) Are verifiable from the non-Federal entity's records;
- (2) Are not included as contributions for any other Federal award;
- (3) Are necessary and reasonable for accomplishment of project or program objectives;
- (4) Are allowable under Subpart E—Cost Principles of this part;
- (5) Are not paid by the Federal government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
- (6) Are provided for in the approved budget when required by the Federal awarding agency; and
- (7) Conform to other provisions of this part, as applicable.

2 CFR 200.434 Contributions and donations

- (a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable.
- (b) The value of services and property donated to the non-Federal entity may not be charged to the Federal award either as a direct or indirect (F&A) cost. The value of donated services and property may be used to meet cost sharing or matching requirements (see §200.306 Cost sharing or matching). Depreciation on donated assets is permitted in accordance with §200.436 Depreciation, as long as the donated property is not counted towards cost sharing or matching requirements.
- (c) Services donated or volunteered to the non-Federal entity may be furnished to a non-Federal entity by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services is not allowable either as a direct or indirect cost. However, the value of donated services may be used to meet cost sharing or matching requirements in accordance with the provisions of §200.306 Cost sharing or matching.
- (d) To the extent feasible, services donated to the non-Federal entity will be supported by the same methods used to support the allocability of regular personnel services.

Frequently Asked Questions

How is the value determined for donated services?

Volunteer services or unpaid services provided to a grantee or subgrantee by individuals will be valued at rates consistent with those ordinarily paid for similar work in the grantee's or subgrantee's organization. If the grantee or subgrantee 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.

When an employer other than a grantee, subgrantee, 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.

How are volunteer donated services properly documented?

To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocability of regular personnel costs. In general this means time and activity reporting sheets should be completed and should include:

- Each volunteer by name
- The date volunteer hours were donated
- The number of hours volunteered
- The activity that was performed by the volunteer
- A signature of each volunteer
- A signature or initials of an authorized agency official who reviewed and approved the time and activity report

How is the value determined for donated supplies and loaned equipment or space?

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

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.

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

(1) *Awards for capital expenditures.* If the purpose of the grant or subgrant is to assist the grantee or subgrantee 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 subgrant, the following will apply:

- 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 subgrant, 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.
- 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 subgrantee. They are computed and allocated (usually as indirect costs) in accordance with the cost principles specified in § 12.62, 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.

How is the value determined for real property donated by a grantee or subgrantee for the purpose of construction or acquisition?

If a grantee or subgrantee 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.

May I use prison labor as in-kind match on my grant?

Prison labor from state and local correctional institutions is allowable in-kind match, as long as the costs meet the allowable cost criteria from the applicable cost principles. Grantees may not use labor from Federal institutions, match must come from a non-federal source. Whether the prisoners receive minimal compensation from the correctional institution for their services is immaterial for the purposes of determining allowable costs for third party in-kind in this situation.

How would I value prison labor used as in-kind match?

Prison labor should be valued at the cost the grantee or subgrantee would have paid for the service. Typically, prisoners perform manual labor services on grants. In this case, the most appropriate rate would be the Federal minimum wage.

Is the value of youth labor allowable as in-kind match on my grant?

Yes, volunteer in-kind services provided by youth organizations or individuals are allowable, as long as the costs meet the allowable cost criteria from the applicable cost principles.

Is there a minimum age requirement necessary in order to document and use youth in-kind on my grant and comply with the Fair Labor Standard Act?

No. The Fair Labor Standards Act (FLSA) defines employment very broadly, i.e., "to suffer or permit to work." However, the Supreme Court has made it clear that the FLSA was not intended "to stamp all persons as employees who without any express or implied compensation agreement might work for their own advantage on the premises of another." In administering the FLSA, the Department of Labor follows this judicial guidance in the case of individuals serving as unpaid volunteers in various community services. Individuals who volunteer or donate their services, usually on a part-time basis, for public service, religious or humanitarian objectives, not as employees and without contemplation of pay, are not considered employees of the religious, charitable or similar non-profit organizations that receive their service. This information was obtained from the U.S. Department of Labor website at the following address: <http://www.dol.gov/elaws/esa/flsa/docs/volunteers.asp>

How would I value in-kind labor donations from a youth?

Youth labor should be valued at the cost the grantee or subgrantee would have paid for the service. You should consider whether the work performed by the youth is equal to the work performed by a State employee and make valuation adjustments accordingly.

Can I use an in-kind donation from the National Guard?

Yes, the donation of personnel time is an allowable in-kind match, as long as the costs meet the allowable cost criteria from the applicable cost principles. The donation of equipment time is not allowable, as the Federal government typically funds equipment for the National Guard.

Can I use time contributed by AmeriCorps interns as in-kind match?

No. Although these volunteers may work on federally-funded projects, their services may not be used by a grantee to fulfill the match requirement to federal grant program funds. Americorps funding ultimately comes from the Federal Government, and therefore a federally funded volunteer organization such as Americorps, and any of their assets cannot be used to contribute to the matching requirement on a Federal grant.

The Assistant Inspector General for the Corporation for National and Community Service, their Director of Grants Management, as well as grants managers for other federally-funded volunteer organizations were consulted on this issue.

What is a third party for the purposes of in-kind?

An entity that does not have a financial interest in the transaction. If the entity is receiving funding from the financial assistance transaction either as a subrecipient or vendor/contractor, they are not considered a third party. A common third party entity is a volunteer who works on a grant or cooperative agreement funded education program.

A subrecipient is offering to discount part of the cost of the work they are contributing to a grant/cooperative agreement. If they are not third party, is there a way I can count the value of the services as match?

Yes, these costs are called discounted services. If the costs are eligible and allowable costs, they can be documented and claimed as match on the award. Please note, that all non-cash transactions present a higher audit risk for the recipient. The recipient should ensure that a proper value of the discount has been determined and documented in the recipient award file. If you are unsure of how to value the contribution, please consult your FWS representative.

Learning Aids

[Donated Services Diagram \(PDF\)](#)

Related Pages

Resources

References

2 CFR 200.306 Cost sharing or matching

2 CFR 200.434 Contributions and donations