

Sec. 17a-306-34. In-kind costs

This section presents a discussion on the types of allowable in-kind costs and how to account for them.

(a) Allowable Types of In-Kind Costs

(1) Required by most Federal grants, agencies are required to account for cost-sharing and matching, whether cash or in-kind. By definition, matching share is that portion of allowable project costs not borne—covered by cash or in-kind contributions—by the Federal Government.

(2) Allowable costs to satisfy matching or cost-sharing requirements may include:

(A) Charges incurred by the grantee as project costs, including non-cash items such as depreciation or use charges.

(B) Project costs financed with cash contributed or donated to the grantee by non-federal third parties or in the case of Federal funds: General Revenue-Sharing, Legal Services Corporation and other Federal funds specifically authorized by law for matching.

(C) Project costs represented by services and real or personal property donated to the grantee by non-Federal third parties, provided such costs are:

(i) Identifiable from grantee records;

(ii) Not included as contributions for all other Federally assisted programs;

(iii) Necessary and reasonable for proper and efficient accomplishment of project objectives;

(iv) Allowable if the grantee itself was required to pay for them.

(3) Several items are not normally counted as in-kind:

(A) Goods and services normally available free in the community and which would be available whether you operated the project or not, e.g., CPR training, space in a community center, etc.

(B) Donated overtime of project staff whose regular working hours are paid with Federal funds.

(C) Value of space donated for meetings and other purposes in the homes of individuals, especially staff members.

(D) Outdoor space such as playgrounds, park space and undeveloped lots.

(4) Valuation of third-party, in-kind contributions:

(A) Volunteer services: unpaid services valued at rates paid by other activities of the agency should be consistent with those paid for similar work in the same labor market. Rates of employees of other agencies should be priced at the base compensation rate exclusive of fringe benefits and overhead costs. Refer to Section 17a-306-34 (b) for the maximum valuation rate for volunteer time unless an exemption has been approved by the Connecticut Department on Aging.

(B) Donated real or tangible personal property:

(i) Tangible personal property and donated real property (land and buildings): purchase price or fair market value at the time of transfer.

(ii) Donated use of property: valued as if the grantee has rented the property and has paid the property's fair rental value.

(iii) Grantees may be required to establish the value of real property through the use of an appraiser.

(C) Other charges: adequately supported and permissible. Charges must be reasonable and properly justified.

(b) Valuation of In-Kind Contributions

Area agencies on aging shall not declare an hourly rate for volunteer time of more than \$10.00 an hour without Connecticut Department on Aging prior approval. This rate has been determined to be reasonable, based on the average state hourly wage value rate for volunteer services. In situations where an area agency on aging seeks approval of any higher in-kind volunteer hourly rate, it must submit an analysis based on the local labor market's rate. In-kind contributions for volunteer time should be listed under "Other Resources."

(c) Documentation for In-Kind Costs

Grantees and subgrantees of the Connecticut Department on Aging shall obtain the same kind of documentation, to be retained for the same period of time, as required for incurred costs. To the extent feasible and practical, the grantees and subgrantees shall obtain independently generated documentation for in-kind costs: timesheets or log-in sheets for donated labor, written verification of the value of donated equipment or space, etc.

(d) Methods of Accounting for In-Kind Costs

(1) There are three accepted methods of accounting for in-kind costs: (1) a book of original entry, (2) general journal entries supported by worksheets detailing the in-kind costs, and (3) worksheet entries without recording in-kind in the agency's official books of account.

(2) There is considerable concern that recording in-kind costs in the books of account could distort the financial position of the agency, especially when more than minimum match is reflected. On the other hand, a true picture of an agency's ability to achieve its mission would not be reflected if in-kind costs were not fully reflected.

(3) In situations where in-kind services, equipment or space represents a major element whereby the area agency on aging can achieve its overall mission, in-kind costs should be recorded in the books of account either in a special in-kind book of original entry or a general journal entry. Usually, when such costs represent at least 15% of the agency's total costs, reflecting such costs in its books of account is indicated. However, where in-kind services, equipment or space does not represent a major element in the agency achieving its program mission, it can merely be reflected as a worksheet entry without having it reflected in the agency's books of account.

(e) Accounting for Minimum Match vs. Accountability over Maximum Match

(1) The standard notice of grant agreement specifies the portion of the final award that represents the Federal share and relatedly the local share. Presently, 85% of the cost for services under Title III-B and C and 75% of the cost for administration of area plans are the Federal share, and 15% and 25%, respectively, the local shares.

(2) Area agencies on aging are required to supply only their portion of the cost of the program and nothing else.

(3) Because the level and valuation of in-kind services is frequently questioned by auditors, human service agencies accumulate more than the minimum match. Whereas it is wise for such agencies to accumulate and maintain accountability over more than minimum match, area agencies on aging are only required to account for and report minimum match on their awards under the Older Americans Act.

Regulations of Connecticut State Agencies

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