



## MONTANA DNRC-FORESTRY DIVISION SUBAWARD PROGRAM

### FAQs ABOUT MATCH

#### WHAT IS MATCH?

Match contributions are project costs that are *not* paid by subaward funds. Rather, they are paid by you (the subrecipient) or a third party (a project partner or beneficiary). Match is also known as “cost share” because you are sharing in the federal government’s costs for your subaward project.

There are two types of match:

- **Cash match** is a contribution of actual cash to the project or a project-related expense that can be verified. It can range from cash donations, to funds from a non-federal grant or loan program, to state or local appropriations, to corporate contributions. It can also include the costs of employee salaries and benefits, the supplies you buy, or the cost of hiring a contractor — whether paid by you, your project partners, or beneficiaries.
- **In-kind match** is a non-cash contribution. Donations may take the form of supplies, facilities, services, equipment, travel, or volunteer labor.

Whether cash or in-kind, every match contribution must clearly support your subaward project.

#### WHAT CAN NOT BE CONSIDERED MATCH IN THE DNRC SUBAWARD PROGRAM?

- Match that is in any way paid for or funded by the federal government — even goods, services, or personnel. When you receive a match contribution from a third party, it is important to ensure that the origin of the match is *not* federal.
- Match that has already been counted toward another federally financed program.

#### HOW DO I ASSIGN VALUE TO CASH MATCH?

When it comes to cash match, there is either actual cash or a verifiable expense for the item, so the process of determining the value of the match contribution is usually straightforward.

Note the following about personnel costs: If you (or a project partner) contribute an employee’s time to help on the project, the contribution should be valued at the employer’s actual cost of the salaries/wages/benefits (s/w/b) — that is, it should include both the compensation paid to the employee and the employer’s payroll costs (i.e. taxes, workers comp, and insurance). The value can be stated as an hourly or daily cost or as a percentage of s/w/b for a given time period.

## HOW DO I DETERMINE A VALUE FOR IN-KIND MATCH?

In-kind contributions usually don't have a known dollar cost, but an estimate of value can usually be arrived at based on market rates or the cost of similar items. A rule of thumb is to consider what a reasonable and prudent person would pay for the item.

**Operating expenses** are generally valued at fair market value at the time of the donation. Sometimes this means the price you would pay if you were to purchase the item; other times it's more appropriate to consider the cost of renting or using the item for a short period of time. Examples of operating expenses include supplies or materials; the use of office space, a conference room, or other facility; the use of equipment; travel-related costs, such as the use of a vehicle; and donated services such as printing, website maintenance or server space, telephone services, transportation costs, or administrative or accounting services.

Note that the generally accepted approach to valuing the use of a vehicle for travel is to use the IRS mileage rate, which is 53.5 cents per mile for 2017. The rate is meant to cover all the costs of operating a vehicle, including fuel, oil, maintenance, repairs, insurance, registration, etc., without the need to count each cost separately and prorate them all based on actual use.

**Volunteer labor.** Volunteer cost estimates are used when a person is not being paid for their time by your organization or other project partners. To assign value to volunteer skilled labor, determine what similar work would cost if it were performed in your organization or local labor market.

Note that an attorney's time spent volunteering legal services would be valued at the regular legal fee rate, while an attorney's time spent volunteering to plant trees would be valued at the market rate for the actual labor performed.

If rates are not readily available, and the work performed entails general labor, use the Montana average cost-per-hour for unskilled volunteer services:

[www.independentsector.org/volunteer\\_time](http://www.independentsector.org/volunteer_time).

## WHAT KINDS OF THINGS SHOULD I RECORD WHEN KEEPING TRACK OF MATCH?

When tracking your match, consider the kinds of questions an auditor might ask:

- **WHO:** Who did it, provided it, or paid for it, and on whose behalf?
- **WHAT:** What was done, purchased, or donated?
- **WHY:** Why is it being included as match? (How did it benefit the project?)
- **WHEN:** When did the activity occur? When was the expense incurred and paid?
- **HOW MUCH?** What is the dollar value of the match and how did you arrive at the number?

## HOW DO I DOCUMENT MATCH?

You must retain documentation to support match expenses or contributions and be able to furnish it to DNRC upon request. Whenever possible, retain proof that costs were both incurred and paid (i.e. an invoice and a receipt). When necessary, also clarify how match items contributed to your project. Examples of match documentation, by category, are as follows:

- **Salary/Wages/Benefits.** Timesheets, pay stubs, cancelled checks, and payroll records; position descriptions or logs showing activities in support of the subaward.
- **Operating Expenses-General.** Invoices, receipts, check stubs, and financial reports.
- **Operating Expenses-Travel.** Invoices and receipts for lodging or commercial transportation, documentation of per diem rates, mileage logs including destination or activities undertaken.
- **Payments to Contractors.** Invoices, receipts, contracts, check stubs, and financial reports.
- **Volunteer Time.** Timesheet or log with names, dates, and hours; description of activities performed in support of the subaward; and documentation of how you calculated the monetary value of volunteer time (if not using the Montana cost-per-hour provided by Independent Sector).
- **Donated goods.** Documentation of how you arrived at fair market value.

As you assemble your match documentation, it may help to consider whether an independent person, such as an auditor, could look at your records and reconstruct what happened.

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