

Guidance on Matching Fund Documentation
For UCFRB Restoration Grants
Revised January 2008

UCFRB Restoration Grant recipients are obligated to provide the percentage match commitment reflected in the applicable annual *UCFRB Final Restoration Work Plan* and to provide adequate documentation of all matching funds, both cash and in-kind. In both the application and the State's evaluation of the application contained in this *Work Plan*, cash and in-kind matching funds are identified separately. Since the grant process is more favorable to a cash match, more documentation is required of a cash match than an in-kind match. The following guidance provides additional information beyond what's provided in the *UCFRB Restoration Grants Long Form Application* (www.doj.mt.gov/lands/forms.asp) on the distinction between cash and in-kind matching funds and on what is considered to be adequate documentation of each type of matching fund.

A. Cash Match

Definition: Cash contributions are project-specific contributions provided by an individual or organization for which documentation can be provided of a cash transaction by the applicant, project sponsors, or partners. Consider a hypothetical land acquisition project that has a valid appraisal indicating the fair market value to be \$500,000. This match is eligible because it is specific to the activities that are subject of the Restoration Fund request. The applicant has applied to the NRDP for \$300,000, with \$200,000 to be provided from another grant fund source. This is a 40% cash match that can be documented via the invoices to and payments by the other grant fund source.

Documentation: For cash matches, grant recipients are required to provide documentation of the cash transaction. Just providing a statement about the services covered by cash matching funds is not adequate documentation of cash matching funds; some sort of financial documentation that verifies the matching fund expenditures is needed. Examples of acceptable documentation are:

- For labor costs that are a cash match, recipients should summarize the actual hours of the employee spent on the project in the billing time period, the salary and wage rate, and the total labor costs. Tables 1 and 2 provide an example summary. While recipients are not required to submit time sheets, they should be kept with the project accounting files as backup for audit purposes.
- For direct costs, such as contracted services, supplies, equipment, materials, and communications, grant recipients should supply an invoice or other financial documentation that indicates the expenditure and funding source. For example, state agencies that provide matching funds can submit SABHRS reports that document payments by the agency and mark the line items on the expenditure section that are specific to matching fund expenditures. As another example, an itemized invoice for a consulting contractor's labor and material charges that were covered by other grant funds would be acceptable documentation.

1st Quarter 2009

Table 1. Date and Hours Worked and Task Performed

Employee	Tasks	DATE						Total Hours
		Jan. 3	Jan. 7	Jan. 15	Feb.4	Feb. 8	Mar. 6	
Employee A	Surveying	3	1	5		3	1	13
Employee B	Engineering design	2		5	4	3		14
Employee C	Planting	3	1	5		3	2	14
Total		8	2	15	4	9	3	41

Table 2. Salary Costs – 1st Quarter

Employee	Total Hours Charged	Base Wage	Benefits	Total Cost Per Hour	Total Cost
Employee A	13	27.72	7.14	34.86	453.18
Employee B	14	20.07	5.95	26.02	364.28
Employee C	14	15.76	7.88	23.64	330.96
Total	41	63.55	20.97	84.52	1,148.42

B. In-Kind Match

Definition: In-kind contributions are project-specific contributions of a service or a product provided by an individual or organization where the cost cannot be tracked back to a cash transaction by the applicant, project sponsors, or partners. In-kind expenses generally involve donated labor, equipment or materials. Consider the same hypothetical land acquisition example for purchase of a property with an appraised fair market value of \$500,000. The applicant intends to request \$300,000 in Restoration Funds to purchase the property and the other \$200,000 is to be a landowner donation. Since the \$200,000 does not involve a cash outlay, it can be credited as an in-kind match of 40%. As another example, consider a project to the university system that charges an indirect rate that is determined by an audit and applied to all grant projects awarded to university faculty/staff. If the university proposes a budget that only includes a portion of its indirect costs as a direct cost to the Restoration Fund, then the other portion can be considered as an in-kind donation.

Documentation: Recipients are only required to provide a summary of their in-kind match and indicate the basis for their calculations for donated labor, equipment, material or other costs. The following is an example of such a summary of in-kind match for a hypothetical greenway trail project that involved planting.

The NRDP’s review of in-kind matching funds will only be to verify that the percentage of in-kind match totals the percentage in-kind match indicated in the applicable annual *Final UCFRB Restoration Work Plan*. Grant recipients will be responsible for maintaining the needed backup documentation to verify their estimates of in-kind costs should an audit be conducted.

Summary of in-kind matching funds provided during the quarterly billing period:

Donated Labor:	\$ 1,801.92
Donated Materials:	\$ 800.00
Donated Equipment:	\$ 240.00
	\$ 2,841.92

1. Donated Labor: 10 members of the local Native Plant Society spent 8 hours each planting trees and shrubs along the trail and their botanist spent 16 hours total developing the revegetation plan and supervising the planting. Using the current value of volunteer time of \$18.77 per hour available from the Independent Sector's website¹ the total in-kind donation is \$1,801.92 (96 hours of volunteer labor at \$18.77 per hour).
2. Donated Materials: The local nursery donated 20 cottonwood and 20 aspen trees for the project. The nursery sells each tree for \$20. Thus, the total donated material is \$800.00.
3. Donated Materials: A local contractor donated use of his backhoe for 8 hours. Using the local rental company charge of \$30/hour for backhoes, this donation is estimated at \$240.00.

¹ The Independent Sector, a leadership forum for charities, foundations, and corporate giving programs that provides research on the value of volunteer, which was last reported for 2006 to be \$18.77/hour (http://www.independentsector.org/programs/research/volunteer_time.html).

C. Matching Funds Reporting on Progress and Final Reports

Attachment C¹ to every Restoration Fund grant agreement provides the format for progress reports, which include a matching funds summary. On these reports, recipients are to indicate expenses that have been covered as a cash or in-kind match during the current reporting period and the cumulative cash or in-kind matching funds expended to date. Preferably, the matching funds should be provided at the same rate as the Restoration Fund budget is being expended in order to avoid the problem of reaching the project completion stage without having secured the needed proportionate amount required in the grant agreement. Take, for example, a \$100,000 project that is 80% (\$80,000) Restoration Funds and 20% (\$20,000) cash matching funds: If \$25,000 is spent on the project in the 1st quarter of implementation, then \$20,000 (80%) should be provided from the Restoration Fund and \$5,000 (20%) should be provided in cash matching funds. Provide a justification if matching funds cannot be provided at the same rate as the Restoration Funds, such as when, for example, the matching funds are for activities that will not occur until the last phase of a project. Please be aware that if total project costs are reduced, the percentage of required matching funds stays the same. Grant recipients should notify and work with the assigned NRDP project officer to accomplish the needed modifications and approvals if situations arise during project implementation that might necessitate a change in project scope and/or matching funds.

¹ This form is available at (www.doj.mt.gov/lands/naturalresource/grantapplications.asp).