

NATIONAL HERITAGE AREAS

AN INTRODUCTION TO DOCUMENTATION AND MATCH OF FEDERAL FUNDS

National Heritage Areas Program Office

Washington D.C.

November 2016

The NPS National Heritage Areas program would like to acknowledge the resources available at www.nationalserviceresources.org that contributed to this presentation

Matching Share

2

Match or **matching share** is the non-federal share of costs that national heritage area coordinating entities or their partners contribute to accomplish projects identified in an annual work plan and budget.

Why is match required?

- Most National Heritage Areas have match requirements specified in their authorizing laws.
- The purpose is two-fold: 1) to share the federal government's cost for programs with state and local agencies and the private sector; and 2) to promote the sustainability of programs past the life of the federal financial award.

Matching Share

3

Match or **matching share** is the non-federal share of costs that national heritage area coordinating entities or their partners contribute to accomplish projects identified in an annual work plan and budget.

- In most cases, your matching share must amount to at least 50% of your total annual budget. In other words, for every dollar of federal Heritage Partnership Programs* funds your coordinating entity spends each year, you must match one dollar in cash and/or donations of goods and services from non-federal sources.
- Match can be in the form of *cash* or *in-kind* contributions.

* *Heritage Partnership Programs is the federal budget line item for the National Heritage Areas Program.*

Matching Share Requirements

4

To be **accepted** by the Federal government, matching funds must meet the following:

- ☑ Are documented and verifiable in your records;
- ☑ Are not included as match contributions for any other Federal award (i.e. if you have already used funds to match another federal grant, they cannot also be applied towards heritage area activities);
- ☑ Are necessary and reasonable (i.e. do not exceed what a prudent person would do under the circumstances at the time of the decision was made to incur the cost) for accomplishment of a heritage area project or program objective;
- ☑ Are allowable according to [Subpart E—Cost Principles](#) (§200.420 - .475);
- ☑ Are not paid by the Federal Government under another Federal award, except where 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;
- ☑ Are not Federal time, space or resources (i.e. do not count Federal employee, intern or volunteer time as your match, and do not count the use of Federal facilities or other resources as your match);
- ☑ Are provided for in your approved budget;

Matching Share Requirements

5

To be **accepted** by the Federal government, matching funds must meet the following:

- ☑ Conform to NPS and NHA program specific requirements (i.e. unless otherwise indicated, HPP funds cannot be used to acquire interest in real property);
- ☑ Be consistent with policies and procedures that apply to both federally-financed and other activities of the organization; and
- ☑ Be incurred during the period of the task agreement or modification, unless an exception is approved by NPS to allow what are termed “pre-award costs” or “pre-agreement costs.”

Cash vs. In-kind Match

6

Cash Match, i.e., a cash contribution, can come from the national heritage area coordinating entity's own funds (general revenue), cash donations from non-federal third parties (i.e. partner organizations), or from non-federal grants.

A cash match contribution can only be applied to your match requirement once it is expended on a cost or activity identified in your work plan.

In-Kind Match is a non-cash contribution of value provided by the national heritage area coordinating entity or by non-Federal third parties. In-kind match is typically the calculated value of personnel, goods, and services, including direct and indirect costs.

Match Sources

7

Cash Match:

- ❑ Cash donations
- ❑ Non-Federal income from products or services
- ❑ Local government grants or appropriations
- ❑ State grants or appropriations
- ❑ Foundation grants
- ❑ Corporate contributions

In-Kind Match:

- ❑ Donated Goods
 - ❑ Donated Services
- Value of donated services and/or goods



Labor, space, vehicles
training, supplies,
equipment, travel

In-Kind Match

Volunteer Contributions

Do not count as match -

- Routine activities of partners that would occur whether or not the NHA coordinating entity existed.

Do count as match -

- Services and activities that support the existence and work of the NHA coordinating entity, specifically adherence to provisions in the NHA's legislation, as well as development and implementation of the NHA's management plan and annual work plan.

How to count match -

- Rates for volunteer services shall be consistent with those paid for similar work performed by NHA staff. If no comparison is possible, rates shall be consistent with those *paid for similar work in the labor market* in which the recipient competes for the type of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation. You can seek out information on wage rates through www.bls.gov or by consulting other non-profits in your region.
- Volunteer services shall be documented and, to the extent feasible, supported by the same methods used by the recipient for its own employees' time and attendance records.

Frequently Asked Questions

9

Does cash match have to come through my books?

Answer: 2 CFR 200 does NOT require a cash match to go through your NHA coordinating entity's books. If the cash cost share was expended by a third party, partner, sub-recipient or contractor, then it should be documented in the third party contributor's books. Nevertheless, the prime recipient should keep a record of the agreement costs and contributions.

The City of S has assigned staff to work for the National Heritage Area coordinating entity. Should city staff time be counted as a cash or an in-kind match?

Answer: It is appropriate to count this time as a 'cash' match, since it is a monetary transaction. It would be an in-kind match if the staff had volunteered their time on a heritage area project.

Tip: Think of a 'cash' cost share as money actually spent in combination with the federal award, while 'in-kind' match is a donation of goods or services where no monetary transaction takes place.

We want to count the work of our NHA partners as match. Can we do this?

Answer: No, cost-share can only count toward a specific award amount for a specific project. The routine activities and operations of partners who would do this work whether or not the NHA coordinating entity existed does NOT count as match.

At the end of the year, can I count 'potential in-kind' donations from our sub-grant recipients as matching share?

Answer: No, end -of -year reporting should include actual match on hand (or expended), not potential sources.

Tip: Cost share must directly support a specific award for a specific project, or be part of the heritage area entity's approved indirect rate. Organizational costs not DIRECTLY related to a specific project cannot be counted as match for that project.

Fiscal Accountability & Match

Financial Records & Documentation

10

2 CFR 200. 333 requires that recipients of federal funds retain records in order to:

- ❑ Provide historical evidence and proof of accomplishments
- ❑ Verify matching share requirements are met and document the exact sources of match
- ❑ Track and review information for future reference and program evaluation
- ❑ Prepare for an audit and other accountability measures

Documentation is a record of NHA coordinating entity activities and expenditures, and should answer the following:

- ❑ How did you spend your annual budget?
- ❑ How did you meet the legal requirements of your legislation, including the need to match federal Heritage Partnership Program funds?
- ❑ Did you produce the deliverables outlined in your work plan? This is important because it demonstrates, in a transparent manner, progress towards completing management plan and legislative goals and mandates.

Example Areas to Document for Fiscal Accountability & Match

11

Salary

Benefits

Travel

Subawards

Supplies

Training

Volunteers

Admin.

Contract &
Consulting

What do I need to document and retain in my records?

12

Salary

All salaries and wages charged against Heritage Partnership Program funds should be supported by signed timesheets & attendance records. It might also be useful to keep track of how much staff time was spent on different program areas, to measure progress towards work plan deliverables and management plan implementation. Documents to keep include:

- Signed timesheets with supervisory approval
- Quarterly payroll returns
- Payroll register
- Personnel file with salary/wage information
- Employment contract
- Cancelled checks/ Direct deposit schedule

Report executive compensation as outlined in your Cooperative Agreement and 2 CFR Part 170, “Reporting Subawards and Executive Compensation.”

What do I need to document and retain in my records?

13



Benefits

- Insurance policy
- Paid invoices and receipts
- Claims made against the insurance
- Cost allocation plan

What do I need to document and retain in my records?

14

Volunteer Time

All volunteer hours used as in-kind match should be supported by signed timesheets and/or attendance records. The most important information to track is the number of hours of work completed and the kind of work being done. Also, it is important to have a defensible system for calculating the monetary value of volunteer time. Documents to keep include:

- Event sign-in sheets that track actual time and attendance OR signed timesheets with supervisors' signature
- Documentation of how you calculate the monetary value of volunteer time
- Volunteer position descriptions, if applicable
- Volunteer personnel files, if applicable

www.independentsector.org/volunteer is the standard that NPS uses to calculate general and skilled professional rates

What do I need to document and retain in my records?

15



Travel

- Authorization/reimbursement requests
- Paid invoices and receipts
- Per diem rates (applicable for area)
- Mileage calculation
- Reconciliation of advances to payments
- Connection to annual work plan

What do I need to document and retain in my records?

16



Supplies

- Purchase orders
- Packing slips
- Paid receipts and invoices
- Donated Supplies, i.e., in-kind donations
- Connection to annual work plan

What do I need to document and retain in my records?

17

**Contracts
&
Consultants**

The Selection Process

- Press releases announcing available RFP/RFQ
- Copy of RFP/RFQ & set of responses
- Process for selection
- Contract and scope of work, including deliverables
- Signed agreements

The Work Completed

- Compliance with the National Environmental Policy Act, Section 106 of the National Historic Preservation Act, and other Federal laws (if applicable)
- Purchase orders
- Paid invoices and receipts
- Final reports or documentation of final products

- Subcontracts shall conform to all of the requirements of your Cooperative Agreement and must include any required language noted in your Cooperative Agreement.

What do I need to document?

18

Subawards

Grant Review & Selection Process

- Copies of grant funding announcements
- Process for review and selection of proposals
- Signed agreements and scope of work, including deliverables
- Procedures for complying with the National Environmental Policy Act (NEPA), Section 106 of the National Historic Preservation Act, and all other applicable federal laws.

The Work Completed

- Purchase orders
- Paid invoices and receipts
- Tracking of NEPA, Section 106, and other Federal compliance requirements
- Performance reports and documentation of work completed

- ❑ Document each action that obligates \$25,000 or more in HPP Federal funds in the Federal Funding Accountability and Transparency Act Subaward Reporting System at www.fsrs.gov per your Cooperative Agreement and 2 CFR Part 170, “Reporting Subawards and Executive Compensation.”
- ❑ Subawards shall conform to all of the requirements of your Cooperative Agreement and shall include any required language from your Cooperative Agreement.

What do I need to document?

19



Admin.

- **Authorized in the budget**
 - **Cost must be identifiable to work plan and projects**
- **Purchase orders**
- **Paid invoices and receipts**
- **Packing slips**

What do I need to document?

20



Training

- Agenda
- Course description, cost
- Sign-in sheet
- Consultant/trainer agreement
- Paid invoices and receipts
- Connection to annual work plan

What do I need to document and retain in my files and document?

21

General

- Cooperative agreement and yearly task agreements or modifications.
- Annual work plans or work plan updates that might accompany reimbursement requests, such as scope of work change or budget revisions.
- General correspondence
- Reimbursement requests
- Financial Status Reports
- Federal Cash Transactions Reports
- Budget vs. actual reports
- Financial statements and Federal Financial Reports (SF 425)
- Post award performance reports that demonstrate progress on the tasks identified in your work plan within the approved performance period.
- Audit reports and supporting documentation
- General Ledger and supporting ledgers

Documentation of In-Kind Match

22

- Maintain documentation to support the claimed value of in-kind match e.g., :
 - Signed & dated time sheets filled out by volunteers working at a Heritage Area event
 - Signed & dated mileage sheet filled out by partners attending Heritage Area meetings
 - Donation form filled out by partner providing space at no or reduced cost with a detailed description of room or building
 - Receipts for supplies or services donated by a partner with a detailed description of the item(s) or the service (s)
- Record donations and the valuation of items donated in detail
- Enter the in-kind match into the general ledger as income and expenditure; failure to enter match contributions into the general ledger requires a formal explanatory policy and separate spread sheet accountability of receipt and use
- Remember to link the in-kind contribution (if used as match for your federal funds) to an action or project mentioned specifically in your annual work plan

Tips for Documenting In-Kind Match

23

Remember to document these areas when tracking in-kind contributions:

- ❑ Who is the source – be able to demonstrate that the contribution is from an acceptable donor source, this is especially important for audit purposes.
- ❑ What was donated – be able to demonstrate that what is being used as match is suitable for match. Be specific and show how it related to the legislation, management plan and work plan
- ❑ How was the value determined – the donor should generally determine the value and it should be based on standard objective sources rather than best guesses. You should document the basis for determining value of personal services, material, equipment, building, and land.
- ❑ Who verified the information– who certified that the information is correct? Is there a responsible party who is prepared to sign that the information is true and correct.
- ❑ *Link to your National Heritage Area legislation , management plan, and MOST IMPORTANTLY your annual work plan.*

Tips for Valuing In-Kind Donations

24

Donation of Goods

- Use fair market value
- What would it cost to obtain a similar good or service?
- The value of donation should be placed by the donor, and should not exceed the fair market value
- Review any donation letter or form to ensure the value is reasonable

Donation of Services

- www.independentsector.org/volunteer is the standard that NPS uses to calculate general and skilled professional rates

The IRS defines **fair market value** as the price that item would sell for on the open market.

Example 1: In-Kind Contribution Form

25

The ABCD Tutoring Program
1299 N Main Street, Suite 110, Great City, Good State 00000-1234, (800) 555-1212, Fax 321-1234

In-Kind Contribution Form

Date of Contribution	Description of Contributed Item(s) or Service	Purpose for Which Contribution Was Made	Real or Approximate Value of Contribution	How Was Value Determined? (i.e. Actual, appraisal, fair market value)	Who Made This Value Determination?

Name of Contributing Organization/Agency/Business/Individual: _____

Address of Above Contributor: _____ Phone #: _____

Printed/Typed Name of Contributor's Authorized Signee: _____ Title: _____

Signature of Authorized Signee: _____ Date: _____

Example 2: In-Kind Contributions Form

26

Your Organization's Logo Here

Non-Profit Organization
P.O. Box 1234 • Any City, MO 00000 • (573) 879-2812

In-Kind Contribution Form

Contributor Information

Name of Business
or Individual: _____
Name of Primary Contact: _____
Address: _____
City: _____ State: _____ Zip Code: _____
Telephone: _____ E-mail: _____

Contributed Goods or Services

Description of Contributed Goods or Services: _____

Date(s) Contributed: _____
Real or Estimated Value of Contribution: \$ _____
How was the value determined? Actual Value Appraisal Other
If other, please explain: _____

Who Made this Value Determination? _____

Is there a restriction on the use of this contribution? No Yes
If yes, what are the restrictions? _____

Was this Contribution Obtained with or Supported by Federal funds? No Yes
If yes, please provide the name of the Federal agency and the grant or contract number: _____

Signature of Contributor

Date Contributed

☞ Thank you for your support!! ☛

Non-Profit Use Only:

Person Receiving Goods or Services on Behalf of AmeriCorps Program:

Printed Name

Position

Signature

Date Received

Accounting Use Only:

\$ _____
Value Recorded Date Entered AmeriCorps Program Number

Best Practices for Managing Federal Funds

27

1. Familiarize NHA staff members with the requirements for spending, matching, and subgranting Federal funds. These requirements are identified in 2 CFR PART 200 and in your cooperative agreement.
2. Establish processes for documenting cash and in-kind match that follow Federal requirements.
3. Establish systems for ensuring that your costs are allowable per 2 CFR PART 200 and your cooperative agreement.
4. Establish processes to ensure that you address other Federal laws that apply to your projects, such as the National Environmental Policy Act and Section 106 of the National Historic Preservation Act.
5. Ensure supporting documentation relates directly to your legislation, management plan, and work plan
6. Maintain proper records and establish a written record retention policy for staff, board, partners who provide match, and subgrantees.

Go-To Sources for Federal Financial Requirements

28

Familiarize yourself with the requirements of managing, spending, matching, and subgranting Federal Funds.

- ❑ National Heritage Area authorizing legislation
- ❑ 2 CFR PART 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
 - Cost Sharing or Matching:** §200.306
 - Basic Considerations of Costs:** §200.402 - .411
 - General Provisions for Selected Items of Cost:** §200.420 - .475
 - §200.442 Fund raising and investment management costs
 - §200.450 Lobbying
 - §200.454 Memberships, subscriptions, and professional activity costs
 - Audit Requirements :** §200.500 - .520
 - Record Retention and Access:** §200.333 - .337
- ❑ Cooperative Agreements