

Non-Federal Share Management Matters

Valuing, Documenting and Tracking Non-Federal Share Match

Text Version

Non-Federal Share Match Management Matters Series

Welcome to a Management Matters session on non-federal share (NFS) match in Head Start and Early Head Start programs. In this session we will learn how to value donated goods and services, how to document non-federal share match and how to monitor your non-federal share budget to assure you are on track to meeting your match. Let's get started.

What is it worth?

As the community donates goods and services to your program, you need to determine their value. Valuing donations of goods and services can be complex, but in general, the value of services must be based upon the cost of similar services in the program or the local community. For donated goods, the value must be based on their current fair market value.

Valuing Volunteer Time: Doctor

See if you can determine how to value volunteer time.

A doctor serves on your governing body. How would you value her time?

1. Value at doctor's rate of pay
2. Value at the rate of pay of the highest executive position within the Head Start program
3. Value at what the doctor says her time is worth.

Feedback

1. **Value at doctor's rate of pay:**
Incorrect. The value of the volunteer's time is based on the function the volunteer is providing. In this case, the doctor isn't providing medical services, but is providing executive management services as a board member.
2. **Value at the rate of pay of the highest executive position within the Head Start program:**
Correct. The service being provided by the doctor as a board member is equivalent to that of the Head Start executive director. By the way, if you claim board members' times as match, remember that they are providing administrative services which will apply toward your 15 percent administrative cost limitation.
3. **Value at what the doctor says her time is worth:**
Incorrect. The value of the volunteer's time is based on the function the volunteer is providing.

Valuing Volunteer Time: Fire Department's Staff Member

A fire department's staff member assists with the development of an emergency preparedness plan. How would you value his time?

1. Value at the documented fire department rate of pay plus fringe benefits
2. Value at executive director's rate of pay
3. Value at what you would have paid a consultant

Feedback

1. **Value at the documented fire department rate of pay plus fringe benefits:**
Correct. This would be appropriate as it is capturing the actual cost to the fire department of the services provided by the staff member for which the organization would otherwise have paid.
2. **Value at executive director's rate of pay:**
Incorrect. The executive director's salary doesn't necessarily relate to that of the fire department staff who have the appropriate level of expertise to provide this service to your organization. In this situation, the only time that you might use a rate of an employee in your own organization would be if you have an emergency management employee. In that case, you would value the fire department's staff person at the rate you pay for your organization's emergency preparedness manager.
3. **Value at what you would have paid a consultant:**
Incorrect. You don't necessarily know whether a consultant would be able to provide the same level of expertise as the fire department's staff person.

Valuing Volunteer Time: Parent

A parent spends a day supporting classroom activities in your Head Start program. How would you value her time?

1. Value at what the parent earns in another job
2. Value at a teacher assistant salary
3. Value at your state's minimum wage

Feedback

1. **Value at what the parent earns in another job:**
Incorrect. The value of the volunteer's time is based on the function the volunteer is providing. In this case the equivalent function would be an entry level assistant teacher in your organization.
2. **Value at a teacher assistant salary:**
Correct. The parent is assisting in the classroom and the service being provided is similar to that of an entry level assistant teacher for your organization. If you don't have an assistant teacher position in your program, e.g. you operate home-based services, you can use a rate based on salaries for similar positions in the community. Remember, the rate of pay can also include the value of employee fringe benefits.

3. **Value at your state's minimum wage:**

Incorrect. While some programs may choose to value the parent's time at the minimum wage, as per Head Start Policy Clarification OHS-PC-A-022, the value of the service can be equivalent to an entry-level assistant teacher for your organization.

Valuing In-Kind Donation: Computers

Let's take a look at how you might value donated goods and materials. A local computer store donates used computers to your program. How would you value them?

1. Value at the cost of new computers
2. Value based on their current fair market value for used computers
3. Value the depreciation only as the match

Feedback

1. **Value at the cost of new computers:**

Incorrect. The donated computers are used and don't hold the same value as new computers.

2. **Value based on their current fair market value for used computers:**

Correct. This is how you would value them. Remember to make sure that you document how you determined the fair market value of the computers.

3. **Value the depreciation only as the match:**

Incorrect. You cannot use the residual value of an item as non-federal share match; the value must be based on its fair market value. While most computers are considered a supply and aren't capitalized, if the value was classified as equipment (having a useful life of a year or more and a value that met or exceeded \$5,000) you would also want to add it to your equipment inventory.

Valuing In-Kind Donation: Building

The city donates the use of a building for your program that they once leased to a business. How would you value this?

1. Value based on the cost of the previous lease
2. Value based on the amount you are currently paying for similar space
3. Value based on a certified, independent appraisal of the fair market value of the space

Feedback

1. **Value based on the cost of the previous lease:**

Incorrect. You don't know whether the previous tenant was paying the fair market value for rent.

2. **Value based on the amount you are currently paying for similar space:**

Incorrect. The fair market value for one piece of property is not the same as another piece of property.

3. **Value based on a certified, independent appraisal of the fair market value of the space:**
Correct. An independent real property appraiser licensed or certified by the state in which the property is located is required to determine the fair market value.

Valuing In-Kind Donation: Wood Chips

A gardening center donates and delivers to three of your ten Head Start Center playgrounds enough wood chips to use under fall zones as cushioning material. How would you value this?

1. Value it based on the retail cost of the material plus the delivery charge
2. Value it based on the cost per cubic yard of the wood chips without the delivery charge
3. Value it based on 30 percent of what you annually budget for playground fall zone replacement

Feedback

1. **Value it based on the retail cost of the material plus the delivery charge:**
Correct. Retail products can be valued at full cost, but you cannot claim an amount in excess of the retail value for non-federal share.
2. **Value it based on the cost per cubic yard of the wood chips without the delivery charge:**
Incorrect. As long as the delivery charge is reasonable, you can claim that as part of your non-federal share match.
3. **Value it based on 30 percent of what you annually budget for playground fall zone replacement:**
Incorrect. What you budget doesn't represent what the fair market value is for those goods at the time of the donation.

Documentation

For a cost, including non-federal share match, to be allowable, it needs to be adequately documented and able to be verified from the program's source records. Take a look at the following documentation and decide whether you think the match has been adequately documented.

Documentation Requirements: Classroom Volunteer Form

A program is using a handwritten list of classroom volunteers to document its in-kind match. Check off all the requirements that the form has successfully met.

		Elmst Center Feb. 2015 <u>Parent Sign-in Sheet</u>	
<u>Total Hrs</u>			
4 1/2	Mary Doe		CLASS HELP ↓
6	Jack Jones		
6	Mary Doe		
2	Sue Smith		
2	Sue Smith		
2	Sue Smith		
<u>4 1/2</u>	<u>Mary Doe</u>		
27 HRS	TOTAL	$\times \$16.32 =$	\$440.64
Approved <u>Peter P. P. P.</u>			

Requirements

- Volunteer's name and Signature
- Dates, including year, the volunteer provided services
- Number of hours volunteer worked
- Volunteer's supervisor's signature
- Volunteer's activity
- Rate applied to activity
- Total value for time period

Feedback

This form is incomplete. It is missing the actual dates that each volunteered worked. While it's allowable to use handwritten documentation of an in-kind donation, it's preferable to create a form. The *Uniform Administrative Requirements, Cost Principles and Audit Requirements* state that salaries and wages of employees used in meeting cost sharing or matching requirements on federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from federal awards. By using a form you ensure that all elements are included to adequately document the donations and it's easier for the volunteer to complete the form.

Documentation Requirements: Donation of Goods and Services

John Doe presented this handwritten receipt of his donation. Check off all the requirements that the document has successfully met and then press Submit.

	July 2, 2015
I, John Doe, owner of TopTree Tree Service provided to ACE Head Start the following services at its Elm Street Head Start Center:	
• Removed four large pine trees that sustained damage in recent storm.	
• Trimmed dead branches from eight other trees	
• Inspected all trees for heart rot.	
Remove four trees: $\$700/\text{tree} = \2100	
Trim eight trees: $\$150/\text{tree} = \1200	
Inspect trees: $2\text{ hours} @ \$50/\text{hr} = 100$	
<u>\$3,400</u>	
I hereby donate this service—	
John Doe	

Requirements

- Description of donated item
- Estimate of fair market value of item
- Date received
- Signature of donor
- Signature of staff recipient
- Copy of receipt given to donor

Feedback

This document doesn't indicate if the donor received a receipt. Take a look at the next two forms to see which one you might prefer to use to replace a handwritten documentation of donation of goods. By the way, a best practice would be to review the reasonableness of this rate by seeking a quote for the cost of a similar service within your community.

Do You Know What Makes a Good Form? Form for Donation of Goods

What do you think of these two forms? Compare the two versions and then pick the form that you would prefer.

Donations of Goods		
Center/Program: _____	Date received: _____	
Classroom: _____	Staff Signature: _____	
<i>These are items that Head Start could purchase for use in the program, i.e., classroom supplies and materials.</i>		
Donor Name or Company: _____	Phone or email: _____	
Description of Item(s) donated: <i>(Indicate condition of donated item)</i>	Estimated Fair Market Value	Staff-Verified Fair Market Value
_____	_____	<input type="checkbox"/>
Donor Signature _____		
<i>(Please provide donor a copy of this completed form as documentation of donation)</i>		

Form A

Donations

Center/Program: _____ Month: _____

Classroom: _____ Staff Signature: _____

These are items that Head Start could purchase for use in the program, i.e., classroom supplies and materials

Condition:	Description of Donated Items:	Quantity Donated:	Estimated Fair Market Value:	Date:	Check box if receipt provided:
_____	_____	_____	_____	_____	<input type="checkbox"/>
_____	_____	_____	_____	_____	<input type="checkbox"/>
_____	_____	_____	_____	_____	<input type="checkbox"/>
_____	_____	_____	_____	_____	<input type="checkbox"/>
_____	_____	_____	_____	_____	<input type="checkbox"/>

_____ Organization or Company

_____ Donor Name and Phone

Form B

Feedback

- **Form A** contains all the required fields and has been created on carbonless copy paper, allowing the user to give one copy of the document to the donor, and to keep the original document.
- **Form B** has additional fields allowing for more specific information, such as condition and quantity donated. Having these as fields makes it more likely that people will enter this information. Form B indicates that there are separate receipts, which seems unnecessary since this form has all the required information and could simply be copied for the donor.

Is there any information that people are omitting from your forms? Could you design a form with clear fields for this information that will make it more likely that people will fill it in?

Do You Know What Makes a Good Form? Form for Attendance at Policy Council and Parent Committee Meetings

What do you think of these two forms? Compare the two versions and then pick the form that you prefer.

Parent Committee and Policy Council Services

Date: _____ Center/Classroom: _____

Meeting Title: _____

Meeting Location: _____

Volunteer Name: _____

Mailing Address: _____

Time In: _____ Time Out: _____

Total Time _____ X \$ _____ = \$ _____
Hourly Rate Total Non-Federal Match

If you'd prefer to be paid for expenses, check Reimburse.

Total Mileage: _____ X \$ _____ = _____ Reimburse
Mileage Rate Total Cost

Parking or mass transit: _____ Reimburse

Child Care Costs: _____ Reimburse

Volunteer Signature: _____

Staff Signature: _____

Administrative Use Only:	
Time value:	_____
Mileage value:	_____
Child Care value:	_____
Other fees value:	_____
Total value:	_____

Form D

Feedback

- Form C would be easy to use at a meeting. Since all volunteers sign in on one sheet, you can easily tell if someone in attendance forgot to sign in. However, you would need to have parents who wish reimbursement for travel and child care expenses to complete a separate form, creating more paperwork.
- Form D would do double duty. It allows you to track the parent's donated time at the meeting and also allows you to capture parent expenses intended for reimbursement.

So throughout this discussion about documentation, you’ve learned that while there are required elements for documenting donations of goods and services, you can also customize your forms to meet your individual needs.

Tracking

Tracking your non-federal share match requirement is as important and critical as tracking your full budget. You need to track your budget-to-actual expenses for non-federal share match on a monthly basis, just as you would your federal revenue and expenses. Ideally fiscal and program staff meet together to assure that the organization is on track to meet the non-federal share match. Let’s review a budget-to-actual report that this program is analyzing.

Tracking In-Kind Donation: Question 1

Analyze this sample budget. Which data causes the most concern? Select the cell outlined in red that best answers this question.

In-Kind Match Tracking								
Grant Period 12/1/2014-11/30/2015								
Month Completed: July 2015								
In-Kind Category	% Grant Year Complete	Budget: In-Kind Match	Actual: In-Kind Match To-Date	Budget to Actual (%)	Year-End Projected Earnings	Year-End Total Projected: Actual + Projection	Projection to Budget Variance (\$)	Projection to Budget Variance (%)
Parent volunteers	67%	\$ 130,000	\$ 85,230	66%	\$ 40,000	\$ 125,230	\$ (4,770)	-4%
Classroom volunteers	67%	\$ 88,000	\$ 30,000	34%	\$ 25,000	\$ 55,000	\$ (33,000)	-38%
Professional volunteers	67%	\$ 67,000	\$ 50,000	75%	\$ 10,000	\$ 60,000	\$ (7,000)	-10%
Donated supplies and materials	67%	\$ 56,000	\$ 60,000	107%	\$ 10,000	\$ 70,000	\$ 14,000	25%
Governing Body volunteer	67%	\$ 33,000	\$ 20,000	61%	\$ 11,000	\$ 31,000	\$ (2,000)	-6%
Donated space	67%	\$ 26,000	\$ 17,333	67%	\$ 8,667	\$ 26,000	\$ -	0%
TOTAL	67%	\$ 400,000	\$ 262,563	66%	\$ 104,667	\$ 367,230	\$ (32,770)	-8%

Feedback

- 34 percent:** This is correct. With 67 percent of the grant year completed, the organization has only secured 34 percent of the value of classroom volunteers and they are in the summer months when some classes are not in session and volunteer participation drops off. Since classroom volunteers represent a large share of the NFS budget, you are at risk of not meeting your total match and need to determine what may be causing this problem. Perhaps staff have not submitted documentation to your accounting department for the volunteers that have worked in the classroom. Or maybe volunteers have had less time to spend with your organization than you anticipated.
- 66 percent:** This is incorrect. While the total to-date budget to actual is 1 percent below the percentage of grant year completed, this doesn’t help you to understand why; therefore you can’t make effective management decisions.

- **25 percent:** This is incorrect. Actual and projected donated supplies and materials are expected to exceed the anticipated budget. This is positive information, not cause for concern.

Tracking In-Kind Donation: Question 2

What category might the grantee want to consider increasing in the coming year's budget?

1. Classroom volunteers
2. Donated supplies and materials
3. Donated space

In-Kind Match Tracking								
Grant Period 12/1/2014-11/30/2015								
Month Completed: July 2015								
In-Kind Category	% Grant Year Complete	Budget: In-Kind Match	Actual: In-Kind Match To-Date	Budget to Actual (%)	Year-End Projected Earnings	Year-End Total Projected: Actual + Projection	Projection to Budget Variance (\$)	Projection to Budget Variance (%)
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Feedback

1. **Classroom volunteers:**

This is incorrect. In fact, you may want to consider reducing next year's budget for classroom volunteers if you determine that you won't be able to attract the current level of volunteers for classroom support.

2. **Donated supplies and materials:**

This is correct. Your actual-to-date and forecasted amount is already expected to exceed that line item budget by \$14,000 at year end. While this is a good indicator of success, you should analyze whether you can anticipate this same level of donation for the coming year.

3. **Donated space:**

This is incorrect. This budget category is right on target. Unless you anticipate changes in donated space, you likely won't be changing the budget for this category.

Tracking In-Kind Donation: Question 3

Based upon your review, which of the following conclusions can be drawn from the report?

1. While classroom volunteers are below expectations, donated goods and services more than makes up for this loss.
2. The grantee is at risk for not meeting its match.
3. If the grantee doesn't anticipate meeting its match, the director should immediately apply for a waiver.

Note: This budget shows a balanced approach to a program's non-federal share match requirement by having a variety of different sources for your non-federal share match.

In-Kind Match Tracking								
Grant Period 12/1/2014-11/30/2015								
Month Completed: July 2015								
In-Kind Category	% Grant Year Complete	Budget: In-Kind Match	Actual: In-Kind Match To-Date	Budget to Actual (%)	Year-End Projected Earnings	Year-End Total Projected: Actual + Projection	Projection to Budget Variance (\$)	Projection to Budget Variance (%)
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TOTAL	67%	\$ 400,000	\$ 262,563	66%	\$ 104,667	\$ 367,230	\$ (32,770)	-8%

Feedback

1. **While classroom volunteers are below expectations, donated goods and services more than makes up for this loss:**
Donated goods and services are a much smaller percentage of the budget compared to volunteers. Even if you received double the expected amount, it could not compensate for the drop in volunteers.
2. **The grantee is at risk for not meeting its match:**
True.
3. **If the grantee doesn't anticipate meeting its match, the director should immediately apply for a waiver:**
A grantee should apply for a waiver as soon as possible, but preferably before the end of their grant period, using one of the five criteria outlined in the Head Start Act Section 640(b) as a criteria for receiving a waiver.

Summary

During this session you have learned how to value the time donated by volunteers. You have learned that goods need to be valued at their fair market value. You have reviewed a variety of methods to document donations and have experienced the importance of tracking and analyzing your non-federal share budget throughout the year.

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