

# IN-KIND MATCH GUIDANCE



The following criteria have been adapted from the Broadband Technologies Opportunity Program and can be found here: [BTOP Fact Sheet Matching Contributions January 2011.pdf](#) (doc.gov).

## OVERVIEW

Recipient (or subrecipient) contributions and third-party in-kind contributions may count towards satisfying the cost share requirement (i.e., matching requirement) of a Broadband Acceleration Grant Program project through the Kansas Office of Broadband Development, Kansas Department of Commerce.

NOTE: All claims for reimbursement for in-kind contributions to be considered as part of the 50% match requirement for the Broadband Acceleration Grant will be analyzed using the criteria below. Kansas Office of Broadband Development and Kansas Department of Commerce ultimately have the discretion to determine whether an in-kind contribution is acceptable.

Such contributions must represent allowable project costs and may be accepted as part of a recipient's cost match when the contributions meet certain criteria as explained below. As outlined in the program guidelines, eligible broadband project expenses are terrestrial capital expenses directly related to a qualified broadband project, including design, engineering, permitting and construction of "last-mile" infrastructure expenses.

Criteria for Recipient and Third-Party In-Kind Contributions Recipient contributions and third-party in-kind contributions may be accepted as part of the recipient's cost sharing or matching requirement only when the contributions meet all the following criteria:

- Verifiable from the recipient's records.
- Excluded as contributions for any other Federally-assisted project or program.
- Necessary and reasonable for proper and efficient accomplishment of project or program objectives.
- Allowable under the applicable cost principles.
- Not paid by the Federal government under another award, except where expressly authorized by Federal statute to be used for cost sharing.
- Not counted toward satisfying a matching requirement of a Federal grant agreement, Federal procurement contract, or any other award of Federal funds.
- Provided for in the approved budget.

## FORMS OF RECIPIENT AND THIRD-PARTY IN-KIND CONTRIBUTIONS AND REQUIREMENTS FOR HOW THEY SHOULD BE VALUED

Contributions may be in the form of real property, services, equipment, and supplies. Eligible costs are terrestrial capital expenses directly related to a qualified broadband project, including design, engineering, permitting and construction of "last-mile" infrastructure expenses.

The goods and services contributed should directly benefit and be specifically identified with the proposed project. Contributions must be reasonable, allocable, and necessary, and shall not exceed the current fair market value of the property at the time of the donation to the project (i.e. when the in-kind contribution is presented for match

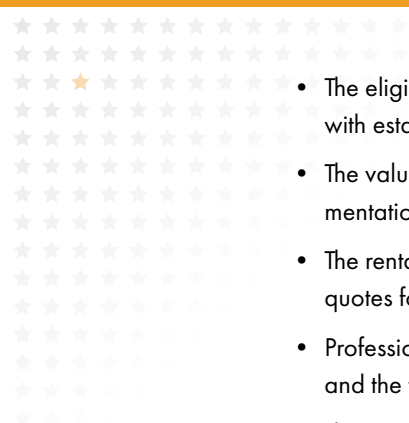
and added to the recipient's books). In determining the reasonableness of a value attached to a donation, it is useful to ask, "What would the donated item or service have cost if the recipient had paid for the item or service itself?" For example, a reasonable value for donated software may be less than the off-the-shelf retail value once available volume or other discounts are considered. The reasonableness of attributed value will be determined on a case-by-case basis, in consideration of all the relevant circumstances of the donation.

### DOCUMENTATION TO SUPPORT RECIPIENT'S AND THIRD-PARTY IN-KIND CONTRIBUTION VALUATION METHODOLOGY

The recipient must maintain documentation to verify the costs assigned to property and services contributed to meet the Broadband Acceleration Grant Program matching share requirement. The value can be demonstrated and documented by the recipient, the subrecipient, or the owner of the donated item. The records must show how the value placed on the contribution was derived. Documentation should support the amount claimed as match for the recipient's grant project, including a description of the contributed item, the method of valuation, and the terms of the donation.

The recipient must also provide documentation that the contribution is related to and necessary for the proposed project. The recipient should provide the methodology and supporting documentation to value the particular piece of property or services claimed match and donated to the project. In doing so, the recipient should use the market conditions under which the recipient operates. It should not base the contribution valuation on another, similar type of asset or use market conditions from another geographic region that do not accurately reflect the conditions that the recipients faces in its own market. For example, in assessing the value to be placed on equipment rental, the recipient must examine the fair market rental rates available in the same locality in which the equipment is located, not on the rates available in some distant region that bears no relation to the rental conditions in the recipient's market.

ACCEPTABLE IN-KIND CONTRIBUTIONS	EXAMPLES	BASIS OF VALUATION
Equipment	Routers, tower radios, optical nodes, transmitters, receivers, etc.	Actual cost of purchase (NetBook value) or the lowest cost available for retail purchase (Fair Market Value)
Real Property	Donated land, including land with improvements, structures, and buildings (e.g., rights of-way, towers, and poles).	Current fair market value of the property, even if it exceeds the certified value at the time of the donation to the project, as long as recipients provide sufficient justification
Materials	Fiber optic cables, conduits, cabinets, strand, lashing wire, etc.	Actual cost of purchase (NetBook value) or the lowest cost available for retail purchase (Fair Market Value)
Vehicle Rental	Bucket truck, pickup truck, transport trailer, etc.	Rental rate equivalent to the average cost per day at fair market price specific for that locality, multiplied by the number of days used
Equipment Rental	Lasher, trencher, excavator, etc.	Rental rate equivalent to the average cost per day at fair market price specific for that locality, multiplied by the number of days used
Professional Services	Engineering services, design services, project management services, etc.	Normal rates consistent with fair market value for the specific services in the area.

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- The eligible in-kind contribution of equipment and materials must be new and non-depreciated assets with established monetary values.
  - The valuation of the equipment and materials must be supported and justified with adequate documentation.
  - The rentals of equipment and vehicles must be justified with adequate documentation not limited to quotes for rental of similar equipment or vehicles at the locality.
  - Professional services must be supported by an invoice denoting the project name, rate of pay, hours, and the total cost.
  - The Internal Revenue Service (IRS) defines fair market value as the price for which the given property would sell on the open market. This price would be agreed upon between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts.

### FREQUENTLY ASKED QUESTIONS:

#### **Are in-kind contributions required to be allowable costs?**

Yes. Project contributions must be allowable project expenses; that is, they must be for costs that are eligible for federal funding under the grant. In-kind contribution costs must be directly attributable to a budget item that the recipient has identified for executing the project and must be necessary for the success of the project. If the proposed contribution of an item is unallowable per the requirements stated above, then recipients are required to revise their budgets accordingly. In-kind contributions are subject to the same restrictions and requirements as the other property, equipment, and services funded under the grant.

#### **What happens if the contributed asset devalues during the grant period?**

Recipients must value in-kind contributions for the project based on the date the resource is contributed to the project. If the value of a contributed asset at the time of donation to the project is lower than was stated in the application, then the recipient will need to determine if it can still meet the matching requirements in the award agreement or work with the Kansas Office of Broadband Development to determine if award amendment is necessary.

#### **How should broadband infrastructure assets, such as towers or fiber, be valued?**

Recipients must determine the value or cost associated with these assets in accordance with the applicable cost principles. In some cases, recipients may use current fair market value to establish the value to be assigned to such assets, provided it is sufficiently documented and a reasonable and financially sound methodology is used. For example, a recipient may contribute the value of leasing space on towers by using the current rental rates associated with the asset or it may estimate fair market value by an independent appraisal, a letter from the lessor that contains sufficient information to estimate fair market value, or tax records.

#### **May a right-of-way be claimed as contributed match?**

Generally, yes, if there is a cost or value associated with the right-of-way. A right-of-way may be public or private. A public right-of-way is typically dedicated by Federal, state or local governments and is used by many providers, based on government-issued permits. A recipient would not generally be able to count the full value of a public or private right-of-way as a matching contribution to its project, but could claim only that portion that is dedicated for the installation of the facilities that it intends to use in its proposed project, such as fiber optic cable, regenerators/amplifiers, or switches. Additionally, while a permit to use a public or private right-of-way might not be considered a real property interest, using the pricing associated with the permit would likely provide a sound method for the in-kind valuation.