

## What are In-Kind Contributions?

The Hazard Mitigation Grant Program (HMGP) requires all grantees to meet a 25 percent cost share for a single project. Fortunately, the cost does not have to be just cash for the projects expenses. These non-cash contributions are often referred to as "In-kind contributions". They may consist of grantee/sub-grantee contributions such as property or, third party contributions including services, equipment, or property. The value of the donation goes toward the 25 percent the grantee/sub-grantee has to contribute. Cash contributions by a third party are not considered in-kind contributions but can make up part or all of the 25 percent the grantee/sub-grantee contributes. The following information is for reference use only. Please locate full regulations in Title 44, Part 13, Section 13.24 of the Code of Federal Regulations.

To qualify as in-kind the following conditions apply:

1. Must be necessary and reasonable to accomplish the projects objectives.
2. Cannot be from a Federal source.
3. Cannot be program income. (Any unspent funds from an approved Mitigation project may not be used)
4. Cannot be used to match another Federal grant.
5. Must apply to the cost sharing requirement of the grant.

In kind contributions must be documented and verifiable in the grantee's records. Records must be maintained to support how the value of the in-kind contribution was determined.

Note: Good Question to ask **"Would it be necessary to buy the service or property in order to accomplish the projects objectives, and is the cost (value) reasonable for this purpose?"**

### Determining the value of the In-Kind Contributions

#### Donated Services:

- **Volunteers**- Unpaid services provided to a grantee/sub-grantee by an individual are valued at the pay for similar work in the grantee's organization. If the job is foreign to your agency, it's suggested to use minimum wage or seek private market value of the work to be performed. i.e. A local attorney affected by the flood donates her time to review the real property acquisition contract documents and conduct the settlements for the grantee/sub-grantee. The normal cost of the attorney's professional time donated to the project (based on her normal per hour or per settlement rate) is allowable as local in-kind cost-share.

## What are In-Kind Contributions Cont.

- **Employees of other organizations** – When another organization provides, free of charge, the service of an employee in that employee's line of work, the services are valued at the employee's regular rate of pay. This does not include the employee's fringe benefits and overhead costs. If the services are in another line of work, then the value is calculated in the same manner as that for volunteers. i.e. Local contractors donate their services to complete seismic retrofit work to residents' homes. The normal cost of their time is allowable as a third party in-kind contribution. It should be noted that Federal employee's time on duty cannot be used as in-kind.

**Donated Use of Equipment or Space: (Title is retained by the donor)**

- **Equipment or Space** – the contribution will be valued at the fair rental rate.

**Donated Supplies, Equipment, Buildings and Land (Title passes to the grantee or subgrantee)**

- **Supplies** – Supplies are valued at the market value at the time of donation i.e. The local hardware store donates construction materials for a hurricane shuttering project. The retail value of those materials is an allowable third party in-kind contribution.
- **Equipment, buildings, and land** – The purpose of the grant will determine how the donated property will be administered.
  - Grant Acquisition of property – the market value of the property at the time of donation may be counted as cost sharing or matching. i.e. A homeowner accepts 75 percent of the value of his home in cash and donates the rest of the appraised value to the project. The 25 percent he donated is allowable as a third party in-kind contribution.
  - All Other Grants – the market value at the time of donation of the donated equipment or building and fair rental rate of the donated land may be counted. Approval may be given only if the equipment or rental of the land purchased is approved as an allowable direct cost. If any part of the donated property was acquired with Federal funds, only the non-federal share of the property may be counted.
- **Grantee or Subgrantee donated real property** – the estimated value of grantee-owned real property is determined by the current market value (assuming that these items were not purchased with Federal funds).

**Note:** In some cases it might be required to use an independent appraiser to determine fair market value of land or buildings, or the fair rental rate of land or of space in a building. This requirement will be set by the grantee or sub-grantee.