



FACT SHEET

Broadband Technology Opportunities Program Recipient and Third Party In-Kind Contributions

Overview

Recipient (or subrecipient) contributions and third party in-kind contributions may count towards satisfying the non Federal cost share requirement (i.e., matching requirement) of a Broadband Technology Opportunities Program (BTOP) project. Such contributions must be allowable project expenses and may be accepted as part of a recipient's cost match when the contributions meet certain criteria as explained below.

Under BTOP, allowable contributions may differ depending upon the project category – Broadband Infrastructure (including Middle Mile and Last Mile projects in Round One and Comprehensive Community Infrastructure (CCI) projects in Round 2), Public Computer Center (PCC), and Sustainable Broadband Adoption (SBA).

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 of 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. For example, 40 U.S.C. § 1432(a)(4) authorizes the use of grant funds from the Appalachian Regional Commission (ARC) as matching funds if the ARC decides such use is appropriate.
- Not counted toward satisfying a matching requirement of another Federal grant agreement, Federal procurement contract, or any other award of Federal funds.
- Provided for in the approved budget.
- Conforms to other provisions stated in the applicable Department Uniform Administrative Requirements: 15 CFR § 24.24 for state, local, and tribal government entities, or 15 CFR § 14.23 for all other entity types.

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. The goods and services contributed should directly benefit and be specifically identified with the project or program.

The Department's Uniform Administrative Requirements provide that the value assessed to contributions of services and property included in the recipient's cost share shall be established in accordance with the applicable cost principles (Office of Management and Budget (OMB) Circular A-87, OMB Circular A-122, OMB Circular A-21, or 48 CFR Subpart 31.2, as determined by the type of recipient or subrecipient). 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 (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 taken into account. The reasonableness of attributed value will be determined on a case-by-case basis, in consideration of all of 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 BTOP's matching share requirement. Any match value reported by the recipient for the BTOP project must be directly supported by the recipient's documentation. The recipient should be aware that independent auditors may review all available documentation, including recorded transactions and evidence of a recipient's assets or liability, to validate a project's reported match value. 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 BTOP project, including a description of the contributed item, the method of valuation, and the terms of the donation. The recipient also must provide documentation that the contributed match is related to and necessary for the BTOP project. If a recipient assigns fair market value to value a matching contribution, BTOP's preferred method of documentation is an independent third-party appraisal. For recipient contributions, recipients must seek approval from the Grants Office for use of fair market value.

The recipient should provide the methodology and supporting documentation to value the particular piece of property or services claimed as the contributed 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 donated space, the recipient must examine the fair rental rates available in the same locality in which the space is located, not on the rates available in some distant region that bears no relation to the rental conditions in the recipient's market.

Forms	Characteristics of In-Kind Donations, Valuation and Documentation Requirements
Real Property	<ul style="list-style-type: none"> ■ Donated land, including land with improvements, structures, buildings, and appurtenances (e.g., rights-of-way, towers, and poles). <p>Valuation</p> <ul style="list-style-type: none"> ■ 15 CFR § 14.23: When a recipient donates buildings or land for construction/facilities acquisition projects or long-term use, the value assigned to that property for matching may be the 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 to the Grants Office. Otherwise, the value assigned to a recipient's contribution of land or buildings shall be the lesser of the two conditions indicated below: <ul style="list-style-type: none"> • Certified value of the remaining life of the property recorded in the recipient's accounting records at the time of donation to the project; or • Current fair market value of the property at the time of donation to the project. When a third party donates land or buildings and title passes to the recipient or subrecipient, the total value of the donated property may be claimed as matching. This value shall not exceed the fair market value at the time of donation to the recipient as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and





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	<p>certified by a responsible official of the recipient.</p> <ul style="list-style-type: none"> ■ 15 CFR § 24.24: When a recipient donates real property for a construction or facilities acquisition project, the current market value of that property may be counted as matching. When a third party donates land or buildings and title passes to the recipient or subrecipient, the market value of the property at the time of donation may be counted as matching. <p>Documentation</p> <ul style="list-style-type: none"> ■ If land is being provided as a project contribution, an appraisal based on a “Market Value As Is” of the Fee Simple Interest from a Member of the Appraisal Institute shall be considered adequate documentation to provide sufficient valuation justification. ■ Under Part 24, the Grants Office may require the market value to be set by an independent appraiser and that the value be certified by the recipient. A Recipient may also impose this requirement on its subrecipients.
Donated Space	<ul style="list-style-type: none"> ■ Donated space or building facilities for a PCC or SBA project. <p>Valuation</p> <ul style="list-style-type: none"> ■ 15 CFR § 14.23: The value of donated space shall not exceed the fair rental rate of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality. ■ 15 CFR § 24.24: The value assigned to recipient-contributed space for matching shall be determined in accordance with applicable cost principles. If the cost of operation can be readily determined and documented by considering the recipient’s rent, utilities, maintenance and associated costs, then the contribution would be allocated based on the square footage dedicated to the project. If, as in some publicly-owned buildings such as libraries, it is difficult to determine the cost of operation by this method, then the recipient may, with approval of the Grants Office, establish a “use allowance” in accordance with the cost principles applicable to the type of entity. If a third party donates the use of space in a building but retains title, the contribution may be valued at the fair rental rate of the space. <p>Documentation</p> <ul style="list-style-type: none"> ■ Under Part 24, the Grants Office may require the fair rental rate to be set by an independent appraiser and that the rate be certified by the recipient. Recipients may also impose this requirement on subrecipients.
Equipment	<ul style="list-style-type: none"> ■ Examples of donated equipment for CCI projects – network and access equipment (switching, routing, transport, access)/customer premises equipment (modems, set-top boxes), operating equipment (construction vehicles and office equipment); outside plant, which refers to the physical cabling (aerial or buried coaxial, copper or fiber plant, drop wires) and supporting infrastructure (conduits, cabinets) of a broadband network. ■ Examples of donated equipment for PCC & SBA Projects – computer hardware, software and peripherals that equal or exceed \$5000 per unit (PCs, laptops, printers, monitors). <p>Valuation of Donated Equipment</p>





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	<ul style="list-style-type: none"> ■ The value assigned to recipient-contributed equipment for matching shall be determined in accordance with applicable cost principles. For example, see OMB Circular A-21, App. A, ¶ J.18; OMB Circular A-87, App. B, ¶ 15; OMB Circular A-122, App. B, ¶ 15; or 48 C.F.R. §§ 31.205-10, 31.205-26, 31.205-36. ■ 15 CFR § 14.23: When a third party donates equipment and title passes to the recipient or subrecipient, the total value of the donated property may be claimed as matching. The value assigned to equipment for matching shall not exceed the fair market value of equipment of the same age and condition at the time of donation. ■ 15 CFR § 24.24: When a third party donates equipment and title passes to the recipient or subrecipient, the market value of the property at the time of donation may be counted as matching if the purpose of the grant is to assist the recipient or subrecipient in the acquisition of property or if the Grants Office approves it. <p>Valuation of Loaned Equipment</p> <ul style="list-style-type: none"> ■ If the recipient lends equipment to the project for short-term use, a depreciation or use value for the equipment may be counted as matching in accordance with the applicable cost principles. ■ 15 CFR § 14.23: The value assigned to loaned equipment for matching shall not exceed its fair rental value. ■ 15 CFR § 24.24: If a third party donates the use of equipment but retains title, the contribution will be valued at the fair rental rate of the equipment. <p>Documentation</p> <ul style="list-style-type: none"> ■ Recipients should retain documentation to support the valuation, such as receipts and invoices. ■ 15 CFR § 14.23: The basis for determining the valuation for in-kind contributions of equipment from third parties shall be documented. ■ 15 CFR § 24.24: The recipient's records must show how the value placed on third party in-kind contributions was derived.
Supplies	<ul style="list-style-type: none"> ■ Examples of donated supplies for CCI Projects – supplies used in the construction or improvement of broadband facilities. ■ Examples of donated supplies for PCC and SBA Projects – computer hardware, software and peripherals less than \$5000 per unit (PCs, laptops, printers, mice and monitors); workshop, training and classroom materials. <p>Valuation</p> <ul style="list-style-type: none"> ■ The value assigned to recipient-contributed supplies for matching shall be determined in accordance with applicable cost principles. ■ <u>15 CFR § 14.23</u>: The value assigned to donated supplies for matching shall be reasonable and verifiable and shall not exceed the current fair market value of the property at the time of the donation. ■ <u>15 CFR § 24.24</u>: If a third party donates supplies, the contribution will be valued at the market value





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	<p>of the supplies at the time of donation.</p> <p>Documentation</p> <ul style="list-style-type: none"> ■ If new supplies are donated, a purchase order with the price and receipt with a balance due of \$0 would generally provide adequate documentation for the specific items. ■ Other items, such as software, may typically be offered at a discount rate for certain purchasers (e.g., educational institutions). Thus, the value may be based on the type of grantee and the bulk value (e.g., education rates) such that if these types of rates are offered by the vendor or contributor, they must be applied for the donation.
<p>Volunteer Services</p>	<ul style="list-style-type: none"> ■ Volunteer services performed by professional and technical personnel, consultants, and other skilled and unskilled labor, including engineering design, project management, accounting and legal services that are a necessary part of the project. If an employer other than the recipient, subrecipient, or a cost type contractor pays these personnel for their work, please see “Services Donated by an Employer” below. <p>Valuation</p> <ul style="list-style-type: none"> ■ 15 CFR § 14.23: The rates assigned to volunteer services for matching shall be consistent with those paid for similar work in the recipient’s organization. If the required skills are not found in the recipient’s organization, rates shall be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation. ■ 15 CFR § 24.24: Unpaid services provided to the recipient or subrecipient by individuals will be valued at rates consistent with those ordinarily paid for similar work in the recipient’s or subrecipient’s organization. If the recipient or subrecipient does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation. <p>Documentation</p> <ul style="list-style-type: none"> ■ The cost principles enumerate specific documentation requirements related to personal services. For details, see OMB Circular A-21, App. A, ¶¶ J.10.b-c; OMB Circular A-87, App. B, ¶¶ 8.h-i & 12; or OMB Circular A-122, App. B, ¶¶ 8.m & 12.b. For-profit organizations should review 48 C.F.R. § 31.205-6 regarding allowability of costs and see the above Circulars for guidance on documentation requirements. ■ Generally, the recipient must document the personnel time and activities spent working on BTOP-funded activities. Timesheets should be signed and dated and documents should be kept on file. ■ 15 CFR § 14.23: Volunteer services shall be documented and, to the extent feasible, supported by the same methods used by the recipient for its own employees. The basis for determining the valuation for personal services shall be documented. ■ 15 CFR § 24.24: To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocability of regular personnel costs.





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<p>Services Donated by an Employer</p>	<ul style="list-style-type: none"> ■ Employee services donated by a third-party employer. <p>Valuation</p> <ul style="list-style-type: none"> ■ 15 CFR § 14.23: When an employer other than the recipient furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid. ■ 15 CFR § 24.24: When an employer other than a recipient, subrecipient, or cost-type contractor furnishes free of charge the services of an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay exclusive of the employee's fringe benefits and overhead costs. If the services are in a different line of work, they should be valued in the manner provided for volunteer services. <p>Documentation</p> <ul style="list-style-type: none"> ■ The cost principles enumerate specific documentation requirements related to personal services. For details, see OMB Circular A-21, App. A, ¶¶ J.10.b-c; OMB Circular A-87, App. B, ¶¶ 8.h-i & 12; or OMB Circular A-122, App. B, ¶¶ 8.m & 12.b. For-profit organizations should review 48 C.F.R. § 31.205-6 regarding allowability of costs and see the above Circulars for guidance on documentation requirements. ■ Generally, the recipient must document the personnel time and activities spent working on BTOP-funded activities. Timesheets should be signed and dated and documents should be kept on file. ■ The basis for determining the valuation for personal services shall be documented.

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 in the NOFA, administrative requirements and applicable cost principles, 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. As stated in Part 24, third party in-kind contributions count towards satisfying a matching requirement only where, if the party receiving the contributions were to pay for them, the payments would be allowable costs.

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

Recipients must value in-kind contributions for the project based on when 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 its Federal Program Officer to determine if an Award Action Request 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. For further information about the differences between Part 14 and Part 24 recipients, see the rows in the above chart regarding real property, donated space, and equipment.

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, not just a BTOP grant recipient, 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 BTOP project, such as fiber optic cable, regenerators/amplifiers, or switches. For further information about the differences between Part 14 and Part 24 recipients, see the rows in the above chart regarding real property. 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.

Additional Resources

For additional information and guidance on recipient and third party in-kind contributions, please refer to the following resources:

- BTOP Recipient Handbook FY 2010, Section 8.3.3-Federal and Non-Federal Cost Sharing, available at www2.ntia.doc.gov/files/Recipient_Handbook_v1.1_122110.pdf#Chapter8.
- 15 CFR §§ 14.23(a) and 24.24(a), available at <http://oam.eas.commerce.gov/docs/GRANTS/15cfr14.pdf> and <http://oam.eas.commerce.gov/docs/GRANTS/15cfr24.pdf>.
- First Notice of Funds Availability, July 9, 2009 (NOFA Round One), available at www.ntia.doc.gov/frnotices/2009/FR_BBNOFA_090709.pdf.
- Second Notice of Funds Availability, Section V.C.1., January 22, 2010 (NOFA Round Two), available at www.ntia.doc.gov/frnotices/2010/FR_BTOPNOFA_100115.pdf.
- Cost Principles
 - OMB Circular A-21, Cost Principles for Education Institutions (05/10/2004), also codified at 2 CFR Part 220, available at www2.ntia.doc.gov/files/BTOP_OMB_2cfr220.pdf.
 - OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments (05/10/2004), also codified at 2 CFR Part 225, available at www2.ntia.doc.gov/files/BTOP_OMB_2cfr225.pdf.
 - OMB Circular A-122 Cost Principles for Non-Profit Organizations (05/10/2004), also codified at 2 CFR Part 230, available at www2.ntia.doc.gov/files/BTOP_OMB_2cfr230.pdf.





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CONNECTING AMERICA'S COMMUNITIES

- Federal Acquisition Regulation (FAR) cost principles, 48 CFR Part 31, Subpart 31.2 – Contracts with Commercial Organizations (Applicable to For-Profit Entities), available at <https://www.acquisition.gov/far/current/html/Subpart%2031.2.html>.

