

Volunteer Income Tax Assistance Grant Program

Frequently Asked Questions

Category: Matching Funds

Updated 5/10/2011

1. *Can the time spent preparing tax returns by student volunteers be used as matching funds?*

Yes, the time spent by student volunteers can be used as matching funds for activities specific to the VITA Program.

2. *Can academic programs use the value of space and computers as matching funds?*

Yes. The fair market value of space and computers can be used as matching funds, as long as they are not included in your indirect cost rate computation or furnished through other federal programs.

3. *What is the federal rate for volunteers that should be used to calculate the value of volunteer services for matching funds?*

There is no federal rate for volunteer services. Organizations that already have employees performing these activities may use their own rate of pay. However, if you do not, the value of volunteer services and other salaries can be determined by using the Bureau of Labor Statistics Occupational Employment Statistics Program. The program's web address is www.bls.gov/oes/home.htm. Please refer to IRS Publication 4671 (see *Financial Plan Information*) for more information.

4. *What information should be included in the application to show the projected value of volunteer services?*

The narrative should include the number of volunteers, number of volunteer hours, and the projected (dollar) value of the services expected. If your organization does not already employ persons performing the activities volunteers perform, the Occupational Employment Statistics Program produces employment and wage estimates for more than 800 occupations. These are estimates of the number of people employed in certain occupations and estimates of the wages paid to them. The Grant Program Office uses this information to determine whether proposed salaries and/or in-kind service values are reasonable. More information can be obtained at the following Website: <http://www.bls.gov/oes/home.htm>

5. *Can my organization claim the subsistence amount we pay for a VISTA volunteer as matching funds?*

No. The subsistence amount is your organization's part of the cost share or matching the Corporation for National and Community Service is requiring in order for your organization to obtain their resource – the VISTA volunteer. Monies used as match on another federal grant may not be included as a cost or used to meet matching requirements of any other federally financed program in the current or prior period (See 2 CFR 230, Cost Principles for Non-Profit Organizations, Appendix A.2.F).

6. My organization uses the 2-1-1 service for setting appointments and providing information on site locations. Can this be counted as matching funds?

Yes. However, if your organization uses 2-1-1 services for all its programs, only the portion of the fees attributable to the VITA Program can be used as matching for the VITA grant.

7. My organization uses a telephonic interpreter service. Can this language service be used as match?

Yes. However, if your organization uses the service for all its programs, only the portion of the fees attributable to the VITA Program can be used as matching for the VITA grant.

8. How do you document the cost for mobile sites, specifically the space received as an in-kind contribution?

IRS Publication 4671 offers an example of how to calculate space when a location is not used exclusively by the VITA Program. For donated space there are different methods for calculating the value of space. Here are a few examples:

- If using a space where the donating organization has established a “per use” fee, the fee should be used to value the space. Many buildings that allow for public use, such as libraries, community centers, and senior centers have a set fee for this purpose. This is especially relevant when the location is used only one or two days during the season.
- The organization donating the space can also furnish a value for the space; however, as the recipient organization, you would need to insure the computation is defensible should a question arise later.
- The fair market value of the office space can be used. Fair market value is the price that property would sell for or be rented for on the open market. It is the price that would be agreed upon between a willing buyer and a willing seller, with neither being required to act, nor having reasonable knowledge of the relevant facts. The calculation should consider such things as the frequency, square footage used, and reasonableness of the use of the property if space will be used for more than one purpose. This would not be the best method to use to calculate the cost of donated space for a single four-hour session during the filing season.

A full explanation of how the value was determined is required for all of these examples.

9. Can my salary be used as match on the grant?

Yes, to the extent it meets all the other conditions of the grant. It must be reasonable, allocable and necessary for the delivery of the VITA Grant Program.

10. When completing the budget narrative, should the organization show actual matching funds for the program or just show matching funds up to the award amount?

Show actual matching funds. This will allow a cushion in case some expenses or in-kind contributions are disallowed during subsequent review.

For more information, please contact the grant office at: Grant.Program.Office@irs.gov

11. Can AmeriCorps and VISTA volunteers be used as match for the VITA Grant Program?

They are a federal resource. AmeriCorps and VISTA volunteers cannot be counted as match on the VITA grant. This also includes other programs managed by the Corporation for National and Community Service.

12. Can we use contributions to our program by IRS SPEC representatives as matching funds for the VITA Grant?

IRS SPEC contributions (in-kind support) to the VITA Program are considered federal funds and may not be used as matching on this grant.

13. Can a percentage of indirect rate charges be used as matching funds?

Non-federal funds used to pay indirect charges may be used as matching when prorated to only VITA Program activities or an indirect cost rate agreement is in place. Please refer to Publication 4671 for more information.

14. What happens if expected matching funds are not received?

The available award funds for withdrawal will match the documented amount of matching funds. If the intended or additional matching funds are not raised, the award funds will be decreased by the matching funds amount that was not raised. The grant award funds will be re-granted to another program.

15. Can the matching funds source be changed?

Yes. If the source of matching funds is changed, you should notify the Grant Program Office when the amount involved is 25 percent or more of the award and provide the documentation for matching funds.

16. What documentation is required for matching funds for salaries?

The salaries and wages of employees used as matching funds must be supported by personnel activity reports which reflect the activity performed by the employee and the time spent on each activity along with pay records.

17. What can be used as matching funds?

Most organizations use cash, computer hardware, software, office supplies, salaries, space, and volunteer services for matching funds. Organizations must show proof of matching funds with a signed commitment letter. Costs or expenses associated with refund anticipation loans cannot be used as matching funds. Generally federal funds cannot be used as a match for another federal grant; however, there are some exceptions. You must confirm with the grantor of the funds and the Grant Program Office before using these as matching funds. Please refer to Publication 4671 for more information. For more information on the value of volunteer time, visit this Website: <http://www.bls.gov/oes/home.htm>

18. If an applicant expects to receive other grants from non-federal sources, can the expected grant be considered as matching funds of the application?

You may secure funds up until Jan. 31 following the application period. If you are selected as a grant recipient and all matching funds are not yet raised, your Payment Management System account will be limited to the amount raised. Additional funds will be made available once you provide documentation showing the remaining matching funds are available.

19. Is there a standard form to use for commitment letters?

There is no standard form for documentation. It must include:

- A description of the contribution,
- A dollar value and an explanation as to how the contribution was calculated, if applicable,
- A current date,
- A signature of an authorized individual who can make the commitment, and
- The organization's name on company letterhead with contact information.

20. Does each line item of the Budget Detail Explanation have to match dollar for dollar?

Each line item does not require a dollar-for-dollar match. The total non-federal funds must equal or exceed the total federal funds. Please refer to IRS Publication 4671 for additional information.

21. Can the hours volunteers use to train be included in the value of the volunteer services and counted as matching funds?

No. Time spent receiving training is not part of the volunteer services calculation. However, if volunteers provide training to others, their time can be included in the calculation of volunteer services.

22. I operate frequently with in-kind contributions. What is required to document the in-kind contributions for matching fund purposes?

There are many different types of in-kind contributions but, in general, documentation should include, at a minimum, a commitment for the contribution, a description of the contribution and how the value of the contribution was determined. For instance, if a local office supply agrees to donate printer cartridges and paper, it might be as simple as a signed letter from them stating: "XXX Office Supply will donate 5 boxes of paper sold normally at \$25 per box (5,000 sheets each) and 4 HP LaserJet printer cartridges sold at \$55 each for a total contribution valued at \$345." It must also be recorded in your general ledger.

23. In order to have a binding contract, would you recommend a memorandum of understanding from partners regarding matching funds?

If members of the coalition are contributing the funds, a binding commitment letter is required. Partners may refer to these as a MOU.

24. If the only resource the partners bring to the table is staff salary but no equipment, will this still be considered as matching funds?

Yes, however, the amount is limited to the portion of the salary attributable to time spent performing services that are an integral and necessary part of the program.

25. Are costs associated with completing grant reports and normal accounting and bookkeeping considered allowable costs?

The salary paid to individuals responsible for compiling grant reports and maintaining accounting records may count as matching funds. However, the amount is limited to the portion of the salary attributable to time spent performing services that are an integral and necessary part of the program. The cost principles address the required recording of grant time in OMB Circulars A-21 (2 CFR 220), A-87 (2 CFR 225) and A-122 (2 CFR 230).

26. I understand that federal funds cannot be counted as matching funds. Are there ever any exceptions to this?

Yes, there are exceptions. You are correct that federal funds generally cannot be counted as matching funds for other federal grants. However, the statute that authorizes a grant may allow for its use as matching funds for other federal grants. If unsure whether a federal grant you receive is authorized for use as a matching fund, please check with the federal grant-awarding agency.

27. Can you provide an example of an exception where federal funds may be used as a matching grant?

Yes. The following two examples illustrate where a statute may authorize the use of a grant as matching funds. However, confirmation is still necessary from the federal grant-awarding agency.

Example 1: An Indian tribal government is awarded funds under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450(h)) administered by the U.S. Department of the Interior. Section 450h(c) states that Indian tribal grant funding can be used for matching purposes "for any other federal grant programs which contribute to the purposes for which ... [Indian tribal grants] are made." The DOI should be contacted to confirm that its use as a matching fund for the VITA grant aligns with the purpose for which the Indian tribal grant is made.

Example 2: A local government is awarded a Community Development Block Grant (42 U.S.C. 5301-5321) administered by the U.S. Dept. of Housing and Urban Development. Sec. 5305(a)(9) states that funds may be used for the payment for the non-federal share required in connection with a federal grant-in-aid program undertaken as part of activities assisted under this chapter. HUD should be contacted to confirm that its use as a matching fund for the VITA grant aligns with the purpose for which the CDBG is made.

NOTE: IRS contact with HUD confirmed the use of CDBG funds as a match for the VITA Grant *with limitation*. If the CDBG funds are used for the match, at a minimum 51 percent of the customers benefiting from the service (VITA) must meet the definition

used by CDBG for "low-income." Consult the CDBG guidelines for the "low-income" determination. *Its definition of low-income DOES NOT mirror the definition used by VITA.*

28. Is there an exception to allow Community Services Block Grant funds awarded to Community Action Agencies be used as matching funds for the VITA Grant?

No. CSBG is funded by the Department of Health & Human Services through the Administration for Children and Families. CSBG funds received by state governments for Community Action Agencies are considered federal funds. Section 23(a)(5) of OMB Circular A-110 provides that no contributions paid by the federal government under another award can be used as matching funds unless authorized by federal statute. There are no exceptions in federal statutes for the CSBG program authorizing CSBG funds to be used as matching funds.