

CAC GRANT PROGRAMS

In-Kind Contribution Information for Applicants

The California Arts Council (CAC) requires a dollar-for-dollar match of grant funds for many of its grant programs. This policy follows longstanding philanthropic and government funding practice to encourage diverse and sustainable sources of organizational revenue and to ensure that there are other sources of support for the grant activities. As such, the CAC becomes only a partial funder for any specific project or organization.

Recognizing that support can come from non-cash contributions, the CAC allows an applicant organization to match grants with in-kind support. The applicant organization may choose to supply a full cash match or to match the grant with in-kind/non-cash contributions.

The CAC's policy on eligible in-kind matching and reporting reflects both state and federal guidelines. In accordance with the Code of Federal Regulations¹ and the Financial Standards Accounting Board (FASB), non-cash contributions must be provided by **third parties**, and a monetary value must be able to be determined for goods and services rendered.

In-kind Definitions:

Third Party: For the purposes of CAC grants, a third party is defined as a service provider or supplier whose services are independent of the organization. For grant programs that require a partnership, a third party is a service provider that is independent of the partnership agreement. In general, a third party is considered an individual or organization that is not compensated as a part of the grant or is directly benefiting from the support, such as a school where an arts education program is being provided.

Eligible In-Kind Services: Eligible in-kind services are those that require "specialized skill" and can be documented and reported on financial statements according to the Financial Accounting Standards Board.² The general rule to follow when determining if contributed services can qualify as an in-kind match is to determine whether the organization would have purchased the services if they had not been donated. According to FASB, services that require specialized skill include those provided by accountants, architects, carpenters, and lawyers, etc.

¹ Code of Federal Regulations §200.306 Cost sharing or matching:
https://www.ecfr.gov/cgi-bin/text-idx?node=se2.1.200_1306&rgn=div8

² <http://www.fasb.org/pdf/fas116.pdf>

Recommendations:

- Please contact a CAC Arts Program Specialist if you have questions about whether a service is applicable to a match or whether an organization or individual is a third party.
- There are volunteer services that may be very valuable to the organization, but may not be considered specialized skills as defined by FASB. We recommend that you consult an accounting specialist to follow reporting protocols. FASB's website may be helpful for regulations on use of the value of volunteer time on financial forms.
- Keep accurate records of all in-kind contributions. Sample contribution forms from the National Endowment for the Arts can be found on the NEA's website:
<https://www.arts.gov/sites/default/files/sample-in-kind-template-with%20Instructions-march2016.pdf>

Keep In Mind:

- In-kind contributions should be reflected as an expense in the grant application budget. For example, if rehearsal space is donated to the organization for a project, the value of that space should be reflected as an operating/production expense. The same value should be reflected in the matching funds table.
- The peer review panel considers the appropriateness and accuracy of the match and match sources when ranking the proposal.

Resources Links:

Code of Federal Regulations §200.306 Cost sharing or matching:
https://www.ecfr.gov/cgi-bin/text-idx?node=se2.1.200_1306&rgn=div8

Financial Accounting Standards Board:
<https://www.fasb.org/home>

Statements of Financial Accounting Standards:
<https://www.accountingtools.com/articles/statements-of-financial-accounting-standards.html>

National Endowment for the Arts In-Kind Recording Template:
<https://www.arts.gov/sites/default/files/sample-in-kind-template-with%20Instructions-march2016.pdf>