

Budget Justification

I. PERSONNEL EXPENSES

Salaries/Wages:

1. Enter the position title for each position associated with the Title III program in the first column.
2. In the remaining columns, divide the budget amount for each position between Direct Costs and Indirect Costs, and detail where the funds will come from, i.e., Federal Funds, Local Funds Eligible for Matching, Program Income (Direct Costs only), and Other Funds.

Fringe Benefits:

1. Follow the steps for Salaries/Wages above, but relate them to the amounts of fringe benefits being provided to the employee(s). Fringe benefits generally include FICA, workers compensation, unemployment benefits, health insurance, retirement plans, and life insurance.

II. TRAVEL EXPENSES

Mileage:

1. Enter position titles of employees who will be traveling using funds from this project or other travel descriptions in the first column.
2. In the remaining nine columns, divide the budget amount for each position or travel item between Direct Costs and Indirect Costs, and detail where the funds will come from, i.e., Federal Funds, Local Funds Eligible for Matching, Program Income (Direct Costs only), and Other Funds.

Lodging/Meals:

1. Enter a description of the type of travel (or reason for travel) in the first column.
2. In the remaining columns, divide the budget amount for each position or travel item between Direct Costs and Indirect Costs, and detail where the funds will come from, i.e., Federal Funds, Local Funds Eligible for Matching, Program Income (Direct Costs only), and Other Funds.

NOTE: The more expensive line items should be supported by a description in the narrative that describes what the travel will be for and what benefits are expected to be received through the expenditure.

III. CONSUMABLE SUPPLIES EXPENSES

1. List the consumable supplies directly attributable to the Title III program in the first column.
2. In the remaining columns, divide the budget amount for each consumable item between Direct Costs and Indirect Costs, and detail where the funds will come from, i.e., Federal Funds, Local Funds Eligible for Matching, Program Income (Direct Costs only), and Other Funds. The estimated costs to be incurred must be during the grant period of October 1-September 30.

Examples of supplies may include the following: office supplies, medical supplies (consumable items such as tape, gauze, disposable gloves, etc.), cleaning supplies, educational and instruction materials, or copy paper and other paper supplies.

IV. OTHER EXPENSES

1. List other costs directly attributable to the Title III program which are estimated to be incurred during the grant period of October 1 - September 30 in the first column.
2. In the remaining columns, divide the budget amount for each “other” item between Direct Costs and Indirect Costs, and detail where the funds will come from, i.e., Federal Funds, Local Funds Eligible for Matching, Program Income (Direct Costs only), and Other Funds. The estimated costs to be incurred must be during the grant period of October 1-September 30.

Examples of other expenses may include the following: subscriptions, printing and outreach materials, postage, insurance and bonding, membership fees, professional services (such as audits), rent, utilities, telecommunications, or service contracts (such as janitorial or other contract workers).

V. ALL EXPENSES (SUMMARY)

1. This portion of the table will auto calculate from the information entered in the worksheets above (personnel, travel, consumable supplies & other expenses). The percentage of indirect expenses should be 15% (0.15) or lower.

In-Kind (Definitions & Explanations)

In-Kind Contribution -- the value of *non-cash contributions* provided by non-federal third-party participants. Such contributions may be in the form of real property, equipment, supplies/other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

What is an in-kind contribution?

An in-kind contribution is a **non-monetary contribution**. Goods or services offered free or at less than the usual charge result in an in-kind contribution. Similarly, when a person or entity pays for services on the provider's behalf, the payment may be used as an in-kind contribution.

In-Kind donations generally take two different forms:

- **Goods/Products/Equipment.** The donation of a car is an example of a good that may be contributed to a nonprofit in kind. These assets are physical materials that nonprofits can use to enhance their strategy in some way. (e.g. [Building Rent; Utilities, Building & Grounds Maintenance](#))
- **Services.** Professional services can be given in kind to nonprofits that would otherwise need to pay for that same service. For instance, accounting services, lawyer services, graphic design, or web development can all be given in-kind by a generous professional. (e.g. [Volunteer IIIC2 Meal Drivers; IIIE Caregiver support meeting – Psychologist \(speaker\)](#))

In-Kind Allowability & Documentation:

The source and amount of costs and/or the value of third-party in-kind contributions proposed by the applicant to meet a matching or cost-sharing requirement must be identified in the application budget. The determination of allowability of costs for matching or cost-sharing purposes is based on the same requirements, including the cost principles, that apply to use of Federal funds. Also, the classification of a contributed cost as either direct or indirect must be consistent with the classification of other costs incurred by the recipient for the same purpose in similar circumstances. Guidance on the valuation of in-kind contributions is found in [45 CFR 74.23](#), 45 CFR 92.24, and Part II of this policy statement.

The value of non-cash contributions directly benefiting a grant-supported project or program that is provided by non-Federal third parties to the recipient, the subrecipient, or a cost-type contractor under the grant or subgrant without charge. In-kind contributions may be in the form of real property, equipment, supplies and other expendable property, and goods and services directly benefiting and specifically identifiable to the project or program.

Documenting In-Kind Match Contributions:

- Grantees and third parties **must document** the resource and value.
 - For Example: Volunteer Services
 - » Description of the activity
 - » Date of the activity
 - » Name and signature of the volunteer
 - » Number of hours worked
 - » **Local** market value for work completed

How to Determine the Value of In-Kind Donations?

In-kind donations are valued at fair market value. Financial Accounting Standards Board (FASB) guidelines define fair value as the “price that would be received to sell the asset or paid to transfer the liability.” This means the value of in-kind donations is essentially the resale value at the time of the acquisition.

GAAP requirement for reporting In-Kind on Financial Reports (Monthly P&L):

GAAP requires the organization to report the donated items or services meeting the criteria for in-kind donations as **revenue in the operating section** of the organization’s “statement of activities” on the date the contribution is made known to the organization, regardless of the date on which the item or service is received. As explained in FASB ASC 958-605, the donated nonfinancial assets must be reported at fair market value, defined by ASC topic 820 as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” As well, GAAP requires an offsetting **expense in the proper natural expense category** on the organization’s “statement of functional expenses,” also reported at the determined fair market value as described in ASC topic 820. Suppose the item or service is an asset that exceeds the organization’s capitalization policy, like the electrician cited above. In that case, the asset is recorded in the proper fixed asset category on the “statement of financial position,” and revenue is recognized for the asset’s fair market value. Determining the fair value to be recorded is often the most challenging part of the accounting exercise.