



International Model Forest Network

Landscapes • Partnerships • Sustainability

# Guidelines for Reporting Cash and In-Kind Contributions

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The Model Forest Development Toolkit is a collection of guides, frameworks and other documents that Model Forests can use during their development and operations to strengthen their organizational capacity and program delivery. The Toolkit is designed as a collection of modules or sections to allow for easy revision and quick reference. The following modules are currently available:

- Model Forest Development Guide
- Framework for Model Forest Strategic Plan Development
- Framework for Model Forest Annual Work Planning
- Impact Monitoring and Evaluation Handbook for Model Forests
- Guide to Model Forest Governance
- Guidelines for Reporting

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Broad-based partnerships are beneficial not only because they acknowledge and accommodate others' rights to work through difficult problems. As Model Forests have convincingly demonstrated, these partnerships also bring new resources. The resources might include ideas, facilities, data sets, professional services, cash resources and access to policy-makers and community leaders—resources that were not previously in place or that were not directed toward the challenges of sustainably managing forested landscapes.

By showing that you have effectively leveraged your resources, you provide strong evidence of sustainability.

Further, leveraging resources among stakeholders in a given landscape addresses a recurring and difficult problem—the sustainability of the initiative itself. The question of what happens when the official development assistance runs out is always a key sustainability question. And when donor agencies evaluate proposals and possible recipient organizations, they often examine the recipient's potential long-term financial sustainability.

Leveraging resources is important for Model Forests because there have been fewer aid dollars supporting sustainable development over the years. But equally important is what leveraging represents and what happens because of it. Agreement on a shared problem, a shared approach, a shared risk and a shared investment in an outcome is a new way of thinking and a rejection of business as usual.



Photo credit: Virginia Outon, Jujuy Model Forest, Location: Jujuy Model Forest, Argentina

Because Model Forests are processes and not projects, and because stakeholders are expected to contribute, Model Forests seem to operate for long periods and on modest budgets.

This document provides guidelines to ensure that cash and in-kind contributions are consistently interpreted and reported across the International Model Forest Network (IMFN). The contributions covered here come from Model Forest stakeholders, partners, supporters, participants and others. They are contributions committed to a particular activity that the Model Forest would normally have budgeted for in the absence of the contribution. Contributions can be either cash or in-kind.

## 1.1 Benefits of Reporting Cash and In-Kind Contributions

Keeping good records of your cash and in-kind contributions has three main benefits:

- Provides a central collection point for all contributions you receive, particularly in-kind contributions
- Acknowledges partners and others for their contributions, which can be important in maintaining strong relationships
- Creates the reporting documentation required by many donor organizations
- Enhances your financial sustainability and increases your potential to leverage resources

Failing to include both cash and in-kind contributions in your budget makes it more likely that you will underestimate the actual resource requirements for an activity. This is especially the case with in-kind contributions. If you have little control over your receipt of in-kind contributions, when an organization decides to reduce or eliminate its expected contribution, you will need more resources to cover that expense. Including expected in-kind contributions from all sources in your budget helps identify the resources you need to complete an activity. As well, including both cash and in-kind contributions illustrates the total cost of a particular activity.

Including all expected in-kind contributions in your budget will help identify the resources you need to complete an activity.

## 1.2 Definitions

**Activity**—A specific program, task or project, or a set of related programs, tasks or projects, as described in the Model Forest annual work plan.

**Contributions**—Cash and in-kind contributions from partners that have been committed to a particular Model Forest activity, and that the Model Forest would normally have budgeted for in the absence of a partner or supporter contribution.

**Eligible Expenses**—All reasonable and proper expenses incurred by a Model Forest for activities and services described in the annual work plan. Eligible expenses do not include capital acquisition of land or buildings, construction costs, intangible assets such as goodwill, depreciation or amortization expenses, costs related to litigation or opportunity costs, unless agreed on between the Model Forest and a donor agency.

**Eligible In-Kind Contributions**—Cash-equivalent contributions in the form of goods, services, facilities, staff time or discounts, or the use of, donation of or access to equipment, special materials or other commodities, for which no cash is exchanged but which are necessary to complete a Model Forest activity. In-kind contributions are central to the activity and would have to be paid for if they were not provided by a partner.

**Fair Market Value**—The price a good or service would sell for, assuming the buyer and seller both had reasonable knowledge and were not under undue pressure. Determining fair market value usually means comparing prices for similar goods or services within an appropriate geographic region.

**Partner**—Any member of the public—including individuals, corporations, organizations, governments, agencies and associations—who is prepared to support the objectives of the Model Forest. Partners include local stakeholders, donor organizations, the IMFN Secretariat, regional Model Forest network offices and others.



Photo credit: Kovdozersky Model Forest, Location: Kovdozersky Model Forest, Russia

# 2

## ELIGIBILITY AND VALUATION OF CASH AND IN-KIND CONTRIBUTIONS

All contributions, including cash and in-kind, can be recorded as contributions when they are verifiable from your Model Forest's records. They must also be necessary and reasonable to properly implement a Model Forest activity, and they must be eligible under the criteria outlined in this section.

### 2.1 Cash Contributions

Cash contributions are any funding provided directly to your Model Forest and recorded in your Model Forest's bank account. Record the actual amount provided by each organization. When you receive a cash contribution, you should do so through an agreement, even if it is simply a letter from a partner indicating the level of funding and its purpose.

### 2.2 In-Kind Contributions

In-kind contributions are goods or services provided in support of Model Forest activities. An in-kind contribution can be either a donation or a direct expenditure of funds by a partner.

Below is some guidance on recording various types of in-kind contributions. Remember to record a reasonable and verifiable estimate of the contributions your Model Forest receives.

#### 2.2.1 Participation by People

There are two general types of participation by people in Model Forest activities. The first occurs when a partner provides the services of an employee or volunteer for Model Forest committee meetings. The second occurs when a partner provides professional services, including professional and technical personnel, consultants or other skilled and unskilled labour.

### Recording Person-Days

The simplest way to record a partner's personnel contribution is to determine the number of person-days worked. One person-day is equivalent to one full day of work done by one person. If one person spends two days working on Model Forest activities, then you should record their time as two person-days. Similarly, two people each spending half a day working on Model Forest activities equals one person-day.

### Recording a Monetary Value

If a donor agency requires you to apply a monetary value to the volunteer services provided by a partner, the value you apply should be consistent with the rate paid for similar work in your Model Forest. If the required skills are not present in your Model Forest, use a rate consistent with that paid for similar work in a partner organization providing the same kind of service.

When a partner provides the services of an employee, you should value the services at the employee's regular pay rate, provided the services are in the same skill set that the employee is usually paid for.

You can also record a monetary value for analytical and other services, including office administration (secretarial and accounting services); for travel expenses covered by a partner; and for other costs directly related to the opportunity to participate in Model Forest activities (e.g., cost of transportation to a meeting). The value you apply to these types of donated services should be reasonable.

## 2.2.2 Supplies, Equipment and Material

You can record supplies that have been donated or lent to your Model Forest, including supplies for offices, laboratories, workshops and classrooms. The value you apply to these contributions should be reasonable.

## 2.2.3 Access to Unique Databases

You can record the incremental costs of providing access to a unique database for your Model Forest activity. The costs associated with collecting data to build the database are not allowed, unless the database was intended as a specific contribution to one of your Model Forest activities.

## 2.2.4 Patents and Licences

You can record the cost of a licence acquired from a third party for use either by your Model Forest or by a collaborating organization if the licence is deemed integral and necessary. You cannot record any fees associated with patent protection, or any licensing fees paid to the Model Forest or a collaborating organization.

## 2.2.5 Software

You can record the use or donation of software, including such items as copying, licensing, documentation, training and support. The value you apply to the use or donation of software should be reasonable.

You can record the cost of software development as a parallel contribution, but only when the software is not otherwise available and has been developed specifically for your Model Forest activity. The value you apply to software development should be reasonable.

## 2.2.6 Use of Facilities

You should value donated facilities and associated services based on the following:

- The value of donated space should not exceed the fair rental value of comparable space and facilities in a privately owned building in the same area.
- The value of donated land and buildings should not exceed the fair market value at the time of donation.
- Normal partner rates should be used to value logistical support, food and lodging for any Model Forest or partner personnel working on the organization's premises or doing field work.
- Normal partner rates should be used to value the use of specialized equipment, processes or production lines by any Model Forest or partner personnel.
- Space for company activities outside the scope of specific Model Forest activities is not considered a contribution.

# 3

## REPORTING CASH AND IN-KIND CONTRIBUTIONS

### 3.1 Recording Contributions

You should record cash and in-kind contributions to your Model Forest as accurately and in as much detail as possible, within reasonable limits of time and effort. The records should indicate who made a contribution, what it was made for, the value of the contribution and how the value was determined. Figure 1 shows a sample template for recording contributions.

Record cash and in-kind contributions as accurately as possible, but within reasonable limits of time and effort. Seek a balance between accuracy and comprehensiveness.

### 3.2 Reporting Recommendations

You should include a financial statement of cash and in-kind contributions in your Model Forest's annual report and in reports to donor agencies.

**FIGURE 1: SAMPLE TEMPLATE FOR RECORDING CONTRIBUTIONS**

CONTRIBUTING PARTNER	CASH	PERSON-DAYS	OTHER IN-KIND	TOTAL CONTRIBUTION (CASH + IN-KIND)	COMMENTS
TOTAL					



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