*[Insert your organization’s letterhead]*

*[Insert Date]*

*[Insert name of Principal Investigator*

*Insert title of Principal Investigator*

*Insert address of Principal Investigator]*

Subject: Third Party Cost Share Commitment Letter

Dear *[Insert name of Principal Investigator]*,

The letter is to confirm and document our third party cost share for your proposed project from *[insert sponsor name]* entitled “*[insert proposal title]*”. The total *[insert either “cash” or “in-kind”]* cost share expended is valued at $*[insert total cost share amount]* and is detailed below:

*[Add itemized list for the cost share, broken down by year and category, such as:*

*Year 1:*

* *Labor: $XX*
* *Other Materials and Supplies: $XX*
* *Equipment: $XX*
* *Office Space: $XX*
* *Facilities: $XX*
* *Travel: $XX*
* *Software: $XX*
* *Land Use: $XX]*

The cost share will be used for this project *[Insert description of what the cost share will be used for in relation to the objectives of this project]* for the period of performance from *[Insert period of performance]*.

We are aware that if this proposal is awarded, we will be required to:

* Reconfirm our cost share commitment at the time of award;
* Maintain internal records to document this cost share commitment;
* Provide a quarterly and/or bi-annual cost share report, if requested; and
* Provide confirmation that the cost share commitment was met upon completion of the project.

We confirm this cost share commitment was not counted or documented for any other federal awards.

Sincerely,

*[Insert name of Authorized Official*

*Insert title of Authorized Official]*

**Third Party Cost Share Appendix**

Cost sharing or matching means the portion of project costs not paid by Federal funds (§200.29).

Labor:

* When a third-party organization furnishes the services of an employee, these services must be valued at the employee’s regular rate of pay plus an amount of fringe benefits that is reasonable, necessary, allocable, and otherwise allowable (§200.306(f)), and indirect costs at either the third-party organization’s approved federally negotiated indirect cost rate or a rate in accordance with §200.414(d), Indirect (F&A) Costs.

Other Materials and Supplies:

* Donated materials from third parties may include such items as office supplies, laboratory supplies, or workshop and classroom supplies (§200.306(g)).
* Value assessed to donated materials included in the cost sharing or matching share must not exceed the fair market value of the materials at the time of donation (§200.306(g)).

Equipment:

* If donating equipment with title passing to PSU, the value of donated equipment must not exceed the fair market value of equipment of the same age and condition at the time of donation (§200.306(i)(2)).
* If loaning equipment, the value must not exceed its fair rental value (§200.306(i)(4)).
* If purchasing equipment and the title passes to PSU, the amount of the cost share is equal to the purchase price (Penn State Policy RA50).
* If purchasing equipment and the title does not pass to PSU, the amount of the cost share cannot exceed the fair rental value of the purchased equipment (Penn State Policy RA50).

Land and Buildings:

* The value of donated land and buildings must not exceed its fair market value at the time of donation as established by an independent appraiser (§200.306(i)(1)).

Space:

* The value of donated space must not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality (§200.306(i)(3)).