The National Advanced Materials and Manufacturing Innovation Institute

PART I – SECTION A

SUPPLIES, SERVICES, AND COSTS

A.1 Subaward Type.

This is a cost-type Subaward. The Subrecipient will provide all services and equipment to satisfy the requirements set forth in the Statement of Work included in Attachment A hereto, which is part of this Subaward and incorporated by reference herein.

A.2 Financial Administration and Payments.

A.2.1 The following provision applies to Subrecipient regardless of whether it is a for-profit entity or a non-profit organization. Additional financial administration and payment provisions are below in Attachment B, for non-profit organizations, and Attachment C, for for-profit entities.

A.2.2 Revision of Budget and Program Plans. Subrecipient must request prior approval from Recipient for any of the following program or budget revisions:

a. A change in a key person identified in the Paragraph E.5.

b. The approved principal investigator's or project director's disengagement from the project for more than three months, or a 25 percent reduction in his or her time devoted to the project.

c. The inclusion of direct costs that require prior approval in accordance with the applicable cost principles, as identified in Paragraph A.1.4 of Attachment B or A.1.3 of Attachment C, as applicable.

d. A change in the scope or objective of the project or program under this award, even if there is no associated budget revision that requires Recipient's or ONR's prior approval. The requirement for prior approval of capital expenditures for equipment that is to be used primarily in carrying out the project or program supported by the award is waived for equipment with a unit cost of $25,000 or less.

e. A subaward to another entity under which it will perform a portion of the substantive project or program under the Subaward, if it was not included in the approved budget. This does not apply to Subrecipient's contracts for acquisition of supplies, equipment, or general support services Subrecipient needs to carry out the program.

f. Any change in the cost sharing or matching Subrecipient provides under the Subaward as included in the approved budget.

g. The need arises for additional Federal funds to complete the project or program.

A.3 Funding

A.3.1 Subaward Amount. Recipient and Subrecipient estimate that the Statement of Work included in Attachment A hereto are to be accomplished with total funding of $__________ (the "Total Amount of Subaward"). The Government's share for performance of the work under this Subaward, through Recipient, is $____________ (cost share of _____% of Total Amount of Subaward). The Subrecipient's share for performance of work under this Subaward is $_________ (cost share of _____% of Total Amount of Subaward), including $_________ which is the estimated value of the Subrecipient's Cash contributions and $________ which is the estimated value for In-Kind contributions.

A.3.2 Obligated Funding. Only the amount indicated under the "Funds Obligated" line on page 1 of this Subaward and in any subsequent modifications is available for payment and allotted to this Subaward. Recipient contemplates making additional allotments of funds during performance of this effort. It is anticipated that these funds will be obligated as appropriated funds become available. Any additional funds obligated to the Subaward will be provided under a modification issued by Recipient.

A.3.3 Subrecipient agrees to perform work up to the point at which the total amount paid or payable by Recipient, considering the Subrecipient's required cost share, approximates but does not exceed the total amount actually allotted to this Subaward. Recipient is not obligated to reimburse Subrecipient for the expenditure of amounts in excess of the total funds allotted by Recipient to this Subaward.

A.4 Invoice and Payment.

A.4.1 Payments will be made on a cost reimbursable basis, subject to the funds obligated as indicated in Paragraph A.3.2 above. Payments may be requested monthly by Subrecipient for reimbursement of Subrecipient's share of incurred costs. Recipient shall make payments to Subrecipient within thirty (30) calendar days of approval of Recipient's payment from ONR for the work performed by Subrecipient. Recipient shall make payments to Subrecipient via Electronic Funds Transfer ("EFT"). Subrecipient shall provide its ACH information to Recipient within thirty (30) days after its execution of this Subaward.

A.4.2 Subrecipient shall submit monthly invoices to Recipient. Invoices shall be sequentially numbered and shall reference the following information:

a. Subaward Number

b. Subrecipient's name and mailing address

c. Invoice number and date

d. Invoice period

e. Costs incurred for the month and cumulative costs from Subaward inception through the period being invoiced

f. Current invoice amount with the following detail:

i. Hours and dollars for total direct labor;

ii. Costs for equipment and supplies;

iii. Other direct cost detail to include travel, materials, and additional expenses; and

iv. Total overhead amounts, including indirect billing rates.

g. Cost share amount and details separately identified as a reduction to the total Subaward cost being invoiced.

A.4.3 On each invoice, Subrecipient shall report cost share for the invoice period identified as either Cash, In-Kind or both. Subrecipient must make available for review by Recipient timesheets and other cost records upon request. Unless Subrecipient provides documentation for each payment request that demonstrates it has provided its required cost share, individual payments for the Government funded share of the costs will not be authorized by Recipient.

A.4.4 Each invoice must be signed by an authorized financial official certifying that expenses are accurate and allowable to the best of their knowledge. Invoices are requested to be submitted no later than the 7th business day of the following month. If the invoice is not submitted by such date, payment may be delayed. Electronic invoices should be sent to:

ALMMII c/o
ap@almmii.org

A.4.5 Final Payment. Final payment of the Subaward can only be made if the ratio or percentage of cost sharing specified in Paragraph A.3.1 has been provided by Subrecipient. Subrecipient's final invoice must be received within forty-five (45) days after the period of performance has ended and must be identified as "FINAL."

A.4.6 Limitation of Payments. Failure of Subrecipient to provide its cost share contribution may result in termination of this Subaward, in accordance with Paragraph A.6 of Attachment B or of Attachment C, as applicable, of this Subaward. If Subrecipient is unable to provide all of its respective contribution, Recipient may reduce the funding of this Subaward by a proportionate amount, in Recipient's sole discretion. Subrecipient intends, and by entering into this Subaward undertakes, to cause its share of funding to be provided. Upon completion or termination of the Subaward, if Subrecipient's actual incurred costs are less than the estimated costs set forth in Paragraph A.3.1 above, Recipient shall be responsible to pay only an amount proportionate to the Government's share of the estimated costs set forth in Paragraph A.3.1. Subrecipient shall promptly return to Recipient any difference between the Government's share of the actual costs incurred and the amount previously paid to Subrecipient by Recipient.

A.4.7 Subawards. Subrecipient will include Paragraph A.4, suitably modified to identify the parties and payment provisions, in all subawards, regardless of tier, for experimental, research or development work.

PART I – SECTION B

DELIVERIES OR PERFORMANCE

B.1 Subaward Period of Performance, Budget Period, and Completion Date.

All efforts hereunder shall commence on January 15, 2024 and shall be completed on or before July 15, 2025 (the "Term"). The budget period for the Subaward is concurrent with the Term. The completion dates for individual tasks within the Statement of Work in Attachment A may be revised upon the written request of Subrecipient and subject to prior written approval by Recipient, provided such written request is received by Recipient at least two (2) weeks prior to the original completion date.

B.2 Place of Performance.

The work required under this Subaward shall be performed at Subrecipient's facilities in [INSERT].

B.3 F.O.B. Origin.

All physical deliverables under this Subaward shall be shipped to Recipient at the address stated on the cover page of this Subaward F.O.B. Origin. All electronic deliverables shall be sent to Receipient by email to the LIFT Program Manager.

PART I – SECTION C

INSPECTION AND ACCEPTANCE

C.1 Inspection.

Inspection of all deliverable items under this Subaward will be performed by Recipient upon receipt. Notwithstanding payment or prior inspection, if any of the goods and/or services are found to be defective in material or workmanship or otherwise not in conformity with the requirements of this Subaward, Subrecipient shall promptly correct or have corrected the non-conformity at Subrecipient's sole cost and expense. If Subrecipient fails to promptly correct the non-conformity, Recipient may correct or have corrected the non-conformity at Subrecipient's expense or reject and return the goods and discontinue the services at Subrecipient's expense. Nothing in this Subaward shall relieve Subrecipient from the obligation of testing, inspection and quality control.

C.2 Acceptance.

Acceptance of all work and effort under this Subaward, including reporting requirements, will be accomplished by the Recipient's Program Manager, or his/her designee. Such work shall be deemed accepted by Recipient if such work is not rejected in writing by Recipient within sixty (60) calendar days following Recipient's receipt of goods or Subrecipient's performance of services. Notwithstanding the foregoing, acceptance shall not be conclusive with respect to latent defects, fraud, or gross mistakes amounting to fraud.

PART I – SECTION D

PROVISIONS APPLICABLE TO SPECIFIC ORGANIZATIONS

D.1 If Subrecipient is a non-profit organization, it must comply with the provisions set forth in Attachment B.

D.2 If Subrecipient is a for-profit entity, it must comply with the provisions set forth in Attachment C.

PART I – SECTION E

SPECIAL PROVISIONS

E.1 Financial, Programmatic, and Intangible Property Reporting Requirements.

E.1.1 Performance Management, Monitoring, and Reporting.

a. Required reporting form, format, or data elements for interim and final performance reports.

i. Interim Research Performance Progress Reports ("**RPPR**").

1. Format: Subrecipient must submit interim performance reports in accordance with Subparagraph E.1.1.f.i. The required format for interim performance reports is provided under the ONR RPPR Template located at https://www.nre.navy.mil/work-with-us/manage-your-award/manage-grant-award.

2. Data Elements: The data elements to be included in interim RPPRs can be found at the ONR RPPR webpage located at https://www.nre.navy.mil/work-with-us/manage-your-award/manage-grant-award.

ii. Final RPPR.

1. Format and Data Elements: Subrecipient may use its own format for the final report, but must include the same data elements used for interim performance reports and indicate on the cover page of the report that it is the final performance report.

2. Other Requirements: Subrecipient must include a completed "Report Documentation Page" Standard Form (SF) 298 as the last page of the final performance report. The form and instructions are available at https://www.gsa.gov/forms-library/report-documentation-page. However, Block 12a. of the SF 298 should be completed with the following distribution/availability statement: "Approved for Public Release; Distribution is Unlimited." If Subrecipient does not agree with that distribution/availability, it should contact Recipient.

b. Frequency, reporting periods, and due dates for interim performance reports.

i. Subrecipient must submit interim performance reports annually.

ii. The due date for each Subrecipient interim performance report is October 1st of each year during the period of performance.

iii. Interim performance reports must cover the research progress for the current reporting period, which is defined as a period that is: (a) up to 12 months, (b) within the period of performance, and (c) aligned with the Government Fiscal Year (i.e., October 1st to September 30th) prior to the current progress report deadline from paragraph (ii). The reporting period will be a full one-year period, except for the first and last interim reports which would cover a shorter period if the start date of the award is other than October 1st.

iv. Recipient's decision on whether to provide any remaining future funding for the Subaward may be delayed if an interim performance report is received later than the due date.

c. Due date and reporting period for final performance report.

i. Due date. Subrecipient must submit the final performance report under this Subaward no later than 90 calendar days after the end date of the period of performance unless Recipient approves an extension of that due date as described in Subparagraph E.1.1.d.

ii. Reporting period. Final reports must be cumulative (i.e., each final report should cover the entire period of performance under the Subaward and not just the period since the previous interim performance report).

d. Extensions of due dates. Subrecipient may request extensions of the due dates that Paragraph E.1.1.b and E.1.1.c specify for interim and final reports, respectively. Subrecipient must provide the reasons for its request and Recipient will pass them along to ONR, which will consider approving extensions that are adequately justified.

e. Reporting significant developments. Subrecipient must report the following information to Recipient and ONR as soon as Subrecipient becomes aware of it:

i. Problems, delays, or adverse conditions that will materially impair Subrecipient's ability to meet the objectives of this Subaward. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.

ii. Favorable developments which will enable Subrecipient to meet schedules and objectives sooner or at less cost than anticipated or produce more or different beneficial results than originally planned.

f. Performance reporting procedures.

i. Interim Reports: Subrecipient must submit interim performance reports to Recipient by email to the LIFT Program Manager.

ii. Final Reports: Subrecipient must submit final performance reports to Recipient to the LIFT Program Manager.

iii. Subrecipient must submit any requests to extend the due date for a performance report to Recipient by email to the LIFT Program Manager.

iv. Subrecipient must report any significant developments specified in Subparagraph E.1.1.e to Recipient by email to the LIFT Program Manager.

g. Site visits. ONR and Recipient reserve the right to make site visits as warranted to monitor program performance under this Subaward.

E.1.2 Financial Reporting.

a. Required reporting form, format, or data elements for interim and final financial reports. Subrecipient must submit financial reports on the Standard Form 425, "Federal Financial Report," including block 11, "Indirect Expense."

b. Interim financial reports. Subrecipient is not required to submit interim financial reports unless otherwise specified herein.

c. Final financial report. Subrecipient must submit the final financial report under this Subaward no later than 90 calendar days after the end date of the period of performance.

d. Extensions of due dates. Subrecipient may request extensions of the due dates that Subparagraphs E.1.2.b and E.1.2.c specify for interim and final reports, respectively. Subrecipient must provide the reasons for its request, and Recipient will provide the request to ONR, which will consider approving extensions that are adequately justified.

e. Where and how to submit financial reports. Subrecipient must submit the final financial report to Recipient by email to the LIFT Program Manager.

E.1.3 Reporting on intangible property. Subparagraphs E.1.3.d.i through iii apply to intangible property for which Subrecipient is accountable under this Subaward.

a. Inventions developed under the Subaward. Subrecipient must submit all reports on subject inventions developed under this Subaward that are required by the modified Government-wide patent rights award provision specified in Paragraph A.2.2 of Attachment B or Attachment C, as applicable, which include a disclosure of each subject invention and a final report listing all such subject inventions.

i. To comply with the requirement in this subparagraph for a final report listing all subject inventions, Subrecipient must use DD Form 882. Both disclosures of subject inventions developed under the Subaward and the final report using the DD Form 882 must be provided to the patent office listed below with a copy provided to the Administrative Grants Officer at the Administrative Office listed below. The report can either be mailed or emailed. The email address for the patent office is . The DD Form 882 can be found at http://www.dtic.mil/whs/directives/forms/dd/ddforms0500-0999.htm. Subrecipient must provide Recipient with a copy of all such reports submitted to ONR by email to the LIFT Program Manager.

Patent Office:	Administrative Office:
Office of the Naval Research	
ATTN: ONR Office of Counsel	ONR REG Office
Intellectual Property Section	495 Summer Street, Room 627
One Liberty Center	Boston, MA 02210-2109
875 Randolph Street, Suite 1425	ONR-Regionaloffices@us.navy.mil
Arlington, VA 22203-1995	

ii. If there were no subject inventions, Subrecipient must still submit a final report to the addresses listed in subparagraph (i) and indicate in section 5 of the DD Form 882 that no subject inventions were developed under the Subaward.

b. Copyrights and data. Subrecipient is not required to submit periodic reports about data produced under the award or about works for which it acquired ownership under this award, either by development or otherwise, and in which copyright was asserted. However, because the Federal Government has the rights in the works and data that Paragraph A.2.2 of Attachment B or Attachment C, as applicable, specifies, Subrecipient must provide information about the works and data if ONR or Recipient requests it.

c. Intangible property acquired, but not developed or produced, under the Subaward. Subrecipient must comply with requirements in Paragraph A.2.2 of Attachment B or Attachment C, as applicable, to request disposition instructions for intangible property acquired, but not developed or produced, under the Subaward.

d. Subrecipient shall provide Recipient copies of all reports required to be submitted to ONR under this Subparagraph E.1.3.d. Such copies shall be provided on the same day the reports are submitted to ONR, and shall be provided to Recipient by email to the LIFT Program Manager.

E.2 Submission and Maintenance of Subrecipient Information.

E.2.1 Disclosure of evidence of integrity-related issues.

a. Disclosure requirement. At any time during the period of performance of this Subaward, if Subrecipient has evidence that a covered person committed a covered action (as defined below) that may affect this award, Subrecipient must disclose the evidence in writing to the Office of the Inspector General, DoD, with a copy to the grants officer identified in the award cover pages.

b. Covered person. As the term is used in this section, "covered person" means a principal, employee, or agent of either Subrecipient or a lower-tier subrecipient under this Subaward, where:

i. "Principal" means:

1. An officer, director, owner, partner, principal investigator, or other person with management or supervisory responsibilities that relate to this Subaward; or

2. A consultant or other person, whether or not employed by Subrecipient or a lower-tier subrecipient or paid with funds under this Subaward, who:

A. Is in a position to handle funds under this Subaward;

B. Is in a position to influence or control the use of those funds; or

C. Occupies a technical or professional position capable of substantially influencing the development or outcome of an activity required to perform the project or program under this Subaward.

ii. "Agent" means any individual who acts on behalf of, or who is authorized to commit Subrecipient or a lower-tier subrecipient, whether or not employed by Subrecipient or the lower-tier subrecipient.

c. Covered action. As the term is used in this section, "covered action" means a violation of Federal criminal law in Title 18 of the United States Code involving fraud, bribery, or a gratuity violation.

d. Safeguarding of the information.

i. To the extent permitted by law and regulation, DoD will:

1. Safeguard and treat information Subrecipient discloses to DoD as confidential if Subrecipient marks the information as "confidential" or "proprietary."

2. Not release the information to the public in response to a Freedom of Information Act (5 U.S.C. 552) request without notifying Subrecipient in advance.

ii. DoD may transfer documents Subrecipient provides to DoD to any other department or agency within the Executive Branch of the Federal Government if the information relates to matters within that organization's jurisdiction.

E.3 Post-Termination Obligations.

E.3.1 Closeout.

a. Liquidation of obligations. Subrecipient must liquidate all obligations that it incurred under this Subaward not later than 90 calendar days after the end date of the period of performance of either the Subaward or the Prime Award, whichever is later, unless Recipient grants an extension of that due date.

b. Refunds of unobligated balances. Subrecipient must promptly refund to Recipient any balances of unobligated cash that Recipient has advanced or paid to Subrecipient, unless Recipient has informed Subrecipient that recipient received authorization from the award administration office for Subrecipient's use of those funds on other projects and programs.

c. Final reports. Subrecipient must submit the:

i. Final performance report under this Subaward no later than 90 calendar days after the end date of the period of performance of the Subaward, subject to any extensions granted to Subrecipient;

ii. Final financial report under this Subaward no later than 90 calendar days after the end date of the period of performance of the Subaward, subject to any extensions granted to Subrecipient;

iii. Final report listing subject inventions made under the award no later than no later than 90 calendar days after the end date of the period of performance of the Subaward, subject to any extensions granted to Subrecipient; and

iv. Other final reports that are required under this award no later than no later than 90 calendar days after the end date of the period of performance of the Subaward, subject to any extensions granted to Subrecipient.

d. Accounting for property. Subrecipient must account for any intangible property that Subrecipient and any lower-tier subrecipients acquired or improved under the Subaward, in accordance with Paragraph A.2 of Attachment B or Attachment C, as applicable. Subrecipient's requests for disposition instructions for any federally owned property, as required by Paragraph A.2.6 of Attachment B or Attachment C, as applicable, meet the need described in OMB guidance at 2 C.F.R. 200.344(f) to account for that property at closeout.

e. Delinquent Final Reports and Timeframe for Closeout.

i. The Government intends to close out the Prime Award no later than one year after the end date of the period of performance.

ii. If Subrecipient or its lower-tier subrecipients do not have negotiated final indirect cost rates before the due date of the final financial reports, the final reports must be based on the best information at the time (e.g., proposed final indirect rates).

iii. If Subrecipient does not provide timely and/or accurate final reports or does not respond timely to Recipient's requests to reconcile discrepancies in these reports or other records, Recipient may initiate closeout based on information it has on hand. For example, if Subrecipient fails to submit a timely final financial report, Recipient may use amounts provided in the latest interim financial report and/or payment request to determine final amounts to be paid for closeout purposes.

iv. Failure to submit timely and accurate final reports may result in our taking one or more remedies as specified in Paragraph A.6 of Attachment B or Attachment C, as applicable.

E.3.2 Post-closeout adjustments and continuing responsibilities.

a. Adjustments. The closeout of this Subaward does not affect:

i. Recipient's or ONR's right to disallow costs and recover funds on the basis of a later audit or other review, as long as ONR makes the determination that the costs are disallowed and notifies Recipient or Subrecipient about that determination as specified in Paragraph A.5.2 of Attachment B, as applicable.

ii. Subrecipient's obligation to return to Recipient any funds due to the Federal Government as a result of later refunds, corrections, or other transactions (to include any adjustments in final indirect cost rates).

E.3.3 Continuing responsibilities. After closeout of this Subaward, Subrecipient must continue to comply with terms and conditions of this Subaward that have applicability beyond closeout, including requirements concerning:

a. Audits, as specified in Paragraph A.1.5 of Attachment B or A.1.4 of Attachment C, if applicable, that cover periods of time during which Subrecipient expended funds under this Subaward.

b. Retention of, and access to, records related to this Subaward, as specified in Paragraph A.5 of Attachment B or Attachment C, as applicable.

E.4 National Policy Requirements. Subrecipient agrees that it must obtain any required permits and comply with applicable federal, state, and municipal laws, codes, and regulations for work performed under this Subaward.

E.4.1 Nondiscrimination national policy requirements. By signing this Subaward or accepting funds under this Subaward, Subrecipient assures that it will comply with applicable provisions of the national policies prohibiting discrimination on the basis of (i) race, color, or national origin, in Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), as implemented by Department of Defense (DoD) regulations at 32 C.F.R. part 195; (ii) gender, blindness, or visual impairment, in Title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.), as implemented by DoD regulations at 32 C.F.R. part 196; (iii) age, in the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.), as implemented by Department of Health and Human Services regulations at 45 C.F.R. part 90; (iv) disability, in the Rehabilitation Act of 1973 (29 U.S.C. 794), as implemented by Department of Justice regulations at 28 C.F.R. part 41 and DoD regulations at 32 C.F.R. part

56 and in the Architectural Barriers Act of 1968 (42 U.S.C. 4151 et seq.) related to physically handicapped persons' ready access to, and use of, buildings and facilities for which Federal funds are used in design, construction, or alteration.

E.4.2 Environmental national policy requirements. Subrecipient must comply with all applicable Federal environmental laws and regulations including, without limitation, applicable provisions of the Clean Air Act (42 U.S.C. 7401, et seq.) and Clean Water Act (33 U.S.C. 1251, et seq.) and the Endangered Species Act of 1973, as amended (ESA, at 16 U.S.C. 1531 et seq.), and implementing regulations of the Departments of the Interior (50 C.F.R. parts 10-24) and Commerce (50 C.F.R. parts 217-227). Subrecipient also must provide any help Recipient or ONR may need in complying with the consultation requirements of ESA section 7 (16 U.S.C. 1536) applicable to Federal agencies or any regulatory authorization Recipient or ONR may need resulting from performance under this Subaward. This is not in lieu of responsibilities Subrecipient has to comply with provisions of the Act that apply directly to Subrecipient as a U.S. entity, independent of receiving this Subaward. Subrecipient must fully comply with the Marine Mammal Protection Act of 1972, as amended (MMPA, at 16 U.S.C. 1361 et seq.) and provide any assistance Recipient or ONR may need in obtaining any required MMPA permit resulting from performance under this Subaward.

E.4.3 Other national policy requirements.

a. Debarment and suspension. Subrecipient must comply with requirements regarding debarment and suspension in Subpart C of 2 C.F.R. part 180, as adopted by DoD at 2 C.F.R. part 1125. This includes requirements concerning Subrecipient's principals under this Subaward, as well as requirements concerning Subrecipient's procurement transactions and lower-tier subawards.

b. Drug-free workplace. Subrecipient must comply with drug-free workplace requirements in Subpart B of 2 C.F.R. part 182, which is the DoD implementation of 41 U.S.C. chapter 81, "Drug-Free Workplace."

c. Lobbying. Subrecipient must comply with the restrictions on lobbying in 31 U.S.C. 1352, as implemented by DoD at 32 C.F.R. part 28, and submit all disclosures required by that statute and regulation. Subrecipient must comply with the prohibition in 18 U.S.C. 1913 on the use of Federal funds, absent express Congressional authorization, to pay directly or indirectly for any service, advertisement or other written matter, telephone communication, or other device intended to influence at any time a Member of Congress or official of any government concerning any legislation, law, policy, appropriation, or ratification. If Subrecipient is a non-profit organization described in section 501(c)(4) of title 26, United States Code (the Internal Revenue Code of 1968), Subrecipient may not engage in lobbying activities as defined in the Lobbying Disclosure Act of 1995 (2 U.S.C., chapter 26). If Recipient determines that Subrecipient has engaged in lobbying activities, Recipient will cease all payments to Subrecipient under this and other awards and terminate the Subaward unilaterally for material failure to comply with the Subaward terms and conditions.

d. Officials not to benefit. Subrecipient must comply with the requirement that no member of Congress shall be admitted to any share or part of this Subaward, or to any benefit arising from it, in accordance with 41 U.S.C. 6306.

e. Hatch Act. If applicable, Subrecipient must comply with the provisions of the Hatch Act (5 U.S.C. 1501-1508) concerning political activities of certain State and local government employees, as implemented by the Office of Personnel Management at 5 C.F.R. part 151, which limits political activity of employees or officers of State or local governments whose employment is connected to an activity financed in whole or part with Federal funds.

f. Native American graves protection and repatriation. If Subrecipient controls or possesses Native American remains and associated funerary objects, it must comply with the requirements of 43 C.F.R. part 10, the Department of the Interior implementation of the Native American Graves Protection and Repatriation Act of 1990 (25 U.S.C., chapter 32).

g. Fly America Act. Subrecipient must comply with the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. 40118), commonly referred to as the "Fly America Act," and implementing regulations at 41 C.F.R. 301-10.131 through 301-10.143. The law and regulations require that U.S. Government financed international air travel of passengers and transportation of personal effects or property must use a U.S. Flag air carrier or be performed under a cost-sharing arrangement with a U.S. carrier, if such service is available.

h. Use of United States-flag vessels. Subrecipient must comply with the following requirements of the Department of Transportation at 46 C.F.R. 381.7, in regulations implementing the Cargo Preference Act of 1954. Pursuant to Public Law 83-664 (46 U.S.C. 55305), at least 50 percent of any equipment, materials or commodities procured, contracted for or otherwise obtained with funds under this award, and which may be transported by ocean vessel, must be transported on privately owned United States-flag commercial vessels, if available. Within 20 days following the date of loading for shipments originating within the United States or within 30 working days following the date of loading for shipments originating outside the United States, a legible copy of a rated, "on-board" commercial ocean bill-of-lading in English for each shipment of cargo described in subparagraph (h)(i) of this clause must be furnished to both our award administrator (through Subrecipient in the case of its contractor's bill-of-lading) and to the Division of National Cargo, Office of Market Development, Maritime Administration, Washington, DC 20590.

i. Research misconduct. Subrecipient must comply with requirements concerning research misconduct in Enclosure 4 to DoD Instruction 3210.7, "Research Integrity and Misconduct." The Instruction implements the Government-wide research misconduct policy that the Office of Science and Technology Policy published in the Federal Register (65 FR 76260, December 6, 2000, available through the U.S. Government Printing Office web site: http://www.gpo.gov/fdsys/browse/collection.action?collectionCode=FR).

j. Trafficking in persons. Subrecipient must comply with requirements concerning trafficking in persons specified in the award term at 2 C.F.R. 175.15(b), as applicable.

k. Whistleblower protections. Subrecipient must comply with 10 U.S.C. 2409, including the prohibition on reprisals against employees disclosing certain types of information to specified persons or bodies and requirement to notify its employees in writing, in the predominant native language of the workforce, of their rights and protections under that statute.

l. Prohibition on Using Funds under Grants and Cooperative Agreements with Entities that Require Certain Internal Confidentiality Agreements. Subrecipient may not require its employees, contractors, or lower-tier subrecipients seeking to report fraud, waste, or abuse to sign or comply with internal confidentiality agreements or statements prohibiting or otherwise restricting them from lawfully reporting that waste, fraud, or abuse to a designated investigative or law enforcement representative of a Federal department or agency authorized to receive such information. Subrecipient must notify its employees, contractors, and lower-tier subrecipients that the prohibitions and restrictions of any internal confidentiality agreements inconsistent with this Subaward provision are no longer in effect. The prohibition in this provision does not contravene requirements applicable to Standard Form 312, Form 4414, or any other form issued by a Federal department or agency governing the nondisclosure of classified information. If the Federal Government determines that Subrecipient is not in compliance with this Subaward provision, it will prohibit Subrecipient's use of funds under this Subaward, in accordance with section 743 of Division E of the Consolidated and Further Continuing Resolution Appropriations Act, 2015, (Public Law 113-235) or any successor provision of law and may pursue other remedies available for its material failure to comply with award terms and conditions.

m. Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment. Section 889 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2019 (Public Law 115-232) prohibits the head of an executive agency from obligating or expending loan or grant funds to procure or obtain, extend, or renew a contract to procure or obtain, or enter into a contract (or extend or renew a contract) to procure or obtain the equipment, services, or systems prohibited systems as identified in section 889 of the NDAA for FY 2019.

i. In accordance with 2 CFR 200.216 and 200.471, Subrecipient and its lower-tier subrecipients and subcontractors are prohibited from obligating or expending loan or grant funds to:

1. Procure or obtain;

2. Extend or renew a contract to procure or obtain; or

3. Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

A. For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).

B. Telecommunications or video surveillance services provided by such entities or using such equipment.

C. Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

ii. In implementing the prohibition under Public Law 115-232, section 889, subsection (f), paragraph (1), heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained.

iii. See Public Law 115-232, section 889 for additional information.

iv. Definitions.

1. COVERED FOREIGN COUNTRY means the People's Republic of China.

2. TELECOMMUNICATIONS COST means the cost of using communication and telephony technologies such as mobile phones, land lines, and internet.

E.5 Key Personnel.

E.5.1 The following individual(s) are considered to be essential to the work being performed hereunder:

[INSERT]

E.5.2 Before appointing, removing, replacing, or diverting any individual(s) specified as key personnel in Paragraph E.5.1 above, Subrecipient shall notify the Recipient Contact (identified in Paragraph E.11) reasonably in advance but no later than thirty (30) calendar days prior to the change, and submit justification (including curriculum vitae of proposed substitute personnel) in sufficient detail to permit evaluation of the impact on this Subaward. If the change is acceptable to Recipient, the Parties will modify this Subaward to incorporate the change, and no change is authorized prior to Recipient's approval of such modification.

E.6 Public Information Releases.

Subrecipient shall coordinate in advance with Recipient on all public information releases to be issued by Subrecipient concerning this Subaward. Press releases shall not be issued without prior approval from Recipient.

E.7 Warranty and Remedy.

Subrecipient represents and warrants that it is not suspended, debarred, proposed for debarment by the U.S. Government for procurement or non-procurement purposes. Subrecipient shall immediately notify Recipient if it is suspended, debarred, or proposed for debarment by the U.S. Government. Subrecipient represents to the best of its ability that the services to be performed hereunder shall be performed in accordance with the standards customarily utilized by an experienced and competent professional organization rendering the same or similar services under the same or similar circumstances. All warranties shall survive inspection and acceptance of, and payment for, the goods and services. All warranties shall run to Recipient and its successors and assigns. The warranty shall extend for a period of one (1) year after Recipient's final acceptance of the services. If any nonconformity of the services appears within that time, Subrecipient shall promptly repair, replace, or re-perform, at Recipient's option. Any such repair, replacement, or repeat performance shall be at Subrecipient's sole cost and expense and will not be subject to reimbursement hereunder. Services so required to be repeated shall be subject to this provision and the Inspection and Acceptance provisions of this Subaward in the same manner and to the same extent as the services originally provided under this Subaward. If re-performance is not timely, Recipient may elect to re-perform the non-conforming services at Subrecipient's expense.

E.8 <u>No Consequential Damages.</u>

In no event shall either Party be liable to the other Party for special, indirect, incidental, punitive or consequential damages of any nature (regardless of whether such damages are alleged to have risen from negligence; breach of warranty; breach of contract; or other act, error or omission; or from strict or absolute liability in tort; or from any other cause whatsoever; or any combination of the foregoing) including, but not limited to: damages arising from the use or loss of use of any facility or loss of anticipated contracts, profits or revenues.

E.9 <u>Confidentiality.</u>

The Non-Disclosure Agreement between the Parties dated [DATE] is incorporated by reference herein.

E.10 <u>Intellectual Property Ownership.</u>

F.10.1 Reserved

F.10.2 Subrecipient hereby grants to Recipient a non-exclusive, worldwide, perpetual, irrevocable, fully-paid, royalty-free license to use all data generated under the Subaward for the purpose of performing Recipient's obligations under the Prime Award and any successor or follow-on research and development program(s). Such license includes the ability of Recipient to include deliverables under this Subaward in Recipient's portal that contains reports and white papers generated by other members of Recipient in the performance of other federally funded research projects, subject to the requirements of the applicable Prime Award. Subrecipient grants to Recipient the right to use any written reports and deliverables created under this Subaward for the purpose of and to the extent required to meet Recipient's obligations to ONR under the Prime Award.

E.11 <u>Notices.</u>

All notices, request, directions or other communications required or permitted herein shall be in writing and shall be deemed given (a) on the date of service if served personal on the party to whom notice is given, or (b) on the date of receipt if delivered by fax or by e-mail or nationally recognized courier and properly addressed as follows:

If to Subrecipient, addressed as follows:

Subrecipient: ______________________
Attention: ______________________
Address: ______________________
____
Phone: ______________________
Email: ______________________

If to Recipient, addressed as follows:

American Lightweight Materials Manufacturing Innovation Institute
Attention: Victor Claudio, Chief Financial Officer
1400 Rosa Parks Blvd

Detroit, MI 48216
Phone: (313) 309-9123
Email: vclaudio@almmii.org

E.12 Assignment

Subrecipient may not assign its rights, interests or obligations under this Subaward without the express written consent of the Recipient. Any assignments made without required written consent shall be void.

E.13 Indemnification.

Subrecipient shall indemnify, defend and hold Recipient harmless from and against any and all claims, liabilities, suits, loss, costs, expenses, and damages for: (i) injury to or death of persons or damage to or destruction of third party property arising in connection with the work performed under this Subaward, to the extent caused by the negligence of Subrecipient, its employees, or agents; (ii) Subrecipient's failure to comply with applicable laws or regulations in its performance of work under this Subaward; and (iii) a claim, actual or alleged, that the purchase, manufacture, use, or sale of any services or any part thereof supplied under the Subaward, constitutes infringement of any patent, copyright, trademark, or proprietary information right of others.

E.14 Changes.

Recipient shall have the authority to make changes within the general scope of Subrecipient's services and the deliverables specified in the Statement of Work in Attachment A of this Subaward. If any such change increases the cost or time for performance of this Subaward, Subrecipient shall provide Recipient with a written, detailed statement of the cost and schedule impact of the change within thirty (30) calendar days of Recipient's request for the change. If a change increases the cost of Subrecipient's performance requiring an increase in the cost and/or funding ceiling specified in Paragraph A.1, Subrecipient shall not proceed with such changed work until this Subaward is modified in writing to increase the cost and funding ceilings accordingly.

E.15 Performance Requirements.

Any actions or inactions of Subrecipient that result in an ONR delinquency notice citation, show cause notice, cure notice, termination, or other adverse action taken by the ONR against Recipient, will result in Recipient's immediate suspension of any and all outstanding payments to Subrecipient until the ONR allows Recipient to continue its performance of the Prime Award as planned.

E.16 Reporting Subawards and Executive Compensation.

E.16.1 Within five (5) calendar days of Recipient's request, Subrecipient shall provide Recipient with the following information in writing: (i) the unique identifier (DUNS Number) for both Subrecipient and, if applicable, its parent company; (ii) a description of the products or services provided under the Subaward; (iii) Subrecipient's physical address including street address, city, state, country, and nine-digit zip code and congressional district; and (iv) Subrecipient's primary performance location including street address, city, state, country, and nine-digit zip code and congressional district.

E.16.2 Subrecipient shall report to Recipient in writing within five (5) calendar days of Recipient's request, the names and total compensation of each of Subrecipient's five most highly compensated executives for Subrecipient's preceding completed fiscal year if in Subrecipient's preceding fiscal year, Subrecipient received:

a. 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined as 2 C.F.R. 170.320 (and subawards);

b. $25,000,000 or more in annual gross revenues from Federal contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards); and

c. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.

E.16.3 Definitions. For purposes of this Subaward:

a. Entity means all of the following, as defined in 2 C.F.R. part 25: a Governmental organization, which is a State, local government, or Indian tribe; a foreign public entity; a domestic or foreign non-profit organization; a domestic or foreign for-profit organization; and a Federal agency, but only as a subrecipient under a Subaward or subaward to a non-Federal entity.

b. Executive means officers, managing partners, or any other employees in management positions.

c. Total compensation means the cash and noncash dollar value earned by the executive during the recipient's or subrecipient's preceding fiscal year and includes the following (for more information see 17 C.F.R. 229.402(c)(2)):

i. Salary and bonus.

ii. Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.

iii. Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.

iv. Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.

v. Above-market earnings on deferred compensation which is not tax-qualified.

vi. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds $10,000.

E.16.4 This clause shall not apply if Subrecipient, in the previous tax year, had gross income from all sources under $300,000.

E.16.5 Recipient hereby informs Subrecipient that the information Subrecipient provides to Recipient under this Paragraph E.16 will be made public.

E.17 Insolvency, Bankruptcy or Receivership.

E.17.1 Subrecipient shall immediately notify Recipient of the occurrence of any of the following events: (i) Subrecipient's filing of a voluntary case seeking liquidation or reorganization under the Bankruptcy Act; (ii) Subrecipient's consent to the institution of an involuntary case under the Bankruptcy Act against Subrecipient; (iii) the filing of any similar proceeding for or against Subrecipient, or its consent to, the dissolution, winding-up or readjustment of Subrecipient's debts, appointment of a receiver, conservator, trustee, or other officer with similar powers over Subrecipient, under any other applicable state or federal law; or (iv) Subrecipient's insolvency due to its inability to pay its debts generally as they become due.

E.17.2 Failure of Subrecipient to comply with this Paragraph E.17 may be considered a material noncompliance of this Subaward by Subrecipient.

E.18 Classified and Controlled Unclassified Information.

E.18.1 Reporting Potentially Classifiable Information. This Subaward is intended for unclassified, publicly releasable research. Recipient does not expect that the results of the research project will involve classified information. If, however, in conducting the activities supported under this Subaward, Subrecipient is concerned that any of the research results involve potentially classifiable information that may warrant Government restrictions on the dissemination of the results, Subrecipient should promptly notify Recipient.

E.18.2 Controlled Unclassified Information. Information and materials provided pursuant to or resulting from this Subaward may be or may become export controlled, sensitive, for official use only or otherwise protected by law, executive order or regulation. Subrecipient is responsible for compliance with all applicable laws and regulations concerning the handling of information. Nothing in this Subaward must be construed to permit any disclosure in violation of those restrictions. If Subrecipient is unsure whether information and materials provided to it or generated under this Subaward is Controlled Unclassified Information, contact Recipient.

E.19 Activities Abroad.

Subrecipient must ensure that project activities to be performed outside the United States are coordinated as necessary with appropriate governmental authorities and that required licenses, permits, or approvals are obtained prior to undertaking such activities. Recipient does not assume responsibility for Subrecipient's compliance with the laws and regulations of the country in which the activities are to be conducted.

E.20 Publications and Acknowledgement of Sponsorship.

E.20.1 Publication of results of the research project in appropriate professional journals is encouraged as an important method of recording and reporting scientific information. Subrecipient must submit information (e.g., journal paper was submitted to, title and abstract of paper/article, and relevant sponsoring award number(s)) related to each paper planned for publication to the Technical Representative identified below simultaneously with Subrecipient's submission for publication, with a copy to Recipient. Submit final peer-reviewed manuscripts of journal articles accepted for publication to the Defense Technical Information Center (DTIC) repository, currently at www.dtic.mil, and the Technical Representative (below), with a copy to Recipient, when the titles and dates are finalized.

Technical Representative
Naval Materials R&D Division
875 N. Randolph Street
Arlington, VA 22203-1995

E.20.2 When releasing information relating to this Subaward, the release must include a statement to the effect that the project or effort undertaken was or is sponsored by the Department of the Navy, Office of Naval Research under ONR award number _____________.

E.20.3 Any publication resulting from work under this Subaward shall contain the following on the title page or on the page immediately following the title page:

> "This work relates to Department of Navy award number ______________ issued by the Office of Naval Research."

E.20.4 Any transfer of copyright ownership in such publication will provide that the transfer of copyright ownership is subject to the United States Government's royalty-free license throughout the world in all copyrightable material contained in the publications.

E.20.5 Subrecipient is responsible for ensuring that every publication of information (including World Wide Web pages) based on or developed under this Subaward, except scientific articles or papers appearing in scientific, technical or professional journals, contains the following disclaimer: "Any opinions, findings, and conclusions or recommendations expressed in this material are those of the author(s) and do not necessarily reflect the views of the Office of Naval Research."

E.20.6 For the purpose of this provision, information includes, but is not limited to, news releases, articles, manuscripts, brochures, advertisements, still and motion pictures, speeches, trade association proceedings, and symposia.

E.20.7 Nothing in the foregoing must affect compliance with the requirements of the Paragraph E.18, entitled "Classified and Controlled Unclassified Information", or security related provisions, if any, that are included in this Subaward.

E.21 <u>Food and Beverage.</u>

E.21.1 Subaward funds may not be used to pay for food or beverages (unless preapproved in writing by the Recipient).

E.22 <u>Insurance</u>

E.22.1 Subrecipient shall maintain the following insurance coverage written with carriers authorized to insure risks at the location where the work is to be performed, with Recipient and the Government named as additional insured on a primary and noncontributory basis, providing thirty (30) days written notification of cancellation:

a. Workers' Compensation providing statutory limits and coverage and Employer's Liability, in an amount not less than five hundred thousand dollars ($500,000) policy limit;

b. Commercial General Liability covering bodily injury (including death), property damage and personal and advertising injury in an amount not less than one million dollars ($1,000,000) per occurrence and $2,000,000 in the aggregate; including Premises Operations, Contractual Liability, Products and Completed Operations, and Broad Form Property Damage;

c. Commercial Automobile Liability in an amount not less than one million dollars ($1,000,000) combined single limit per accident, covering all owned, non-owned, leased, rented or hired autos used in connection with the performance of this Subcontract; and

d. Cyber Liability in an amount not less than one million dollars ($1,000,000) per occurrence or per claim limit.

E.22.2 Furthermore, all coverage shall be issued insurers with an A.M. Best rating of no less than (A-), and shall contain standard waiver of subrogation provisions in favor of Recipient.

PART I – SECTION F

DISPUTES AND MISC.

F.1 Disputes.

F.1.1 This Subaward and all matters arising out of or relating to it shall be governed by and construed in accordance with the laws of the state of Michigan, but giving due regard to U.S. Federal laws and regulations governing the interpretation of U.S. Federal grants, cooperative agreements, and contracts. Any claim, controversy or dispute between the Parties to this Subaward arising out of, or in connection with, this Subaward, or any breach hereof, shall be brought in any Michigan state or federal court having jurisdiction over Recipient or Subrecipient, in which event the Parties consent to jurisdiction and service of process in accordance with applicable procedures.

F.1.2 If Recipient elects to prosecute any dispute involving this Subaward under the disputes procedure applicable to the Prime Award, Subrecipient shall cooperate fully with Recipient in prosecuting the dispute. Subrecipient shall be bound by the final outcome of the disputes procedure if Recipient has afforded Subrecipient an opportunity to participate in Recipient's prosecution of the dispute. Recipient and Subrecipient shall each bear their own costs of prosecuting any dispute. Pending the final resolution of any dispute arising out of or relating to this Subaward, Subrecipient shall proceed diligently with performance of this Subaward.

F.2 Counterparts.

This Subaward may be executed in two or more counterparts (delivery of which may occur via facsimile or e-mail), each of which shall be binding as of the date first written above, and, when delivered, all of which shall constitute one and the same instrument. A facsimile signature or electronically-scanned copy of a signature shall constitute and shall be deemed to be sufficient evidence of a Party's execution of this Subaward, without necessity of further proof. Each such copy (or facsimile) shall be deemed an original, and it shall not be necessary in making proof of this Subaward to produce or account for more than one such counterpart.

F.3 Severability.

If any clause, provision or section of this Subaward is held to be illegal or invalid by any court, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof and this Subaward shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein.

F.4 Independent Contractor.

This Subaward is not intended by the Parties to create or constitute a joint venture, partnership, trust, association taxable as a corporation or other formal business organization of any kind. This Subaward is not intended to create any rights or obligations other than those expressly stated herein. The Parties are independent contractors, and the employees of one shall not be deemed to be employees of any other. Nothing in this Subaward shall be construed as providing for the sharing of profits or losses arising out of the efforts of the Parties.

F.5 <u>No Waiver.</u>

The failure of either Party to enforce, at any time, any provision of this Subaward shall not constitute waiver of such provision in any way or the right of such Party at any time to avail itself of such remedies as it may have for any breach or breaches of such provision.

F.6 <u>Amendment.</u>

No amendment, modification or supplement of any provision of this Subaward or of any exhibit attached hereto will be valid or effective unless made in writing and signed by duly authorized representatives of both Parties to this Subaward.

IN WITNESS WHEREOF the Parties have executed and agree to be bound by the terms of this Subaward.

Name	**ALMMII**
______________________	______________________
Signature/Date Title	Nigel Francis CEO & Executive Director
	______________________
	Victor Claudio Chief Financial Officer
	______________________
	Noel Mack Chief Operating Officer

ATTACHMENT A

SOW

ATTACHMENT B
PROVISIONS APPLICABLE TO NON-PROFIT ORGANIZATIONS

PART I – SECTION A

A.1 Financial Administration and Payment.

A.1.1 Standards for Financial Management Systems. Subrecipient's financial management system must provide for:

a. Inclusion, in Subrecipient's accounts, of the following information about each DoD grant or cooperative agreement and subaward that it receives:

i. That it received the award from the DoD or under a higher-tier award from the DoD;

ii. The number and title listed in the Catalog of Federal Domestic Assistance for the DoD program under which the award was made;

iii. The DoD award number; and

iv. The year (Subrecipient's fiscal year) in which it received the award or subaward.

b. Accurate, current, and complete disclosure of the financial results of the Subaward needed to comply with financial and programmatic reporting requirements that are specified in Paragraphs F.1.1 and F.1.2. If Subrecipient is asked at any time under this Subaward to report financial information on an accrual basis, Subrecipient:

i. Need not establish an accrual accounting system if it maintains its records on a different basis; and

ii. May develop the accrual data based on an analysis of the data it has on hand.

c. Records that identify adequately the sources of funds for all activities funded by DoD awards and subawards, including any required cost sharing or matching, and the application of those funds. This includes funding authorizations; Subrecipient's obligations and expenditures of the funds; unobligated balances; property and other assets under the award; program income; and interest.

d. Effective control over, and accountability for, all funds, property, and other assets under this Subaward. Subrecipient must adequately safeguard all assets and assure they are used solely for authorized purposes (see Paragraph A.1.2 of this Attachment for additional requirements concerning internal controls).

e. Comparison of expenditures under this Subaward for project or program purposes with amounts in the approved budget for those purposes.

f. Written procedures:

i. To implement requirements specified in Paragraphs A.4 of the Subaward and A.1.3 of this Attachment, if applicable.

ii. For determining the allowability of costs, which for this Subaward are determined in accordance with Paragraph A.1.4 of this Attachment.

A.1.2 Internal controls. Subrecipient's system of internal controls must conform to Office of Management and Budget ("**OMB**") guidance in 2 C.F.R. 200.303. With respect to paragraph (e) of 2 C.F.R. 200.303, Subrecipient's internal control system must include measures to safeguard any information that Federal statute, Executive order, or regulation requires to be protected (e.g., personally identifiable or export controlled information), whether generated under the Subaward or provided to Subrecipient and identified as being subject to protection.

A.1.3 Advance Payments. Because LIFT is not authoirized to request advance payments from ONR, Subrecipient is not authorized to request advance payments from LIFT.

A.1.4 Allowable costs, period of availability of funds, and fee or profit.

a. Allowable costs. The allowability of costs must be determined in accordance with provisions of Subpart E of OMB guidance in 2 C.F.R. part 200 other than 2 C.F.R. 200.400(g), supplemented by appendices IV and VIII to that part.

b. Period of availability of funds. Subrecipient may charge to this Subaward only:

i. Allowable costs incurred during the period of performance specified in this Subaward, including any subsequent amendments to the Subaward;

ii. Any pre-award costs that Subrecipient is authorized (by either the terms and conditions of Paragraph A.2.2 of the Subaward or in writing by Recipient) to incur prior to the start of the period of performance, at Subrecipient's own risk, for purposes of the project or program under this Subaward; and

iii. Costs of publishing in professional journals incurred after the period of performance, as permitted under 2 C.F.R. 200.461(b)(3), if:

1. Recipient receives the request for payment for such costs no later than the date on which Paragraph E.1.2 of the Subaward requires Subrecipient to submit the final financial report to Recipient (or, if Recipient grants Subrecipient's request for an extension of the due date, that later date on which the report is due); and

2. Subrecipient's reported expenditures on the final financial report include the amount it disbursed for those costs.

c. Fee or profit.

i. Subrecipient may not receive any fee or profit under this Subaward.

ii. Subrecipient may not use funds available to it under this Subaward to pay fee or profit for an entity of any type to which Subrecipient makes a subaward.

iii. Subrecipient may pay fee or profit to an entity with which it enters into a procurement transaction to purchase goods or general support services for Subrecipient's use in carrying out the project or program under the Subaward.

d. Subrecipient's indirect cost rate for the Subaward is __________.

A.1.5 Non-Federal audits. Subrecipient must comply with the audit requirements specified in Subpart F of 2 C.F.R. part 200, which is the OMB implementation of the Single Audit Act, as amended (31 U.S.C. chapter 75).

A.1.6 Cost Sharing or Matching Requirements.

a. Allowability as cost sharing or matching. Each cash or third-party in-kind contribution toward any cost sharing or matching required under this Subaward, whether put forward by Subrecipient or a lower-tier subrecipient under a subaward issued by Subrecipient, is allowable as cost sharing or matching if:

i. Subrecipient (or a lower-tier subrecipient, if it is a lower-tier subrecipient contribution) maintains records from which one may verify that the contribution was made to the project or program and, if it is a third-party in-kind contribution, its value.

ii. The contribution is not counted as cost sharing or matching for any other Federal award.

iii. The contribution is:

1. Allowable under the cost principles applicable to Subrecipient (or the lower-tier subrecipient, if it is a lower-tier subrecipient contribution) under Paragraph A.1.4 of this Attachment; and

2. Allocable to the project or program and reasonable.

iv. The Government does not pay for the contribution through another Federal award, unless that award is under a program that has a Federal statute authorizing application of that program's Federal funds to other Federal programs' cost sharing or matching requirements.

v. The value of the contribution is not reimbursed by the Federal share of this Subaward as either a direct or indirect cost.

vi. The contribution conforms to the other terms and conditions of this Subaward, including the award-specific terms and conditions.

b. Allowability of unrecovered indirect costs as cost sharing or matching. Subrecipient may use its own or a lower-tier subrecipient's unrecovered indirect costs as cost sharing or matching under this Subaward. "Unrecovered indirect costs" means the difference between the amount of indirect costs charged to the Subaward and the amount that Subrecipient and any lower-tier subrecipients could have charged in accordance with its respective approved indirect cost rates, whether those rates are negotiated or de minimis (as described in 2 C.F.R. 200.414(f)).

c. Allowability of program income as cost sharing or matching. If Paragraph A.1.7 of this Attachment specifies that Subrecipient is to use some or all of the program income it earns to meet cost-sharing or matching requirements under the Subaward, then program income is allowable as cost sharing or matching to the extent specified in those award terms and conditions.

d. Valuation of services or property that Subrecipient or lower-tier subrecipients contribute or donate. Subrecipient must establish values for services or property contributed or donated toward cost sharing or matching by Subrecipient or lower-tier subrecipients in accordance with the provisions of this paragraph. These contributions or donations are distinct from third-party contributions or donations to Subrecipient or lower-tier subrecipients, which are addressed in subparagraph A.1.6.e of this Attachment.

i. Usual valuation of services or property that Subrecipient or lower-tier subrecipients contribute or donate. Values established for contributions of services or property by Subrecipient or a lower-tier subrecipient must be the amounts allowable in accordance with the cost principles applicable to the entity making the contribution (i.e., Subrecipient or the lower-tier subrecipient), as identified in Paragraph A.1.4 of this Attachment. For property, that generally is depreciation.

ii. Needed approvals for, and valuation of, property that Subrecipient or lower-tier subrecipients donate.

1. Types of property that may be donated.

A. Buildings or land. If the purposes of this Subaward include construction, facilities acquisition, or long-term use of real property, Subrecipient may donate buildings or land to the project if Subrecipient obtains Recipient's prior approval. Donation of property to the project means counting the value of the property toward cost sharing or matching, rather than charging depreciation.

B. Other capital assets. If Subrecipient obtains Recipient's prior approval, Subrecipient may donate to the project other capital assets identified in 2 C.F.R. 200.439(b)(1) through (3).

2. Usual valuation of donated property. Unless Subrecipient obtains Recipient's approval as described in paragraph A.1.6.d.ii.3 of this Attachment, the value for the donated property must be the lesser of:

A. The value of the remaining life of the property recorded in Subrecipient's accounting records at the time of donation, or

B. The current fair market value.

3. Approval needed for alternative valuation of property. If Subrecipient obtains Recipient's approval as reflected in the approved budget, Subrecipient may count as cost sharing or matching the current fair market value of the donated property even if it exceeds the value of the remaining life of the property recorded in Subrecipient's accounting records at the time of donation.

4. Federal interest in donated property. Donating buildings, land, or other property to the project, rather than charging depreciation, results in a Federal interest in the property.

e. Valuation of third-party in-kind contributions.

i. General. If a third party furnishes goods or services to Subrecipient or lower-tier subrecipients that are to be counted toward cost sharing or matching under this Subaward, the entity to which the third party furnishes the goods or services (i.e., Subrecipient or a lower-tier subrecipient) must document the fair market value of those in-kind contributions and, to the extent feasible, support those values using the same methods the entity uses internally.

ii. Valuation of third-party services. Subrecipient must establish values for third-party volunteer services and services of third parties' employees furnished to Subrecipient or lower-tier subrecipients as follows:

1. Volunteer services. Volunteer services furnished by third-party professional and technical personnel, consultants, and other skilled and unskilled labor must be valued in accordance with 2 C.F.R. 200.306(e).

2. Services of third parties' employees. When a third-party organization furnishes the services of its employees to Subrecipient or a lower-tier subrecipient, values for the contributions must be established in accordance with 2 C.F.R. 200.306(f).

3. Additional requirement for donations to non-profit organizations. For volunteer services or services of third parties' employees furnished to a non-profit organization:

A. OMB guidance in 2 C.F.R. 200.434(e) also applies and may require the non-profit organization to allocate a proportionate share of its applicable indirect costs to the donated services.

B. The indirect costs that the non-profit organization allocates to the donated services in that case must be considered project costs and may be either reimbursed under the award or counted toward required cost sharing or matching, but not both.

iii. Valuation of third-party property. Subrecipient must establish values for third-party property furnished to Subrecipient or lower-tier subrecipients as follows:

1. Supplies donated by third parties. When a third-party organization donates supplies (e.g., office, laboratory, workshop, or classroom supplies), the value that may be counted toward cost sharing or matching may not exceed the fair market value of the supplies at the time of donation.

2. Equipment, buildings, or land donated by third parties.

A. The value of third-party donations of equipment, buildings, or land that may be counted toward cost sharing or matching when the third party transferred title to Subrecipient or a lower-tier subrecipient depends on the purpose of the award in accordance with the following:

(i) If one of the purposes of the award is to assist Subrecipient or the lower-tier subrecipient in the acquisition of equipment, buildings, or land, Subrecipient may count the aggregate fair market value of the donated property toward cost sharing or matching.

(ii) If the award's purposes instead include only the support of activities that require the use of equipment, buildings, or land, Subrecipient may only charge depreciation unless it obtains Recipient's prior approval to count as cost sharing or matching the fair market value of equipment or other capital assets and fair rental charges for land.

B. The values of the donated property must be determined in accordance with the usual accounting policies of the entity to which the third party transferred title to the property, with the qualifications specified in 2 C.F.R. 200.306(i)(1) and (2) for donated land and buildings and donated equipment, respectively.

3. Use of space donated by third parties. If a third party makes space available for use by Subrecipient or a lower-tier subrecipient, the value that Subrecipient may count toward cost sharing or matching may not exceed the fair rental value of comparable space as established by an independent appraisal, as described in 2 C.F.R. 200.306(i)(3).

4. Equipment loaned by third parties. If a third party loans equipment for use by Subrecipient or a lower-tier subrecipient, the value that Subrecipient may count toward cost sharing or matching may not exceed its fair rental value.

A.1.7 Program Income.

a. Definition. The term "program income" as used in this Subaward:

i. Is gross income that:

1. Subrecipient earns that is directly generated by a supported activity or earned as a result of this Subaward; or

2. A lower-tier subrecipient earns as a result of a subaward Subrecipient make under this Subaward.

ii. Includes, but is not limited to, income earned under this Subaward from:

1. Fees for services performed;

2. The use or rental of real or personal property acquired under any Federal award and currently administered under this Subaward;

3. The sale of commodities or items fabricated under this Subaward; and

4. License fees and royalties on patents and copyrights;

5. Payments of principal and interest on loans made with Federal award funds.

iii. Does not include for purposes of this Subaward any:

1. Interest earned on advance payments, disposition of which is addressed in Paragraph A.1.3 of this Attachment;

2. Rebates, credits, discounts, and interest earned on any of them; and

3. Governmental revenues, including any taxes, special assessments, levies, fines and similar revenues Subrecipient raises.

b. Encouragement to earn program income. Subrecipient is encouraged to earn program income under this Subaward when doing so does not interfere with the project or program the award supports.

c. Costs of generating program income. Subrecipient may deduct costs incidental to the generation of program income from the amount that it uses in accordance with Paragraph A.1.7.e of this Attachment, as long as those costs are not charged to this Subaward (which includes their being counted toward any cost sharing or matching Subrecipient is required to provide).

d. License fees and royalties. Subrecipient shall have no obligations to the Federal Government with respect to program income earned under this Subaward from license fees and royalties for patents or patent applications, copyrights, trademarks, or inventions developed or produced under the Subaward.

e. Use of program income.

i. Subrecipient must use any program income that it earns during the period of performance under this Subaward to increase the amount of the award (the sum of the Federal share and any cost sharing or matching Subrecipient is required to provide), thereby increasing the amount budgeted for the project or program. The program income must be used for the purposes and under the terms and conditions of the award.

ii. Subrecipient's use of the additional funding is subject to the terms and conditions of this Subaward, including:

1. Paragraph A.1.3 of this Attachment concerning Subrecipient's use of balances of program income before Subrecipient requests additional funds from Recipient; and

2. Paragraph A.1.4 of this Attachment concerning allowability of costs for which the funds may be used.

iii. Subrecipient must report on each Federal Financial Report (SF-425) that Subrecipient submits in accordance with Paragraph E.1.2 of the Subaward the program income that it earns and any that it uses during the reporting period covered by that SF-425.

f. Duration of accountability for program income. The requirements concerning disposition of program income in Paragraph A.1.7.e of this Attachment apply only to program income Subrecipient or its lower-tier subrecipients earn during the period of performance. There are no requirements under this Subaward applicable to program income Subrecipient or its lower-tier subrecipients earn after the end of the period of performance.

A.2 Property Requirements.

A.2.1 Property Management System.

a. Subrecipient's procedures for managing any federally owned property for which Subrecipient is accountable under this Subaward must, as a minimum, meet the requirements in this paragraph.

i. Records. Subrecipient must maintain records that include for each item of equipment or federally owned property:

1. A description of the item.

2. The serial or other identification number.

3. Who holds title (e.g., Subrecipient, Recipient or the Government and, if the latter, which Federal agency).

4. The source of funding for the equipment, including the award number, or the source of the federally owned property, including the award number of the award under which Subrecipient is accountable for the property.

5. The acquisition date and cost of the equipment (or improvement to the equipment) or the date Subrecipient received the federally owned property.

6. The location, use, and condition of the equipment or federally owned property.

7. Information from which one can calculate the amount of the Federal interest in the acquisition or improvement of the item (this amount is zero after Subrecipient compensate Recipient for the Federal interest in the item or improvement).

8. Any data on the ultimate disposition of the item including the date of disposal and sale price.

ii. Labelling. Subrecipient must ensure that property owned by the Federal Government is labeled to identify it as federally owned property.

iii. Inventory. Subrecipient must take a physical inventory of equipment in which there is a Federal interest and reconcile the results with its records at least once every 2 years.

iv. Control system. Subrecipient must:

1. Maintain an internal property control system with adequate safeguards to prevent loss, damage, or theft of equipment and federally owned property.

2. Investigate any loss, damage, or theft and notify the award administration office if it involved equipment in which there is a Federal interest under the Subaward or federally owned property.

v. Maintenance. Subrecipient must maintain equipment acquired or improved in whole or in part under the Subaward and federally owned property in good condition.

A.2.2 Intangible Property.

a. Assertion of copyright.

i. Subrecipient may assert copyright in any work that is eligible for copyright protection if Subrecipient acquires ownership of it under this Subaward, either by developing it or otherwise.

ii. With respect to any work in which Subrecipient asserts copyright, as described in Paragraph A.2.2.a.i of this Attachment, DoD reserves a royalty-free, nonexclusive and irrevocable license to:

1. Reproduce, publish, or otherwise use the work for Federal Government purposes; and

2. Authorize others to reproduce, publish, or otherwise use the work for Federal Government purposes.

b. Inventions developed under the Subaward. Inventions developed under the Subaward: Subrecipient must comply with the Governmentwide patent rights award clause at 37 C.F.R. 401.14, with the following modifications:

i. Terminology. Throughout the Governmentwide award clause:

1. Insert the terms "Subrecipient" and "lower-tier subrecipient (or contractor to the Subrecipient or to a lower-tier subrecipient)" to replace the terms "contractor" and "subcontractor," respectively.

2. Insert the terms "Subaward" and "lower-tier subaward (or contract under either the award or a subaward)" to replace the terms "contract" and "subcontract," respectively.

ii. Final report. Add a new subparagraph (f)(5) to read, "Subrecipient must submit a final report listing all subject inventions made under the Subaward or stating that there were none. The final report is due 120 calendar days after the end date of the period of performance unless Subrecipient requests and ONR grants an extension of the due date."

iii. Broadening applicability to all entities. Delete paragraphs (g)(2) and (3) of the Governmentwide clause, redesignate paragraph (g)(1) as paragraph (g), and delete the phrase "to be performed by a small business firm or domestic nonprofit organization" from paragraph (g) as redesignated.

c. Data produced under the Subaward.

i. Data in general. The Federal Government has the right to:

1. Obtain, reproduce, publish, or otherwise use the data produced under this Subaward; and

2. Authorize others to receive, reproduce, publish, or otherwise use the data produced under this award for Federal Government purposes.

ii. Research data requested under the Freedom of Information Act (FOIA).

1. If ONR receives a request under the FOIA for "research data" that are related to "published research findings" produced under this Subaward and that were "used by the Federal Government in developing an agency action that has the force and effect of law," Subrecipient must provide the data to ONR within a reasonable time after ONR or Recipient requests it from Subrecipient, so that the data can be made available to the public through procedures established under the FOIA.

2. For purposes of the requirement in Paragraph A.2.2.c.ii.1 of this Attachment, 2 C.F.R. 200.315(e) provides definitions of the phrases "published research findings," "used by the Federal Government in developing an agency action that has the force and effect of law," and "research data."

d. Use and disposition of intangible property acquired, but not developed or produced, under the Subaward.

i. Applicability. This Paragraph applies to a patent, patent application, copyright, or other intangible property acquired, but not developed or produced, under this Subaward.

ii. Use. Subrecipient:

1. Must use the intangible property for the authorized purpose under this Subaward until the intangible property is no longer needed for that purpose, whether or not that purpose is still being supported by this Subaward.

2. May not encumber the intangible property without the prior approval of Recipient.

iii. Disposition. When the intangible property is no longer needed for the originally authorized purpose, Subrecipient must request, in writing, that Recipient request ONR provide Recipient disposition instructions. Subrecipient shall make such request to Recipient reasonably in advance of the need for the disposition of the intangible property so that Recipient can receive disposition instructions from ONR. Subrecipient shall comply with ONR's disposition instructions.

e. When Subrecipient provides any notice to ONR or submits any request that is required under this Paragraph A.2.2 of this Attachment, Subrecipient shall that same day provide a copy of such notice to Recipient by email to the LIFT Program Manager.

A.2.3 Use and Disposition of Federally-Owned Property.

a. Use. During the time that federally owned property for which Subrecipient is accountable under this Subaward is used for the project or program supported by the Subaward, Subrecipient:

i. Also may make the property available for use on other federally supported projects or programs, but only if that use will not interfere with the property's use for the project or program supported by this Subaward. Subrecipient must give first priority to other projects or programs supported by DoD Components.

ii. May use the property for purposes other than federally supported projects or programs only with the prior approval of Recipient.

b. Disposition. When Subrecipient no longer needs any federally owned property under this Subaward, including any property for which a lower-tier subrecipient is accountable under a subaward made by Subrecipient, Subrecipient shall request, in writing, that Recipient request ONR provide Recipient disposition instructions. Subrecipient shall make such request to Recipient reasonably in advance of the need for the disposition of the federally owned property so that Recipient can receive disposition instructions from ONR, which shall be made at any time during the period of performance if the property is no longer needed for the project or program supported by this Subaward, or at the end of the period of performance. Subrecipient shall comply with ONR's disposition instructions.

A.2.4 Reporting on Property.

a. Federally owned property. The following subparagraphs apply to federally owned property for which Subrecipient is accountable under this Subaward.

i. Annual inventory. Subrecipient must submit annually to Recipient an inventory of federally owned property.

ii. Notifications of loss, damage, or theft. As provided in Paragraph A.2.1 of this Attachment governing Subrecipient's property management system, Subrecipient must promptly notify the award administration office of any loss, damage, or theft of federally owned property.

iii. Requests for disposition instructions. Subrecipient must comply with requirements in Paragraph A.2.3 of this Attachment to request disposition instructions, either during the period of performance or at closeout.

iv. Closeout accounting. Subrecipient's requests for disposition instructions for federally owned property, as described in Subparagraph A.2.4.a.iii of this Attachment, satisfy the need to account for federally owned property at closeout (see Paragraph .3.1 of the Subaward).

A.3 Procurement Standards for Subrecipient's Lower-Tier Contracts.

A.3.1 General procurement standards.

a. For procurements under this Subaward, Subrecipient must comply with the OMB guidance in 2 C.F.R. 200.318.

b. Subrecipient must do business only with responsible contractors who are able to perform, as described in OMB guidance in 2 C.F.R. 200.318(h). Related to that, Subrecipient must comply with restrictions on awarding procurement transactions to excluded or disqualified parties and other requirements specified by OMB guidelines on nonprocurement debarment and suspension at 2 C.F.R. part 180, as implemented by DoD at 2 C.F.R. part 1125.

A.3.2 Competition. Subrecipient must award procurement transactions under this Subaward in accordance with the competition requirements described in OMB guidance in 2 C.F.R. 200.319.

A.3.3 Procurement methods. Subrecipient must award procurement transactions under this award using methods described in OMB guidance in 2 C.F.R. 200.320.

A.3.4 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms. Subrecipient must take the affirmative steps described in OMB guidance in 2 C.F.R. 200.321 when awarding procurement transactions under this Subaward.

A.3.5 Contract cost and price. When awarding a procurement transaction under this Subaward, Subrecipient must follow the procedures related to cost and price that are described in OMB guidance in 2 C.F.R. 200.324, using the applicable cost principles specified in Paragraph A.1.4 of this Attachment.

A.3.6 Contract provisions. Subrecipient must include provisions in its procurement transactions under this Subaward to require the contractors' compliance with the provisions in this Paragraph A.3 of this Attachment and in Attachment D to the Subaward, as applicable.

A.3.7 Procurement of recovered materials. If Subrecipient is a political subdivision of a State, it must comply with the Resource Conservation and Recovery Act requirements described in OMB guidance in 2 C.F.R. 200.323.

A.3.8 Domestic Preferences for Procurements. As appropriate and to the extent consistent with law, Subrecipient should, to the greatest extent practicable under this Subaward, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). This must be included in all subawards including all contracts and purchase orders for work or products under this Subaward.

A.3.9 Review of procurement documents. Upon ONR's or Recipient's request, Subrecipient must make available:

a. Technical specifications on proposed procurement transactions, as described in 2 C.F.R. 200.325(a).

b. Pre-procurement documents for ONR's or Recipient's review, as described in 2 C.F.R. 200.325(b), unless Subrecipient is exempt from that requirement under 2 C.F.R. 200.325(c).

A.3.10 Remedies. In any contract under this Subaward for an amount in excess of the simplified acquisition threshold, Subrecipient must provide for administrative, contractual, or legal remedies, including any appropriate sanctions and penalties, when the contractor violates or breaches the contract terms.

A.3.11 Termination. In any contract under this Subaward for an amount in excess of $10,000, Subrecipient must specify: conditions under which Subrecipient may terminate the contract for cause or convenience; the procedures for termination; and the basis to be used for settlement.

A.3.12 Allowable costs under cost-type contracts. In any cost-type contract under this Subaward with an entity, Subrecipient must include a clause to permit the entity to charge to the contract only costs that are allowable under the cost principles that Paragraph A.1.4 of this Attachment identifies as applicable to that type of entity, as supplemented by any award-specific terms and conditions related to allowability of costs that are included in this Subaward. Subrecipient's contract clause may permit the contractor to use its own cost principles in determining the allowability of its costs charged to the contract, as long as its cost principles comply with those Federal cost principles supplemented by any award-specific terms and conditions of this Subaward.

A.3.13 Rights in copyright and data. Subrecipient must include in each contract under this Subaward a provision requiring that the contractor:

a. Grant the Government a royalty-free, nonexclusive and irrevocable right to:

i. Reproduce, publish, or otherwise use for Federal purposes any work that is subject to copyright and that the contractor develops, or acquires ownership of, under this Subaward;

ii. Authorize others to reproduce, publish, or otherwise use such work for Federal purposes; and

b. Grant the Government the right to:

i. Obtain, reproduce, publish, or otherwise use data produced under this Subaward;

ii. Authorize others to receive, reproduce, publish, or otherwise use such data for Federal purposes; and

c. Include the Government rights described in subparagraphs A.3.12.a and A.3.12.b of this Attachment in any subcontracts.

A.3.14 Access to records.

a. In any negotiated, cost-type or time and materials contract for an amount in excess of the simplified acquisition threshold under this Subaward, Subrecipient must provide for access to any of the contractor's books, documents, papers, and records that are directly pertinent to that contract, to enable and support audits, examinations, excerpts, and transcriptions. The contract provision must provide access to those records for all of the following and their duly authorized representatives:

i. Subrecipient;

ii. Recipient;

iii. ONR as the Federal awarding agency, including ONR's Inspector General; and

iv. The Comptroller General of the United States.

b. In any audit services contract for performance of an audit required by the Single Audit Act, as implemented by OMB in Subpart F of 2 C.F.R. part 200, Subrecipient must provide for the access to audit documentation described in 2 C.F.R. 200.517(b).

A.3.15 Records retention.

a. In any negotiated, cost-type or time and materials contract for an amount in excess of the simplified acquisition threshold under this Subaward, Subrecipient must provide for retention of all records that are directly pertinent to that contract for 3 years after Subrecipient makes final payment and all pending matters are closed.

b. In any audit services contract for performance of an audit required by the Single Audit Act, as implemented by OMB in Subpart F of 2 C.F.R. part 200, Subrecipient must provide for the retention of audit documentation described in 2 C.F.R. 200.517(a).

A.3.16 Reporting. In any contract awarded under this Subaward, Subrecipient must include any provision for the contractor's reporting to Subrecipient that may be needed in order for Subrecipient to meet its requirements under this Subaward to report to Recipient or ONR.

A.3.17 Contract Provisions for National Policy Requirements. In any contract awarded under the Subaward, Subrecipient shall include all provisions set forth in Attachment D.

A.4 Requirements for Subrecipient's Lower-Tier Subawards. Prior to awarding a lower-tier subaward, Subrecipient must submit to Recipient a written request to issue a lower-tier subaward to the prospective lower-tier subrecipient. If Recipient provides Subrecipient written approval to issue a lower-tier subaward, such lower-tier subaward must meet the requirements of this Section A.4.

A.4.1 Distinguishing subawards and procurements.

a. Required Subrecipient determination. For each transaction into which Subrecipient enters with another entity at the next tier below this Subaward, Subrecipient must determine whether the transaction is a subaward or procurement transaction.

b. Considerations in making the determination.

i. The primary purpose of the transaction between Subrecipient and the other entity is the key factor Subrecipient must use to determine whether the transaction is a subaward or procurement transaction.

1. The transaction is a subaward and the other entity, therefore, a subrecipient if the transaction's primary purpose is for Subrecipient to transfer—for performance by the other entity—a portion of the substantive project or program for which Recipient is providing financial assistance to Subrecipient through this Subaward. Subrecipient will continue to be accountable to Recipient

for performance of the project or program under the Subaward, including portions performed by any subrecipients.

2. The transaction is a procurement transaction and the other entity therefore a contractor if the transaction's primary purpose is for Subrecipient to purchase goods or services that Subrecipient needs to perform the substantive project or program supported by this Subaward. The distinction from a subaward is the contractor is not performing a portion of the substantive project or program as a result of the transaction.

ii. What Subrecipient calls the transaction is not a factor in distinguishing a subaward from a procurement transaction. If the transaction meets the criterion in subparagraph (b)(i)(1) of this provision, it is a subaward for purposes of the requirements of this award even if Subrecipient calls and considers the transaction a "contract."

A.4.2 Pre-award risk assessment.

a. Before making a subaward to an entity, Subrecipient must perform a risk assessment of the prospective subrecipient, as described in 2 C.F.R. § 200.332(b). OMB guidance in 2 C.F.R. § 200.206(c) provides examples of factors Subrecipient may consider in evaluating risk.

b. As part of the risk assessment under this paragraph, Subrecipient must:

i. Verify that neither the prospective subrecipient nor its principals under the proposed subaward are excluded or disqualified from participating in the transaction, in accordance with requirements in Subpart C of OMB guidance in 2 C.F.R. part 180, as implemented by DoD at 2 C.F.R. part 1125; and

ii. If warranted by risks Subrecipient identifies, determine whether to impose award specific terms and conditions in the subaward to mitigate the risks.

1. These award specific terms and conditions may be in addition to, or differ from, the terms and conditions that this Subaward requires Subrecipient to include in subawards.

2. They may include items such as those listed in OMB guidance in 2 C.F.R. 200.208(c)(1) through (6).

3. Subrecipient's procedures for imposing and removing the additional or different requirements must comply with the procedural guidance in 2 C.F.R. 200.208(d) and (e).

A.4.3 Cost-type Subawards. Subrecipient may not issue fixed-amount subawards without prior written approval from Recipient and ONR. Subrecipient must include the following in any-cost type subaward it makes at the next tier:

a. Informational content.

i. Informational content in general. Subrecipient must include in each subaward (and each subsequent modification to a subaward that alters the amount of the subaward) the information specified in OMB guidance in 2 C.F.R. § 200.332(a)(1), "Federal Award Identification," with the clarifications provided in subparagraphs (a)(ii) through (vii) of this paragraph.

ii. Federal award identification number and award date. The "Federal Award Identification Number" and "Federal Award Date" described in 2 C.F.R. § 200.332(a)(1)(iii) and (iv), respectively, are the award number and award date of the Prime Award. Subrecipient must provide the information in a way that makes it clear that the lower-tier subaward is under Recipient's Prime Award.

iii. Amount of Federal funds obligated.

1. The "Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient" that is described in 2 C.F.R. § 200.332(a)(1)(vi) is either:

A. The amount of Subrecipient's obligation to the lower-tier subrecipient, if the terms and conditions of this Subaward do not require Subrecipient to provide any cost sharing or matching for the project or program the award supports; or

B. The amount of the Federal share of the lower-tier subaward obligation if this Subaward does require cost sharing or matching, which in that case is the product of:

(i) The Federal share of total project costs under this Subaward, as a percentage of those total project costs; and

(ii) The total amount of project costs obligated for the lower-tier subaward action.

2. Note that the total project costs of the Subaward and lower-tier subaward, as used in subparagraphs iii.1.b.i and ii of this provision, include any cost sharing or matching that Subrecipient or the lower-tier subrecipient provides to meet any cost sharing or matching requirement under this Subaward.

iv. Total amount obligated to the lower-tier subrecipient. The "Total Amount of Federal Funds Obligated to the Subrecipient by the pass-through entity including the current obligation," as described in 2 C.F.R. § 200.332(a)(1)(vii), is the cumulative amount to date of the amounts described in subparagraph (iii) of this provision.

v. Total Amount of the Federal Award. The "Total Amount of the Federal Award committed to the subrecipient by the pass-through entity," as described in 2 C.F.R. § 200.332(a)(1)(viii), is the total amount through the end of the lower-tier subaward that Subrecipient and the lower-tier subrecipient mutually agreed upon, to include: funding obligated to date, any future anticipated funding increments, and any options Subrecipient may exercise in the future.

vi. Federal awarding agency, pass through entity, and awarding official. The "Name of Federal awarding agency" and "pass through entity," as those terms are used in 2 C.F.R. § 200.332(a)(1)(x) are the DoD and the business name associated with Subrecipient's registration in the System for Award Management. In that same paragraph of 2 C.F.R. § part 200, the "awarding official" is the individual in Subrecipient's organization who made the lower-tier subaward.

vii. Indirect cost rate. With respect to the requirement in 2 C.F.R. § 200.332(a)(1)(xiii) for the lower-tier subaward to include the "Indirect cost rate for the Federal award:"

1. The rate the lower-tier subaward must include is the lower-tier subrecipient's rate, whether it is a rate set by negotiation with a Federal

Government agency or Subrecipient, or is the de minimis rate described in 2 C.F.R. 200.414(f).

2. Subrecipient is required to include the indirect cost rate only if the lower-tier subrecipient is willing to share that information with Subrecipient and assents that information about its rate is not proprietary. If a lower-tier subrecipient is not willing to share information about its indirect cost rate with Subrecipient, consult Recipient to explore alternative ways to assess the reasonableness of costs of the subaward.

b. Other requirements:

i. Subrecipient must include the provisions of Paragraph A.2 of the Subaward in any lower-tier subaward.

ii. Subrecipient must include the provisions of Attachment B, if the lower-tier subrecipient is an institute of higher education, a non-profit organization, local government, or Indian tribe.

iii. Subrecipient must include the provisions of Attachment C, if the lower-tier subrecipient is a for-profit entity.

iv. Subrecipient must include the provisions of Paragraphs F.1 through F.4 of the Subaward in any lower-tier subaward.

A.5 Records Retention and Access.

A.5.1 Records retention period. Except as provided in Paragraphs A.5.2 and A.5.4:

a. Subrecipient must keep records related to any real property and equipment acquired, in whole or in part, using Federal funds under the award for three (3) years after final disposition of the property. For any item of exempt property with a current fair market value greater than $5,000, and for which final disposition was not a condition of the title vesting, Subrecipient must keep whatever records Subrecipient needs for as long as necessary to ensure that it can deduct the Federal share if Subrecipient later uses the property in contributions for cost sharing or matching purposes under any Federal award.

b. Subrecipient must keep records related to rate proposals for indirect or facilities and administration costs, cost allocation plans, and supporting records such as indirect cost rate computations and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback or composite fringe benefit rates) as follows:

i. If Subrecipient is required to submit a proposal, plan, or other computations to its Federal cognizant agency for indirect costs, as the basis for negotiation of a rate, Subrecipient must keep the submissions and all supporting records for three (3) years from the date on which it was required to make the submissions.

ii. If Subrecipient is not required to submit a proposal, plan, or other computation as the basis for negotiation, Subrecipient must keep the proposal, plan, other computation, and supporting records for three (3) years from the end of the fiscal year or other accounting period covered by the proposal, plan, or other computation.

c. Subrecipient must keep other financial records, supporting documents, statistical records, and other records pertinent to this Subaward for a period of three (3) years from the date it submits its final financial report under the Subaward.

A.5.2 Extensions of retention period due to litigation, claim, or audit.

a. If any litigation, claim, or audit begins before the end of the 3-year retention period specified in Paragraph A.5.1 of this Attachment and the final action related to the litigation, claim, or audit is not taken before the end of that 3-year period, Subrecipient must retain all records related to this Subaward that may be involved in the litigation, claim, or audit until all findings involving the records have been resolved and final action taken.

b. ONR or Recipient may disallow costs and recover funds under this Subaward based on an audit or other review of records during the record retention period, including any extension to that retention period that ONR required in a written notification to Subrecipient, either directly or through Recipient.

A.5.3 Records for program income earned after the end of the performance period. In accordance with Paragraph A.1.7 of this Attachment, there are no requirements under this Subaward applicable to program income Subrecipient earned after the end of the period of performance and therefore no associated records retention requirements.

A.5.4 Records for joint or long-term use.

a. Joint use. To avoid duplicate recordkeeping for records that Subrecipient and Recipient both need to use on a continuous basis, Recipient may ask Subrecipient to make special arrangements with Recipient or ONR, by mutual agreement, to make records available for joint and continuous use.

b. Long-term use. If ONR determines that some records will be needed longer than the 3-year period specified in Paragraph A.5.1 of this Attachment, Recipient or ONR may request that Subrecipient either:

i. Retain the records for a longer period of time; or

ii. Transfer the records to Recipient's or ONR's custody for long-term retention.

1. Retention requirements for transferred records. For any records transferred to Recipient's or ONR's custody, Subrecipient is not subject to the records retention requirements in Paragraph A.5.1 of this Attachment.

A.5.5 Methods for collecting, transmitting, and storing information.

a. Subrecipient should, whenever practicable, collect, transmit, and store information related to this Subaward in open and machine readable formats rather than in closed formats or on paper. However, if Subrecipient requests it, Recipient will:

i. Provide Subaward related-information to Subrecipient on paper; and

ii. Accept Subaward related-information from Subrecipient on paper. In that case, Recipient will not require more than an original and two copies.

b. When Subrecipient's original records are in an electronic form that cannot be altered, Subrecipient does not need to create and retain paper copies of those records.

c. When Subrecipient's original records are on paper, Subrecipient may substitute electronic versions produced through duplication or using other forms of electronic media, provided that:

i. Subrecipient conducts periodic quality control reviews of the records,

ii. Subrecipient provides reasonable safeguards against alteration of the records, and

iii. The records remain readable.

A.5.6 Access to records.

a. Scope of Government access rights.

i. ONR, as the awarding agency, the Federal Government Inspectors General, the Comptroller General of the United States, and any of their authorized representatives have the right of access to any documents, papers, or other records Subrecipient has that are pertinent to this Subaward, in order to make audits, examinations, excerpts, and transcripts.

ii. This right also includes timely and reasonable access to Subrecipient's personnel for the purposes of interview and discussion related to the records.

iii. As described in OMB guidance at 2 C.F.R. 200.337(b), the access to records described in this section will include access to the true name of a victim of a crime only under extraordinary and rare circumstances.

1. Subrecipient is required to provide that access only in response to a court order or subpoena pursuant to a bona fide confidential investigation, or in response to a request duly authorized by the head of the DoD Component or his or her designee; and

2. Subrecipient must take appropriate steps to protect this sensitive information.

b. Duration of Government access rights. ONR has the access rights described in Subparagraph A.5.6.a of this Attachment as long as Subrecipient retains the records.

c. Public access.

i. Subrecipient must comply with requirements to protect information that Federal statute, Executive order, or regulation requires to be protected (e.g., personally identifiable or export controlled information), to include both information generated under this Subaward and information provided to Subrecipient and identified as being subject to protection. Other than those limitations on dissemination of information, ONR places no restrictions on Subrecipient that limit public access to Subrecipient's records pertinent to this Subaward.

ii. ONR does not place any requirements on Subrecipient to permit public access to Subrecipient's records separate from any Federal, State, local, or tribal statute that may require Subrecipient to do so.

iii. The Freedom of Information Act (FOIA, 5 U.S.C. 552) does not apply to records in Subrecipient's possession but records Subrecipient provides to ONR generally will be subject to FOIA, with the applicable exemptions.

A.6 Remedies and Termination.

A.6.1 Remedial Actions. In accordance with 2 C.F.R. § 200.339, if Subrecipient fails to comply with Federal statutes, regulations or the terms and conditions of a Subaward, Recipient may impose additional conditions, as described in 2 C.F.R. § 200.208, Specific conditions. If Recipient determines that noncompliance cannot be remedied by imposing additional conditions, Recipient may take one or more of the following actions, as appropriate in the circumstances:

a. Temporarily withhold cash payments pending correction of the deficiency by Subrecipient or more severe enforcement action by the Government.

b. Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.

c. Wholly or partly suspend or terminate the Subaward.

d. Recommend that DoD initiate suspension or debarment proceedings as authorized under 2 C.F.R. part 180 and DoD regulations.

e. Withhold further Federal subawards for the project or program.

f. Take other remedies that may be legally available.

A.6.2 Termination.

a. In accordance with 2 C.F.R. § 200.340(a), the Subaward may be terminated in whole or in part as follows:

i. By Recipient, if Subrecipient fails to comply with the terms and conditions of the Subaward;

ii. By Recipient for cause;

iii. By Recipient with the consent of Subrecipient, in which case the two parties must agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated;

iv. By Subrecipient upon sending to Recipient written notification setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. However, if Recipient determines in the case of partial termination that the reduced or modified portion of the Subaward will not accomplish the purposes for which the Subaward was made, Recipient may terminate the Subaward in its entirety; or

v. By Recipient if ONR terminates the Prime Award in its entirety, or terminates or substantially reduces the funding for the portion of the Prime Award that relates to the Subaward. Such termination shall not constitute a breach of contract.

b. Recipient shall provide Subrecipient with a notice of termination in the event that Recipient unilaterally terminates the Subaward. Upon receipt of the notice of termination, Subrecipient shall immediately discontinue all work pertaining to the Subaward, shall place no additional orders, and, pending Recipient's instructions, shall preserve and protect materials on hand purchased for or committed to the Subaward, work in progress, and completed work both in Subrecipient's facilities and in its suppliers' facilities, and shall dispose of same in accordance with Recipient's instructions.

c. Recipient and Subrecipient remain responsible for the applicable requirements addressed in Paragraphs F.3.1 and F.3.2 of the Subaward regarding closeout, post-closeout adjustments, and continuing responsibilities.

A.6.3 Allowability of costs. In the event of suspension or termination of the Subaward, Recipient will use the following criteria to either allow or disallow Subaward costs:

a. Costs resulting from obligations that Subrecipient incurred before the effective date of the suspension or termination are allowable if:

i. Subrecipient properly incurred those obligations;

ii. Subrecipient did not incur the obligations in anticipation of the suspension or termination;

iii. In the case of termination, the costs resulted from obligations that were noncancellable after the termination; and

iv. The costs would have been allowable if Recipient had not suspended or terminated the Subaward and it had expired normally at the end of the period of performance.

b. Costs resulting from obligations that Subrecipient incurred during the suspension or after the termination are not allowable unless Recipient expressly authorizes them, either in the notice of suspension or termination or subsequently.

A.6.4 Claims Arising from Suspension or Termination. In the event of suspension or termination, any claim by Subrecipient for costs incurred under this Subaward must be received within four (4) months after the date of suspension or termination. No termination costs are payable in the event of a termination based on Subrecipient's failure to comply with the terms and conditions of this Subaward. Recipient's total liability for work supported by this Subaward and for any claims, including suspension or termination claims, shall not exceed the federal funds obligated in the Subaward as set forth herein.

ATTACHMENT C

PROVISIONS APPLICABLE TO FOR-PROFIT ENTITIES

A.1 Reserved.

A.1.1 Standards for Financial Management Systems. In accordance with 32 C.F.R. § 34.11:

a. Subrecipient shall be allowed and encouraged to use existing financial management systems established for doing business in the commercial marketplace, to the extent that the systems comply with Generally Accepted Accounting Principles (GAAP) and the minimum standards in this section. As a minimum, Subrecipient's financial management system shall provide:

i. Effective control of all funds. Control systems must be adequate to ensure that costs charged to Federal funds and those counted as Subrecipient's cost share or match are consistent with requirements for cost reasonableness, allowability, and allocability in the applicable cost principles (see 32 C.F.R. § 34.17) and in the terms and conditions of the Subaward.

ii. Accurate, current and complete records that document for each project funded wholly or in part with Federal funds the source and application of the Federal funds and Subrecipient's required cost share or match. These records shall:

1. Contain information about receipts, authorizations, assets, expenditures, program income, and interest.

2. Be adequate to make comparisons of outlays with budgeted amounts for each award (as required for programmatic and financial reporting under 32 C.F.R. § 34.41. Where appropriate, financial information should be related to performance and unit cost data. Note that unit cost data are generally not appropriate for awards that support research.

iii. To the extent that advance payments are authorized under 32 C.F.R. § 34.12, procedures that minimize the time elapsing between the transfer of funds to Subrecipient from the Government and Subrecipient's disbursement of the funds for program purposes.

iv. Subrecipient shall have a system to support charges to Federal awards for salaries and wages, whether treated as direct or indirect costs. Where employees work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports which must:

1. Reflect an after the fact distribution of the actual activity of each employee.

2. Account for the total activity for which each employee is compensated.

3. Be prepared at least monthly, and coincide with one or more pay periods.

b. Where the Federal Government guarantees or insures the repayment of money borrowed by Subrecipient, the DoD Component, at its discretion, may require adequate bonding and insurance if the bonding and insurance requirements of Subrecipient are not deemed adequate to protect the interest of the Federal Government.

c. The DoD Component may require adequate fidelity bond coverage where Subrecipient lacks sufficient coverage to protect the Federal Government's interest.

d. Where bonds are required in the situations described above, the bonds shall be obtained from companies holding certificates of authority as acceptable sureties, as prescribed in 31 C.F.R. part 223, "Surety Companies Doing Business with the United States."

A.1.2 Payments. Payments made to Subrecipient will confirm to the requirements in 32 C.F.R. § 34.12.

A.1.3 Allowable costs, period of availability of funds, and fee and profit.

a. The allowability of costs must be determined in accordance with:

i. The cost principles for commercial organizations in the Federal Acquisition Regulation (FAR) at Subpart 31.2 of 48 C.F.R. part 31, as supplemented by provisions of the Defense Federal Acquisition Regulation Supplement (DFARS) at Subpart 231.2 of 48 C.F.R. part 231; and

ii. The additional provisions on allowability of audit costs, in 32 C.F.R. 34.16(f).

iii. The indirect cost rate to use in that determination is:

1. Subrecipient's federally negotiated indirect cost rate if it has one.

2. Subject to negotiation between Recipient and Subrecipient if it does not have a federally negotiated indirect cost rate.

b. Period of availability of funds. Subrecipient may charge to this Subaward only:

i. Allowable costs incurred during the period of performance specified in this Subaward, including any subsequent amendments to it;

ii. Any pre-award costs that Subrecipient is authorized (by either the terms and conditions of Paragraph A.2.2 of the Subaward or Recipient) to incur prior to the start of the period of performance, at its own risk, for purposes of the project or program under this Subaward; and

iii. Costs of publishing in professional journals incurred after the period of performance, as permitted under 2 C.F.R. 200.461(b)(3), if:

1. Recipient receives the request for payment for such costs no later than the date on which Paragraph E.1.2 of the Subaward requires Subrecipient to submit the final financial report to Recipient (or, if Subrecipient's request for an extension of the due date is granted, that later date on which the report is due); and

2. Subrecipient's reported expenditures on the final financial report include the amount Subrecipient disbursed for those costs.

c. Fee or profit.

i. Subrecipient may not receive any fee or profit under this Subaward.

ii. Subrecipient may not use funds available to it under this Subaward to pay fee or profit for an entity of any type to which Subrecipient makes a subaward.

iii. Subrecipient may pay fee or profit to an entity with which it enters into a procurement transaction to purchase goods or general support services for its use in carrying out the project or program under the Subaward.

d. Subrecipient's indirect cost rate for the Subaward is _________.

A.1.4 Non-Federal Audits. As a for-profit entity that received a subaward from Recipient under the Prime Award, Subrecipient is subject to the audit requirements specified in 32 C.F.R. 34.16. In accordance with the Class Deviation for the Single Audit Act for For-Profit Assistance Awards, dated 29 June 2018, the audit requirement threshold has been increased to $750,000. If it agrees to do so, Subrecipient should provide the reports to Recipient so that Recipient can resolve audit findings that pertain to the Subaward. If Subrecipient is unwilling to provide the auditor's report to Recipient, Subrecipient must inform Recipient of such at the time of award of this Subaward and Recipient will request from ONR an alternative approach to carrying out audit oversight for the Subaward.

A.1.5 Cost Sharing or Matching Requirements.

a. The criteria governing the allowability as cost sharing or matching of the types of cash or third-party in-kind contributions that Subrecipient may contribute or donate are set forth in 32 C.F.R. § 34.13(a).

b. The methods for determining and documenting the values of those contributions or donations to be counted as cost sharing or matching are set forth in 32 C.F.R. § 34.13(b).

A.1.6 Program Income. In accordance with 32 C.F.R. § 34.14:

a. Recipient shall apply the standards in this paragraph to the disposition of program income from projects financed in whole or in part with Federal funds.

b. Subrecipient shall have no obligation to the Government, unless the terms and conditions of the Subaward provide otherwise, for program income earned:

i. From license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under an award. Note, however, that the Patent and Trademark Amendments (35 U.S.C. Chapter 18), as implemented in § 34.25, apply to inventions made under a research award.

ii. After the end of the project period. If Recipient anticipates that the Subaward is likely to generate program income after the end of the project period, Recipient [will/will not] have an obligation to the Federal Government with respect to such income.

c. If authorized by the terms and conditions of the Subaward, costs incident to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the Subaward.

d. Other than any program income excluded pursuant to subparagraphs (b) and (c) of this paragraph, program income earned during the project period shall be retained by Subrecipient and used in one or more of the following ways, as specified in program regulations or the terms and conditions of the Subaward:

i. Added to funds committed to the project by the DoD Component and Subrecipient and used to further eligible project or program objectives.

ii. Used to finance the non-Federal share of the project or program.

iii. Deducted from the total project or program allowable cost in determining the net allowable costs on which the Federal share of costs is based.

e. If the terms and conditions of the Subaward authorize the disposition of program income as described in subparagraph (d)(i) or (d)(ii) of this paragraph, and stipulate a limit on the amounts that may be used in those ways, program income in excess of the stipulated limits shall be used in accordance with subparagraph (d)(iii) of this paragraph.

f. In the event that the terms and conditions of the award do not specify how program income is to be used, subparagraph (d)(iii) of this paragraph shall apply automatically to all projects or programs except research. For awards that support research, subparagraph (d)(i) of this paragraph apply automatically unless the terms and conditions specify another alternative or Subrecipient is subject to special award conditions, as indicated in 32 C.F.R. § 34.4.

g. Proceeds from the sale of property that is acquired, rather than fabricated, under an award are not program income and shall be handled in accordance with the requirements of the Property Standards (see 32 C.F.R §§ 34.20 through 34.25).

A.2 Property Requirements.

A.2.1 Property Management System. If Subrecipient will be accountable under the Subaward for federally owned property, or Recipient informed Subrecipient that Recipient obtained the grants officer's prior approval for Subrecipient's acquisition of equipment under the Subaward, Subrecipient must comply with 32 C.F.R. §§ 34.22(a) and 34.23. Any reporting required under 32 C.F.R. §§ 34.22(a) and 34.23 shall be provided by Subrecipient to Recipient.

A.2.2 Intangible Property.

a. Assertion of copyright.

i. Subrecipient may assert copyright in any work that is eligible for copyright protection if Subrecipient acquires ownership of it under this Subaward, either by developing it or otherwise.

ii. With respect to any work in which Subrecipient asserts copyright, as described in Subparagraph A.2.2.a.i of this Attachment, DoD reserves a royalty-free, nonexclusive and irrevocable license to:

1. Reproduce, publish, or otherwise use the work for Federal Government purposes; and

2. Authorize others to reproduce, publish, or otherwise use the work for Federal Government purposes.

b. Inventions developed under the Subaward. Inventions developed under the Subaward: Subrecipient must comply with the Governmentwide patent rights award clause at 37 C.F.R. 401.14, with the following modifications:

i. Terminology. Throughout the Governmentwide award clause:

1. Insert the terms "Subrecipient" and "lower-tier subrecipient (or contractor to the Subrecipient or to a lower-tier subrecipient)" to replace the terms "contractor" and "subcontractor," respectively.

2. Insert the terms "Subaward" and "lower-tier subaward (or contract under either the award or a subaward)" to replace the terms "contract" and "subcontract," respectively.

ii. Final report. Add a new subparagraph (f)(5) to read, "Subrecipient must submit a final report listing all subject inventions made under the Subaward or stating that there were none. The final report is due 120 calendar days after the end date of the period of performance unless Subrecipient requests and ONR grants an extension of the due date."

iii. Broadening applicability to all entities. Delete paragraphs (g)(2) and (3) of the Governmentwide clause, redesignate paragraph (g)(1) as paragraph (g), and delete the phrase "to be performed by a small business firm or domestic nonprofit organization" from paragraph (g) as redesignated.

c. <u>Data produced under the Subaward</u>. The Federal Government has the right to:

i. Obtain, reproduce, publish, or otherwise use the data produced under this Subaward; and

ii. Authorize others to receive, reproduce, publish, or otherwise use the data produced under this award for Federal Government purposes.

d. <u>Use and disposition of intangible property acquired, but not developed or produced, under the Subaward</u>.

i. <u>Applicability</u>. This Subparagraph applies to a patent, patent application, copyright, or other intangible property acquired, but not developed or produced, under this Subaward.

ii. <u>Use</u>. Subrecipient:

1. Must use the intangible property for the authorized purpose under this Subaward until the intangible property is no longer needed for that purpose, whether or not that purpose is still being supported by this Subaward.

2. May not encumber the intangible property without the prior approval of Recipient.

iii. <u>Disposition</u>. When the intangible property is no longer needed for the originally authorized purpose, Subrecipient must request, in writing, that Recipient request ONR provide Recipient disposition instructions. Subrecipient shall make such request to Recipient reasonably in advance of the need for the disposition of the intangible property so that Recipient can receive disposition instructions from ONR. Subrecipient shall comply with ONR's disposition instructions.

e. When Subrecipient provides any notice or submits any request to ONR that is required under this Paragraph A.2.2 of this Attachment, Subrecipient shall that same day provide a copy of such notice to Recipient by email to the LIFT Program Manager.

A.2.3 <u>Use and Disposition of Federally-Owned Property</u>.

a. <u>Use</u>. During the time that federally owned property for which Subrecipient is accountable under this Subaward is used for the project or program supported by the Subaward, Subrecipient:

i. Also may make the property available for use on other federally supported projects or programs, but only if that use will not interfere with the property's use for the project or program supported by this Subaward. Subrecipient must give first priority to other projects or programs supported by DoD Components.

ii. May use the property for purposes other than federally supported projects or programs only with the prior approval of Recipient.

b. Disposition. When Subrecipient no longer needs any federally owned property under this Subaward, including any property for which a lower-tier subrecipient is accountable under a subaward made by Subrecipient, Subrecipient shall request, in writing, that Recipient request ONR provide Recipient disposition instructions. Subrecipient shall make such request to Recipient reasonably in advance of the need for the disposition of the federally owned property so that Recipient can receive disposition instructions from ONR, which shall be made at any time during the period of performance if the property is no longer needed for the project or program supported by this Subaward, or at the end of the period of performance. Subrecipient shall comply with ONR's disposition instructions.

A.2.4 Reporting on Property.

a. Federally owned property. The following subparagraphs apply to federally owned property for which Subrecipient is accountable under this Subaward.

i. Annual inventory. Subrecipient must submit annually to Recipient an inventory of federally owned property.

ii. Notifications of loss, damage, or theft. As provided in Paragraph A.2.2 of this Attachment governing Subrecipient's property management system, Subrecipient must promptly notify the award administration office of any loss, damage, or theft of federally owned property.

iii. Requests for disposition instructions. Subrecipient must comply with requirements in Paragraph A.2.3 of this Attachment to request disposition instructions, either during the period of performance or at closeout.

iv. Closeout accounting. Subrecipient's requests for disposition instructions for federally owned property, as described in Subparagraph A.2.4.a.iii of this Attachment, satisfy the need to account for federally owned property at closeout (see Paragraph E.3.1 of the Subaward).

A.3 Procurement Standards for Subrecipient's Lower-Tier Contracts.

A.3.1 In accordance with 32 C.F.R. § 34.31, the following requirements pertain to Subrecipient's procurements funded in whole or in part with Federal funds or with Subrecipient's cost-share or match.

A.3.2 Reasonable cost. Recipient's procurement procedures shall make maximum practicable use of competition, or shall use other means that ensure reasonable cost for procured goods and services.

A.3.3 Pre-award review of certain procurements. Prior to awarding a procurement contract under an award, a recipient may be required to provide the grants officer administering the award with pre-award documents (e.g., requests for proposals, invitations for bids, or independent cost estimates) related to the procurement. Recipients will only be required to provide such documents for the grants officer's pre-award review in exceptional cases where the grants officer judges that there is a compelling need to do so. In such cases, the grants officer must include a provision in the award that states the requirement.

A.3.4 Contract provisions.

a. Contracts in excess of the simplified acquisition threshold shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms, and provide for such remedial actions as may be appropriate.

b. All contracts in excess of the simplified acquisition threshold shall contain suitable provisions for termination for default by the recipient or for termination due to circumstances beyond the control of the contractor.

c. All negotiated contracts in excess of the simplified acquisition threshold shall include a provision permitting access of the Department of Defense, the Comptroller General of the United States, or any of their duly authorized representatives, to any books, documents, papers, and records of the contractor that are directly pertinent to a specific program, for the purpose of making audits, examinations, excerpts, and transcriptions.

d. All contracts, including those for amounts less than the simplified acquisition threshold, awarded by recipients and their contractors shall contain the procurement provisions of Appendix A to this 32 C.F.R. part 34, as applicable.

A.4 Requirements for Subrecipient's Lower-Tier Subawards. Prior to awarding a lower-tier subaward, Subrecipient must submit to Recipient a written request to issue a lower-tier subaward to the prospective lower-tier subrecipient. If Recipient provides Subrecipient written approval to issue a lower-tier subaward, such lower-tier subaward must meet the requirements of this Section A.4.

A.4.1 Distinguishing subawards and procurements.

a. Required Subrecipient determination. For each transaction into which Subrecipient enters with another entity at the next tier below this Subaward, Subrecipient must determine whether the transaction is a subaward or procurement transaction.

b. Considerations in making the determination.

i. The primary purpose of the transaction between Subrecipient and the other entity is the key factor Subrecipient must use to determine whether the transaction is a subaward or procurement transaction.

1. The transaction is a subaward and the other entity, therefore, a subrecipient if the transaction's primary purpose is for Subrecipient to transfer—for performance by the other entity—a portion of the substantive project or program for which Recipient is providing financial assistance to Subrecipient through this Subaward. Subrecipient will continue to be accountable to Recipient for performance of the project or program under the Subaward, including portions performed by any subrecipients.

2. The transaction is a procurement transaction and the other entity therefore a contractor if the transaction's primary purpose is for Subrecipient to purchase goods or services that Subrecipient needs to perform the substantive project or program supported by this Subaward. The distinction from a subaward is the contractor is not performing a portion of the substantive project or program as a result of the transaction.

ii. What Subrecipient calls the transaction is not a factor in distinguishing a subaward from a procurement transaction. If the transaction meets the criterion in subparagraph (b)(i)(1) of this provision, it is a subaward for purposes of the requirements of this award even if Subrecipient calls and considers the transaction a "contract."

A.4.2 Pre-award risk assessment.

a. Before making a subaward to an entity, Subrecipient must perform a risk assessment of the prospective subrecipient, as described in 2 C.F.R. § 200.332(b). OMB guidance in 2 C.F.R. § 200.206(c) provides examples of factors Subrecipient may consider in evaluating risk.

b. As part of the risk assessment under this paragraph, Subrecipient must:

i. Verify that neither the prospective subrecipient nor its principals under the proposed subaward are excluded or disqualified from participating in the transaction, in accordance with requirements in Subpart C of OMB guidance in 2 C.F.R. part 180, as implemented by DoD at 2 C.F.R. part 1125; and

ii. If warranted by risks Subrecipient identifies, determine whether to impose award specific terms and conditions in the subaward to mitigate the risks.

1. These award specific terms and conditions may be in addition to, or differ from, the terms and conditions that this Subaward requires Subrecipient to include in subawards.

2. They may include items such as those listed in OMB guidance in 2 C.F.R. 200.208(c)(1) through (6).

3. Subrecipient's procedures for imposing and removing the additional or different requirements must comply with the procedural guidance in 2 C.F.R. 200.208(d) and (e).

A.4.3 Cost-type Subawards. Subrecipient may not issue fixed-amount subawards without prior written approval from Recipient and ONR. Subrecipient must include the following in any-cost type subaward it makes at the next tier:

a. Informational content.

i. Informational content in general. Subrecipient must include in each subaward (and each subsequent modification to a subaward that alters the amount of the subaward) the information specified in OMB guidance in 2 C.F.R. § 200.332(a)(1), "Federal Award Identification," with the clarifications provided in subparagraphs (a)(ii) through (vii) of this paragraph.

ii. Federal award identification number and award date. The "Federal Award Identification Number" and "Federal Award Date" described in 2 C.F.R. § 200.332(a)(1)(iii) and (iv), respectively, are the award number and award date of the Prime Award. Subrecipient must provide the information in a way that makes it clear that the lower-tier subaward is under Recipient's Prime Award.

iii. Amount of Federal funds obligated.

1. The "Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient" that is described in 2 C.F.R. § 200.332(a)(1)(vi) is either:

A. The amount of Subrecipient's obligation to the lower-tier subrecipient, if the terms and conditions of this Subaward do not require

Subrecipient to provide any cost sharing or matching for the project or program the award supports; or

B. The amount of the Federal share of the lower-tier subaward obligation if this Subaward does require cost sharing or matching, which in that case is the product of:

(i) The Federal share of total project costs under this Subaward, as a percentage of those total project costs; and

(ii) The total amount of project costs obligated for the lower-tier subaward action.

2. Note that the total project costs of the Subaward and lower-tier subaward, as used in subparagraphs iii.1.b.i and ii of this provision, include any cost sharing or matching that Subrecipient or the lower-tier subrecipient provides to meet any cost sharing or matching requirement under this Subaward.

iv. Total amount obligated to the lower-tier subrecipient. The "Total Amount of Federal Funds Obligated to the Subrecipient by the pass-through entity including the current obligation," as described in 2 C.F.R. § 200.332(a)(1)(vii), is the cumulative amount to date of the amounts described in subparagraph (iii) of this provision.

v. Total Amount of the Federal Award. The "Total Amount of the Federal Award committed to the subrecipient by the pass-through entity," as described in 2 C.F.R. § 200.332(a)(1)(viii), is the total amount through the end of the lower-tier subaward that Subrecipient and the lower-tier subrecipient mutually agreed upon, to include: funding obligated to date, any future anticipated funding increments, and any options Subrecipient may exercise in the future.

vi. Federal awarding agency, pass through entity, and awarding official. The "Name of Federal awarding agency" and "pass through entity," as those terms are used in 2 C.F.R. § 200.332(a)(1)(x) are the DoD and the business name associated with Subrecipient's registration in the System for Award Management. In that same paragraph of 2 C.F.R. § part 200, the "awarding official" is the individual in Subrecipient's organization who made the lower-tier subaward.

vii. Indirect cost rate. With respect to the requirement in 2 C.F.R. § 200.332(a)(1)(xiii) for the lower-tier subaward to include the "Indirect cost rate for the Federal award:"

1. The rate the lower-tier subaward must include is the lower-tier subrecipient's rate, whether it is a rate set by negotiation with a Federal Government agency or Subrecipient, or is the de minimis rate described in 2 C.F.R. 200.414(f).

2. Subrecipient is required to include the indirect cost rate only if the lower-tier subrecipient is willing to share that information with Subrecipient and assents that information about its rate is not proprietary. If a lower-tier subrecipient is not willing to share information about its indirect cost rate with Subrecipient, consult Recipient to explore alternative ways to assess the reasonableness of costs of the subaward.

b. Other requirements:

i. Subrecipient must include the provisions of Paragraph A.2 of the Subaward in any lower-tier subaward.

ii. Subrecipient must include the provisions of Attachment B, if the lower-tier subrecipient is an institute of higher education, a non-profit organization, local government, or Indian tribe.

iii. Subrecipient must include the provisions of Attachment C, if the lower-tier subrecipient is a for-profit entity.

iv. Subrecipient must include the provisions of Paragraphs F.1 through F.4 of the Subaward in any lower-tier subaward.

A.5 <u>Records Retention and Access.</u>

A.5.1 <u>Financial Records</u>. Financial records, supporting documents, statistical records, and all other records pertinent to the Subaward shall be retained for a period of three (3) years from the date of submission of the final expenditure report. The only exceptions are the following:

a. If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.

b. Records for real property and equipment acquired with Federal funds shall be retained for three (3) years after final disposition.

c. When records are transferred to or maintained by the DoD Component that made the Prime Award, the 3-year retention requirement is not applicable to the recipient.

d. Indirect cost rate proposals, cost allocations plans, and related records, for which retention requirements are specified in 32 C.F.R. § 34.42(g).

A.5.2 <u>Original records</u>. Copies of original records may be substituted for the original records if authorized by the grants officer.

A.5.3 <u>Transfer of Records</u>. Recipient shall request that Subrecipient transfer certain records to DoD Component custody when it or ONR determines that the records possess long term retention value. However, in order to avoid duplicate recordkeeping, Recipient may make arrangements for Subrecipient to retain any records that are continuously needed for joint use.

A.5.4 <u>Inspection</u>. DoD Components, the Inspector General, Comptroller General of the United States, or any of their duly authorized representatives, have the right of timely and unrestricted access to any books, documents, papers, or other records of Subrecipient that are pertinent to the Subaward, in order to make audits, examinations, excerpts, transcripts and copies of such documents. This right also includes timely and reasonable access to Subrecipient's personnel for the purpose of interview and discussion related to such documents. The rights of access in this paragraph are not limited to the required retention period, but shall last as long as records are retained.

A.5.5 <u>Public Access</u>. Unless required by statute, no DoD Component shall place restrictions on Subrecipient that limit public access to the records of Subrecipient that are pertinent to a Subaward, except when the DoD Component can demonstrate that such records shall be kept confidential and would have been exempted from disclosure pursuant to the Freedom of Information Act (5 U.S.C. § 552) if the records had belonged to the DoD Component making the Prime Award.

A.5.6 Cost Accounting Record Retention. Indirect cost proposals, cost allocation plans, and other cost accounting documents (such as documents related to computer usage chargeback rates), along with their supporting records, shall be retained for a 3-year period, as follows:

a. If Subrecipient is required to submit an indirect-cost proposal, cost allocation plan, or other computation to the cognizant Federal agency, for purposes of negotiating an indirect cost rate or other rates, the 3-year retention period starts on the date of the submission. This retention requirement also applies to lower-tier subrecipients submitting similar documents for negotiation to Subrecipient.

b. If Subrecipient or a lower-tier subrecipient is not required to submit the documents or supporting records for negotiating an indirect cost rate or other rates, the 3-year retention period for the documents and records starts at the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

A.5.7 Computer Data. If the information described in this section is maintained on a computer, Subrecipient shall retain the computer data on a reliable medium for the time periods prescribed. Subrecipient may transfer computer data in machine readable form from one reliable computer medium to another. Subrecipient's computer data retention and transfer procedures shall maintain the integrity, reliability, and security of the original computer data. Subrecipient shall also maintain an audit trail describing the data transfer. For the record retention time periods prescribed in this section, Subrecipient shall not destroy, discard, delete, or write over such computer data.

A.6 Remedies and Termination.

A.6.1 Remedial Actions.

a. Remedies for noncompliance. If Subrecipient materially fails to comply with the terms and conditions of the Subaward, whether stated in a Federal statute, regulation, assurance, application, or notice of award, Recipient may take one or more of the following actions, as appropriate in the circumstances:

i. Temporarily withhold cash payments pending correction of the deficiency by Subrecipient or more severe enforcement action by the Government.

ii. Disallow (that is, deny both use of funds and any applicable cost-sharing or matching credit for) all or part of the cost of the activity or action not in compliance.

iii. Wholly or partly suspend or terminate the Subaward. In the case of termination, Subrecipient will be reimbursed for allowable costs incurred prior to termination, with the possible exception of those for activities and actions described in subparagraph (a)(ii) of this paragraph.

iv. Withhold further awards for the project or program.

v. Take other remedies that may be legally available.

b. Hearings and appeals. In taking an enforcement action by ONR, the grants officer and DoD Component shall provide Subrecipient an opportunity for hearing, appeal, or other administrative proceeding to which Subrecipient is entitled under any statute or regulation applicable to the action involved (see 32 C.F.R. § 34.53 and 32 C.F.R. § 22.815).

c. Relationship to debarment and suspension. The enforcement remedies identified in this section, including suspension and termination, do not preclude Subrecipient from being subject to debarment and suspension under 2 C.F.R. part 1125.

A.6.2 Termination of the Subaward.

a. In accordance with 32 C.F.R. § 34.51:

i. The Subaward may be terminated in whole or in part only in accordance with one of the following:

1. By Recipient, if Subrecipient materially fails to comply with the terms and conditions of the Subaward.

2. By Recipient with the consent of Subrecipient, in which case the two parties shall agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated.

3. By Subrecipient upon sending to Subrecipient written notification setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. Subrecipient must provide such notice at least 30 calendar days prior to the effective date of the termination. However, if Recipient determines in the case of partial termination that the reduced or modified portion of the Subaward will not accomplish the purposes for which the Subaward was made, it may terminate the Subaward in its entirety.

4. By Recipient if ONR terminates the Prime Award in its entirety, or terminates or substantially reduces the funding for the portion of the Prime Award that relates to the Subaward. Such termination shall not constitute a breach of contract.

ii. If costs are allowed under the Subaward, the responsibilities of Subrecipient referred to in 32 C.F.R. § 34.61(b), including those for property management as applicable, shall be considered in the termination of the Subaward, and provision shall be made for continuing responsibilities of Subrecipient after termination, as appropriate.

b. Recipient shall provide Subrecipient with a notice of termination in the event that Recipient unilaterally terminates the Subaward. Upon receipt of the notice of termination, Subrecipient shall immediately discontinue all work pertaining to the Subaward, shall place no additional orders, and, pending Recipient's instructions, shall preserve and protect materials on hand purchased for or committed to the Subaward, work in progress, and completed work both in Subrecipient's facilities and in its suppliers' facilities, and shall dispose of same in accordance with Recipient's instructions.

c. Recipient and Subrecipient remain responsible for the applicable requirements addressed in Paragraphs F.3.1 and F.3.2 of the Subaward regarding closeout, post-closeout adjustments, and continuing responsibilities.

A.6.3 Allowability of Cost in the Event of Suspension or Termination. The criteria that will be used to either allow or disallow Subaward costs are set forth in 32 C.F.R. § 34.52(c).

A.6.4 Claims Arising from Suspension or Termination. In the event of suspension or termination, any claim by Subrecipient for costs incurred under this Subaward must be received within four (4) months after the date of suspension or termination. No termination costs are payable in the event of a termination based on Subrecipient's failure to comply with the terms and conditions of this Subaward. Recipient's total liability for work supported by this Subaward and for any claims, including suspension or termination claims, shall not exceed the federal funds obligated in the Subaward as set forth herein.

ATTACHMENT D

CONTRACT PROVISIONS FOR NATIONAL POLICY REQUIREMENTS

1. Subrecipient must include all applicable contract provisions identified in 2 C.F.R. Appendix II to Part 200 in all contracts under this Subaward.

2. **Patents and inventions**. If Subrecipient procures the services of a nonprofit organization, small business firm, or other entity for the performance of experimental, developmental or research work, Subrecipient must include in the contract the clause prescribed in Subparagraph A.2.2.b of Attachment B or Attachment C, as applicable, to establish contractual requirements regarding subject inventions resulting from the contract and provide for Government rights in those inventions.

3. **Fly America requirements.** In each contract under which funds provided under this Subaward might be used for international air travel for the transportation of people or property, Subrecipient must include a clause requiring the contractor to:

   a. Comply with the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. 40118, also known as the "Fly America" Act), as implemented at 41 CFR 301-10.131 through 301-10.143. The law and regulations provide that U.S. Government-financed international air travel of passengers and transportation of personal effects or property must use a U.S. Flag air carrier or be performed under a cost-sharing arrangement with a U.S. carrier, if such service is available; and

   b. Include the requirements of the Fly America Act in all subcontracts that might involve international air transportation.

4. **Cargo preference for United States flag vessels**. In each contract under which equipment, material, or commodities may be shipped by oceangoing vessels, Subrecipient must include the clause specified in Department of Transportation regulations at 46 CFR 381.7(b) to require that at least 50 percent of equipment, materials or commodities purchased or otherwise obtained with Federal funds under this award, and transported by ocean vessel, be transported on privately owned U.S.-flag commercial vessels, if available.

5. **Prohibition on Using Funds under Grants and Cooperative Agreements with Entities that Require Certain Internal Confidentiality Agreements**. Subrecipient must include the provision provided in Subparagraph E.4.3.l of the Subaward in each contract under this Subaward.

6. **Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment**. Subrecipient must include the provision provided in Subparagraph E.4.3.m of the Subaward in each contract under this Subaward.