

1. We will review each request you submit for prior approval for a budget or program change and, within 30 calendar days of our receipt of your request, we will respond to you in writing to either:

- a. Notify you whether your request is approved; or
  - b. Inform you that we still are considering the request, in which case we will let you know when you may expect our decision.
2. [Reserved]

#### APPENDIX E TO PART 1128—TERMS AND CONDITIONS FOR FMS ARTICLE V, “NON-FEDERAL AUDITS”

Unless a DoD Component reserves Section B, as permitted by §1128.605, a DoD Component’s general terms and conditions must use the following wording for FMS Article V.

##### FMS ARTICLE V. NON-FEDERAL AUDITS (DECEMBER 2014)

*Section A. Requirements for entities subject to the Single Audit Act.* You and each subrecipient under this award that is an institution of higher education, nonprofit organization, State, local government, or Indian tribe must comply with the audit requirements specified in Subpart F of 2 CFR part 200, which is the OMB implementation of the Single Audit Act, as amended (31 U.S.C. chapter 75).

*Section B. Requirements for for-profit entities.* Any for-profit entity that receives a subaward from you under this award is subject to the audit requirements specified in 32 CFR 34.16. Your subaward terms and conditions will require the subrecipient to provide the reports to you if it is willing to do so, so that you can resolve audit findings that pertain specifically to your subaward (*e.g.*, disallowance of costs). If the for-profit entity is unwilling to agree to provide the auditor’s report to you, contact the grants officer for this award to discuss an alternative approach for carrying out audit oversight of the subaward. If the grants officer does not provide an alternative approach within 30 days of receiving your request, you may determine an approach to ensure the for-profit subrecipient’s compliance with the subaward terms and conditions, as described in OMB guidance at 2 CFR 200.501(h).

#### APPENDIX F TO PART 1128—TERMS AND CONDITIONS FOR FMS ARTICLE VI, “COST SHARING OR MATCHING”

Unless a DoD Component reserves FMS Article VI in its entirety, reserves one or more paragraphs within sections of the article, or includes added or alternate wording, as permitted by §§1128.610 through 1128.635, a DoD Component’s general terms and conditions must use the following wording for FMS Article VI.

##### FMS ARTICLE VI. COST SHARING OR MATCHING (DECEMBER 2014)

###### *Section A. Required cost sharing or matching.*

1. If any cost sharing or matching is required under this award, the total amount or percentage required is shown in the award cover pages and included in the approved budget. That cost sharing or matching includes all:

- a. Cash contributions to the project or program either made by or through (if made by a third party) you and any subrecipients.
  - b. Third-party in-kind contributions to the project or program.
2. You must obtain our prior approval if you wish to:

- a. Change the amount or percentage of cost sharing or matching required under this award.
- b. [Reserved]

*Section B. Allowability as cost sharing or matching.* Each cash or third party in-kind contribution toward any cost sharing or matching required under this award, whether put forward by you or a subrecipient under a subaward that you make, is allowable as cost sharing or matching if:

- 1. You (or the subrecipient, if it is a subrecipient contribution) maintain 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.
- 2. The contribution is not counted as cost sharing or matching for any other Federal award.
- 3. The contribution is:
  - a. Allowable under the cost principles applicable to you (or the subrecipient, if it is a subrecipient contribution) under FMS Article III of these terms and conditions; and
  - b. Allocable to the project or program and reasonable.
- 4. 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.

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

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

*Section C. Allowability of unrecovered indirect costs as cost sharing or matching.* You may use your own or a subrecipient’s unrecovered indirect costs as cost sharing or matching under this award. Unrecovered indirect costs means the difference between the amount of indirect costs charged to the award and the amount that you and any subrecipients could have charged in accordance with your respective approved indirect cost rates,

whether those rates are negotiated or de minimis (as described in 2 CFR 200.414(f)).

*Section D. Allowability of program income as cost sharing or matching.* If FMS Article VII of these general terms and conditions or the award-specific terms and conditions of this award specify that you are to use some or all of the program income you earn to meet cost-sharing or matching requirements under the award, then program income is allowable as cost sharing or matching to the extent specified in those award terms and conditions.

*Section E. Valuation of services or property that you or subrecipients contribute or donate.* You must establish values for services or property contributed or donated toward cost sharing or matching by you or subrecipients in accordance with the provisions of this section. These contributions or donations are distinct from third-party in-kind contributions to you or subrecipients, which are addressed in Section F of this article.

1. *Usual valuation of services or property that you or subrecipients contribute or donate.* Values established for contributions of services or property by you or a subrecipient must be the amounts allowable in accordance with the cost principles applicable to the entity making the contribution (i.e., you or the subrecipient), as identified in FMS Article III. For property, that generally is depreciation.

2. *Needed approvals for, and valuation of, property that you or subrecipients donate.*

a. *Types of property that may be donated.*

i. *Buildings or land.* If the purposes of this award include construction, facilities acquisition, or long-term use of real property, you may donate buildings or land to the project if you obtain our prior approval. Donation of property to the project, as described in PROP Article I, means counting the value of the property toward cost sharing or matching, rather than charging depreciation.

ii. *Other capital assets.* If you obtain our prior approval, you may donate to the project other capital assets identified in 2 CFR 200.439(b)(1) through (3).

b. *Usual valuation of donated property.* Unless you obtain our approval as described in paragraph E.2.c of this article, the value for the donated property must be the lesser of:

i. The value of the remaining life of the property recorded in your accounting records at the time of donation, or

ii. The current fair market value.

c. *Approval needed for alternative valuation of property.* If you obtained our approval in the approved budget, you 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 your accounting records at the time of donation.

d. *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 in accordance with PROP Article I of these terms and conditions.

*Section F. Valuation of third-party in-kind contributions.*

1. *General.* If a third party furnishes goods or services to you or subrecipients that are to be counted toward cost sharing or matching under this award, the entity to which the third party furnishes the goods or services (i.e., you or a 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.

2. *Valuation of third-party services.* You must establish values for third-party volunteer services and services of third parties' employees furnished to you or subrecipients as follows:

a. *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 CFR 200.306(e).

b. *Services of third parties' employees.* When a third-party organization furnishes the services of its employees to you or a subrecipient, values for the contributions must be established in accordance with 2 CFR 200.306(f).

c. *Additional requirement for donations to nonprofit organizations.* For volunteer services or services of third parties' employees furnished to a nonprofit organization:

i. OMB guidance in 2 CFR 200.434(e) also applies and may require the nonprofit organization to allocate a proportionate share of its applicable indirect costs to the donated services.

ii. The indirect costs that the nonprofit 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.

3. *Valuation of third-party property.* You must establish values for third-party property furnished to you or subrecipients as follows:

a. *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.

b. *Equipment, buildings, or land donated by third parties.*

i. 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 you or a subrecipient depends on the purpose of the award in accordance with the following: