



TERMS AND CONDITIONS

(COMPETITIVE GRANTS FOR NONPROFIT ORGANIZATIONS PROVIDING SERVICES TO VICTIMS OF HUMAN TRAFFICKING)¹

1. PARTIES

The parties to the Grant Agreement shall be:

- i. The qualified human trafficking service organization awarded funding (“the GRANTEE”);
- ii. The North Carolina Human Trafficking Commission (“the HTC”), which is a State governmental entity established in the North Carolina Administrative Office of the Courts pursuant to N.C. Gen. Stat. § 7A-354;
- iii. The North Carolina Administrative Office of the Courts (“the NCAOC”), which is a State governmental entity within the North Carolina Judicial Branch, which provides administrative and fiscal support services to the HTC.

The GRANTEE, the HTC, and the NCAOC shall be collectively referred to as “the Parties” or individually as “a Party.”

2. TERM

The term of the Grant Agreement shall be from July 1, 2024, through June 30, 2025. Eligible costs incurred during this term may be reimbursed. As provided in Section 22 (Survival), some of the Parties’ duties shall survive the termination of the Grant Agreement.

3. AWARD OF GRANT FUNDS

- a. The HTC shall allocate grant funds to the GRANTEE(the “Grant Funds”) in an amount not to exceed \$50,000 (the maximum annual award per N.C. Gen Stat. § 7A-354.1(c)) for the State fiscal year commencing on July 1, 2024. The source of the Grant Funds is State funding appropriated by the General Assembly under Fund Code 1700.

¹ These Terms and Conditions will be included in the Grant Agreement and are subject to change before the final execution of the Grant Agreement.

- b. The HTC shall disburse the Grant Funds at a minimum in quarterly payments but not more frequently than monthly, after the GRANTEE submits progress performance and expenditure reports described in Section 10.a., below, and expenditures are approved by the HTC for reimbursement. Expenditures may be reported retroactive to July 1, 2024. All quarterly or monthly reports for July 1, 2024 through December 31, 2024 must be received on or before February 1, 2025.
- c. While Grant Funds shall be disbursed on a reimbursement basis, if for any reason, any Grant Funds remain unexpended or unencumbered as of the date the Grant Agreement expires on June 30, 2025 or otherwise terminates, the GRANTEE must promptly return such Grant Funds to the NCAOC for reversion to the Office of State Budget and Management. Pursuant to N.C. Gen. Stat. § 143C-6-23(f1), all unexpended and unencumbered Grant Funds and unexpended and unencumbered interest earned on the Grant Funds must be reverted to the NCAOC no later than August 31, 2025.
- d. This award of Grant Funds is subject to the allocation and appropriation of funds to the HTC and the NCAOC for the purpose set forth below.

4. PURPOSE AND ELIGIBILITY

- a. The Grant Funds shall be used to support GRANTEE’s program providing direct services to victims of human trafficking, as set forth in N.C. Gen. Stat. § 7A-354.1.
- b. The GRANTEE must be eligible to receive the Grant Funds pursuant to N.C. Gen. Stat. § 7A-354.1, which requires that GRANTEE must:
 - i. Be a nonprofit corporation;
 - ii. Provide direct services to victims of human trafficking, which may include case management, client safety, client well-being, and other services, including health, transportation, housing, education, and employment assistance; and
 - iii. Be ineligible for a grant under the provisions of N.C. Gen. Stat. § 50B-9 and N.C. Gen. Stat. § 143B-394.21.
- c. GRANTEE hereby warrants that it meets the eligibility requirements in N.C. Gen. Stat. § 7A-354.1(b).

5. GRANTEE’S DUTIES

- a. The GRANTEE’s Scope of Work, Sub-Grants, and Project Budget (“SOW”) must be attached to the Grant Agreement as Appendix A and shall be incorporated by reference into the Grant Agreement. The GRANTEE is responsible for making any updates to its SOW necessary to reflect the amount of Grant Funds awarded prior to execution of the Grant Agreement. If GRANTEE wishes to modify the SOW during the Grant Agreement term or

before the final close-out of the Grant Agreement, the GRANTEE must submit a revised SOW for HTC's approval. A modification of the SOW shall not require a formal amendment of the Grant Agreement but shall require HTC's written approval.

- b. The GRANTEE agrees to use the Grant Funds in the amounts allocated for the budget cost items set forth in the budget portion of the GRANTEE's SOW. Indirect costs must not exceed the GRANTEE's federal negotiated indirect cost rate ("NICRA") or, if the GRANTEE does not have a NICRA and is eligible to use the *de minimis* indirect cost rate under 2 C.F.R. § 200.414(f), indirect costs must not exceed the *de minimis* rate of ten percent (10%). See 2 C.F.R. § 200.414 (which is part of the Cost Principles incorporated by reference in 09 N.C.A.C. 03M .0201). The GRANTEE must obtain the HTC's written consent in order to reallocate or redistribute between budgeted items in the SOW.
- c. The GRANTEE, if it has not already done so, must provide the following documentation before the HTC allocates any Grant Funds to it:
 - i. Vendor Electronic Payment Form (Office of State Controller);
 - ii. State of North Carolina Substitute W-9 Form (see <https://www.osc.nc.gov/state-north-carolina-sub-w-9>);
 - iii. Conflict of interest policy on the provided form;
 - iv. **Sworn** Statement of no overdue tax debts;
- d. The GRANTEE must comply with all applicable provisions outlined in N.C. Gen. Stat. § 143C-6-22 ("Use of State funds by non-State entities"), N.C. Gen. Stat. § 143C-6-23 ("State grant funds: administration, oversight and reporting requirements"), and 9 N.C.A.C. Subchapter 3M, as well as N.C. Gen. Stat. § 7A-354.1.
- e. The GRANTEE must ensure that any interest earnings on Grant Funds shall be used for the same purposes as the Grant Funds under the Grant Agreement in compliance with N.C. Gen. Stat. § 143C-6-23(j).
- f. The GRANTEE must comply with the cost principles in 2 C.F.R. Part 200, Subpart E, which are incorporated by reference in 09 N.C.A.C. 03M .0201 and thereby made applicable to this grant of State funds to a non-State entity. By way of example and without limitation, those cost principles include:
 - i. Costs must meet the following general criteria in order to be allowable under 2 C.F.R. § 200.403:
 - a) Be **necessary and reasonable** for the performance of the award and be **allocable** thereto under these principles. See also 2 C.F.R. §§ 200.404 and 200.405.
 - b) Conform to any **limitations or exclusions** set forth in these principles or in the award as to types or amount of cost items.
 - c) Be **consistent with policies and procedures** that apply uniformly to both State-financed and other activities of the GRANTEE.

- d) Be accorded **consistent treatment**. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
 - e) Be determined in accordance with **generally accepted accounting principles** (“GAAP”).
 - f) Not be included as a cost or used to meet cost sharing or matching requirements of any other State-financed program in either the current or prior period.
 - g) Be **adequately documented**. See also 2 C.F.R. §§ 200.300 through 200.309 of Subpart E.
 - h) A cost must be **incurred during the approved budget period**.
- ii. Certain costs are unallowable, including by way of example and without limitation:
 - a) Advertising and public relations designed solely to promote the GRANTEE, including promotional items and memorabilia. 2 C.F.R. § 421.
 - b) Alcoholic beverages. 2 C.F.R. § 200.423.
 - c) Bad debts. 2 C.F.R. § 200.426.
 - d) Contributions and donations to other entities. 2 C.F.R. § 200.434.
 - e) Losses on other awards or contracts. 2 C.F.R. § 200.451.
 - f) Expenditures not made to enhance services to victims of human trafficking approved by the Commission pursuant to Section 4.a. and b. of these terms and N.C. Gen. Stat. § 7A-354.1.
- iii. Costs incurred for improvements which add to the permanent value of the buildings and equipment or appreciably prolong their intended life must be treated as capital expenditures . 2 C.F.R. § 200.439. These costs are only allowable to the extent not paid through rental or other periodic agreements. *Id.* Capital expenditures for general purpose equipment, buildings, and land require written approval of the NCAOC and HTC, and this Agreement shall constitute such approval to the extent that the capital expenditures are set forth in the attached SOW.
- iv. Indirect costs must not exceed the GRANTEE’s federal negotiated indirect cost rate (“NICRA”) or, if the GRANTEE does not have a NICRA and is eligible to use the *de minimis* indirect cost rate under 2 C.F.R. § 200.414(f), indirect costs must not exceed the *de minimis* rate of ten percent (10%). See 2 C.F.R. § 200.414.
- g. The GRANTEE and all subrecipients at any tier shall comply with 9 N.C.A.C. 3M.0205 (entitled “Minimum Reporting Requirements for GRANTEE’s and Subrecipients”), a copy which is attached as Appendix B and is hereby incorporated into the Grant Agreement by reference.
 - h. Pursuant to G.S § 143C-6-8, the GRANTEE understands and agrees that its receipt of Grant Funds shall be subject to the availability of appropriated funds.

- i. The GRANTEE shall comply with all other requirements of the Grant Agreement, such as funds management, reporting, records retention, and audit requirements, set forth below.

6. HTC'S AND NCAOC'S DUTIES AND PAYMENT PROVISIONS

- a. The HTC and the NCAOC shall ensure that the Grant Funds are used in compliance with the intent and guidance found N.C. Gen. Stat. § 7A-354.1 and ensure compliance with related State statutes, rules, and financial management standards.
- b. Prior to disbursing any State financial assistance, the HTC and the NCAOC shall:
 - i. Register the grant program funded under N.C. Gen. Stat. § 7A-354.1 with the Office of State Budget and Management in the format and method specified by the Office of State Budget and Management.
 - ii. Execute a Grant Agreement with the GRANTEE that complies with the requirements of 9 N.C.A.C. Subchapter 3M.
 - iii. Report each individual award to the Office of State Budget and Management in the format and method specified by the Office of State Budget and Management.
 - iv. Follow the procedures for disbursement of State financial assistance.
- c. The HTC and the NCAOC are also subject to the following requirements:
 - i. The HTC and the NCAOC will develop a financial and performance reporting document for GRANTEE's use that shall incorporate the requirements of 9 N.C.A.C. 3M.0205 and require the GRANTEE to:
 - a) Certify that Grant Funds received or held were used for the intended purpose.
 - b) Provide an accounting for Grant Funds received, interest earned, and funds expended.
 - c) Provide activities, accomplishments, and performance measures.
 - d) Provide supporting invoices, contracts, or other documentation to support all expenditures of Grant Funds.
 - ii. The HTC and the NCAOC shall conduct financial and performance monitoring related to the Grant Funds and shall ensure compliance with the Grant Agreement.

7. FUNDS MANAGEMENT

- a. The GRANTEE shall expend the Grant Funds in accordance with 2 C.F.R. Part 200, Subpart E (Cost Principles), as required by 09 N.C.A.C 03M.0201 for awards of State funding to non-State entities. See Section 5(f) above for some examples from the Cost Principles.
- b. The GRANTEE must maintain reports and accounting records that support the allowable expenditure of the Grant Funds.

The GRANTEE must manage and account for Grant Funds and interest earned thereon in a separate fund and accounting structure within the GRANTEE's central accounting or

grant management system so that those funds remain separate and apart from the other funds in the possession or control of the GRANTEE.

- c. The GRANTEE must manage all accounts payable disbursements, check register disbursements, and related transactions in a detailed manner that supports fully transparent accounting of all financial transactions associated with the Grant Funds.
- d. Expenditures for travel mileage, meals, lodging and other travel expenses incurred in the performance of the Grant Agreement shall be reasonable and supported by documentation. The Judicial Branch Travel Policy’s rates should be used as guidelines. International travel shall not be eligible under the Grant Agreement.

8. GRANT ADMINISTRATORS

All notices permitted or required to be given by one Party to the other and all questions about the Grant Agreement from one Party to the other shall be addressed and delivered to the other Party’s Grant Administrator. The name, post office address, street address, telephone number, fax number, and email address of the Parties’ respective initial Grant Administrators are set out below. Either Party may change the name, post office address, street address, telephone number, fax number, or email address of its Grant Administrator by giving timely written notice to the other Party. The GRANTEE is also required to provide its Tax Identification Number and its fiscal year end date in the chart below.

GRANTEE and HTC Point of Contact and Other Information	
GRANTEE’S Grant Administrator	HTC’s Grant Manager
Name:	Name: Molly Overholt
Title:	Title: Grants Manager
Address:	Address: P.O. Box 2448 901 Corporate Center Drive Raleigh, NC 27602
Direct Phone:	Direct Phone: (919) 890-1408
Email:	Email: molly.s.overholt@nccourts.org
GRANTEE’s Tax Identification Number:	
Fiscal year end date:	

9. CONTRACTORS AND SUBRECIPIENTS

- a. When the GRANTEE expends Grant Funds, the GRANTEE must determine whether the expenditure is (i) a purchase of services or goods from a **contractor/vendor** or (ii) a subgrant of financial assistance to a **subrecipient**. Making the proper determination of the type of relationship that exists is important because activities performed within financial assistance (grant) relationships/arrangements are generally subject to more oversight and regulatory guidance than activities performed within a vendor (purchase of services) relationship/arrangement. In making the determination of whether a financial assistance or vendor relationship exists, the substance of the relationship is more important than the form of the agreement.
- b. The Office of State Budget and Management has promulgated rules and issued guidance distinguishing between contractors/vendors and subrecipients, including but not limited to the following:
 - i. A contractor or vendor
 - generally provides the goods and services within its normal business operations and to many different purchasers;
 - operates in a competitive environment and once a pre-determined unit price has been established in a contract, usually there is no interest by the purchaser in how the vendor expends funds in meeting the vendor's obligations under the terms of the contract;
 - provides goods or services that are auxiliary to the operation of the program; and
 - is not subject to meeting program compliance requirements.
 - ii. A subrecipient
 - receives funding to carry out or administer a program;
 - may be responsible for determining who is eligible for participation in a program by applying pre-determined eligibility requirements;
 - is responsible for making programmatic decisions and its performance is measured against meeting the program objectives;
 - generally has an interest in how program funds are expended; and
 - has the responsibility for adherence to applicable program compliance requirements.
- c. The GRANTEE shall ensure that subrecipients at any tier have complied with the applicable provisions of 09 N.C.A.C. Subchapter 3M. Failure to comply with such provisions shall be the basis for an audit exception.

See 09 N.C.A.C. 03M .0102(5), (6), and (14) and <https://www.osbm.nc.gov/stewardship-services/grants/fag-state-agencies#how-do-we-differentiate-between-a-grant-and-a-purchase-of-service>.

- d. The GRANTEE must enter a contract with each of its subrecipients of Grant Funds providing that:
 - i. The GRANTEE's direct subrecipient, as well as subrecipients at any tier (i.e., sub-subrecipients, sub-sub-subrecipients, as so on), must comply with all of the GRANTEE's obligations under the Grant Agreement, including without limitation abiding by the provisions of 09 N.C.A.C. Subchapter 3M along with the cost principles in 2 C.F.R. Part 200, Subpart E incorporated therein, as well as providing information in its possession that the GRANTEE needs to comply with 09 N.C.A.C. Subchapter 3M and the cost principles in 2 C.F.R. Part 200, Subpart E; and
 - ii. The NCAOC and the HTC are the intended third-party beneficiaries of the contract between the GRANTEE and its direct subrecipient, and the subrecipient has no agreement with the NCAOC or the HTC. The direct subrecipient must ensure that subrecipients at any tier also enter into such provisions making the NCAOC and the HTC intended third-party beneficiaries.
- e. The GRANTEE shall timely exercise its contract remedies against non-performing subrecipients and shall require subrecipients at any tier to do the same with respect to their subrecipients.
- f. In no event shall the HTC or the NCAOC have any obligations to any subrecipients at any tier.
- g. The GRANTEE shall remain responsible to the NCAOC and the HTC for all of its obligations and responsibilities under the Grant Agreement, notwithstanding whether it has subrecipients or contractors/vendors.

10. POST-GRANT AWARD REPORTING AND DOCUMENTATION REQUIREMENTS

- a. On a quarterly or monthly basis, whichever GRANTEE prefers, the GRANTEE shall submit to the HTC a progress performance and expenditure report within thirty (30) days of the end of the quarter or month. All quarterly or monthly reports for July 1, 2024 through December 31, 2024 must be received on or before February 1, 2025. Expenditures may be reported retroactive to July 1, 2024. Grant Funds shall be disbursed after the Grantee submits a progress performance and expenditure report, and expenditures are approved by the HTC for reimbursement.
- b. On or before August 31, 2025, GRANTEE must submit a complete and final progress and expenditure report in accordance with 09 N.C.A.C. 03M.0205 (entitled "Minimum Reporting Requirements for Recipients and Subrecipients"), a copy of which is attached as Appendix B and incorporated herein by reference.

- c. The HTC shall provide the format and method for reporting. All reports and supporting documents shall include the GRANTEE and all Subrecipient information and shall be submitted via the method to be specified by the HTC and the NCAOC.
- d. The GRANTEE agrees that all program activity and results information reported shall be subject to review and verification. GRANTEE must provide access to work papers, receipts, invoices, and reporting records upon the NCAOC's, the HTC's, or the State Auditor's request.
- e. The GRANTEE shall require any and all Subrecipients and subrecipients at any tier to comply with 9 N.C.A.C. 3M.0205 (attached as Appendix B).

11. MONITORING AND AUDITING

- a. The GRANTEE acknowledges and agrees that, from and after the date of execution of the Grant Agreement and for five (5) years following its termination or the resolution of all audit exceptions (whichever occurs last), the books, records, documents, and facilities of the GRANTEE are subject to being audited, inspected, and monitored at any time by the HTC upon its request (whether in writing or otherwise). The GRANTEE further agrees to provide NCAOC and HTC staff and staff of the North Carolina Office of State Auditor with access to financial and accounting records to support internal audit, financial reporting, and related requirements.
- b. The GRANTEE acknowledges and agrees that such audit and reporting requirements may vary depending upon the amount and source of Grant Funds and are subject to change.

12. AGREEMENT CLOSE-OUT PROCESS

- a. The GRANTEE must submit to the HTC a complete performance and expenditure status report on or before August 31, 2025 in accordance with Section 10.b., above. Unexpended Grant Funds and unexpended interest earned on the Grant Funds should be promptly returned to the NCAOC at this time or upon termination of the Grant Agreement (whichever occurs first).
- b. The GRANTEE will be deemed noncompliant if its final report is not submitted on or before August 31, 2025. Once the complete final performance and financial status report package has been received and evaluated by the HTC and the NCAOC, the HTC or the NCAOC will notify the GRANTEE of the close-out of the Grant Agreement.

13. TAXES

The GRANTEE shall be considered to be an independent contractor for purposes of the Grant Agreement and shall be responsible for all taxes in connection with the Grant Agreement. The GRANTEE agrees to provide the HTC and the NCAOC with the GRANTEE'S correct taxpayer identification number on the chart in Section 8, above. The GRANTEE agrees that a failure to

provide a correct taxpayer identification number authorizes the NCAOC and the HTC to withhold any amount due and payable under the Grant Agreement.

14. GOVERNING LAW AND VENUE

The Grant Agreement shall be governed by the laws of North Carolina without regard to conflict of law principles. The Parties agree that personal jurisdiction and venue for any claim arising out of the Grant Agreement shall be in the North Carolina General Court of Justice located in Wake County, North Carolina.

15. COMPLIANCE WITH LAW

As an independent contractor, the GRANTEE shall be wholly responsible for the SOW to be performed under the Grant Agreement and for the supervision of its employees, agents, and subrecipients at any tier. The GRANTEE shall be responsible for compliance with all laws, ordinances, codes, rules, regulations, licensing requirements, and other regulatory mandates that are applicable to the conduct of its business or performance under the Grant Agreement, including those of Federal, State, and local agencies having jurisdiction.

The GRANTEE acknowledges and agrees that, in its conduct under the Grant Agreement and in connection with any and all expenditures of Grant Funds made by it, it shall comply with the cost principles enunciated in the Code of Federal Regulations, 2 CFR, Part 200, Subpart E. The GRANTEE further acknowledges and agrees that, if Grant Funds awarded hereunder are passed down to one or more subrecipients at any tier, the GRANTEE shall, by contract, ensure that said cost principles are made applicable to and binding upon any and all such subrecipients in their handling, use and expenditure of the funds awarded to the GRANTEE hereunder.

16. NONCOMPLIANCE

- a. If the GRANTEE does not comply with the requirements of the Grant Agreement, the HTC or the NCAOC shall:
 - i. Communicate the requirements to the GRANTEE;
 - ii. Require a response from the GRANTEE upon a determination of noncompliance; and
 - iii. Suspend payments of Grant Funds to the GRANTEE until the GRANTEE is in compliance.

- b. If the HTC or the NCAOC discovers evidence of management deficiencies or criminal activity leading to the misuse of Grant Funds, the HTC or the NCAOC will notify the Office of State Budget and Management and take appropriate actions, such as:
 - i. Suspending payments until the matter has been fully investigated and corrective action has been taken;
 - ii. Terminating the Grant Agreement and taking action to retrieve unexpended funds or unauthorized expenditures; and

- iii. Reporting possible violations of criminal statutes involving misuse of State property to the State Bureau of Investigation in accordance with N.C. Gen .Stat. § 143B-920.
- c. Upon determination of noncompliance with requirements of the Grant Agreement that are not indicative of management deficiencies or criminal activity, the HTC or the NCAOC shall give the GRANTEE sixty (60) days written notice to take corrective action. If the GRANTEE has not taken appropriate corrective action after the 60-day period, the HTC or the NCAOC shall notify the Office of State Budget and Management and take appropriate actions, such as:
- i. Suspending payments pending negotiation of a plan of corrective action;
 - ii. Terminating the Grant Agreement and taking action to retrieve unexpended funds or unauthorized expenditures; and
 - iii. Offsetting any future payments with any amounts improperly spent.

17. INDEMNIFICATION

The GRANTEE agrees to indemnify, defend, and hold harmless the HTC, the NCAOC, the State of North Carolina, and any of their respective officers, agents, and employees, from any claims of third parties arising out of any act or omission of the GRANTEE in connection with the performance of the Grant Agreement.

18. INSURANCE

- a. During the term of the Grant Agreement, the GRANTEE shall provide, at its sole cost and expense, commercial insurance of such types and with such terms and limits as may be reasonably associated with the Grant Agreement. At a minimum, the GRANTEE shall provide and maintain the following coverage and limits:
- i. **Worker's Compensation Insurance:** The GRANTEE shall provide and maintain worker's compensation insurance, as required by the laws of the states in which its employees work, covering all of the GRANTEE's employees who are engaged in any work under the Grant Agreement.
 - ii. **Employer's Liability Insurance:** The GRANTEE shall provide employer's liability insurance, with minimum limits of \$500,000.00, covering all of the GRANTEE's employees who are engaged in any work under the Grant Agreement.
 - iii. **Commercial General Liability Insurance:** The GRANTEE shall provide commercial general liability insurance on a comprehensive broad form on an occurrence basis with a minimum combined single limit of \$1,000,000.00 for each occurrence.
 - iv. **Automobile Liability Insurance:** The GRANTEE shall provide automobile liability insurance with a combined single limit of \$500,000.00 for bodily injury and property damage; a limit of \$500,000.00 for uninsured/under insured motorist coverage; and a limit of \$2,000.00 for medical payment coverage. The GRANTEE shall provide this insurance for all automobiles that are:
 - a) owned by the GRANTEE and used in the performance of the Grant Agreement;

- b) hired by the GRANTEE and used in the performance of the Grant Agreement; and
- c) owned by GRANTEE's employees and used in performance of the Grant Agreement ("Non-Owned Vehicle Insurance"). Non-Owned Vehicle Insurance protects employers when employees use their personal vehicles for work purposes. Non-Owned Vehicle Insurance supplements, but does not replace, the car-owner's liability insurance.

The GRANTEE is not required to provide and maintain automobile liability insurance on any vehicle – owned, hired, or non-owned -- unless the vehicle is used in the performance of the Grant Agreement.

- b. The insurance coverage minimums specified in subsection a. are exclusive of defense costs.
- c. The GRANTEE understands and agrees that the insurance coverage minimums specified in subsection a. are not limits or caps on the GRANTEE'S liability or obligations under the Grant Agreement.
- d. The GRANTEE may obtain a waiver of any one or more of the requirements in subsection a. by demonstrating that it has insurance that provides protection that is equal to or greater than the coverage and limits specified in subsection a. The HTC and the NCAOC shall determine whether such a waiver shall be granted.
- e. Providing and maintaining the types and amounts of insurance or self-insurance specified in this section is a material obligation of the GRANTEE.
- f. The GRANTEE shall only obtain insurance from companies that are authorized to provide such coverage and that are authorized by the Commissioner of Insurance to do business in the State of North Carolina. All such insurance shall meet all laws of the State of North Carolina.
- g. The GRANTEE shall comply at all times with all lawful terms and conditions of its insurance policies and all lawful requirements of its insurer(s).
- h. The GRANTEE shall require its Subrecipients and subrecipients at any tier to comply with the requirements of this section.
- i. The RECIPIENT GRANTEE shall demonstrate its compliance with the requirements of this section by submitting certificates of insurance upon the HTC's request.

19. TERMINATION OF AGREEMENT FOR CONVENIENCE

The Grant Agreement may be terminated by mutual consent upon sixty (60) days written notice to the other Party or as otherwise provided by law. As soon as reasonably possible

following termination of the Grant Agreement, the GRANTEE must transfer any unexpended Grant Funds to the HTC.

20. AMENDMENTS

The Grant Agreement may only be modified in a written amendment executed by authorized representatives of each Party.

21. NO THIRD-PARTY RIGHTS

The Parties do not intend to create in any other individual or entity the status of third-party beneficiary, and the Grant Agreement shall not be construed so as to create such status. The rights, duties, and obligations contained in the Grant Agreement shall operate only by and between the Parties and shall inure solely to the benefit of the Parties.

22. SURVIVAL

The Parties' duties of recordkeeping, monitoring, reporting, and auditing shall survive after the expiration of the term or other termination of the Grant Agreement. Also, the terms and conditions of the Grant Agreement that, by their nature, are intended to survive after termination, such as provisions related to the return of unexpended funds, taxes, indemnification, governing law and venue, noncompliance, no third party rights, severability, no waiver, force majeure, immunities, counterparts and signatures, and the authorized signature warranty, shall survive after the expiration of the term or other termination of the Grant Agreement.

23. SEVERABILITY

If any provision of the Grant Agreement is determined to be invalid under any applicable law, it shall be modified and construed so that it shall be valid, legal, and enforceable to the maximum extent permitted by law.

24. NO WAIVER

Neither the failure nor any delay on the part of a Party to exercise any right, remedy, power, or privilege under the Grant Agreement shall operate as a waiver or prevent any subsequent enforcement of such term or obligation.

25. FORCE MAJEURE

No Party shall be deemed to be in default of its obligations under the Grant Agreement if it is prevented from performing such obligations as a result of events beyond its reasonable control, including without limitation, fire, power failures, any act of war, hostile foreign action, nuclear explosion, riot, civil insurrection, pandemic, earthquake, hurricane, tornado, or other catastrophic natural event or act of God.

26. IMMUNITIES

The NCAOC and the HTC are governmental entities within the State of North Carolina. The NCAOC and the HTC do not waive any immunities (e.g., sovereign, judicial, absolute, public official, or qualified) by entering into the Grant Agreement.

27. COUNTERPARTS AND SIGNATURES

The Grant Agreement may be executed by facsimile or digital signature, and in counterparts, each of which (including signature pages) will be deemed an original, but all of which together will constitute one and the same instrument. To the extent signed in handwriting and then delivered by means of electronic transmission in portable document format ("PDF"), the Grant Agreement shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same force and legal effect as an original signature.

28. AUTHORIZED SIGNATURE WARRANTY

The undersigned represent and warrant that they are authorized to bind their respective principals to the terms of the Grant Agreement.

APPENDIX A
SCOPE OF WORK, SUB-GRANTS, AND PROJECT BUDGET

APPENDIX B
09 N.C.A.C. 03M.0205

09 NCAC 03M .0205 MINIMUM REPORTING REQUIREMENTS FOR RECIPIENTS AND SUBRECIPIENTS

(a) For the purposes of this Subchapter, there are three reporting levels established for recipients and subrecipients receiving State financial assistance. Reporting levels are based on the level of State financial assistance from all funding sources. The reporting levels are:

- (1) Level I – A recipient or subrecipient that receives, holds, uses, or expends State financial assistance in an amount less than twenty-five thousand dollars (\$25,000) within its fiscal year.
- (2) Level II - A recipient or subrecipient that receives, holds, uses, or expends State financial assistance in an amount of at least twenty-five thousand (\$25,000) or greater, but less than five hundred thousand dollars (\$500,000) within its fiscal year.
- (3) Level III – A recipient or subrecipient that receives, holds, uses, or expends State financial assistance in an amount equal to or greater than five hundred thousand dollars (\$500,000) within its fiscal year.

(b) Agencies shall establish reporting requirements for recipients that meet the following reporting standards on an annual basis:

- (1) All recipients and subrecipients shall provide a certification that State financial assistance received or, held was used for the purposes for which it was awarded.
- (2) All recipients and subrecipients shall provide an accounting of all State financial assistance received, held, used, or expended.
- (3) Level II and III recipients and subrecipients shall report on activities and accomplishments undertaken by the recipient, including reporting on any performance measures established in the contract.
- (4) Level III recipients and subrecipients shall have a single or program-specific audit prepared and completed in accordance with Generally Accepted Government Auditing Standards, also known as the Yellow Book.

(c) All reports shall be filed with the disbursing agency in the format and method specified by the agency no later than three months after the end of the recipient's fiscal year, unless the same information is already required through more frequent reporting. Audits must be provided to the funding agency no later than nine months after the end of the recipient's fiscal year.

(d) Agency-established reporting requirements to meet the standards set forth in Paragraph (b) of this Rule shall be specified in each recipient's contract.

(e) Unless prohibited by law, the costs of audits made in accordance with the provisions of this Rule shall be allowable charges to State and Federal awards. The charges may be considered a direct cost or an allocated indirect cost, as determined in accordance with cost principles outlined in the Code of Federal Regulations, 2 CFR Part 200. The cost of any audit not conducted in accordance with this Subchapter shall not be charged to State awards.

(f) Notwithstanding the provisions of this Subchapter, a recipient may satisfy the reporting requirements of Subparagraph (b)(4) of this Rule by submitting a copy of the report required under federal law with respect to the same funds.