

## 31.701

any case exceeds the amount paid in the industry involved under the customary or prevailing practice for firms in that industry providing similar services in the United States, as determined by regulations in the FAR or in an executive agency supplement to the FAR.

(14) Costs of severance pay paid by the contractor to a foreign national employed by the contractor under a service contract performed in a foreign country if the termination of the employment of the foreign national is the result of the closing of, or curtailment of activities at, a United States facility in that country at the request of the government of that country.

(15) Costs incurred by a contractor in connection with any criminal, civil, or administrative proceedings commenced by the United States or a State, to the extent provided in 10 U.S.C. 2324(k) or 41 U.S.C. 256(k).

[48 FR 42301, Sept. 19, 1983, as amended at 42660, Aug. 16, 1995]

### Subpart 31.7—Contracts With Nonprofit Organizations

#### 31.701 Purpose.

This subpart provides the principles for determining the cost applicable to work performed by nonprofit organizations under contracts with the Government. A nonprofit organization, for purpose of identification, is defined as a business entity organized and operated exclusively for charitable, scientific, or educational purposes, of which no part of the net earnings inure to the benefit of any private shareholder or individual, of which no substantial part of the activities is carrying on propaganda or otherwise attempting to influence legislation or participating in any political campaign on behalf of any candidate for public office, and which are exempt from federal income taxation under section 501 of the Internal Revenue Code.

#### 31.702 General.

Office of Management and Budget (OMB) Circular No. A-122, Cost Principles for Nonprofit Organizations, sets forth principles for determining the costs applicable to work performed by

## 48 CFR Ch. 1 (10-1-02 Edition)

nonprofit organizations under contracts (also applies to grants and other agreements) with the Government.

#### 31.703 Requirements.

(a) Contracts which refer to this subpart 31.7 for determining allowable costs shall be deemed to refer to, and shall have the allowability of costs determined by the contracting officer in accordance with, the revision of OMB Circular A-122 in effect on the date of the contract.

(b) Agencies are not expected to place additional restrictions on individual items of cost. However, under 10 U.S.C. 2324(e) and 41 U.S.C. 256(e), the costs cited in 31.603(b) are unallowable.

[48 FR 42301, Sept. 19, 1983, as amended at 60 FR 42661, Aug. 16, 1995]

## PART 32—CONTRACT FINANCING

Sec.

32.000 Scope of part.

32.001 Definitions.

32.002 Applicability of subparts.

32.003 Simplified acquisition procedures financing.

32.004 Contract performance in foreign countries.

32.005 Consideration for contract financing.

32.006 Reduction or suspension of contract payments upon finding of fraud.

32.006-1 General.

32.006-2 Definition.

32.006-3 Responsibilities.

32.006-4 Procedures.

32.006-5 Reporting.

32.007 Contract financing payments.

### Subpart 32.1—Non-Commercial Item Purchase Financing

32.100 Scope of subpart.

32.101 Authority.

32.102 Description of contract financing methods.

32.103 Progress payments under construction contracts.

32.104 Providing contract financing.

32.105 Uses of contract financing.

32.106 Order of preference.

32.107 Need for contract financing not a deterrent.

32.108 Financial consultation.

32.109 Termination financing.

32.110 Payment of subcontractors under cost-reimbursement prime contracts.

32.111 Contract clauses for noncommercial purchases.

32.112 Nonpayment of subcontractors under contracts for noncommercial items.