



SBA Rules for Financial Reporting 13 CFR 124.602 & SBA's Calculation of Annual Receipts 13 CFR 121.104

> \$10,000,000 Gross Receipts

1

Financial Statement Requirements

1. Annual gross receipts > \$10,000,000
2. Must submit **AUDITED** financial statements
3. Prepared by a licensed independent public accountant in accordance with accounting principles generally accepted in the United States of America
4. Within 120 days of the close of the fiscal year

SBA REPORTING REQUIREMENTS

Exceptions to Audited Statements

1. In the 1st year where gross receipts exceed \$10 million, the participant may provide audited balance sheet with income statements and cash flow receiving the level of service required for previous year, review or none depending on sales.
2. SBA District Director may waive requirement for a show of good cause.
3. Unexpected sales growth towards the end of fiscal year that causes unforeseen need for audit or cannot afford the audit or participant < 12 mos

2

SBA DEFINITION OF RECEIPTS

Calculating Annual Receipts

1. RECEIPTS means all revenue in whatever form
2. Received or accrued
3. From sales of products, services, interest, dividends, rents, royalties, fees, commissions, reduced by returns and allowances.
4. Receipts are considered "total income" or "gross income" plus the Cost of Goods Sold as defined by the IRS.

Between \$2,000,000 - \$10,000,000

Financial Statement Requirements

1. Annual gross receipts between \$2,000,000 and \$10,000,000
2. Must submit **REVIEWED** financial statement
3. Prepared by a licensed independent public accountant in accordance with accounting principles generally accepted in the United States of America
4. Within 90 days of the close of the fiscal year

Exceptions to Audited Statements

1. SBA District Director may waive requirement for a show of a good cause.

Receipts - Definitions

1. COMPLETED FISCAL YEAR means a taxable year including any short year as defined as the IRS.
2. PERIOD OF MEASUREMENT
 - a. > 5 complete years, total receipts for 5 recently completed years divided by 5.
 - b. < 5 completed years, total receipts for the period of the concern divided the no. of weeks in business times 52.

< \$2,000,000 Gross Receipts

1

Exceptions to Audited Statements

1. Annual gross receipts less than \$2,000,000
2. Must submit either:
 - a. In-house prepared annual statement
 - b. Prepared by a licensed independent public accountant
 - c. Verified accuracy by an authorized officer, partner, limited liability member or sole proprietor, including signature and date
3. Within 90 days of the close of the fiscal year

2

Exception if one of the years is a short year.