**BUDGETS AND ACCOUNTS**

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**Important Documents** that contain financial requirements and regulations that applies to the SBDC:

1. The Office of Management and Budget (OMB) produces a Code of Federal Regulations (CFR) called the Omni Circular which contains the highest level of regulations that apply to our grant program. [Part 200](http://www.ecfr.gov/cgi-bin/text-idx?SID=5df2a0e40f2d8bd44c95f40d0225a80c&mc=true&node=pt2.1.200&rgn=div5) is the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards which details financial requirements and regulations.
2. In addition to the Omni Circular mentioned above the Small Business Administration (SBA) issues a Program Announcement and Notice of Award which specify more financial requirements for our grant program.
3. Finally, the Colorado SBDC Network issues a [Policy and Procedure Manual](http://www.coloradosbdc.org/director-resources) which details further financial requirement and regulations specific to our network.
4. You will also have to follow your host’s fiscal policies.

**Grant Information**

* The Small Business Administration (SBA) awards a Federal grant to our network through the State Office of Economic Development and International Trade (OEDIT). OEDIT is where the SBDC Lead Center is housed. The “Lead” Center is the State level SBDC office that manages the Sub-centers around the state.
* The SBDC Lead center issues sub-contracts to 14 SBDC centers around the state through the sub-center host organization. For example: OEDIT sub-contracts with the Denver Chamber of Commerce but this effectively is the Lead Center distributing money to the Denver Metro SBDC.
* The SBA Grant must be matched 1:1 and at least 50% of this match must come in the form of Cash.
  + The match is provided by the sub-center hosts and other stakeholders in the program.
* The Grant period runs on a calendar year from January 1st through December 31st.
  + Only current year costs can be reported.
  + All allocated and budgeted funds must be spent down to zero by the end of the year.

**Grant Process**

* SBA provides each state’s funding level and Kelly allocates funds between sub-centers around the state. The budget allocation process takes into consideration a variety of factors including prior SBDC activity, economic impact, service area demographics, staffing levels and availability of matching funds.
* Sub-center budgets are submitted in June.
* The Lead center compiles all network documents and applies for the Federal grant in July.
* SBA issues a Notice of Award and the Lead center issues sub-center contracts or purchase orders. This normally happens in November or December.
* Work for the grant begins January 1st and all costs are paid by the sub-center host organization.
* SBDC program expenditures at the sub-center level are reported to the Lead center on a quarterly basis and are due 15 days after the end of the quarter. The Lead center compiles these reports and submits one report to SBA quarterly.
* The sub-center is reimbursed quarterly for any grant expenditures.
* OEDIT is then reimbursed quarterly from the Feds through SBA.
* Reimbursements are quarterly (fiscal reports only) and narrative/impact reports are semi-annual.

**Budgets**

* There are seven main types of funding for the SBDC program: Grant, Cash Match, In-Kind, Indirect, Program Income, Cash Not Declared as Match, Specialty Programs. These funding sources should each have a separate account or at least an identifying code in the hosts accounting system to ensure they are tracked separately from other programs.
  + Grant: These are funds awarded by the Lead center from the SBA grant.
  + Cash Match: Funds provided by the host and other stakeholders in the program. Must be at least 50% of the grant funding. The source of these funds cannot be other Federal Grants, except for CDBG (Community Block Development Grant).
  + In-Kind Match: Non-cash contributions to the program such as office space, volunteer time, etc. This amount must make up the remaining portion of the 1:1 match for the Grant.
  + Indirect: Overhead costs that the center can count as in-kind. Requires a Federal Indirect Cost Rate Agreement from the host.
  + Program Income: Funds earned by the center through workshops, conference, trainings, etc. These funds can be rolled over from one year to the next and do not need to be spent down.
  + Cash Not Declared as Match: Any donations or sponsorships from organizations outside of the host organization. Expenses charged to this account will be counted as Cash Match unless they do not meet the guidelines of the Federal Grant. Any balance in the account can be rolled over to future years.
  + Specialty Programs: Sometimes the SBDC receives funds for specialty programs (Disaster, Procurement, Economic Gardening, etc.) We track these funds on separate reports.
* Budget / Expense Categories:

Expenses

* + Personnel (P): Salary payments. Time sheets must be kept for all employees paid by the SBDC. The template must detail 100% of their time and which program they worked on.
  + Fringe (F): Benefits related to salary.
  + Travel (T): Mileage, hotel, per diem, etc. Meals related to travel are not included unless they are covered with per diem.
  + Equipment (E): We do not use this category. It is for purchases above $5K.
  + Supplies (S): Computers, paper, ink, copies, pens, stamps, etc.
  + Contractual (K): Temporary services that usually relate to a project. For example, you hire someone to create a new website for your center.
  + Consultants (C): 1099 counselors that are paid hourly or volunteer their time.
    - Standard network rate is $35/hr. You may go up to $50/hr without approval. Over $50/hr must have Kelly’s approval and 3 quotes from other consultants in the area that provide similar services.
  + Other (O): Items that don’t fit in the categories above. Examples include: advertising, conference fees (ASBDC), subscriptions, dues, office space, etc.
  + Indirect (I): Calculated using a Federal Indirect Cost Rate Agreement.
  + Leading Edge Sponsorship Expenses (LESE): If Leading Edge expenses exceed the Leading Edge grant, the excess expenses are recorded in this category.

Income

1. Training (T): Workshop attendee fees collected.
2. Sale of Books (S): Sometimes centers sell books for a training they are offering. This is usually a wash as we don’t sell the books for more than we buy them for.
3. Advertising (A): Not common - Any advertising fees collected. For example, resource partners advertising in our Resource Guide and we collect fees from them.
4. Research Work (R): Not common - Fees collected for research done by the SBDC for another organization.
5. Trade Show (D): Attendee fees related to a conference or trade show put on by the SBDC.
6. Leading Edge Training & Sponsorships Revenue (LESR): Sponsorships related to a Leading Edge course should be reported here.
7. Other (O): Sponsorships related to any trainings other than Leading Edge.

* SBA Budget Template
  + Summary Page: Only fill in section 6 with totals from Justification page.
    - Do not fill in Program Income estimate.
  + SBA Budget Justification: Fill in detailed description for each category and amounts in the each of the funding type columns (SBA = Grant, Cash Match, In-Kind).
    - Personnel Section is auto populated from the table at the bottom of the sheet.
    - Indirect is only filled in where the indirect columns meet.
    - Do not mess with any of the formulas.
    - Remember to copy down the sum formula in column J.
  + Cash Match: Breakout all sources of non-grant funding for the center.
    - Only enter amounts that are guaranteed in the Cash Match section.
    - Amounts entered as Cash Match sources must be spent down by year end.
    - Potential sponsors/donors to the program or funds that you might want to roll into next year should be recorded in the Cash Not Declared as Match section.
  + Milestone Justification: Objectives and goals are recorded here. Jobs created, Long Term Clients, Capital Formation, and Business Starts are passed down from SBA and are negotiated with Kelly. The rest of the goals are up to the sub-center Director to determine and should be based on historical impact.

**Quarterly Reports**

* Late reports will delay reimbursement and can result in penalties that reduced reimbursements.
* Use the general ledger from your host organization to create the SBDC quarterly reports.
* Tick the general ledger to label each expense to a funding source and category. For example, a hotel charge should be labeled (T) for travel and Grant, Cash Match, or Program Income, etc.
* Once the entire general ledger has been ticked, the categories should be totaled and this amount is what you record on the SBDC report.
* Only current year expenditures can be reported, if prior / subsequent period expenses show up on the current general ledger label them with a note.
* Any in-kind your center reports must have backup. The most common examples:
  + Office space: Square footage of SBDC space, market analysis and square footage rate for a similar space in your area.
  + Consultants: Signed invoice with dates and times of consulting and an hourly rate. Hourly rate restrictions for normal consultants apply to volunteers. You can count the difference between what you pay a consultant and their hourly rate as long as it falls within the rate restrictions. For example, you pay an accountant $35/hr for SBDC consulting but they normally charge $50/hr. You can count $15/hr as in-kind consulting as long as the consultant documents this on their invoice.
* Cash Not Declared as Match (CNDM) is not reported to SBA. It has three sections and works a little different from other sources of funds.
  + Income: Any sponsorships or donations not related to a training
  + Funds in this account are used for cash match when they are expensed: Any expenses paid from this account that meet the guidelines and regulations of the Federal Grant will be counted as Cash Match. These will be ticked as Cash Match but are actually paid from the CNDM account.
  + CNDM Expense Category: Any expenses that don’t meet the Federal guidelines and regulations should be reported in this section. Most expenses that don’t meet the Federal requirements must have Kelly’s prior approval. For example, the sub-center staff are taken out to lunch for staff appreciation. This is not allowed by the Federal grant guidelines but is an acceptable and reasonable expense. Since it is not allowed to hit any account reported to SBA, it should be recorded in CNDM.

**Financial Reviews and Audits**

* All sub-centers are required to go through a financial review preformed by the Lead center every two years. This is an informal review in the sense that it does not follow GAAP regulations but is meant to take a deeper look into the financial procedures and reporting of the sub-center.
* SBA performs financial reviews every three years but does not review every center in our network so there is no certainty how often this will occur for your sub-center.
* The Inspector General (IG) has begun reviewing some SBDC programs around the country so there is a possibility they could come to Colorado.
* Financial records should be kept on file for three years before they are destroyed. This includes backup for all transactions – receipts, invoices, meeting notes, check copies, etc.

**Request for Proposal**

* For sub-centers that are hosted by a non-state entity, a Request for Proposal process must be done every five years.
* This means that the program host is put up for bid and any organization can apply to be the host. In most cases the existing host wins the bid and continues hosting the program.