

CDC Annual Report Review Guide

Below are the general items that SBA Form 1253 requires in the CDC Annual Report. This listing is an internal guide and intended only as a guide for reviewing the Annual Report. If there is a conflict between this guide and SBA's policies and procedures then SBA's policies and procedures shall prevail.

- Were the financial statements audited? (*See Notice 5000-787*)
- Is the basis of accounting GAAP and was the Opinion Unqualified?
- If not Audited, what was the basis for preparation? Was there adequate detail to form an opinion? Were the operations subsidized?
- Was the SBA Form 1253 completed correctly?
- Did they include the number of jobs created and the number of jobs retained?
- Did they meet the jobs per \$50,000 requirement?
- Does the CDC contract for staff?
- Was the contract pre-approved by the District Office?
- Is the contractor an officer or manager of the CDC? Does the contractor sit on the Board of Directors in violation of §120.824(f)?
- Does the contract comply with Notice 5000-787? (*See Professional Services Contract Guide*)
- Is the Economic Development Strategy included in the Annual Report?
- Are there 25 members as required by §120.822? Are staff members required to meet the 25 member requirement? Use of staff to fill the membership requirement is not permitted.
- Does the structure of the Board of Directors (BOD) comply with §120.823?
- Was the Director with loan experience present for actions on loans?
- Did the BOD minutes contain information on loans discussed or acted upon?
- Was the BOD meetings held at least quarterly (§120.823)?
- Was a quorum present at the BOD meetings (§120.823)?
- Was the statement as to changes to the CDC structure, or a statement that no changes are required, included?
- Was the statement as to legal actions, or a statement that there was no involvement in legal proceedings, included?

If you have any questions regarding these issues, please contact your local SBA office.