



CERTIFIED DEVELOPMENT COMPANY (CDC) ANNUAL REPORT GUIDE

CDCs are required to submit an Annual Report on their operations to SBA in accordance with [13 CFR §120.830](#). An Annual Report must be submitted within 180 calendar days after the end of the CDC's fiscal year. Failure to submit an Annual Report—in full or in part—within 180 calendar days may result in supervisory or enforcement actions by SBA.

WHAT TO SUBMIT

CDCs must provide details and documentation as outlined in Sections 1-5 of this form (SBA Form 1253). CDCs must report on every item within each Section of the guide. For consistency in reporting, please use Appendices A through E to provide the required information for each section. Sections and sub-sections that do not apply to the CDC must be noted as "Not Applicable" as described in the Appendices. For Annual Reports submitted as a single document, CDCs must arrange the Sections in the following order:

Section 1: Economic Development Report

(Appendix A: [Economic Development Report Template](#))

Section 2: Financial Report

(Appendix B: [Financial Report Template](#))

Section 3: Operations Report

(Appendix C: [Operations Report Template](#))

Section 4: Compensation Report

(Appendix D: [Compensation Report Template](#))

Section 5: Job Opportunity Analysis Report

(Appendix E: [Job Opportunity Analysis Template](#))

HOW TO SUBMIT

CDCs must submit an Annual Report via one of the following two methods:

CDC Online (Recommended): The Annual Report should be submitted through the Corporate Governance Repository, which is located on the [Capital Access Financial System](#) under the CDC Online function. The Corporate Governance Repository does not have email size limitations and documents submitted are accessible by multiple SBA Offices.

Email: The Annual Report may also be submitted by emailing the Office of Credit Risk Management at cdcannualreports@sba.gov. CDCs may need to separate the electronic file into multiple attachments to avoid SBA email size limitations.

DELEGATED AUTHORITY RENEWAL REQUESTS

CDCs with Premier Certified Lender Program (PCLP) and/or Accredited Lender Program (ALP) status that will expire within 120 days of the due date of the Annual Report may include the request for renewal with this report. The CDC may be required to submit additional documentation or updated information to complete the renewal process. CDCs requesting Delegated Authority renewal with the Annual Report submission must complete [Appendix F: Delegated Authority Renewal Template](#).

PLEASE NOTE: The estimated burden for this collection of information is 28 hours. You are not required to respond to any collection of information unless it displays a currently valid OMB approval number. Comments or questions on the burden estimate or suggestions to improve the guide—should be sent to U.S. Small Business Administration, Director, Records Management

Division, 409 3rd St., SW, Washington, DC 20416 and/or SBA Desk Officer, Office of Management and Budget, New Executive Office Building, Room 10202, Washington, DC 20503

ANNUAL REPORT REQUIREMENTS

Section 1 Economic Development Report

A. Investment in Economic Development

The 504 Loan Program was authorized by Congress under Title V of the Small Business Investment Act of 1958 to foster economic development and to create or preserve job opportunities in both urban and rural areas by providing long-term financing for small business concerns. [13 CFR §120.825](#) maintains that any funds generated from 504 loan activity by a CDC remaining after payment of staff and overhead expenses must be retained by the CDC as a reserve for future operations or for investment in other local economic development activity in its Area of Operations. Further, [13 CFR §120.823](#) requires a CDC's Board of Directors to be actively involved in encouraging economic development, to include ensuring that the CDC invests in each of the States in its Area of Operations in which it has a 504 portfolio, and to approve each investment.

Investments in economic development should support the community development or public policy goals of the 504 program as established in [13 CFR §120.862\(a\)](#) & [\(b\)](#).

[13 CFR §120.830\(a\)\(4\)](#) requires the CDC to report on investments in economic development in each State in which the CDC has an outstanding 504 loan. This report must include details of the CDC's participation in non-SBA lending as well as non-lending programs (including monetary and in-kind investments). The Economic Development Report must include the following four assessments:

- A Summary of Economic Development for the Fiscal Year
- Details of Participation in Other (Non-504) Lending Programs
- Details of Participation in Non-Lending Programs - Monetary Investment
- Details of Participation in Non-Lending Programs - In-Kind Investment

See Appendix A: [Economic Development Report Template](#) for reporting and submission guidelines.

Section 2 Financial Report

A. Audited or Reviewed Financial Statements

[13 CFR §120.826\(c\)](#) requires the CDC to have its financial statements audited or reviewed, as generally determined by the CDC's 504-loan portfolio balance at fiscal year-end, in accordance with generally accepted auditing standards and conducted by a qualified and independent certified public accountant that meets the qualifications established in [13 CFR §120.826\(d\)](#).

[13 CFR §120.830\(a\)](#) requires an Annual Report within one hundred-eighty days after the end of the CDC's fiscal year (to include Audited/Reviewed Financial Statements and Federal tax returns for that year). Draft reports are not acceptable. Failure to submit accurate and timely financial reports may result in supervisory or enforcement actions.

The CDC must include financial statements which must include, at a minimum, the following:

- Audit/Review Engagement Letter
- Balance Sheet/Statement of Net Assets
- Income Statement/Statement of Activities
- Statement of Cash Flow

- Such footnotes as are necessary to an understanding of the financial statements
- Auditor's letter to management on internal control weaknesses (audited reports only)
- Auditor's report (for audited reports) or accountant's review report (for reviewed reports)

The CDC must also provide evidence of its Board's acknowledgement of the audited or reviewed financial statements.

B. Other Reports

1. Federal Tax Returns - The CDC must provide the applicable Federal tax return for the annual reporting period, along with evidence that the return was filed with the IRS or an extension to file was granted by the IRS. Note: The CDC must provide the form that is required by the IRS to be filed (e.g. Form 990, Form 990-EZ, Form 990-N, Form 1120, or Form 480.70), including all schedules. Draft tax returns or completed forms that have not been submitted to the IRS should not be included in the Annual Report submission. Where IRS has granted an extension, the CDC must provide proof of the extension and provide a copy of the tax returns to SBA once submitted.
2. Affiliate and Subsidiary Financial Statements - The CDC's report must include audited or reviewed financial statements for all subsidiaries and affiliates, as determined by [13 CFR §121.103](#). A list of all affiliates must be included with the CDC's Annual Report.
3. 504-Related Income/Expenses - If the Income Statement/Statement of Activities does not include a breakdown of 504-specific income and expense amounts—or if it does not provide a breakdown satisfactory to SBA (see Appendix B - Section B3)—the CDC must provide a separate statement of 504-related income and expenses. For Multi-State CDCs, a separate statement of 504-related income and expenses is required for each State.
4. 159 Reporting - SOP 50 10 requires CDCs to upload a copy of the completed SBA Form 159 into the Corporate Governance Repository within 30 calendar days after the debenture is funded. The form must be signed by all applicable parties and must include any required supporting documentation. A separate Form 159 must be completed for each application when an Agent provides services to an Applicant in connection with multiple applications. CDCs are required to retain both an original signature version of the form and all supporting documentation in their files for compliance review purposes. The CDC must provide a complete list of all SBA Form 159 Disclosure Form and Compensation Agreements executed for the annual reporting period.

C. CDC Insurance

[13 CFR §120.823\(e\)](#) requires the CDC to obtain and maintain Directors' and Officers' Liability and Errors and Omissions (D&O/E&O) insurance in form and substance satisfactory to SBA. CDCs must provide a copy of the D&O/E&O insurance policies that meet the following requirements:

- Provide evidence of coverage currently in-force. Expired policies will not be accepted, as CDCs must provide evidence of continuous coverage.
- Provide the minimum amounts of coverage required by SBA based on the CDC's annual revenues—as reported in the CDC's Annual Report for its most recent fiscal year, and in accordance with the sliding scale provided in SOP 50 56 CDC Insurance.

- Include an endorsement covering the CDC's Board members, committees, staff members, and contractors engaged in the 504-loan approval, closing, servicing, and liquidation processes.
- Include a declaration that SBA will receive at least 20 days prior notice of a lapse in coverage, failure to renew, or cancellation.
 - Notice must be addressed to the Director of Office of Credit Risk Management at cdcannualreports@sba.gov.

Where the policies are not described as D&O or E&O but offer the required coverage, the CDC should highlight the sections of the endorsement that meet the requirements as outlined above.

See Appendix B: [Financial Report Template](#) for reporting and submission guidelines.

Section 3 Operations Report

A. Board of Directors and Committee Members

[13 CFR §120.823\(a\)](#) & [\(b\)](#) require the CDC to have a Board of Directors with a minimum of seven voting Directors who live or work in the CDC's area of operations. The CDC's Board must have Directors with a background and expertise in internal controls, financial risk management, commercial lending, legal issues relating to commercial lending, corporate governance, and/or economic, community or workforce development. At least two voting directors, other than the CDC manager, must have expertise in commercial lending. Further, when the Board votes on SBA loan approval or servicing actions, at least two voting Board members, with such commercial lending experience, other than the CDC manager, must be present and vote.

Separate Committee(s)/Multi-State CDC:

[13 CFR §120.823\(d\)\(4\)](#) authorizes the CDC to establish an Executive Committee or Loan Committee(s) with Delegated Authority from the Board, subject to specified restrictions and under its oversight. If the Board of Directors establishes a Committee, all members must live or work within the CDC's area of operations. Further, the Executive Committee must meet the same organizational and representational requirements as the Board of Directors, except that it must have a minimum of four voting members who must be present to conduct business. Loan Committees are not bound by the same organizational and representational requirements as the Board; however, they must comprise individuals with expertise in financial risk management, commercial lending, or legal issues relating to commercial lending and must not contain any CDC staff, manager, or person associated with another CDC. Additionally, when voting, Loan Committees must ensure there is no conflict of interest, real or perceived, and must maintain a quorum of at least four members, with at least two possessing commercial lending expertise.

1. The CDC must provide a complete list of all directors who are serving on its Board, Executive, and Loan Committees as of the CDC's fiscal year end and identify each Director's area(s) of expertise, voting status, and committee membership as detailed in Appendix C.
 - i. For a Multi-State CDC without a separate loan committee, the CDC must identify a minimum of two directors who live or work in the expansion State. Any Project considered by the CDC which does not have a separate Loan Committee for the

expansion State must have at least two members who live or work in the State for which the Project is located voting on the Project under consideration.

B. Board and Committee Meeting Minutes

[13 CFR §120.823\(c\)](#) requires the CDC Board of Directors to meet at least quarterly, with a quorum of at least 50% of its voting membership. The CDC must maintain signed minutes of all meetings of members, stockholders, directors, executive committees, and other officials in a manner permitting their immediate availability to SBA at its request. Minutes must include the names of the Board members present at each meeting and should be signed by an Officer who is not an employee of the CDC.

1. The CDC must provide a complete collection of all Board, Executive, and Loan Committee meeting minutes for the fiscal year, along with the following supporting documentation:
 - i. A summary listing of all CDC Board, Executive, and Loan Committee meetings for the fiscal year as detailed in Appendix C.

C. Certification of Board of Directors

As required by [13 CFR §120.830\(a\)\(3\)](#), the CDC must provide a signed statement from each Board member certifying that they have read and understand the requirements set forth in [13 CFR §120.823](#). This certification must be signed, dated, and submitted, annually.

D. Organizational Structure and Staff List

[13 CFR §120.824\(b\)](#) requires the CDC to have a full-time professional staff qualified by training and experience to market the 504 Loan Program, package and process loan applications, close loans, service, and, if authorized by SBA, liquidate the loan portfolio, and to sustain a sufficient level of service and activity in its Area of Operations.

1. The CDC must provide a current organizational chart which visually represents the structure of the CDC and the relationship amongst all personnel and departments and any affiliates and/or subsidiaries.
2. The CDC must provide a comprehensive list that includes the following details for all personnel conducting activities at the CDC: name, position title (including any CDC office held), nature of employment (full-time, part-time, contractor), years of 504 experience, indication of whether Character Determination Clearance from SBA is in employee records, and an indication of the employees' functional area(s) of responsibility (i.e., marketing, packaging, processing, closing, servicing, liquidation, or management).
 - i. The CDC may include this information in the organizational chart in lieu of a separate listing but must address all data elements for an acceptable submission.

E. Disclosure of Close Relatives

The CDC must identify any relationships that are defined as "close relatives" per [13 CFR §120.10](#), between a Director, Committee Member, or CDC Manager and any employee or contractor, or between a Director/Committee Member and the CDC Manager.

F. Affiliations

The CDC must identify and disclose all affiliates of the CDC. Affiliation is determined in accordance with [13 CFR § 121.103](#). Generally, affiliation is determined when one party

controls or has the power to control the other, or a third party or parties controls or has the power to control both. Control may be affirmative or negative—for instance, when a minority voting position is able to block an action of another party. It does not matter whether control is exercised, so long as the power to control exists. Affiliation can also arise based on a common identity of interest, where individuals or organizations can have identical or substantially identical business or economic interests that may be treated as one party, with such interests aggregated.

G. Professional Services Contracts

[13 CFR §120.824\(c\)](#) and SOP 50 10 requires the CDC to obtain pre-approval of a professional service contract by the Director of Financial Assistance prior to engaging the services of a contractor for any of the following functions: Managing, Marketing, Packaging, Processing, Closing, Servicing, Liquidating, Legal Services in connection with loan liquidation or litigation, Independent Loan Reviews to be conducted by another CDC, or for Co-employment contracts. Note: Contracts must be submitted to the Office of Financial Assistance (OFA) at least 60 days prior to the date for which the CDC intends to engage or renew the contractor's services, in accordance with SOP 50 10.

1. The CDC must provide a list of all contracts that are applicable to 13 CFR §120.824 and that are in effect during the reporting period, regardless of SBA approval status.
 - i. Contracts that have not been previously approved by SBA must be submitted separately to the OFA at 504Requests@sba.gov to request review/pre-approval prior to the start of each contract term, as required by SOP 50 10. The submission of a copy of the contract in the CDC's Annual Report DOES NOT constitute submission of the contract to OFA for review/pre-approval.
 - ii. If the contract was previously submitted for approval to OFA but no approval has yet been provided, the CDC must provide evidence of submission (e.g. copy of email) with the Annual Report.

H. Legal Certifications

[13 CFR §120.830\(c\)](#) & [\(d\)](#) require a CDC to report any changes in organizational status or involvement in legal proceeding to SBA.

1. The CDC must provide a statement, signed and dated by the CDC's Legal Counsel no earlier than the CDC's fiscal year end, that certifies each of the following for the reporting period:
 - i. That no changes have been made to the CDC's legal structure, legal name, articles of incorporation, by-laws, or fiscal year for the reporting period. If an applicable change has been made, the statement must detail the change(s) made, the date of change(s), the date SBA was notified, the name of the individual and the SBA office the notification was sent, and an affirmative statement indicating that no further changes have been made to the other reportable items for the reporting period.
 - ii. That the CDC is in good standing in all States in which it conducts business, to include all required filings, taxes, and legal obligations required to transact business in the State(s).
 - iii. That the CDC has not been a party to any legal proceedings for the reporting period or that SBA has been adequately notified, as established in SOP 50 56 Section B, Ch. 1, E.,

of all legal proceedings that the CDC has been or is involved with for the applicable reporting period as a plaintiff or defendant, including: a summary description of the legal proceedings; the date that SBA was notified; and the name of the individual and the SBA office to which the notification was sent.

I. Ownership and Control.

[13 CFR §120.816](#) requires a CDC to be a non-profit corporation with membership and control restrictions. For-profit CDCs certified by SBA prior to January 1, 1987, were allowed to remain in the program.

1. *Non-profit CDCs* - 13 CFR §120.816(d): If the CDC has a membership and the members are responsible for electing or appointing voting directors to the CDC's Board of Directors, no person or entity can control more than 25 percent of the CDC's voting membership. If the CDC's members are responsible for electing or appointing voting directors to the CDC's Board of Directors, the CDC must provide a list that identifies each member and the entity that the member represents, or indicate that the member is serving in their individual capacity.
2. *For-profit CDCs* - 13 CFR §120.818(b), prohibits any person or entity from owning or controlling more than 25 percent of a for-profit CDC's stock. A for-profit CDC must provide a list of each owner of stock, the percentage of ownership, and the date that the stock was acquired.

J. Independent Loan Review Package

[13 CFR §120.826\(b\)\(3\)](#) and SOP 50 56 requires the CDC to establish a Board-approved internal control policy which directs the operation of a program to review and assess the CDC's 504-related loans at a minimum of every two years (unless otherwise directed by OCRM), referred to as an "Independent Loan Review" or "ILR". Guidance for Independent Loan Reviews is available on SBA's website at [Independent Loan Review Guide](#).

1. The CDC must include an Independent Loan Review Package which evidences the last fully completed loan review conducted by the CDC.
 - i. Loan files must be reviewed for all categories as described in the Independent Loan Review Guide, and the final written report must be presented as outlined in the guide. A complete ILR Package includes management's plan to remedy findings noted in the report, along with Board approval of both the report and management's plan. Failure to adhere to SBA guidelines may result in a rejected Independent Loan Review submission or request for additional loan reviews.

See Appendix C: [Operations Report Template](#) for reporting and submission guidelines.

Section 4

Report on Compensation

[13 CFR §120.830\(a\)\(2\)](#) requires CDCs to provide detailed information on total compensation paid within the CDC's most recent tax year for current and former officers and directors, and for current and former employees and independent contractors with total compensation of more than \$100,000 during that period. Note: Submission of IRS Form 990 may not serve as a substitute for the CDC's report on compensation.

See Appendix D: [Compensation Report Template](#) for reporting and submission guidelines.

Section 5

Job Opportunity Analysis

The 504 Loan Program was authorized to create or preserve job opportunities via long-term financing for small business concerns. [13 CFR §120.861](#) requires each 504 project to result in one Job Opportunity per an amount of 504 loan funding as specified by SBA from time to time in a Federal Register notice, and a CDC's portfolio must maintain this average per [13 CFR §120.829](#).

Definitions:

Job Opportunity: ([13 CFR §120.802](#)) A full-time (or equivalent) permanent job created within two years of receipt of 504 funds, or retained in the community because of the 504 loan. Part-time or temporary jobs can be converted into “full-time equivalent” (FTE) jobs utilizing the following formula: Cumulative Hours Worked per Year / 2,080 = FTE

Job Created: (SOP 50 10) A full-time (or equivalent) permanent or contracted employment created within 2 years of financing. For reporting purposes, jobs created is the number of full-time or full-time equivalent employees that the small business borrower expects to gain (estimated) or gains (actual) because of the project. Actual Jobs Created is calculated by using the pre-project employment reported on SBA Form 1244 and subtracting that amount from the total number of employees reported at the borrower’s 2-year funding anniversary.

Job Retained: (SOP 50 10) A job that otherwise would be lost to the community if the project was not done. An existing job should not be counted as a “Job Retained” unless the job is at risk of being lost if the project is not done. The CDC must be able to reasonably show that the job would be lost to the community if the project was not done.

Actual Jobs Retained is calculated by using the estimated jobs retained reported on the SBA Form 1244 and comparing the pre-project employment to the total number of employees reported at the borrower’s 2-year funding anniversary. CDCs must not report Jobs Retained if there was no retention goal included in SBA Form 1244. As an example, for a borrower that reported pre-project employment of 10 employees on SBA Form 1244 and indicated a job retention goal of five employees, if at the 2-year anniversary the borrower has 10 employees, the actual jobs retained is five. If the borrower reported six employees at the 2-year anniversary, the CDC should only report one job retained.

Job Opportunity requirements are as follows:

1. A Project must create or retain one Job Opportunity per \$90,000 guaranteed by SBA except that, in the case of a Project of a small manufacturer or a project that meets an energy public policy goal, the Project must create or retain one Job Opportunity per \$140,000 guaranteed by SBA.
2. For Projects that are eligible under 13 CFR 120.862, “Other economic development objectives,” a CDC’s portfolio must reflect an average of one Job Opportunity for every \$90,000 guaranteed by SBA; and
3. For Projects in Special Geographic Areas such as Alaska, Hawaii, State-designated enterprise zones, empowerment zones and enterprise communities, labor surplus areas (as determined by the Secretary of Labor), and for other areas designated by SBA (which include Opportunity Zones), the CDC's portfolio may average not more than \$100,000 per job created or retained.

To allow SBA to monitor this core objective of the 504 Loan Program, the CDC is required to verify, at the 2-year anniversary of each loan’s disbursement, the actual jobs created and/or

retained for each loan (regardless of whether the loan was approved based on job opportunity or other economic development objectives).

The CDC must prepare a report that includes a listing of all funded debentures (except debentures that have been accelerated, i.e. placed in liquidation status and required to be repurchased by SBA) by one of two categories:

1. For all Debentures Funded Less Than 2 Years (to include prepaid debentures but EXCLUDING debentures that have been accelerated) the following data elements are required:
 - i. SBA Loan Number, Borrower's Name, Date Funded, 504 Loan Approval Amount, Estimated Jobs to be Created and/or Retained (as indicated on SBA Form 1244 - Application for Section 504 Loans), and Total Estimated Job Opportunities.
 - If the funded debenture is for a project related to manufacturing or a project that meets an energy public policy goal the CDC must designate the applicable debenture as such.
 - ii. The CDC must provide totals for this section to include Total 504 Approval Amount, Total Estimated Jobs to be Created, Total Estimated Jobs to be Retained, and Total Estimated Job Opportunities.
 - Totals must also be provided separately for Manufacturing Projects Only and Energy Public Policy Projects Only.
2. Debentures Funded Two or More Years: The actual jobs created and/or retained, as reported by the borrower on the 2-year anniversary of the funding of the debenture.
 - i. The CDC must collect this information in writing from the borrower on a document signed and dated by an authorized employee of the borrower.
 - ii. The following data elements are required: SBA Loan Number, Borrower's Name, Date Funded, 504 Loan Approval Amount, Actual Jobs Created and/or Retained, Total Actual Job Opportunities, and the date CDC obtained verification from the borrower.
 - If the funded debenture is for a project related to manufacturing or a project that meets an energy public policy goal the CDC must designate the applicable debenture as such.
 - iii. The CDC must provide totals for this section to include Total 504 Approval Amount, Total Actual Jobs Created, Total Actual Jobs Retained, and Total Actual Job Opportunities.
 - Totals must also be provided separately for Manufacturing Projects Only and Energy Public Policy Projects Only.

The report must also contain a summary section that calculates the average debenture per job opportunity.

1. Average debenture per job opportunity must be provided for the Total Portfolio, Manufacturing Only, Energy Public Policy Only, and Total Portfolio Net of Manufacturing and Energy Public Policy Projects.

See Appendix E: [Job Opportunity Analysis Template](#) for reporting and submission guidelines.

Appendix A

Economic Development Report Template

Instructions: The CDC must provide information on the economic development investments made during the fiscal year to include both SBA and non-SBA lending, as well as non-lending activities both monetary and non-monetary for the reporting period. The CDC should use Tables 1 - 4 below. Acceptable "Section 1" submissions fully address each table and are presented in order 1 -4. All Tables throughout the Appendices can be modified to add rows as needed. CDCs opting to utilize another format must address each of the data elements in Tables 1-4.

Submission: Save "Section 1" as a single file. Utilize the tag "Economic Development Report" for CDC Online.

Section 1

Economic Development Report

SUMMARY OF ECONOMIC DEVELOPMENT INVESTMENT FOR THE FISCAL YEAR (504)

(1) Provide the date(s) that the Board of Directors approved the CDC's Investment in Economic Development Activities, such as an investment plan or budget for the fiscal year (Approval must be evidenced in the Board Meeting Minutes provided in Section 3B).

(2) For each State where the CDC has an outstanding 504 loan in its portfolio, provide a summary of lending activity for the 504 program, lending activity for all other lending programs the CDC participates (including SBA and Non-SBA programs), and all investments in non-lending programs as applicable for the fiscal year. Begin with the CDC State of incorporation. Only provide data on the CDC's actual activities for the fiscal year. Do not include prior-year or total portfolio data. Investment activity should support the Community Development and/or Public Policy goals established in [13 CFR 120.862](#) (a-b).

Table 1. Summary of Investment in Economic Development

Date(s) Board of Directors approved CDCs Investment in Economic Development Activities:						
	504		All Other Lending		All Other Investment	
State	No. of Loans Disbursed (FY)	\$ Value of Loans Disbursed (FY)	No. of Loans Disbursed (FY)	\$ Value of Loans Disbursed (FY)	No. of Programs/ Activities Supported (FY)	Total Contributions for FY (\$)

DETAILS OF PARTICIPATION IN OTHER (NON-504) LENDING PROGRAMS

List all lending programs—including other SBA loan programs (Non-504), other Government and non-government lending programs—and any direct lending program for which the CDC was an active participant for the fiscal year. Include the name of the funding organization, State(s) where borrowers are located, dollar value of loans disbursed for the fiscal year, and a brief description of the economic development objectives of the program. If the CDC did not participate in any other lending programs, the CDC must report, "Not Applicable: The CDC did not participate in any other lending programs outside of the SBA 504 program" in this section.

Table 2. Participation in Other (Non-504) Lending Programs

Name of Lending Program	Name of Funding Organization	State(s) Borrowers are located	\$ Value of Loans Disbursed (FY)	Economic Development Objectives of the Program

Appendix A Economic Development Report Template

DETAILS OF PARTICIPATION IN NON-LENDING PROGRAMS - MONETARY INVESTMENTS

List all non-lending programs for which the CDC was an active participant for the fiscal year and the State(s) in which beneficiaries of the program are located. Include the actual (not budgeted) expenditures on the program or activity for the fiscal year and provide a brief description of the economic development objectives of the program. Use this table for programs and activities where the CDC had a monetary investment within the reporting period. If the CDC did not make monetary investments in economic development, the CDC must report, "Not Applicable: The CDC did not make any non-lending related monetary investments in economic development" in this section.

Table 3. Participation in Non-Lending Programs (Monetary Investments)

Name of Program or Activity	State(s) Beneficiaries are located	Actual Expenditure for FY (\$)	Economic Development Objectives of the Program

DETAILS OF PARTICIPATION IN NON-LENDING PROGRAMS - IN-KIND INVESTMENTS

List all non-lending programs for which the CDC was an active participant for the fiscal year and the State(s) in which beneficiaries of the program are located. Describe the type of support provided (such as professional services, office space, supplies, etc.) and the estimated dollar amount of the CDC's in-kind support. Last, include a brief description of the economic development objectives of the program. If the CDC did not make any in-kind investments, the CDC must report, "Not Applicable: The CDC did not make any in-kind investments in economic development for the reporting period" in this section.

Table 4. Participation in Non-Lending Programs (In-Kind Investments)

Name of Program or Activity	State(s) Beneficiaries are located	Type of support provided (i.e., professional services, office space, supplies)	Estimated value (\$) of the CDC's contribution/ in-kind support	Economic Development Objectives of the Program

Appendix B Financial Report Template

Section 2 Financial Report

A. Audited or Reviewed Financial Statements

Required Documents: (1) Audit/Review Engagement Letter; (2) Audited/Reviewed Financial Statements; (3) Auditor's letter to management on internal control weaknesses (audited reports only); and (4) Board's acknowledgement of financial statements.

Submission: Save "Section 2A" as a single file. Utilize the tag "Audited/Reviewed Financial Statements" for CDC Online.

B. Other Reports

4. Federal Tax Returns

Required Documents: (1) Federal tax return for reporting period; and (2) evidence of submission to the IRS, or IRS communication granting an extension to file. Note: Proof of extension does not complete the requirement for annual reporting. The CDC must provide SBA with finalized tax returns upon submission to the IRS.

Submission: Save "Section 2B1" as a single file. Utilize the tag "Tax Returns" for CDC Online.

5. Affiliate Financial Statements

Required Documents: Financial statements for all affiliates and subsidiaries of the CDC. If the required documents were included in the CDC's own financial statements or this section is not applicable, the CDC must state as such in this section.

Submission: Save "Section 2B2" as a single file. Utilize the tag "Affiliate Financial Statements" for CDC online.

6. 504-Related Income/Expenses

Required Documents: If the Income Statement/Statement of Activities does not include a breakdown of 504-specific income and expense amounts or provide all the data elements in Table 5, the CDC must provide a separate statement of 504-related income and expenses. The CDC should utilize Table 5 or otherwise provide the equivalent information. Multi-State CDCs must provide this information for each state in which the CDC has an outstanding 504 loan. If utilizing Table 5, the Multi-State CDC must provide multiple tables. If the required documents were included in the CDC's own financial statements, the CDC must state as such in this section.

Submission: Save "Section 2B3" as a single file. Utilize the tag "504-Related Income/Expenses" for CDC online.

Table 5. 504-Related Income/Expenses

State:			
Dollar Amount of Debentures Funded:		\$	
Applicants/Approved Borrowers 504 Loan Deposits Held:		\$	
504-Related Income	Total	504-Related Expenses	Total
Processing Fees		Marketing, Screening, Packaging, and Processing Staff	
Closing Fees		Servicing Staff	
Servicing Fees		Closing Staff	
Late Fees		CDC Management (including Executive Director)	
Assumption Fees		Other 504 Related Expense	

Appendix B Financial Report Template

Escrow Float Interest		Funds Invested in Other Economic Development	
Other 504 Income			
Total 504-Related Income	\$	Total 504-Related Expenses	\$

C. 159 REPORTING

Required Documents: List of all SBA Form 159 submissions for the fiscal year by SBA loan number. If not applicable, the CDC must report, "Not Applicable: No compensation or fees were paid to an Agent, by either a 504 Applicant or the CDC, during the reporting period that required an SBA Form 159 - Fee Disclosure and Compensation Agreement to be executed."

Instructions: The CDC should utilize Table 6 or otherwise provide the equivalent information. Only provide a list of SBA loan numbers for which there was an associated Form 159 and include the name of the agent. Do not provide the Form 159 with the Annual Report, as Form 159's are required to be uploaded to CDC Online per SOP 50 10 and retained in the lender's files.

Submission: Save "Section 2B4" as a single file. Use the tag "159 Summary Report" for CDC Online.

Table 6. List of all SBA Form 159 Disclosure Form and Compensation Agreements

Fiscal Year Ending (Month/Year):	
SBA Loan Number	Name of Agent

D. CDC Insurance

Required Documents: The complete copy (full binder) of the CDC's in force D&O and E&O Insurance policies.

Instructions: Policies not fully in conformance with the requirements detailed in Section 2C of the Annual Report Guide will not be considered satisfactory and may be rejected. Where the policies are not described as D&O or E&O but offer similar coverage, the CDC should highlight the sections of the endorsement that meet the requirements of Section 2C.

Submission: Save "Section 2C" as a single file. Utilize the tag "D&O/E&O Insurance Binders" for CDC online.

Appendix C Operational Report Template

Section 3 Operations Report

A. Board of Directors and Committee Members

Required Documents: (1) Complete list of CDC Board of Directors contact and background information; and (2) Loan Committee(s) contact and background information. If the CDC does not have a separate Loan Committee, the CDC must report “Not Applicable: The CDC did not have a separate Loan Committee for the reporting period”.

Instructions: The CDC should utilize Tables 7 and 8 (as applicable) or otherwise provide the equivalent information. All data elements in all columns must be addressed; failure to do so may result in a rejected Board and/or Committee listing. If utilizing Table 7, indicate all relevant Committee Memberships and Background/Expertise with an “X” in the appropriate box.

Submission: Save “Section 3A” as a single file. Utilize the tag “Board and Committee Membership” for CDC online.

Table 7. List of Directors and Executive Committee Members with contact details and areas of expertise

Director’s Role & Committee Membership							Director’s Background & Expertise					
Director’s Name, Board Title	City, State of Residence, Contact Number, and Email Address	Occupation/Title, Organization Name, and Address (if not applicable, state whether retired or unemployed)	# of Years on the Board	Voting Member	Executive Committee	Loan Committee	Commercial Lending	Workforce, Community or Economic Development	Financial Risk Management	Corporate Governance	Legal Issues Relating to Commercial Lending	Internal Controls

Table 8. List of Loan Committee Members with contact details and commercial lending expertise

Appendix C
Operational Report Template

Area of Operation (State)	Committee Member's Name	City, State of Residence, Contact Number, and Email Address	Occupation/Title, Organization Name, and Address (if not applicable, state whether retired or unemployed)	# of Years of Commercial Lending Experience

Appendix C Operational Report Template

B. Board and Committee Meeting Minutes

Required Documents: (1) A list of all CDC Board, Executive, and Loan Committee meetings held during the reporting period. The CDC should utilize Table 9 or must otherwise provide the equivalent information; and (2) A complete collection of all meeting minutes for all Board, Executive, and Loan Committee meetings held during the reporting period.

Submission: Save "Section 3B" as a single file, with summary followed by meeting minutes. Utilize the tag "Board and Committee Minutes" for CDC Online.

Date of Meeting (M/D/YYYY)	Type of Meeting (Board, Executive, Loan)	Number of Voting Members Present (Ex. 8 of 11)	Number of Members with Commercial Lending Expertise Present	List of 504 Loans approved during the meeting by Borrower Name, SBA Loan Number, and Approval Amount at time of meeting. (Ex. ABC. Inc, 1234567890, \$1,300,000 B-Corp, 0987654321, \$5,000,000)

Table 9. List of Board, Executive, and Loan Committee Meetings

C. Certification of Board of Directors

Required Documents: An annual certification by each Board member that he or she has read and understands the requirements set forth in 13 CFR §120.823.

Submission: Save "Section 3C" as a single file. Utilize the tag "Certification of Board of Directors" for CDC Online.

D. Organizational Structure and Staff List

Required Documents: (1) An organizational chart which visually reflects the structure of the CDC and the relationship amongst personnel and departments and any affiliates and/or subsidiaries; and (2) A complete list of all CDC Staff, along with their position title, nature of employment (full-time, part-time, contractor), years of 504 experience, whether the CDC has SBA Character Determination Clearance in employee records, and the employees' functional area(s) of responsibility (i.e., marketing, packaging, processing, closing, servicing, liquidation, or management). The CDC should utilize Table 10 or provide the equivalent information.

Submission: Save "Section 3D" as a single file and utilize the tag "Organizational Structure and Staff List" for CDC Online.

Table 10. List of Staff by Areas of Responsibility

Staff Member Name, Title, Status, Years of 504 experience, and Character Determination Status	504 Area(s) of Responsibility (Check all that apply)
-----------------------------------------------------------------------------------------------	------------------------------------------------------

Appendix C Operational Report Template

Name of Staff Member	Position Title (including any CDC office held)	Full-time Employee	Part-time Employee	Contractor	Years of 504 experience	SBA Clearance on	Marketing	Packaging	Processing	Closing	Servicing	Liquidation	Management	Other

E. Disclosure of Close Relatives

Required Documents: A list of all relationships that are defined as “close relatives” between a Director, Committee Member, or CDC Manager and any employee or contractor, or between a Director/Committee Member and the CDC Manager. Include the names of the parties, their position titles, and the nature of relationship. The CDC should utilize Table 11 or must otherwise provide the equivalent information. Add rows as necessary. If no applicable relationships exist at the CDC, the CDC must report “Not Applicable: CDC does not have any relationships identified as “Close Relatives” as defined by 13 CFR §120.10”.

Submission: Save “Section 3E” as a single file and utilize the tag “Disclosure of Close Relatives” for CDC Online.

Table 11. Disclosure of Close Relatives

Director/Committee Member/CDC Manager (Name and Position)	Related Party - Employee/Contractor/CDC Manager (Name and Position)	Relationship

F. Affiliations

Required Documents: A list of all affiliates to include the affiliate name, address, effective date of affiliation, and explanation of the nature of affiliation/financial relationship. The CDC should utilize Table 12 or must otherwise provide the equivalent information. If not applicable, the CDC must report “Not Applicable: The CDC does not have any affiliation or other financial relationship with another entity as determined by 13 CFR § 121.103.”

Submission: Save “Section 3F” as a single file and utilize the tag “Affiliations” for CDC Online.

Table 12. Affiliations

Affiliate’s Name	Address	Effective Date of Affiliation	Nature of Affiliation/explanation of financial relationship

G. Professional Services Contracts

Appendix C Operational Report Template

Required Documents: A list of all professional service contracts that were in effect for the reporting period, to include the name of the contractor, type of contract, contract period of performance, and the date of approval by SBA OFA. If the contract was previously submitted for approval to OFA but no approval has yet been provided, the CDC must provide evidence of submission (e.g., copy of email). The CDC should utilize Table 13 or otherwise must provide the equivalent information. If not applicable, the CDC must report “Not Applicable: The CDC did not have any active professional services contracts for the reporting period.”

Submission: Save “Section 3G” as a single file and utilize the tag “Professional Services Contracts” for CDC online.

Table 13. Professional Service Contracts

Name of Contractor	Type of Contract (loan services, independent loan reviews by a CDC, employee benefits, liquidation provider, litigation services)	Contract period of performance (MM/YY to MM/YY) + option years	Date approved by SBA OFA

H. Legal Certifications

Required Documents: The CDC’s signed statement, from Legal Counsel, dated no earlier than the CDC’s fiscal year end.

Submission: Save “Section 3H” as a single file and utilize the tag “Legal Certifications” for CDC Online.

I. Ownership and Control

Required Documents: (1a) If the CDC is a non-profit with voting membership, provide a list of all members and the entity that the member represents or indicate that the member is serving in their individual capacity. If the member represents an entity, provide the name and address of the entity. Last, provide the percentage of the member’s voting control. (1b) If the CDC is a for-profit entity, provide a list of each owner of stock, the percentage of ownership, and the date that the stock was acquired. The CDC should utilize Tables 14 and 15 as applicable or must otherwise provide the equivalent information. If not applicable, the CDC must report “Not Applicable: The CDC is a non-profit organization that does not have a membership responsible for electing or appointing voting directors to the CDC’s Board of Directors”.

Submission: Save “Section 3I” as a single file and utilize the tag “Ownership and Control” for CDC Online.

Table 14. Ownership and Control (Non-profit)

Name of Member	Basis of Membership (Individual or Entity)	Name and Address of Entity Represented	Percentage Control of Voting Membership

Appendix C
Operational Report Template

Table 15 Ownership and Control (For-profit)

Name of Stockholder/Owner	Percentage of Ownership	Date Stock was Acquired

J. Independent Loan Review Package

Required Documents: The CDC’s Independent Loan Review Package. The package must include: i) A copy of the Engagement Letter from the Reviewer (if performed by an outside contractor). ii) A copy of the completed Independent Loan Review Report which must follow the content and reporting guidelines set forth in the Independent Loan Review Guide. iii) Evidence that Board of Directors acknowledged receipt of the results of the Independent Loan Review Report and approved the CDC Management’s plan to remedy the findings from the loan review.

Submission: Save “Section 3J” as a single file and utilize the tag “Independent Loan Review Package” for CDC Online.

Appendix D

Report on Compensation Template

Section 4

Report on Compensation

Instructions: The CDC must provide detailed information on total compensation (including salary, bonuses, expenses, and details of any deferred compensation or special payments) paid within the CDC's most recent tax year. The CDC must include any compensation paid to any officers and directors who served with the CDC at any point in the reporting period, as well as any compensation paid to employees and independent contractors who served with the CDC at any point in the reporting period with total compensation of more than \$100,000 during that period.

Required Documents: A comprehensive report on compensation. The CDC should use Table 16 below. If utilizing the table, no additional information is required in "Section 4". CDCs opting to utilize another format must address each of the data elements in Table 16.

Submission: Save "Section 4" as a single file and utilize the tag "Report on Compensation" for CDC Online.

Table 16. Report on Compensation

[illegible]

Appendix D
Report on Compensation Template

Appendix E Job Opportunity Analysis Template

Section 5 Job Opportunity Analysis Report

Required Documents: The CDC must provide detailed information on the actual jobs created and/or retained, as of a loan's 2-year disbursement anniversary. The CDC should use Table 17 below. If utilizing the table, no additional information is required in "Section 5". CDCs opting to use another format must address each of the data elements in Table 17.

Note: Table 17 is also available in excel format at SBA's website <https://www.sba.gov/document>, as SBA Form 1253A.

Submission: Save "Section 5" as a single file and utilize the tag "Job Opportunity Analysis"

Table 17. Job Opportunity Analysis

CDC Name:

States Reported:

Fiscal Year
Ending:

Debentures Funded Less Than 2 Years

SBA Loan No.	Borrower's Name	Date Funded	504 Approval Amount	Estimate d Jobs to be Created	Estimate d Jobs to be Retained	Total Estimated Job Opportunities (Created + Retained)	Is Loan a Manufacturing (M) or Energy (E) Project? (Mark M or E as applicable)
			\$				
			Total				
			<i>Total for Manufacturing Projects Only</i>				
			<i>Total for Energy Public Policy Projects Only</i>				

Debentures Funded 2 or More Years

SBA Loan No.	Borrower's Name	Date Funded	504 Approval Amount	Actual Jobs Created	Actual Jobs Retained	Total Actual Job Opportunities (Created + Retained)	Date Verified	Is Loan a Manufacturing (M) or Energy (E) Project? (Mark M or E as applicable)
			\$					
			Total					
			<i>Total for Manufacturing Projects Only</i>					
			<i>Total for Energy Public Policy Projects Only</i>					

Summary Section	Total Portfolio	Manufacturing Only	Energy Only	Portfolio Net of Manufacturing and Energy Projects	Instructions:
Total Debentures Funded less than 2 years	\$	\$	\$	\$	Subtract the Manufacturing and Energy columns
Total Debentures Funded more than 2 years	\$	\$	\$	\$	

Appendix E

Job Opportunity Analysis Template

Total Debentures Funded (less than 2 years + more than 2 years)	\$	\$	\$	\$	from the Total Portfolio column to get the Portfolio Net of Manufacturing and Energy Projects
Total Estimated Job Opportunities					
Total Actual Job Opportunities					
Total Job Opportunities (Actual + Estimated)					
Average Debenture per Job Calculation					
Total Debentures Funded (less than 2 years + more than 2 years)	\$	\$		\$	
Divided by Total Job Opportunities (Actual + Estimated)					
Average Debenture per Job	\$	\$		\$	

Appendix F

Delegated Authority Renewal Template

Required Documents: CDCs requesting Delegated Authority renewal with the Annual Report must provide individual files for each of the items listed below.

- 1) Written Request for Renewal for ALP or ALP/PCLP status and including the following:
 - o A statement confirming that the CDC currently has at least one loan officer with three years of 504 loan processing experience and at least one loan officer with three years of 504 servicing experience or two years of experience plus satisfactory completion of SBA-approved processing and servicing training (the same loan officer may meet these qualifications).
 - o A narrative addressing any SMART scores that are “4” or “5” or are underperforming the CDC’s Peer Group as of the current quarter’s Lender Portal Report. Include the CDC’s plan or active efforts to reduce the higher risk metric.
 - o A narrative addressing any outstanding response to the Office of Credit Risk Management (OCRM). This includes Corrective Actions outstanding identified in the CDC’s most recent SMART Review, outstanding Annual Report deficiencies, or another item currently being addressed by the CDC as identified by OCRM. Include details on the status of the outstanding item and the CDC’s anticipated response timeline or actions.
 - o The CDC must have a record of conforming to SBA's policies and procedures and of satisfactorily underwriting, closing, and servicing 504 loans to include a history of satisfactory 504 loan application, closing, and purchase packages. If the CDC has received comments from SBA or otherwise wishes to address potential deficiencies in any or all of these areas, the CDC may include a narrative explaining the CDC’s proactive actions in remediating and/or improving the area in question which may aid the renewal assessment.
- 2) Copy of the CDC’s By-laws (to include amendments), with evidence of Board approval.
- 3) Copy of the CDC’s Internal Control Policy, with evidence of the Board’s approval.
- 4) Copies of the CDC’s Credit Approval and Servicing Policies, with evidence of the Board’s approval.
- 5) Copies of Quarterly Delinquency Reports submitted to the SBA Loan Servicing Center for the last quarter.
- 6) Copy of current training certificate and malpractice insurance binder for each Designated Attorney.
- 7) For PCLP renewals, evidence of compliance with Loan Loss Reserve Fund requirements as described in [13 CFR §120.847](#).

CDC Online: If utilizing the Corporate Governance Repository, the CDC must use the following tags:

- 1) *Written Request for Renewal - “ALP/PCLP Renewal Narrative”*
- 2) *Combined Amended Bylaws and evidence of Board approval - “Bylaws and Amendments”*

Appendix A
Delegated Authority Renewal

OMB Approval No.: xxxx-xxxx

Expiration Date: xx/xx/xxxx

- 3) *Combined Internal Control Policy and evidence of Board approval - "Internal Control Policy"*
- 4) *Combined Credit Approval and Servicing Policies - "Policies: Credit Approval & Loan Servicing"*
- 5) *Combined Quarterly Delinquency reports - "Quarterly Delinquency Reports"*
- 6) *Combined copies of training certificates and malpractice insurance binder for all CDC designated attorneys - "Designated Attorney Documents"*
- 7) *Evidence of adequate Loan Loss Reserve - "Loan Loss Reserve Fund Requirements (PCLP only)"*