

National Science Foundation  
CAAR SBIR/STTR Phase II Administrative/Financial Reviews  
Financial Information Checklist

The financial and other information to be submitted in support of SBIR/STTR Phase II funding is summarized on the CAAR website at <http://www.nsf.gov/bfa/dias/caar/sbirrev.jsp>.

Please review this website and ensure that all information requested is provided on a timely basis.

Please complete the following checklist to ensure that the following *minimum information* has been submitted in support of the CPA firm review.

Information Provided?  
Yes   No   N/A

**A. Financial information**

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><b>1. Financial statements.</b> Provide the company’s financial statements for (a) the most recent year-end and (b) interim periods to the extent described on the <a href="#">CAAR website</a>.</p> <p>The financial statements should include:</p> <ul style="list-style-type: none"> <li>• balance sheet</li> <li>• income statement</li> <li>• cashflow statement</li> <li>• statement of changes in shareholders’ equity</li> <li>• brief description of the accounting policies used and notes to the financial statements, as further described on the <a href="#">CAAR website</a>. Where the financial statements have been presented on a basis other than GAAP, provide adjustments to convert financials to an accrual basis in accordance with GAAP.</li> <li>• Capitalization table (distribution of company equity)</li> </ul>			
<p><b>2. Tax return.</b> Provide a copy of the company’s federal tax return for its most recently completed fiscal year. (To be submitted only if the company’s financial statements have not been audited.)</p> <p>Also provide a reconciliation for each line item on the balance sheet and income statement, where the tax return does not agree to the financial statement.</p>			

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	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><b>3. Long-term loans.</b> Provide a schedule of all loans and long-term debt obligations outstanding, including:</p> <ul style="list-style-type: none"> <li>• Name of person/organization to whom the balance is owed;</li> <li>• Balance outstanding at the latest balance sheet date;</li> <li>• Interest rate and interest payment provisions;</li> <li>• Loan repayment date (or repayment provisions); and,</li> <li>• Other significant terms of the debt (convertibility provisions, etc.).</li> </ul> <p>Identify clearly all debt obligations of the company that are payable to shareholders of the company or the company’s management personnel.</p> <p>The total balance shown on this schedule should be equal to (or reconcile with) the loan balance reported in the company’s financial statements.</p>			
<p><b>4. Financial capability review.</b> If needed, provide the additional information needed to support the company’s financial capability.</p> <p>See the <a href="#">CAAR website</a> for the circumstances when this information is needed and the type of information to be provided.</p>			

**B. Information to Support the Budget Review**

<p><b>5. Personnel costs.</b> For all Senior Personnel and all Other Personnel for whom an annualized salary in excess of \$50,000 per year is proposed, provide the following information:</p> <ul style="list-style-type: none"> <li>• a biography or resume, and description of their role/duties on the project;</li> </ul>			
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<ul style="list-style-type: none"> <li>• the Department of Labor SOC employment classification that best matches the role they are performing (see <a href="http://www.bls.gov/SOC/">http://www.bls.gov/SOC/</a> for a list of possible SOC classifications)</li> <li>• copy of a recent paystub or payroll register supporting their current salary (if they are a current employee of the company).</li> </ul> <p>If a person will be hired in the future to support the Phase II SBIR/STTR project ---- provide a copy of any employment agreement or offer letter given to the employee, if available.</p> <p>If a person will be hired to support the Phase II SBIR/STTR project and a specific individual has not yet been identified ---- provide a description of the likely educational background and experience of the person to be hired.</p> <p>For positions where specific individuals have not been named, provide an explanation of how the rates were determined and any related documentation.</p>			
<p><b>6. Permanent equipment.</b> Provide a list and description of the equipment to be purchased using Phase II SBIR/STTR funds including:</p> <ul style="list-style-type: none"> <li>• Description of each item to be purchased</li> <li>• Quantity to be purchased</li> <li>• Name of supplier or vendor from whom it will be purchased</li> <li>• Expected cost of purchase</li> <li>• Total expenditure for equipment</li> </ul> <p>For equipment to be purchased with an acquisition cost greater than \$5,000 per unit (or less where the company elects to establish their capitalization threshold at less than \$5,000); ensure the company has provided documentation according to NSF requirements listed on the <a href="#">CAAR website</a>.</p>			

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<p>i.e. Provide cost data from <u>three</u> sources which can be in the form of written quotations and/or copies of pricing information contained in catalogs, trade journals, etc. and the reason for selection of the specific vendor.</p> <p>In situations where equipment can only be provided by one specific source provide a sole source justification and a written quote from that source.</p>			
<p><b>7. Materials and supplies.</b> Provide a detailed listing of materials and supplies to be purchased using Phase II funds including:</p> <ul style="list-style-type: none"> <li>• A brief description of each item</li> <li>• Quantity to be purchased</li> <li>• Price per unit and extended amount</li> <li>• Name of the vendor, or likely vendor, from whom the item will be purchased</li> </ul> <p><i>Notes:</i></p> <p>The Company does not have to list items of small or de minimus value. However, the company should be able to provide the above details for a significant portion of its Materials and Supplies budget.</p> <p>Provide appropriate documentation to support the cost of any single material and supply item with an <b>extended amount</b> in excess of \$5,000. The cost information could include supplier quotations, or copies of recent invoices for purchases of the same or similar items.</p> <p>If (i) the same item is being bought in both Year 1 and Year 2 of the project and (ii) the total expenditure over both years for that item is greater than \$5,000, then cost information such as a recent invoice or supplier's quote should be provided for that item.</p>			
<p><b>8. Other Direct Costs.</b> Provide a list and description of Other Direct Costs (budget line G.6) to be incurred on the project showing the following information:</p>			

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<ul style="list-style-type: none"> <li>- item identification/description</li> <li>- vendor from whom the item will be purchased</li> <li>- quantity</li> <li>- Price</li> <li>- extended amount.</li> </ul> <p>Provide supporting cost documentation as described on the <a href="#">CAAR website</a>.</p>			
<p><b>9. Fringe benefits, travel, consultant services, publication costs, computer services and subawards.</b> Provide the supporting information needed for each budget line item as described on the <a href="#">CAAR website</a>.</p> <p><u>Regarding Travel Costs</u></p> <p>Provide a detailed break-down of travel costs other than for the NSF annual conference, indicating the number of persons traveling, number of trips, number of days, destination, purpose of travel, and estimated time of travel (air travel and car rental).</p> <p><u>Regarding subawards</u></p> <p>Ensure the information submitted includes: (1) a statement detailing the relationship between the awardee and the subawardee; (2) a statement describing the manner in which the subawardee budget was solicited; e.g., sole source or competitive; (3) the type of award contemplated; e.g., fixed price or cost reimbursement; and (4) an analysis to support that the subaward budgeted amount is reasonable. Subawards should be chosen using a competitive selection process; otherwise, sole source justifications should be maintained.</p> <p>If the subaward is being made to a university, obtain a confirmation from the university that the graduate and undergraduate salary costs budgeted in their budget do not contain any reimbursement for tuition expenses. Also obtain the official indirect cost rate and fringe benefit rate that would be applicable to the grant.</p>			

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For subawardees that are not Universities, the awardee should provide support for each cost category proposed per <a href="#">CAAR website</a> .			
<p><b>10. Indirect costs.</b> No documentation is required to support proposed indirect costs where the total of [proposed Indirect costs on Line I of the FASTLANE budget and proposed Fringe Benefits costs on Line C] is less than 50% of the amount proposed on Lines A+B “Total Salaries and Wages (S&amp;W). This is the NSF Safe Rate.</p> <p>Please refer to the <a href="#">CAAR website</a> for the information to be submitted when support proposed indirect and benefits costs are greater than the NSF 50% Safe Rate. The information to be submitted includes, but is not limited to:</p> <ul style="list-style-type: none"> <li>• An indirect cost proposal for the most recently completed fiscal year expenses. This proposal should clearly identify the indirect rate(s) being requested by the company and the calculation of each, i.e. the expenses in each indirect pool and the allocation base over which such indirect pool is allocated.</li> <li>• A reconciliation of total expenses in the indirect cost proposal to total expenses in the company’s financial statements.</li> <li>• Provide a brief note as to the allocation base generally used by the awardee.</li> </ul> <p>The reconciliation to total expenses in the financial statements demonstrates that all expenses for the year (as reflected in the submitted financial statements) have been appropriately included in the indirect pool(s), allocation bases, or are identified as unallowable or excluded expenses for purposes of the indirect rate calculation.</p> <p>Rate proposals that do not have a clear reconciliation to total</p>			

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<p>expenses as reported in the financial statements will not be reviewed and the 50% S&amp;W "safe rate" will be recommended for funding. Your attention is also drawn to the list of adjustments and unallowable costs which must be excluded from the indirect cost pools, as described further on the <a href="#">CAAR website</a>.</p> <p>If the company chooses to requests an indirect rate greater than the NSF 50% Safe Rate, submit the following information to support the CPA firm's review:</p> <ul style="list-style-type: none"> <li>• an Microsoft Excel copy of the company's indirect cost calculations with supporting notes/schedules for adjustment made, and</li> <li>• an copy of the company's detailed trial balance or general ledger for the year. (in Microsoft Excel, if the file is large)</li> </ul>			
<p><b>11. Timesheet.</b> Provide a sample timesheet in use by the company to ensure it adequately documents time spent by employees on activities performed.</p> <p>The timesheet and/or time recording system should meet the NSF's requirements for timekeeping systems as described at:</p> <p><a href="http://www.nsf.gov/bfa/dias/caar/time.jsp">http://www.nsf.gov/bfa/dias/caar/time.jsp</a>  <a href="http://www.nsf.gov/bfa/dias/caar/attachb.jsp">http://www.nsf.gov/bfa/dias/caar/attachb.jsp</a></p>			