



The Shuttered Venue Operators Grant (SVOG) program was established in Section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (Economic Aid Act) (15 U.S.C. 9009a) and signed into law on Dec. 27, 2020, as part of [H.R. 133 Consolidated Appropriations Act, 2021](#) (Public Law No: 116-260). Section 324 of the Economic Aid Act was amended by Section 5005 of the [American Rescue Plan Act](#) (Public Law No.: 117-2) and signed into law on March 11, 2021.

This list of Frequently Asked Questions (FAQs) defines common terms and answers common questions from SVOG awardees about spending SVOG funds. For an overview of the Active Grantee Phase, Closeout, Monitoring, and Auditing, please refer to the [Post-Application Guidance for SVOG applicants](#).

References to “FAQ” numbers refer to FAQs within this document. References to other SVOG Guidance Documents will be clearly marked as such.

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Active Grantee Phase

1. What is the active grantee phase?

The active grantee phase begins once you receive your Notice of Award (NOA) document from SBA. The Active Grantee Phase ends when a grantee initiates the closeout process by responding to the Begin Closeout - Expense Report Action Item. During the active grantee phase, Grantees should record qualified expenditures in preparation for closeout.

For an overview of the active grantee phase, closeout, monitoring, and auditing, please refer to the [Post-Application Guidance for SVOG applicants](#).

2. How long will SVOG awardees have to use their grant funds?

Grantees have the entirety of the Budget Period (SBA Form 1222 Box 5) to spend award funds on eligible and allowable costs. Grant funds must be used during this period to pay or reimburse expenses incurred within the Period to Incur Eligible Costs.

Period to Incur Eligible Costs (Eligible Cost Period)

Grantees may use SVOG funds to pay or reimburse themselves for costs incurred from March 1, 2020, through December 31, 2021 (or through June 30, 2022, for Grantees who received a Supplemental Award).

Project Period

The project period is documented on the Notice of Award (SBA Form 1222 Box 4). The “From” date is the date of Initial Phase award issuance. The “Through” date is the end date of the Period to Incur Eligible Costs.

Budget Period

The Budget Period is the timeframe during which award funds can be spent. The budget period is listed in your Notice of Award document (SBA Form 1222 Box 5). The budget period is the 12 months from initial award issuance if you only received an initial award or 18 months from initial award issuance if you received a supplemental award.

Grantees must return any unspent grant funds to the SBA through the closeout process.

3. What do grantees need to do during the active grantee phase?

Grantees in the active grantee phase will need to maintain sufficient documentation to complete up to four standard action items. The four active grantee phase action items are

- Finalize Budget Action Item (All grantees),
- Monitoring Notification Action Item (Only grantees selected for monitoring),
- Monitoring Report Action Item (Only grantees selected for monitoring), and
- Audit Report Action Item (Only grantees required to complete an audit).

Other custom action items may be sent to collect grantee specific follow-up similar to the application processing phase.

4. When does the Active Grantee Phase end?

The Active Grantee Phase ends when a grantee initiates the closeout process by responding to the Begin Closeout - Expense Report Action Item. The Begin Closeout - Expense Report Action Item is the first of two action items in the closeout phase (please see the Closeout section for additional information). The Expense Report Action Item will be available through the Grantee Portal after SBA approval of the Finalize Budget Action item.

5. I've received multiple SVOG Notices of Awards (NOAs) from SBA; which one do I use and if I received a supplemental award, do I have two NOAs?

Your last notice of award will incorporate all award decisions in one, superseding award document, to include your initial application/accepted appeal, and if applicable, reconsideration, supplemental and reconsideration 2.0.

Finalize Budget Action Item

6. What is the Finalize Budget Action Item?

The Finalize Budget Action Item allows Grantees to update their budgets to reflect their finalized award amount and/or update allocations to allowable cost categories to align with actual or projected use of funds to date. Grantees do not need to request SBA approval to move costs between allowable cost categories. All grantees must complete the Finalize Budget Action Item.

7. When will the Finalize Budget Action Item be issued?

The Finalize Budget Action Item will be sent out on a rolling basis starting in January 2022. When all award determinations are finalized, individual grantees will receive the action item once all award determinations are finalized, starting in January 2022. All grantees will have 14 days to complete this action item.

8. If I have a Supplemental Award, how can I finalize my budget in January if I have through June to incur expenses?

You will not receive the action item until all your award determinations are finalized. The totals submitted in the Finalize Budget Action Item are a point-in-time projection of how funds will be used by allowable cost category. The Expense Report Action Item provided at closeout will document the actual use of funds by allowable cost category.

9. If I received a supplemental grant, does it extend the Finalize Budget Action Item, or do I do one for the initial grant and one for the supplemental?

You will receive one Finalize Budget Action Item that will reflect your most recent Notice of Award—including initial grants and supplemental (if applicable).

The Finalize Budget Action Item will not be delivered to an individual grantee until all award decisions have been finalized. Notice of Award documents are updated as SBA makes award determinations, and your most recent Notice of Award will reflect your combined award amount to date (reflecting the sum of all award decisions). You will receive one Finalize Budget Action Item that will reflect your most recent Notice of Award.

10. What format are finalized budgets delivered (PDF, XLS, Attachment Upload, etc.)?

The Finalize Budget Action Item will be similar to other budget items completed during the application process. Similar to all other action items, the format will be an integrated data entry

form in the SVOG portal. You only need to submit totals by allowable cost categories; supporting documentation is not required for this action item.

11. What happens after the Finalize Budget Action Item is approved?

Once the Finalize Budget Action Item is approved, you will proceed with award implementation and grant fund expenditure. Approval of the Finalize Budget Action Item triggers the release of the [Begin Closeout](#) - Expense Report Action Item. The Expense Report Action Item will remain available until you choose to respond to it. Note for many grantees this action item will remain open and available for several months while grants are spent down. You should not respond to the Expense Report Action Item until you are ready to closeout.

12. If I have trouble completing the Finalize Budget Action Item, what resources are available?

For information regarding budgeting your expenses to this grant, please refer to the ‘Permissible Costs’ section of the [Post-application guidance for SVOG applicants \(sba.gov\)](#) and the ‘Use of Funds’ section in this document. For other questions, including technical assistance accessing your portal and completing the action item, please contact SVOGrant@sba.gov.

Closeout

Closeout Process and Preparation

13. What is the SVOG award closeout process?

The SVOG award closeout process has three steps: (1) The Begin Closeout – Expense Report Action Item, (2) the Complete Closeout – SF-425 Action Item, and (3) the SBA’s notification that the award has been closed. These steps are described in more detail in the [Post-application guidance for SVOG applicants \(sba.gov\)](#).

14. How do grantees prepare for closeout?

Before initiating the closeout process, a grantee should do the following:

- Review expenditure tracking to ensure that costs charged are clearly aligned with an allowable cost category and are properly documented;
- Update property inventory to ensure that items listed, and values assessed, are accurate; and
- Confirm that the award has been fully used; either award funds have been fully expended or entity has expended all the award funds possible.

15. How does a grantee determine if they are ready for closeout?

Grantees should begin preparing for closeout as soon as their award is issued. Grantees should commence the closeout process once they have fully expended the grant award, or the grant term (Budget Period) has ended. Grantees have 120 days from the end of the Budget Period to initiate award closeout.

16. How do grantees initiate grant award closeout?

All Grantees are required to complete SVOG award closeout. The closeout process is initiated by responding to the Begin Closeout – Expense Report Action Item. The Begin Closeout - Expense Report Action Item will be sent to grantees upon approval of the Finalize Budget Action item. In the expense report, grantees will document the finalized allocation of expenses

for each allowable cost category. Grantees should **not** respond to the Begin Closeout - Expense Report Action item until they are done spending SVOG award funds or the grant term has ended.

17. Will there be any extensions for closeout?

The updated SVOG Post Application Guidance released on July 22, 2022, provides greater clarity on the closeout timeline. Grantees have additional flexibility in preparing for closeout, beyond the 15-day document submission window outlined in the Notice of Award Addendum.

Grantees have the full extent of their Budget Period (Notice of Award Box 5), as needed, to identify eligible expenditures and spend the award funds, plus, if needed, 120 days from the end of Budget Period to assemble documentation and initiate closeout with SBA by responding to the Begin Closeout - Expense Report Action Item.

Begin Closeout - Expense Report Action Item (Expense Report Action Item)

18. What is required to complete the Expense Report Action Item?

The Expense Report Action Item will mirror the Finalize Budget Action Item. SVOG award expenses must be subtotaled by allowable cost category. Grantees may also be required to provide a property inventory, and a request to provide instructions on selling property.

Grantees will be well prepared for the Expense Report Action Item if they proactively track their expenditure of award funds by allowable cost category and if they maintain a property inventory that is regularly updated with the status, use, and value of the property on hand.

19. As part of the closeout process, do I have to upload copies of checks, invoices, receipts, and bank statements for proof of expenses?

Possibly. All grantees are required to maintain supporting documentation for all expenditures charged to their SVOG award through the record retention period. However, only grantees selected for monitoring will need to submit this documentation to the SBA.

20. Will the Expense Report Action Item require dates, names, and amounts under each category?

No. The Expense Report Action Item will mirror the Finalize Budget Action Item. SVOG award expenses must be subtotaled by allowable cost category. Dates and names are not required.

21. Can I reallocate funds in my expense report to other allowable cost categories?

Yes, grantees may move costs between allowable cost categories without SBA pre-approval. All grantees will submit an expense report at closeout clearly showing final expenditures totals by allowable cost category.

22. What expenditure documentation will be required for the Expense Report Action Item?

Grantees are required to maintain supporting documentation for all SVOG expenditures. In implementing the award, grantees should maintain receipts/invoices and document costs charged to the award by allowable cost category, so that the grantees can easily prepare the data for the expense report. SBA will primarily request supporting documentation through the monitoring process.

23. What property is inventoried at closeout?

Personal property/equipment purchased with SVOG award funds and still in your possession at the time closeout is initiated should be inventoried and reported to SBA in the Expense Report Action Item, only if the personal property/equipment has a per unit fair market value of more than \$5,000 or unused supplies has an aggregate value of more than \$5,000.

24. What do I do if I did not fully expend my SVOG award?

If your total sum of expenditures is less than the total SVOG award disbursed, SBA will issue repayment instructions to collect the unspent funds.

Complete Closeout - SF-425 Action Item (SF-425 Action Item)

25. What is an SF-425?

Form SF-425 is the standard Federal Financial Report (FFR). Those who receive federal funds are obligated to file this form to report on the use of grant funds.

26. What is the SF-425 Action Item?

The SF-425 Action Item is a streamlined electronic method for submitting the SF-425 and, as applicable, providing to SBA, any final property or repayment supporting documentation.

27. My Notice of Award document (SBA Form 1222) says the SF-425 must be submitted within 15 days of expending the funds, is this true?

No, SBA has revised this policy to align with 2 CFR § 200.344, and the SF-425 is no longer due within 15 days of expending all award funds.

The SF-425 is part of the second step in the SVOG award closeout process. It is submitted digitally in response to the Complete Closeout – SF-425 Action Item. The SF-425 Action item will be made available after the Expense Report Action Item is approved. You should proceed to closeout and completion of the SF-425 once you have expended all funds or no later than 120 days after the end of the Budget Period.

28. What document uploads are required in the SF-425 Action Item?

If you did not spend all grant funds, you must upload evidence that you have returned any unspent grant funds.

If you purchased property with grant funds that has been sold or otherwise disposed, you must upload evidence that you have repaid the applicable Federal share of proceeds for any such property.

If neither of the previous statements apply to you, then no document uploads will be required in response to the SF-425 Action Item.

Award Closure and Continuing Responsibility

29. What are my responsibilities after I closeout my SVOG award?

After closeout, grantees must maintain records for 3-4 years, depending on the type of record (see question #30), complete and submit any audit requirement documentation, and be responsive to SBA follow-up inquiries. SBA maintains the right to monitor grantees even after closeout, so grantees should not dispose of grant award files until the record retention period has ended.

30. What are the SVOG program record retention requirements?

Grantees must maintain SVOG award files for four years following the initial award Notice of Award (NOA) issuance for files pertaining to employment records, and for three years following the initial award Notice of Award issuance for all other files.

Applicable Rules and Regulations

31. What are the governing documents for the SVOG Award?

The SVOG program was created by and is primarily governed by the program statute (15 U.S. Code § 9009a). When entities executed the Notice of Award (Notice of Award) document [SBA Form 1222] they committed to compliance with the Uniform Guidance (2 CFR 200) and Part 180 – OMB Guidelines to Agencies on Government and Debarment and Suspension (see Notice of Award Box 14).

Grantees are also required to comply with additional terms and conditions outlined by SBA, such as those issued in the Notice of Award [SBA Form 1222] addendum and as applicable SBA's grant rules at 2 CFR Parts 2700 and 2701.

32. What additional requirements do the Notice of Award documents enact?

The Notice of Award [SBA Form 1222] Addendum introduces several potential terms and conditions for SVOG awardees, some examples include completion and upload of SBA Form 1623, submission of 2019 and 2020 Federal tax returns, and a statement that SVOG awardees are excluded from participation in the Restaurant Relief Fund (RRF) program.

33. For what time period and expenditures does the Uniform Guidance (2 CFR 200) apply?

Grantees agree to comply with the 2 CFR 200 when they sign their Notice of Award document (see SBA Form 1222 Box 14). This means that the 2 CFR 200 requirements apply to Grantees from the date the initial SVOG grant award is issued (see SBA Form 1222 Box 22) to the end date of the Period to Incur Eligible Costs (see SBA Form 1222 Box 4).

With regard to pre-award costs, costs incurred between March 1, 2020, and the date before the initial SVOG grant award is issued, SBA will not require strict compliance with procedural mandates, such as the procurement standards or prior approval restrictions, imposed under 2 CFR Part 200. If a grantee is unsure whether a given requirement under 2 CFR Part 200 applies to its pre-award costs it should contact SVOgrant@sba.gov.

Grantees should generally comply with 2 CFR 200 requirements for all SVOG fund expenditures. However, when the program statute allows the use of SVOG award funds for a specific use beyond the scope of uses outlined in the 2 CFR 200, that use is allowed. Examples of costs allowed by SVOG which are not allowed by 2 CFR 200 include:

- 2 CFR 200.438 – Entertainment Costs, and
- 2 CFR 200.421 – Advertising and Public Relations.

Use of Funds

34. All SVOG award funds expended must be Eligible, Allowable, Allocable, and Reasonable, what does this mean?

The following definitions provide a preliminary understanding of each category. For more specific information pertaining to each definition, please refer to detailed responses in the subsections below.

- Eligible – Funds are expended within the designated timeframe to incur costs: March 1, 2020 – December 31, 2021, for initial award and March 1, 2020 – June 30, 2022, for supplemental awards.
- Allowable – Funds expended are clearly aligned with a SVOG program allowable cost category. See question #40 for additional details.
- Reasonable – Funds expended are considered a necessary and ordinary expense for the business and are in line with historical norms, and the expenditure is consistent with the actions of a prudent person.
- Allocable – Funds expended are clearly charged to SVOG award and no other Federal

funding source.

35. What does it mean to incur a cost within the Eligible Period?

A cost is generally considered incurred on the date in which the cost was recorded, however this may vary based on the grantee's own accounting norms and business practices. Grantees demonstrate eligible use of funds by incurring costs within the time period specific for their award.

Grantees spend funds during the budget period to reimburse eligible and allowable expenses. SVOG award fund expenditures should be tracked by allowable cost category so the grantee can report all spending activity by allowable cost category during the closeout process.

36. Does executing a contract constitute 'incurring' the associated cost of that contract?

Generally, yes. Whether the cost is eligible and allowable will depend on whether the payment schedule agreed upon is reasonable with respect to your ordinary and necessary business practices. Executing contracts within the Period to Incur Eligible Costs by itself does not make the associated costs eligible and allowable.

Examples for Incurring vs Expending Funds for an Initial Award (examples are not exclusive to initial phase awards, however a single award type was selected to outline clear timeline constraints.)

Eligible and allowable costs incurred for an **Initial Award** can include:

- Employee wages for time worked during the 22-month period (March 1, 2020 – December 31, 2021), in addition, to lost wages reimbursed for business shutdowns during the 22-month period.
 - *Do not charge any wages already reimbursed with other Federal funding, such as PPP or wages used to receive the Employee Retention Credit or the Paid Sick and Family Leave Credits. Please refer to Post Award FAQ #110 for additional information on double-counting.*
- Maintenance costs during the 22-month period for preserving a place of business including repairs or service to address normal wear and tear issues and unexpected problems.

Based on a grantee's own business norms and historical approach to necessary and ordinary expenses, the following examples of **Initial Award** costs may be eligible and allowable:

- Production development and deposit costs incurred during the 22-month period, including deposits or pre-payments made to support shows or performances that would launch after December 31, 2021., but
 - *Note: There are exceptions for capital expenditures, as well as regular expenses that may straddle the end of the 22-month window. This exception is limited to necessary and ordinary business expenses for which the venue historically made deposits or pre-payments.*
- Prepayment on a service or consultant contract, including cost for months beyond December 31, 2021.

Eligible

37. What is an eligible cost?

A cost is considered eligible if it was incurred within the designated timeframe to incur costs.

The Period to Incur Eligible Costs is March 1, 2020 – December 31, 2021 for initial awards. The Period to Incur Eligible Costs becomes March 1, 2020 – June 30, 2022 if a supplemental award is granted.

38. Can I obtain an extension on my Period to Incur Eligible Costs?

No, grantees will only be able to incur costs through the Project Period "Through" date listed on their most recent Notice of Award (12/31/21 for initial grant recipients and 6/30/22 for Supplemental Grant recipients).

39. Can grantees use SVOG funds to reimburse themselves for allowable expenses they already paid going back as far as March 1, 2020?

Yes, a grantee can reimburse allowable costs dating back to March 1, 2020. In addition, the reimbursed expenses must be reasonable, consistent with ordinary and necessary business practices, and allocable, not already covered by another Federal funding source.

Allowable

Program Statute Allowable Uses

40. What costs does the SVOG Program Statute allow?

Allowable costs are those costs that align with the statute and other basic frameworks. The statute lists the following as allowable costs:

- Payroll costs
- Rent payments
- Utility payments
- Scheduled mortgage payments (not including prepayment of principal)
- Scheduled debt payments (not including prepayment of principal on any indebtedness incurred in the ordinary course of business prior to February 15, 2020)
- Worker protection expenditures
- Payments to independent contractors
- Ordinary and necessary business expenses, including maintenance costs
- Administrative costs (including fees and licensing)
- State and local taxes and fees
- Operating leases in effect as of February 15, 2020
- Insurance payments
- Advertising, production transportation, and capital expenditures related to producing a theatrical or live performing arts production. (May not be primary use of funds).

41. What costs are prohibited by the SVOG Statute?

The following are NOT allowable per the statute:

- Purchase of Real Estate (Real Property)
- Payments of interest or principal on loans originated after February 15, 2020
- Investment or Lending

- Contributions or expenditures to, or on behalf of, any political party, party committee, or candidate for elective office
- Any other use as may be prohibited by the Administrator.

42. Fundraising

Fundraising is not an allowable use of SVOG funds and is further prohibited in line with 2 CFR 200.442.

Allowable Cost Categories as Displayed on the SVOG Budget Form

SVOG has organized questions about the allowable uses of SVOG funds by the name and number of the applicable allowable cost category on the SVOG budget and expense report forms. These forms are only available via the SVOG Portal.

43. How do I communicate my actual use of SVOG award funds to SBA?

By completing the expense report in the Begin Closeout – Expense Report Action Item.

44. What are the allowable costs categories in the SVOG Budget and Expenses Report Forms?

The fields in the budget and expense report forms include:

- 1. Personnel & Payroll
- 2. Fringe Benefits
- 3. Equipment
- 4. Travel (Transportation)
- 5. Supplies
- 6. Contractual (no data entry field)
 - 6a. Payments to Independent Contractors
 - 6b. Operating Leases
- 7. Construction
- 8. Other (no data entry field)
 - 8a. Rent Payments
 - 8b. Utility Payments
 - 8c. Scheduled Mortgage Payments
 - 8d. Scheduled Debt Payments
 - 8e. Worker Protection Expenditures
 - 8f. Other Ordinary Business Expenses
 - 8g. Administrative costs
 - 8h. Insurance Payments
 - 8i. Advertising
 - 8j. Production Transportation
 - 8k. Capital Expenditures

Field 1. Personnel (Payroll cost)

45. What are Personnel Costs (Payroll Costs)?

Personnel costs are the salaries, wages, or compensation paid to entity staff, plus payments for Social Security, unemployment tax, and Medicare.

Payments made to staff are based on the terms and conditions of employment and are delivered based on time worked and/or tasks completed. Payments for lost wages and owner compensation should also be budgeted and expensed in the personnel allowable cost category. Consistent with the allocability standards, grantees may use SVOG funds to pay personnel costs that have not already been reimbursed by other Federal funding sources, such as a PPP or EIDL, or wages credited through the Paid Sick and Family Leave Credits.

Also consistent with allocability standards, grantees may use SVOG funds to pay personnel costs that have not already been credited through the Employee Retention Credit (ERC) for the first two quarters of calendar year 2021. SVOG may cover the following, as related to entities that also used Employee Retention Credit (ERC):

- First two quarters of CY21: any remaining wages which have not been credited through ERC
- Third and fourth quarters of CY 2021: none of the base wages used to calculate the ERC may be allocated to the SVOG award

For more information on the interaction between the ERTC and SVOG, please see [IRS Notice 2021-49, “Guidance on the Employee Retention Credit under Section 3134 of the Code and on Miscellaneous Issues Related to the Employee Retention Credit”](#).

46. Can an entity use funds for owner compensation?

Yes. Payments to principals or owners, or “Owner Compensation”, including salary, actual draws, distributions and dividends, are treated as an ordinary business expense and thus payable as Personnel Costs.

SVOG grantees may use SVOG funds to compensate their owners/principals for the period of March 2020 through December 31, 2021. If a supplemental award was received, the through date is June 30, 2022.

SVOG award funds cannot reimburse an owner for equivalent payments already covered by another Federal funding source, such as PPP, Paid Sick and Family Leave Credits, or EIDL.

The use of SVOG funds for owner compensation is restricted to compensation levels of the 2019 calendar-year. If a business began business operations in 2020, the compensation level is set by the first two months of 2020.

47. How do I calculate the limit of owner compensation?

Owner Compensation paid with SVOG funds may not exceed the monthly average of 2019 compensation, multiplied by the number of months in your period to incur eligible expenditures. If a business began business operations in 2020, the compensation level is set by the average of January and February of 2020, similarly multiplied.

Owner Compensation reimbursed from other Federal sources, such as PPP, unemployment, or Paid Sick and Family Leave Credits, must be subtracted from the total allowable SVOG reimbursement.

Grantees must also account for any owner wages, salary, actual draws, distributions or dividends taken during the period to incur eligible expenditures.

Remember, the goal of the SVOG program is to make you whole relative to 2019 compensation.

Example:

If you did not receive a supplemental grant, your Period to Incur Eligible Costs is the 22 months between March 1, 2020, and December 31, 2021.

If your owner had compensation of \$120,000 in 2019, your owner could be compensated up to \$220,000 in SVOG award funds:

$$\$120,000 \div 12 \text{ months} = \$10,000$$

$$\$10,000 \times 22 \text{ months} = \$220,000$$

However, if \$30,000 in PPP was used to pay or reimburse your owner during the 22-month period, then that amount would need to be subtracted.

In this example, you may allowably expend an additional \$190,000 in SVOG award funds on Owner Compensation:

$$\$220,000 - \$30,000 = \$190,000$$

48. Can SVOG funds be used to reimburse an owner who put their own money into the entity to keep employees and operating expenses paid?

Yes. Owners of eligible entities may be fully reimbursed for personal funds they contributed to an entity to keep it in operation during their Period to Incur Eligible Costs.

You may allocate these contributions to the appropriate cost category for each expense you personally paid, but you must have sufficient documentation tracing the transfers and expenditures.

Without such documentation, claimed owner reimbursements will be treated as Owner Compensation.

49. Can SVOG funds be used to make employees whole for temporary reductions in pay an employer had to impose due to the pandemic?

Yes. Where employee salaries and wages were reduced for some or all of the Period to Incur Eligible Costs due to economic circumstances caused by the COVID-19 pandemic, an SVOG recipient may use grant funds to restore the lost wages of its employees whole or in part.

SVOG award funds cannot exceed ordinary, reasonable compensation levels for the individual, nor can the funds be used to cover wages that have already been reimbursed with another Federal funding award.

Please check your State and local rules and regulations if an employee has received unemployment assistance. Some jurisdictions may require reimbursement to the unemployment agency if you provide compensation for lost wages.

[Field 2. Fringe Benefits](#)

50. What are fringe benefits?

Fringe Benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages.

Payment and reimbursement of fringe benefits must be consistent with your ordinary and necessary business practices. It must also be consistent with any provisions provided by law. Fringe benefit examples include payments for insurance plans, paid time off, and retirement programs. Additional provisions concerning the charging of fringe benefits to Federal grant awards are detailed in 2 CFR 200.41.

[Field 3. Travel \(Transportation\)](#)

51. What is travel (transportation) costs?

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business for the grantee.

Travel costs should be consistent with necessary and ordinary business practices and any existing travel policies outlined within the grantee organization. If a grantee does not have organizational travel policies and procedures, they should adhere to the standards outlined in 2 CFR 200.475.

Grantees may also use this cost category to budget or expense transportation costs. Transportation costs (2 CFR 200.474) are defined as costs incurred for freight, express, cartage, postage, and other transportation services relating either to goods purchased, in process, or delivered. Before recording a cost in this allowable cost category, grantees should first confirm that it is not actually an 8j-Production Transportation cost.

[Field 4. Equipment](#)

52. What would be considered equipment?

Equipment is personal property (including information technology systems), that has a useful life of more than one year and a per-unit cost of more than \$5,000.

Equipment purchases must be made outright, because SVOG awardees cannot use SVOG funds to open or pay against a line of credit or debt service originated on or after February 15, 2020. Additionally, grantees need to demonstrate that the purchase of equipment is consistent with necessary and ordinary business practices including the timeline in which personal property items are usually updated or replaced.

Any equipment purchased with SVOG award funds (whole or in-part) must be inventoried, maintained, and used for the purpose intended. The use of funds for items qualifying as equipment that were purchased for worker protection should be recorded in 8E-Worker Protection Expenditures allowable cost category.

53. Is equipment a capital expenditure?

Most equipment purchases will be considered capital expenditures because the default Federal capitalization threshold is \$5,000 per unit. If equipment is purchased that qualifies as a capital expenditure, it should be recorded in 8k-Capital Expenditures.

54. Do I need SBA pre-approval to purchase equipment?

SBA's approach to equipment is informed by the Statute and 2 CFR 200.439.

2 CFR 200.439(b)(1) prohibits the purchase of general-purpose equipment, buildings, and land unless authorized by the Federal awarding agency (SBA).

- The Statute prohibits the use of SVOG funds to purchase general-purpose buildings and land.
- SBA does not expect grantees to utilize SVOG award funds to purchase general purpose equipment; grantees should seek SBA approval by emailing SVOgrant@sba.gov.

2 CFR 200.439(b)(2) permits the purchase of special purpose equipment, provided that items with a unit cost above \$5,000.00 have prior written approval from the Federal awarding agency.

- SBA has waived the need for prior written approval for special purpose equipment.
- The special purpose equipment items must be for use in a theatrical or live performing arts production, concert, exhibition, or comedy show. Examples of special purchase equipment items include lighting, sound equipment, and projectors.
- SBA considers special purpose equipment items with a per unit value above \$5,000.00 to be capital expenditures, recorded in allowable cost category 8k.

55. What are the recordkeeping responsibilities for equipment?

All equipment purchased (in-whole or in-part) with SVOG award funds must be inventoried, maintained, protected from damage or theft, and reported to SBA if no longer in use or in need of disposition at the time of closeout. For further guidance refer to 2 CFR 200.313 – Equipment and 2 CFR 200.344(f) – Closeout.

56. What do I do with equipment purchased with SVOG award funds at closeout?

Equipment purchased (in-whole or in-part) with SVOG award funds should be inventoried and tracked throughout the Active Grantee Phase. At closeout, grantees must provide an inventory of any purchased equipment that has a per unit fair market value of more than \$5,000.

SBA will presume that equipment included in the submitted inventory will be retained for continued use unless the grantee requests disposition instructions. Equipment items with a fair market value of \$5,000 or less (per unit) at grant award closeout may be retained or sold without triggering repayment.

[Field 5. Supplies](#)

57. What would be considered supplies

Supplies are personal property acquired that has a per unit value less than \$5,000. Some examples of supplies that might be purchased with SVOG award funds include technology supplies, paper goods, and concession or food service items.

Supplies purchased for worker protection should be recorded in 8E-Worker Protection Expenditures allowable cost category.

58. What are the recordkeeping responsibilities for supplies?

All supplies purchased with SVOG award funds need to be tracked and inventoried. At closeout, grantees must review their supplies inventory and if the aggregate value of unused supplies purchased with SVOG award funds exceeds \$5,000 then grantees must submit unused supplies inventory to SBA in the Begin Closeout – Expense Report Action item.

59. Can I purchase supplies in bulk to meet long terms needs?

Possibly. If SVOG award funds are being used to purchase consumables, grantees should limit purchases to their immediate needs or use SVOG award funds to reimburse costs already incurred. If grantees utilize funds to purchase supplies in bulk to meet long term needs, they will likely need to provide an inventory of all unused supplies at closeout and may need to reimburse SBA the SVOG funds used to purchase surplus supplies.

60. What do I do with supplies purchased with SVOG award funds at closeout?

If the remaining inventory of unused supplies at closeout exceeds \$5,000 in total aggregate value, grantees must submit an inventory to SBA.

After closeout, grantees have one year with which to use supplies of up to \$25,000 in aggregate value, consistent with the purpose of the grant. After closeout, any unused supplies in excess of \$25,000 must be sold and the funds provided to SBA as reimbursement. If a grantee does not wish to retain unused supplies at closeout, then they should request disposition instructions from SBA.

[Field 6a. Payments to Independent Contractors](#)

61. What is an independent contractor?

Independent contractors provide services outside of an employer-employee relationship. Independent contractors may take many business forms, and can be individuals, sole proprietors, limited liability companies (LLCs), partnerships, corporations, etc.

Independent contractors are responsible for the means and methods for completing a task based on specifications in a contract. Contractors may have multiple clients, maintain a separate workplace, or lack direct control from the recipient.

The SBA will consider the totality of the circumstances, including criteria used by the IRS and Department of Labor, in determining whether individuals are employees or independent contractors. Where a sister agency considers an individual to be an independent contractor rather than an employee, the SBA will do the same (See program document [FAQ Regarding Shuttered Venue Operator Grant](#) #179).

62. Are there limitations on payments to independent contractors using SVOG funds?

The SVOG enabling legislation allows SVOG funds to be used for:

- Payments made to independent contractors (See program document [FAQ Regarding Shuttered Venue Operator Grant](#) #159),
- Payments as reported on Form--1099 MISC (See program document [FAQ Regarding Shuttered Venue Operator Grant](#) #53), or

- Payments to an individual employee of an independent contractor, not to exceed a total of \$100,000 in annual compensation (See program document [FAQ Regarding Shuttered Venue Operator Grant #130](#)).

63. What is a payment to an independent contractor?

A payment to an independent contractor is compensation of a nonemployee for services performed for a trade or business, typically on a contract basis and not on regular payroll.

64. What is Form-1099 MISC, Miscellaneous Information?

IRS Form-1099 MISC is an IRS tax form used to report certain types of miscellaneous payments which do not have a dedicated tax form.

Not all miscellaneous payments are allowable costs, but the IRS provides the following examples of miscellaneous payments reportable on Form 1099 MISC on [its website](#):

- Rent payments
- Royalties
- Honorariums
- Prizes or awards that are not for services, such as winnings on TV or radio shows
- Certain payments to suppliers of health and medical services.
- Payments to attorneys.

65. What does it mean for SVOG to allow no more than \$100,000 in payments to an individual employee of an independent contractor?

A grantee may have contracted with a corporation, partnership, or other third party to complete a project or provide services as an ordinary and necessary business expense. The grantee may use SVOG funds to pay these independent contractors. However, the grantee may not provide more than \$100,000 in direct compensation to any one individual employed by its independent contractors.

Example: An SVOG awarded-venue contracts with a booker who in turn contracts with a talent representative who represents a Big Performing Artist. The venue could use SVOG funds for ordinary and necessary payments to the booker and/or talent representative of any reasonable amount. The booker and/or talent representatives receiving these amounts can pay their employees and contractors according to their typical business practices. However, the SVOG-awarded venue could not *also directly* compensate the Big Performing Artist any amount greater than \$100,000.

66. Can SVOG funds be used to pay artists?

Yes. SVOG-recipient representation or production companies may pay or reimburse reasonable wages or contract costs to an employed or contracted performer as an ordinary and necessary business expense (See program document [FAQ Regarding Shuttered Venue Operator Grant #159](#)).

The use of SVOG funds to provide reasonable advance payments to an artist's representation or production company is similarly authorized as an ordinary and necessary business expense. If the artist is not the SVOG awardee's employee, direct compensation to that independent

contractor's individual employees is subject to the \$100,000 limitation as detailed in this Post-Award FAQ 65.

67. Can SVOG funds be used to pre-pay artist deposits and guarantees for performances scheduled after the Period to Incur Eligible Costs ends?

Yes, SVOG award funds can be used to pay artist deposits and guarantees.

But grantees should primarily use SVOG funds for artist deposits and guarantees for performances which take place during the Period to Incur Eligible Costs. Grantees may be able to pre-pay artist deposits and guarantees for performances scheduled after the Period to Incur Eligible Costs ends if the contract, scheduling, and payment were implemented in a manner consistent with necessary and ordinary business practices.

68. Does the independent contractor payment cap apply to pass through funds?

No. Talent representatives or other entities acting as an individual's agent are not considered employees of independent contractors. Instead, such cases consider the cap to apply to payments made by a grantee to the individual artist employed by the talent agent or manager as opposed to the talent representative or booker directly.

69. Will artist deposits/guarantees from promoters who hold then disburse the money to multiple artist clients, count as contractors for booking agencies and, if so, will it be limited to the \$100,000 payment for individual employees of an independent contractor?

No. Talent representatives or other entities acting as fiscal transfer agents on behalf of individual artists are not typically considered independent contractors for purposes of the \$100,000 payment limit.

70. Are we able to pay talent who are foreign nationals?

It is allowable to pay foreign nationals authorized to work in the United States who are being reimbursed for work conducted in the United States. Please be sure to follow IRS guidance for reporting payments to non-US residents.

[Field 6b. Operating Leases](#)

71. What is an operating lease?

An operating lease is the rental of an asset from a lessor. This rental does not transfer ownership of the asset to the lessee.

Operating leases may cover real and personal property. During the operating lease period, the lessee typically has unrestricted use of the asset, but is responsible for the condition of the asset at the end of the lease, when it is returned to the lessor.

Additional guidance on federal grant requirements is outlined in 2 CFR 200.465 Rental Costs of Real Property and Equipment.

72. What is the limitation on paying operating leases?

The operating lease contract must be in effect on or before February 15, 2020. Grantees can only use SVOG funds to cover the operating lease payments that are due during the Grantee's Period to Incur Eligible Costs. The rate in which payments are made should be consistent with the terms and conditions of the operating lease and the necessary and ordinary business practices of the entity.

Example: Grantee signed an operating lease on December 31, 2019, to rent a building for one year and make payments on a monthly basis. If this grantee had an initial SVOG award, then they could charge the March 2020 – December 2020 monthly payments to the SVOG award and record the costs to allowable cost category 6b–Operating Leases.

If this same grantee renewed their rental agreement for one year on December 31, 2020 (Note – executed after February 15, 2020), then they could charge the January 2021-December 2021 monthly payments to the SVOG award and record the costs to allowable cost category 8a-Rent Payments.

73. What if I have costs for a rental or lease agreement entered into or incurred after February 15, 2020?

Allowable costs for rental or lease contracts entered into or incurred after February 15, 2020, should be charged to the SVOG award in allowable cost category 8a-Rent Payments.

[Field 7. Construction](#)

74. What is a construction cost?

A construction cost is payment for improvement, renovation, or rehabilitation of real property. SVOG award funds should only be used for construction in limited instances, such as construction of set or stage fixtures used in the creation or delivery of a theatrical or live performing arts production, concert, exhibition, or comedy show.

Construction costs for maintenance should be recorded in allowable cost category 8f-Other Business expenses. Construction costs for worker protection in implementing health and safety protections for COVID-19 should be recorded in the 8E-Worker Protection Expenditures allowable cost category.

75. Are there any additional restrictions on using funds for construction costs?

SVOG award funds should only be utilized for construction in limited instances.

SVOG award funds utilized for construction costs should be associated with the creation or delivery of producing a theatrical or live performing arts production, concert, exhibition, or comedy show. SVOG award funds should not be used for aesthetic or design updates, renovations, or improvements to interior or exterior spaces. SVOG award funds should not be used for construction for the purpose of increasing the value of a real property asset unless improvements were deemed maintenance and were implemented to address normal wear and tear issues.

[Field 8a. Rent Payments](#)

76. What are rent payments?

Rent payments are regularly scheduled payments that an entity makes in exchange for use of an asset the entity does not own. Rent can be paid for real or personal property. Additional guidance on federal grant requirements is outlined in 2 CFR 200.465 Rental Costs of Real Property and Equipment.

77. What are the limitations on recording costs in rent payments allowable cost category?

The rent contract must be executed after February 15, 2020. Grantees can only use SVOG award funds to make payments on the rent that is due during the Period to Incur Eligible Costs. The rate in which payments are made should be consistent with the terms and conditions of the rental agreement and the necessary and ordinary business practices of the entity.

78. What if I executed a rental agreement on or before February 15, 2020?

Rent costs, including rent for an entity's place of business, for agreements executed on or before February 15, 2020, are considered operating lease costs and must be recorded in allowable cost category 6b-Operating Leases.

[Field 8b. Utility Payments](#)

79. What are utility payments?

Utility payments include regular payments for electricity, gas, water, telephone, or internet access expenses. Grantees can only use SVOG award funds to make payments for utility payments that are due during the Period to Incur Eligible Costs. The rate in which payments are made should be consistent with the terms and conditions of the utility agreement and the necessary and ordinary business practices of the entity.

[Field 8c. Scheduled Mortgage Payments](#)

80. What is a scheduled mortgage payment?

A scheduled mortgage payment is a scheduled payments of interest or principal on any covered mortgage obligation, which shall not include any prepayment of principal on a covered mortgage obligation. The mortgage contract must be for property owned by the eligible person or entity and actively utilized for implementation of the grant award.

81. What is the limitation on reimbursing scheduled mortgage payments?

Grantees may only use SVOG award funds on scheduled mortgage payments associated with a mortgage contract originated on or before February 15, 2020.

82. Can you use SVOG funds to pre-pay principal and interest on an existing mortgage?

No. SVOG award funds cannot be used to pre-pay principal and interest on an existing mortgage.

83. Can SVOG funds be used to make payments on SBA-backed or SBA direct loans?

Yes. The Economic Aid Act states SVOG funds may be used for “scheduled payments of interest or principal on any indebtedness or debt instrument incurred in the ordinary course of business.” Given the broad language used by Congress, the SBA will treat payments on both SBA-backed and SBA direct loans as an allowable expense under the SVOG program, so long as those loans began prior to February 15, 2020.

[Field 8d. Scheduled Debt Payments](#)

84. What is a scheduled debt payment?

A scheduled debt payment is a scheduled payment of interest or principal, which shall not include any prepayment of principal, on an indebtedness or debt Instrument incurred in the ordinary course of business that is a liability of the eligible person or entity and was incurred prior to Feb. 15, 2020.

85. If a loan or line of credit has been refinanced or consolidated under a new lender, but existed prior to February 15, 2020, would it still be considered an eligible expense?

Yes. Payments toward debts recorded prior to February 15, 2020, represent an allowable expense even if the debt was refinanced or consolidated with other debts that existed prior to that cutoff date.

Any additional amount of indebtedness following the consolidation that is attributable to the nonqualifying loan would not be an allowable expense.

Additionally, payments on lines of credit or revolving loan funds recorded prior to February 15, 2020, but not drawn down until after February 15, 2020 would also be an allowable expense.

Where an existing line of credit or revolving loan fund was increased after February 15, 2020, only the pre-February 15, 2020, amount would represent an allowable expense. SVOG funds must not be used to make payments on any increase in the indebtedness.

86. Will credit card payments be considered scheduled debt payments that can be paid from SVOG funds?

Sometimes. Individual credit card charges that relate to scheduled allowable expenses such as utility payments, worker protection expenditures, or other ordinary and necessary business expenses and which were incurred between March 1, 2020, and December 31, 2021, (or June 30, 2022, if the entity receives a supplemental award) are payable or reimbursable from grant funds.

[Field 8e. Worker Protection Expenditures](#)

87. What are worker protection expenditures?

Worker protection expenses are the costs incurred to implement health and safety measures to protect employees from COVID-19 exposure. Some worker protection expenditure examples include face masks, gloves, sanitization supplies, touchless payment devices, and plexiglass shields.

88. Will making improvements/changes to bathrooms, HVAC etc. in response to COVID-19 be eligible uses of SVOG funds?

Yes, updating or modifying physical space or equipment to respond to COVID-19 health and safety recommendations is allowable expense.

Field 8f. Other Business Expenses

89. What types of costs should be recorded in the Other Business Expenses allowable cost category?

The other business expenses allowable cost category was created to capture other allowable necessary and ordinary business costs permitted under the SVOG program that do not readily fall into another category and are not otherwise restricted by any funding prohibition, such as making payment to indebtedness originated on or after February 15, 2020. Some examples of costs that should be recorded in 8f-Other Business Expenses allowable cost category include:

- Maintenance,
- Ticket refunds,
- Audit fees, and
- Depreciation

90. What are maintenance expenses?

Maintenance expenses generally include any small repairs or services to address normal wear and tear issues or unexpected problems. Maintenance expenses do not generally include major repairs or construction costs for addressing long known real property issues or deficiencies. Further, maintenance costs should only be charged for the property that is directly associated with implementation of the SVOG award.

Some examples of maintenance costs include repairing a roof section to address a leak, window or door repair, and HVAC system repair and service.

91. Are ticket refunds an allowable cost and if so, how do I record them on my budget?

Yes, ticket refunds are an allowable cost.

Refunds should only be issued for shows cancelled within the Period to Incur Eligible Costs. SVOG funds can only be used to reimburse amounts that have not already been reimbursed by a supplemental funding source such as insurance payments. Ticket refund costs should be logged in budget category 8f – Other Business Expenses.

92. Will SBA consider audit costs to be an allowable expense?

Generally, no, audit expenses will not be considered an allowable grant expense; however, there is an exception for SVOG grantees required to complete an audit.

For grantees required to complete an audit, they may pay a reasonably proportionate share of the costs of audits required by, and performed in accordance with, the audit requirement. For the costs to be eligible, the contract with the compliance auditor must be executed within the Period to Incur Eligible Costs.

93. Is depreciation an allowable expense under SVOG?

Yes, so long as it is consistent with ordinary and necessary business operations in 2019 and prior years and not charged on items which were purchased with SVOG award funds. For more information, see 2 CFR 200.436.

94. What assets should be depreciated?

Assets that gradually lose their value over time are assets in which depreciation can be charged. Capital assets are tangible or intangible property items with an expected life of more than one year purchased for use within the organization's operation and not intended for resale. Examples include building structures, machinery, vehicles, fixtures and fittings, equipment, water and sewer systems, and patents and trademarks.

95. How may depreciation be computed?

There are several methods for computing depreciation: straight-line depreciation, units-of-production and accelerated depreciation such as sum-of-the-years'-digits and double-declining balance methods. However, SBA strongly recommends using the straight-line method of depreciation unless you can clearly prove an item would deteriorate at a greater rate in early years.

- 96. Are there any circumstances or situations in which assets or portions of assets otherwise subject to depreciation are not depreciated for the purposes of Federal grants?**
Yes, if any portion of the cost was paid for with an SVOG award or any other Federal funding source, then you cannot charge the calculated depreciation for the item.

Field 8g Administrative Costs

- 97. What are administrative costs?**

Administrative costs are an expansion of the other ordinary and necessary business expenses permitted by the SVOG program statute. The most common expenses recorded in this category should include:

- Fees and Licensing, and
- State and Local Taxes and Fees.

- 98. Are paying the fees associated with offering employee retirement plans an allowable expense?**

Yes. Fees paid by an entity to setup or maintain retirement benefit options for employees are an allowable expense.

- 99. Do ‘state and local taxes’ identified as allowable expenses include real estate taxes and personal property taxes on buildings and equipment?**

Yes. Where real estate taxes and personal property taxes are levied on buildings and equipment directly related to eligible SVOG program operations they may be paid using grant funds. Taxes on property and equipment owned by an eligible entity not directly related to its SVOG program operations are not an allowable expense.

- 100. Can indirect costs be charged to an SVOG award?**

Indirect costs *may* be allowable, however, SBA cautions grantees from charging indirect costs to their SVOG grant award.

As SVOG is emergency relief funding, all expenses charged should generally be considered direct costs. Before charging indirect costs to your SVOG award, please seek advisement from an accounting professional to ensure that the correct direct cost base is used to apply the indirect cost rate. This is important because the SVOG program permits the use of award funds to cover personnel, fringe benefit, supplies, and contractual items as direct costs which may normally be considered indirect costs based on your organization's cost allocation plan and the financial documentation submitted to obtain your negotiated indirect cost rate.

To use an approved negotiated indirect cost rate a grantee must be able to provide evidence that the rate was approved prior to the date of SVOG application submission, otherwise the organization would have to default to the 10% de-minis rate (consistent with 2 CFR 200.414(g)).

Field 8h. Insurance Payments

- 101. What is an insurance payment?**

An insurance payment is any ordinary and necessary payment required for insurance on any insurance policy maintained by a grantee for protection of the business or business property

utilized in implementation of the SVOG award. Additional guidance on insurance payments is available in 2 CFR 200.447.

102. How much of my insurance policy payment can I charge to the SVOG award?

The rate and frequency in which insurance payments are made should be consistent with the terms and conditions of the applicable insurance policy and the necessary and ordinary business practices of the entity.

Example: If a grantee with an initial award traditionally makes a one-time payment for an insurance policy in September, then they could charge in full the September 2021 insurance policy payment even though the policy covers a time period that goes beyond December 31, 2021. If the normal business practice is to pay an insurance policy monthly, then a grantee could only use SVOG award funds to cover expenses for the months included in the Period to Incur Eligible Costs.

[Field 8i. Advertising](#)

103. What are advertising costs?

Costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.

Advertising is an allowable cost if it is related to producing a theatrical or live performing arts production, concert, exhibition, or comedy show. The sum total of costs charged to the advertising (8i), production transportation (8j), and capital expenditure (8k) allowable cost categories must be less than fifty percent of the total SVOG award.

[Field 8j. Production Transportation \(Production\)](#)

104. What are production transportation costs?

Production transportation costs include movement of items or people related to producing a theatrical or live performing arts production, concert, exhibition, or comedy show.

Production transportation is an allowable cost if it is related to producing a theatrical or live performing arts production, concert, exhibition, or comedy show. The sum total of costs charged to the advertising (8i), production transportation (8j), and capital expenditure (8k) allowable cost categories must be less than fifty percent of the total SVOG award.

[Field 8k. Capital Expenditures](#)

105. What is a capital expenditure?

Capital expenditures are costs to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.

Capital expenditures are an allowable cost if it is related to producing a theatrical or live performing arts production, concert, exhibition, or comedy show. The sum total of costs charged to the advertising (8i), production transportation (8j), and capital expenditure (8k) allowable cost categories must be less than fifty percent of the total SVOG award.

Reasonable Costs

106. What is a reasonable cost?

A cost is reasonable if it is consistent with the grantee's ordinary and necessary business practices and represents the actions undertaken by a prudent person. To determine cost reasonableness, expenses should be compared to historic spending. In the case of new expenses, like those incurred for worker protection, necessary and ordinary business practices should provide the framework for ensuring cost reasonableness.

Allocability

107. What is cost allocability?

A cost is considered allocable to the SVOG award if the goods or services involved are chargeable or assignable to the SVOG award and only the SVOG award. Costs expensed under an SVOG award cannot be charged to another Federal funding source and vice versa.

108. Should I track other Federal award funds I have received to ensure a specific cost is allocable to my SVOG award?

Yes. A cost cannot be charged to multiple Federal award sources. You can split a cost, but you need to be able to clearly document how the cost was divided to prevent charging the same dollar to your SVOG award that you may have already charged to, for example, an EIDL or PPP Federal award.

109. I received an EIDL. Can I allocate SVOG expenses that are also sourced from EIDL? Is it better to pay EIDL back first to avoid any conflict?

SBA does not make recommendations on paying back any other Federal funding sources. You may not charge the same cost to two different Federal funding sources.

110. If I received the Paid Sick and Family Leave Credits or the Employee Retention Credit, can I still use SVOG funds to pay employee wages?

Wages may either be expensed to an SVOG award as “Payroll” or treated as “qualified wages”/ “qualified leave wages” for purposes of these tax credits, but not both.

If wages are used to receive either of those tax credits, the credited wages cannot also be expensed to SVOG. Wages expensed to SVOG as payroll cannot be treated as qualified wages/qualified leave wages to receive these tax credits.

If an eligible entity takes into account only a portion of an employee’s salary as “qualified wages” for purposes of the Employee Retention Tax Credit or “qualified leave wages” for purposes of the Paid Sick and Family Leave Tax Credits, SVOG funds may be used to pay only the remaining portion of the employee’s salary.

Example

A grantee employee received \$20,000 in salary in 2021. \$5,000 of this individual’s salary was taken into account as “qualified wages” for purposes of the Employee Retention Tax Credit. The remaining \$15,000 can be reimbursed by the SVOG award provided the remaining \$15,000 was not reimbursed by other Federal funding sources.

For more information on Coronavirus Employer Tax Credits, please visit [the IRS website](#).

Monitoring Events

111. My portal says I’m in Monitoring – does that mean I’ve been selected?

Not necessarily. At this time (June, 2022) the “In Monitoring” status means that the grantee has completed all outstanding action items and is in the Active Grantee Phase. Grantees that are selected for monitoring will receive an email requesting review and response to a Monitoring

Notification Action Item. If you receive a Monitoring Notification Action Item, then you have been selected for monitoring.

112. What is Monitoring?

Monitoring is an SBA-led review of a grantee’s award implementation. SBA will use monitoring to learn more about the grantee organization, review the award implementation progress, provide technical assistance, and assess eligible and allowable use of funds for a sample of cost items. Monitoring is a regular part of all Federal grant programs. Not all SVOG awardees will be monitored, but all grantees should be prepared for monitoring in case selected.

113. What is a Monitoring Event?

A monitoring event consist of three parts:

1. Receipt of a Monitoring Notification Action Item with grantee instructions and a list of requested documentation;
2. SBA review of grantee submitted documentation; and
3. SBA delivery of the Monitoring Report Action Item and subsequent monitoring event closure once any issued corrective actions are resolved.

114. How do I prepare for a Monitoring Event?

Grantees do not need to do anything special to prepare for monitoring if they are adhering to the baseline expectations for cost and expenditure tracking. Grantees are expected to be able to communicate to the SBA how SVOG award funds have been expended. SVOG award expenditures should be tracked by allowable cost category and supporting documentation should be maintained for all costs charged.

115. What do I do with a monitoring report?

SBA has provided an overview of the monitoring report and grantee expectations in the [Post-Application Guidance for SVOG applicants](#).

116. How do I know a monitoring event has been closed?

A monitoring event is considered closed once a grantee has received SBA approval on both monitoring action items: the Monitoring Notification Action Item and Monitoring Report Action Item.

Audit Requirements

117. What is the audit requirement for SVOG awards?

The audit requirement depends upon entity type. Non-Federal (meaning nonprofit organizations, institutions of higher education, state or local governments, or Indian tribes) grantees that expend \$750,000 or more in Federal funds within their own fiscal year will be required to have an audit. This audit must be conducted in accordance with 2 CFR 200 Subpart F.

Because the for-profit entities are not required to adhere to the audit requirements in 2 CFR Part 200, the federal awarding agency (e.g., SBA) has the flexibility to define specific audit requirements and threshold specific to the SVOG program. Therefore, the audit threshold for a for-profit entity that has received a SVOG award has been adjusted to be based on the GAAP principle of revenue recognition, specifically applied to recognition of an SVOG award. If a for-profit entity receives an SVOG award and recognized revenue in the amount (or combined

amount if initial and supplemental awards were received in the same fiscal year) of \$750,000 or more during the entity's fiscal year, the entity will select from one of four audit options. These four options are:

1. A single audit conducted in accordance with 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
2. A program-specific audit conducted in accordance with 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
3. An audit of the entity's financial statements; or
4. A compliance examination engagement.

The expectations for the audit requirement, including process, report types, and submission are detailed in the [Post-Application Guidance for SVOG applicants](#) and in the in the Audit and Attestation Requirements for For-Profit Recipients guidance document.

118. Does EIDL count toward the expenditure threshold for audits? What about PPP?

EIDL loan expenditures count toward the \$750,000 expenditure threshold, while PPP loans do not.

119. If I am a non-Federal entity, when calculating my use of Federal funds, do I use the amount awarded or amount expended?

Expended. The \$750,000 expenditure threshold is the sum of actual expenses incurred within the entity's own fiscal year and is not based on the amount of funds received. For-profit entities should consult the standalone "SVOG Audit and Attestation Requirements for For-Profit Recipients" and FAQ 117 for clarification.

120. If SVOG funds were received in FY 2021, and were spent in FY 2021 to reimburse allowable costs from FY 2020, are they considered "expended" in FY 2020 or FY 2021?

FY 2021. For purposes of the SVOG audit requirements, expenditure occurs when reimbursements are made against the SVOG award, not when costs were incurred.

121. What type of audit is required?

Non-Federal entities (meaning nonprofit organizations, institutions of higher education, state or local governments, or Indian tribes) must complete either a single audit or program-specific audit as outlined in [Uniform Guidance Subpart F \(2 CFR 200. 500 – 521\)](#).

For non-Federal entities subject to the audit requirement with fiscal year expenditures from more than one federal program, a single audit is required. Non-Federal entities whose only fiscal year federal expenditures were from the SVOG award may opt for a program-specific audit.

For-profit entities may complete a single or program-specific audit or may also comply with the audit requirements by completing an audit of the entity's financial statements (along with the auditor's opinion on these statements) or a compliance examination engagement. For-profit entities should consult with their financial professionals to determine which option is best for their circumstances.

122. What is a compliance examination engagement?

A compliance examination engagement involves a financial professional opining directly on the grantee's compliance with SVOG requirements, including all applicable statutes and regulations.

123. Who conducts the audit?

The audit completed under this requirement is not conducted by SBA. Grantees are expected to seek out a qualified professional to complete this audit review.

124. What are the grantee's responsibilities before the audit occurs?

The grantee must maintain and document internal controls to ensure compliance with the requirements of the SVOG award; maintain documentation of all federal award expenditures, including proper record retention (4 years for employment records, 3 years for all other records); and prepare financial statements and Schedule of Expenditures of Federal Awards (SEFA).

125. What is the SEFA?

The Schedule of Expenditures of Federal Awards (SEFA) is a standard form required under federal regulations. The SEFA reports all federal awards by federal agency; descriptions of accounting principles used in preparing the schedule; and other information. See 2 CFR 200.

126. What happens during the audit process?

The auditor will audit the grantee's financial statement using professional standards to determine whether they are stated fairly in accordance with generally accepted accounting principles; whether the SEFA is stated fairly in relation to the financial statements; whether the grantee's internal fiscal controls are sufficient; and whether the grantee has complied with federal statutes and regulations in expending the SVOG award.

127. What are the grantee's responsibilities while the audit is conducted?

While the audit is conducted, the grantee must cooperate and communicate with the auditor and provide access to staff, accounting records, supporting documentation, grant records, and other information as requested; prepare corrective action plans for all audit findings as applicable; and assist in preparing the required Reporting Package documents.

128. What are the auditor's responsibilities after the audit is complete?

After the audit is complete, the auditor will prepare the required Reporting Package documents.

129. What are the grantee's responsibilities after the audit is complete?

After the audit is complete, the grantee must participate in an exit conference with the auditor and implement any applicable corrective action plans.

Non-Federal entities must submit the Reporting Package and Form SF-SAC to the Federal Audit Clearinghouse; If the auditor makes findings in their report, then the grantee is expected to resolve the findings with a corrective action plan and submit the corrective action plan in its FAC reporting package. A non-Federal entity will also be required to submit their audit reporting package directly to SBA through the Audit Report Action Item.

For-profit entities required to complete a financial audit must provide a copy of their audit report to SBA, including all audit package components, findings, and corrective action plans, as applicable. This will be submitted through the Audit Report Action Item.

130. What is in the audit Reporting Package?

The audit Reporting Package includes the grantee’s financial statements; the SEFA; a schedule of findings and questioned costs; and the auditor’s report.

131. What is Form SF-SAC?

Form SF-SAC, or Data Collection Form, is a standard form for reporting certain audit data and can be located on the Federal Audit Clearinghouse website. Both the grantee and auditor complete certifications and sign this form.

132. What is the timeline for delivering an audit report?

For the non-Federal entities, the Audit Report should be completed and submitted to SBA within 9 months of the end of the Grantee’s fiscal year in which \$750,000 or more of Federal Funds have been expended. Guidance on reporting compliance with the audit requirement is provided in the [Post-Application Guidance for SVOG applicants](#).

For-profit entities have the later of nine months after the release of the SVOG For-Profit Guidance Document or nine months after the entity’s fiscal year-end.

133. How will grantees submit the audit report to SBA?

SBA will utilize an Audit Reporting Action Item to collect audit report packages from non-Federal and for-profit entities. Both entity types have nine months from the end of their fiscal year to submit their audit report packages.

134. What is a “cognizant federal agency?” Which entities must have one for audit?

Non-Federal entities which have expended more than \$50 million in a year in Federal awards must have a cognizant agency for audit. See [2 CFR 200.513](#). The designated cognizant agency for audit must be the Federal awarding agency that provides the predominant amount of funding directly (direct funding) (as listed on the Schedule of expenditures of Federal awards, see [§ 200.510\(b\)](#)) to a non-Federal entity unless OMB designates a specific cognizant agency for audit. Note that the cognizant agency may or may not be the SBA.