

NORTH FLORIDA 8(A) & BUSINESS DEVELOPMENT QUARTERLY

November 2010

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3rd Annual 8(a) Conference in Daytona Beach Was a Success!

On August 9, 2010, we had our third North Florida District Office, 8(a) Annual Conference in Daytona Beach. The four-hour event was a huge success with over 85 firms in attendance and 125 attendees. The 8(a) Annual Conference kicked-off with the "State of the 8(a) Address," where Kenneth Hamilton, ADD/8(a) BD presented a wealth of information on contract award distribution, program standardization processes and what the future holds for the 8(a) Program. Walter Wallace, Procurement Center Representative, provided a clear understanding of the 8(a) Joint Venture program. Other topics included, 8(a) Compliance, Mentor Protégé Program, and Defense Contract Audits. We thank all of the speakers including Martin Sullivan, retired DCAA auditor and now independent consultant. Special thanks to the Daytona Beach Community College for providing the space. Stay tuned for our next 8(a) Annual Conference as it promises to be BIGGER and BETTER!



Above: Andy Harold of A. Harold and Associates, LLC and Pegine Echevarria of Team Pegine Join Forces at the Annual Meeting.

"The training was extremely valuable for two reasons. First the information shared was extremely helpful providing guidance regarding some decisions that I was contemplating (immediate ROI). Second, the networking was fabulous. I was able to meet new people who were experienced 8(a)'s in transition. The one on one discussions I had were very helpful to me providing experience, hope and practical tools. It was well worth my time." *Pegine Echevarria*



Right: Ned Harper, Director of the Small Business Development Center at Daytona State College also participated in the conference.

"The North Florida Annual 8(a) conference was a tremendous success said Andy Harold, who attends each year. "This event is a time to network with other 8(a) firms and get valuable updates from the SBA. The SBA team put on a tremendous program and I look forward to attending next years event! "



Above: SBA's Nancy Alvarez Hernandez Delivers a Presentation to over 85 8(a) Firms that came to the Annual Meeting



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Your Small Business Resource

Financial Reporting Tips

Financial Statement Ratios: Making Financial Performance Easier to Understand

By Anna Brosche, CPA and Partner at Ennis, Pellum & Associates CPAs

Third-party users of financial statements, like the SBA or banks, use ratios to enhance their understanding and even simplify the story that your financial statements are telling. If others are evaluating your financial statements using ratios, shouldn't you be one step ahead of them and calculating and understanding those ratios? Better yet, two or three steps ahead says you are not only calculating and understanding the ratios, you're comparing your company's ratios to industry benchmarks. Four or five steps ahead says you are incorporating ratios into your business plan and driving your business to meet those ratio targets. It feels good to be ahead of others who are evaluating your financial statements; being in touch with their story is a feeling of power and control that every business owner can experience. So, let's get stepping on our path to understanding and using financial statement ratios.

A System of Evaluating Financial Statement Ratios

Financial statement ratios don't really mean much on a stand-alone basis. To create meaning, you need a reference point. The ratios should be compared to historical values of your company, to forecasts of such ratios for your company, or to industry data. For example, calculating the amounts each quarter, and then comparing them to the prior quarter and/or the same quarter of the prior year creates comparison points that become meaningful. Trends in financial statement ratios over longer periods of time might be even more helpful.

Be careful not to use just one financial statement ratio. It is important to review various ratios that provide a broader picture of the company's health. After all, the third-party users of your company's financial statements have chosen a group of specific ratios that help them understand your complete financial picture and each ratio is meant to serve a specific and narrow purpose.

Closely monitored ratios and meaningful reference points can identify trends moving in the wrong direction and help you take quick corrective action. In some cases, certain ratios can predict, and therefore avoid, business failure. Treat these ratios as indicators and work with your accountant or CPA to define the ratios you should be using and to understand the story they are telling you. They can offer you tremendous business insight and confidence and even become part of your company's strategic plan.

Financial Reporting for 8(a) Program Participants- By Nancy N. Alvarez-Hernandez, Business Development Specialist, North Florida

To assist our firms in understanding financial reporting requirements, we conducted our first Fiscal Year 11 webinar for 8(a) Program Participants on November 1, 2010. The co-facilitator was Anna Lopez Brosche of Ennis, Pellum & Associates, CPA. We covered financial statement requirements, respective revenue level requirements (audit, review or compile), and respective due date timeframe (13 CFR 124.602(a) - (c)).

We also covered the waiver request for Audited financial statements; specifically, addressing instances appropriate to file such a request (13 CFR 124.602(a) (I)). Often times, failure to comply with this requirement can equate to missed opportunities for your firm. The SBA has as much as 10 days and as little as 2 days to respond to an offer letter—depending on the estimated dollar value of the offer. This time is significantly minimized when you are not current in your reporting requirements. Staying compliant ensures uninterrupted program services.

Additionally, while you might receive an 8(a) sole source offer letter prior to your financial statement reporting due date, you are still required to submit a signed Sales Report—for the recently ending calendar year—disclosing your 8(a) and non-8(a) revenues (13 CFR 124.602(e)). An easy way to ensure you don't miss out on an opportunity is to generate a Sales Report immediately upon closing of your firm's fiscal year. All Sales reports must separate 8(a) from non-8(a) revenues and the report must be signed and dated by the CEO or President of the company. Mail the report to your SBA specialist and keep a copy for your files.

Lastly, we covered financial ratios and how they could affect your eligibility for program participation. Understanding financial ratios is an excellent tool for business owners to understand the financial health of their business. We understand the calculation and interpretation of financial ratios is not for everyone; therefore, we encourage businesses to consult with their CPA to better manage these and/or other ratios. Here are the seven ratios used by SBA and how to calculate your ratio as well as their interpretation:

Total Assets = Current Assets + Total Fixed Assets

What they own; Consists of Current Assets and Long Term Assets; Some assets have more value than others; Assets have different function for the business

Current Ratio = Current assets

Current liabilities; A test of solvency which indicates whether or not a business has enough current assets to meet the payments of its current liabilities; Generally, the higher this ratio the better able a company is to meet its current obligations

Debt/Net Worth = Total Liabilities

Total Net Worth; Measures how well a company can meet its total obligations by indicating the relative amount of creditors money versus owner's money is in the business; The higher this ratio the greater the risk to creditors

Net Worth = Total Assets - Total Liabilities

How much money the owners have invested in the business; This is what is divided into the total debt figure to find the debt to worth ratio
Sometimes this is referred to as the Tangible Net Worth if intangibles are deducted; Beware of negatives

Net Sales = Gross sales - (returns, discounts, and allowances)

Deductions from the gross sales are represented in the net sales figure; Therefore, net sales gives a more accurate picture of the actual sales generated by the company, or the money that it expects to receive.

Pre-tax Profits = Total revenue (sales) - COGS - Operating expenses

A profitability measure that looks at a company's profits before the company has to pay corporate income tax. Sales/Working

Capital Ratio = Sales

Current Assets - Current Liabilities; Measures a firm's ability to finance its current operations by comparing its level of sales to the underlying working capital supporting those sales; A low ratio may indicate inefficient use of working capital; A high ratio may indicate that the company does not have the working capital it needs to support its sales volume

Firms exceeding four out of seven benchmark ratios for two consecutive years **might** be considered for early graduation. After your assigned specialist completes your annual review, schedule an appointment to discuss the results of your annual review if you have any concerns.

You can access our full webinar presentation [here](#).

Hello & Welcome
&
Farewell & Best of Luck! 8(a) Firms Fiscal Year 2011

Welcome New 8(a) Firms!!

- Carter Solutions, Inc., Lake Mary
- Jetechnology Solutions, Inc., Orlando
- Pinnacle Civil and General Contractors, LLC, Ponte Vedra Beach
- Rayson Enterprises, LLC, Orlando

Farewell Graduated 8(a) Firms!!

- Cost Management, Inc., Orlando
- L.M.C.C. Specialty Contractors (Mims), Orlando
- Z-Facilitators, Inc., Orlando

FYI

SBA Increases 8(a) Competitive Acquisition Thresholds!! *By Ed Phillips, SBA Business Development Specialist, North Florida* Effective **October 1, 2010**, under new rules published on August 30, 2010, in the Federal Register, the Federal Acquisition Regulations (FAR Part 19.805-1), have been amended to increase the competitive dollar threshold for acquisitions offered to the 8(a) Business Development Program from **\$5.5 Million** to **\$6.5 Million** for manufacturing contracts and **\$4.0 Million** from **\$3.5 Million** for all other services. This was triggered by provisions of section 807 of the Ronald W. Regan National Defense Authorization Act for Fiscal Year 2005, which requires an adjustment every 5 years of acquisition-related thresholds for inflation.

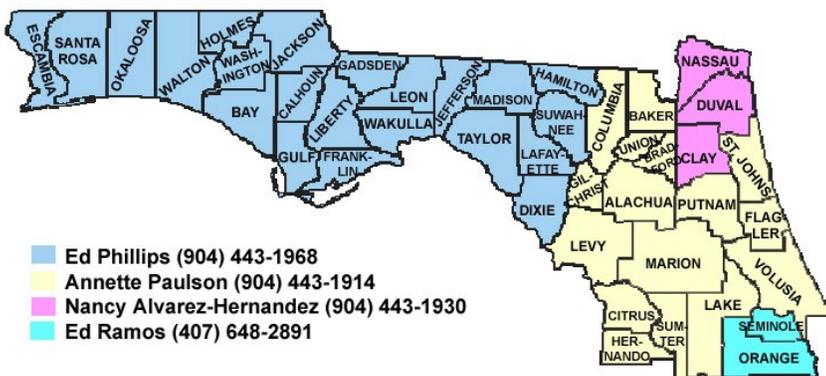
HUBZone Competitive Acquisition Thresholds were established at the same level as the 8(a) Business Development Program, but those for Service-Disabled Veteran-Owned Small Business were set as \$6 Million for Manufacturing contracts and \$3.5 Million for all other services.

Other acquisition thresholds that may be of interest to your business are:

- Micro Purchases Threshold was unchanged and remains at \$3,000 dollars.
- The simplified acquisition threshold (FAR 2.101) is raised from \$100,000 to \$150,000 dollars.
- The FedBizOpps preaward and post-award notices (FAR part 5) remain at \$25,000 because of trade agreements.
- Commercial items test program ceiling (FAR 13.500) is raised from \$5,500,000 to \$6,500,000 dollars.
- The cost or pricing data threshold (FAR 15.403-4) is raised from \$650,000 to \$700,000 dollars.
- The prime contractor subcontracting plan (FAR 19.702) floor is raised from \$550,000 to \$650,000, and the construction threshold of \$1,000,000 increases to \$1,500,000.
- The Miller Act threshold for Surety Bonds was raised from \$100,000 to \$150,000 dollars.

SMALL BUSINESS CONTRACTING OPPORTUNITY

SMALL BUSINESS SET-ASIDE-Base Operating Support II (BOS) Services Naval Submarine Base, Kings Bay, GA- Services Needed: Grounds Maintenance /Landscaping, Pest Control, Refuse Collection and Recycling, Janitorial/Custodial, and related services in support of base operations. Deadline: November 30th- Find out more by [clicking here](#)



The North Florida District Business Opportunity Specialists are here to Assist You in your Government Contracting Needs.



FYI

The "FAQ" section of the SBA's HUBZone Page has been updated with the latest information you may find helpful!!!
[Click HERE](#)

Mentor-Protégé Connection

In an effort to assist 8(a) program participants find a suitable mentor or protégé, the SBA North Florida District Office has developed this listing to identify firms interested in participating in SBA's Mentor Protégé Program.

The list is divided into two listings; one list identifies firms whose interest is to participate as "protégé," and the second list firms interested in participating as "mentor." For more information visit www.sba.gov

[To View the List of Interested Mentors/Protégés, Please Click HERE](#)

8(a) SUCCESS News!!

A new SBA 8(a) firm, Hydra Engineering and its owner, Leslie Hope, were highlighted in 850 Magazine for her innovativeness in seeking government contracts to help her business thrive in challenging economic times. Her Wakulla County based firm is a prime example of 8(a) success. [Click HERE For the Full article](#)

Seven of SBA's 8(a) Firms made the prestigious 2010 Inc. 500/5000 list of the nation's fastest growing private companies. The list, representing the top-tier businesses in the United States, measures revenue growth from 2006 to 2009.

- **H2 Performance Consulting, Holly Smith, President- ranked 139** grew its revenue by 1913% percent, with current revenues now exceeding \$2.9 million. H2 is a Pensacola-based management & technology consulting firm.
- **A Harold and Associates, Andy Harold, President- ranked 182 as the #3 Black-Run Company in the United States** with an astonishing three-year growth rate of 1564 %. AHA is also ranked as the #29 company in its industry, government services. A. Harold & Associates is a Jacksonville-based consulting, management and training firm .
- **LimitLess International, Cheryl Stockstad, President – ranked 322 with 918% three-year sales growth.** Limitless is an Orlando-based global transportation company providing domestic and global air and ocean transportation, warehousing, distribution and TSA screening facilities for air cargo shippers. www.limilessintl.com
- **Hooah LLC, Jorge Suria, President – ranked 582 with 521% three-year sales growth.** Hooah is a minority-owned interactive communications firm located in Winter Park. www.hooah.cc.
- **AVT Simulation, Cliff Inargi, Vice President/COO– ranked 2433 with 100 percent three-year growth.** AVT is an Orlando-based firm that specializes in training and simulation, with an emphasis on visual engineering training for the military.
- **N.P. Construction of North Florida, Nelson E. Peraza, President– ranked 2475 with 98 percent three-year growth.** N.P. Construction is a Jacksonville-based 8(a) Program Graduate that provides diversified construction services for commercial, industrial, institutional, and government projects.
- **Meridian Technologies, Inc., Christopher B. Pillay, President– ranked 3023 with 69 percent three-year growth.** Meridian is a Jacksonville-based 8(a) firm technical consulting, performance engineering, and software development to help businesses warehouse and analyze data.

The Florida Department of Management Services Office of Supplier Diversity highlighted Santoni International Builders, LLC (SBA 8(a) Firm) as their vendor of the Month during the Summer 2010.



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Other SUCCESS News!!

U.S. Department of Transportation receives "A" rating from the SBA for 2009 small business achievements in government contracting. DOT was one of ten agencies that met or surpassed their goals for four of the five small business categories—Click [HERE](#) for full article from DOT.

The Director of the FISCJ Small Business Programs Office, hereby acknowledge Ms. Moira Moran as the FISCJ Small Business Programs Office Acquisition Advocate for Small Business concerns (3rd QTR 10). Ms. Moran is a retired Petty Officer and has been employed with FISCJ since September 2008 as a Purchasing Agent under Code 250K Contracts Division.



Photo: Simplified Acquisition Procedures Director Bethany Germann (left) and Small Business Programs Office Director Caretha Brown-Griffin (right) recognize Moira Moran for her selection as FISCJ's FY10 3rd Qtr. Small Business Programs Office Acquisition Advocate for Small Business Concerns. (Photo by Daphne Cassani).



CHECK IT OUT!!

The SBA North Florida has posted a Listing of all participating 8(a) Firms in North Florida at www.sba.gov/fl/north

FREE SBA WEBINARS

Participate From Wherever You Are!

Financial Reporting for 8(a) Program Participants:

Thursday, December 9, 2010
1:00 pm EST

Benefits & Process for 8(a) Business Development Certification

Thursday, January 13, 2011
1:00 pm EST

Small Business Toolkit Series: Government Contracting-Guide to Success

Thursday, February 10, 2011
1:00 pm EST

FOR ALL WEBINARS:

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The SBA North Florida District Office staff would like to wish you a VERY Happy Thanksgiving!!