

## Instructions to Assist in Completing the Personal Financial Statement (Modified SBA Form 413) For the Massachusetts Unified Certification Program

Please **do not** make adjustments to your figures pursuant to U.S. Department of Transportation (U.S. DOT) regulations 49 CFR Part 26. The Supplier Diversity Office (SDO) will use the information provided on your completed Personal Financial Statement to determine your *Personal Net Worth According to 49 CFR Part 26*. An individual's *Personal Net Worth According to 49 CFR Part 26* **includes** only his or her own share of assets held jointly or as community property with the individual's spouse and **excludes** the following:

- Individual's ownership interest in the applicant firm;
- Individual's equity in his or her primary residence;
  - **The above exclusions should be reflected in an individual's personal financial statement (Modified SBA Form 413), and they will be excluded internally to adjust an individual's personal net worth.**
- Tax and interest penalties that would accrue if retirement savings or investments (e.g. pension plans, individual retirement accounts, 401(K) accounts, were distributed at the present time.

If your *Personal Net Worth According to 49 CFR Part 26* **exceeds \$1,320,000** cap and you, individually, or you and other individuals are the majority owners of an applicant firm is not eligible for DBE certification. If the *Personal Net Worth According to 49 CFR Part 26* of the majority owner(s) **exceeds \$1,320,000** cap at any time after your firm is certified, the firm is no longer eligible for certification. Should that occur, it is your responsibility to contact SDO in writing to advise the firm no longer qualifies.

### General Instructions

- You must fill out all line items on the Personal Financial Statement (Modified SBA Form 413) to the best of your ability.
- On the form, above the *Personal Financial Statement* heading, please indicate an individual's marital status.
- On the form, please identify all property that is held jointly or as community property, and include values and ownership. An individual should only claim his/her share of the values.
- If necessary, please use additional sheet(s) of paper to report all information and details.
- If you have any questions about completing this form, please contact SDO at (617)502-8831.

### Specific Instructions

#### **Date and Contact Information**

Be sure to include the as of reporting date and your contact information on the upper right corner of the first page.

### **ASSETS**

All assets must be reported at their current fair market values as of the date of your statement. **Assessor's assessed value for real estate, for example, is not acceptable.** Assets held in a trust generally should be included.

**Cash on hand & in Banks:** Enter the total amount of cash on hand and in bank accounts other than savings.

**Savings Accounts:** Enter the total amount in all savings accounts.

**IRA or Other Retirement Account:** Enter the total present value of all IRAs and other retirement accounts, including any deferred compensation and pension plans.

**Accounts & Notes Receivables:** Enter the total value of all monies owed to you personally, if any. This should include shareholder loans to the applicant firm, if any.

**Life Insurance-Cash Surrender Value Only:** Enter the value of any life insurance policies. This amount should be cash surrender value only, not the amount a beneficiary would receive upon your death, also known as face value. A complete description is required in Section 8.

**Stocks and Bonds:** Enter the current market value of your stocks and bonds. A complete listing and description is required in Section 3.

**Real Estate:** Enter the current fair market value of all real estate owned. A complete listing and description of all real estate owned is required in Section 4. The amount must correspond with the total "Present Market Value" amounts listed in Section 4.

**Automobile-Present Value:** Enter the current fair market value of all automobiles owned.

**Other Personal Property:** Enter the current fair market value of all other personal property owned, but not included in the previous entries. A complete description of these assets is required in Section 5.

**Other Assets:** Enter the current fair market value of all other assets owned, but not included in the previous entries. A complete description of these assets is required in Section 5.

### **LIABILITIES**

**Accounts Payable:** Enter the total value of all unpaid accounts payable that is your responsibility.

**Notes Payable to Banks and Others:** Enter the total amount due on all notes payable to banks and others. This should not, however, include any mortgage balances. A complete description of all notes payable to banks and others is required in Section 2.

**Installment Account (Auto):** Enter amount of the present balance of the debt that you owe for auto installment account. Please be sure to indicate the total monthly payment in the space provided.

**Installment Account (Other):** Enter amount of the present balance of the debt that owe for other installment accounts. Please be sure to indicate the total monthly payment in the space provided. For example, include the balances of all credit card debts in this line.

**Loans on Life Insurance:** Enter the total value of all loans due to life insurance policies.

**Mortgages on Real Estate:** Enter the total balance on all mortgages payable on real estate. A complete breakdown of all mortgages on real estate is required in Section 4. The amount must correspond with the total of the mortgage balances amounts listed in Section 4.

**Unpaid Taxes:** Enter the total amount of all taxes that are currently due but are unpaid. Contingent tax liabilities or anticipated taxes for current year should not be included. A complete description is required in Section 6.

**Other Liabilities:** Enter the total value due on all other liabilities not classified in the previous entries. A complete description is required in Section 7.

**Net Worth:** To complete Net Worth, add all liabilities and put that figure in the Total Liabilities line. Then subtract Total Liabilities from Total Assets to get your Net Worth. **Net Worth = Total Assets – Total Liabilities**

#### SECTION 1 SOURCE OF INCOME

**Salary:** Enter the amount of your total annual salary. This includes any salary from the applicant firm and if applicable, any salary from outside employment.

**Net Investment Income:** Enter the total amount of all investment income (i.e. dividends, interest, etc.)

**Real Estate Income:** Enter the total amount of all real estate income received from the sale, rental, lease, etc. of real estate held.

**Other Income:** Enter the total amount of all other income received (i.e. alimony, social security, pension, etc.). Please be sure to describe the source of the other income in the space provided below in this section.

#### CONTINGENT LIABILITIES

Contingent liabilities are liabilities that belong to you only if an event(s) should occur. For example, if you have co-signed on a relative's loan, but you are not responsible for the debt until your relative defaults, this is a contingent liability. Contingent liabilities do not count toward your net worth until they become actual liabilities.

**As Endorser or Co-Maker:** Enter the total potential liabilities due as a result of being a co-signer for a loan or other commitments.

**Legal Claims and Judgments:** Enter the potential liabilities due as a result of legal claims from judgments, lawsuits, etc.

**Provisions for Federal Income Tax:** Enter the total amount of all Federal taxes for which you are potentially liable due to an anticipated gain on the pending sale of an asset or other circumstances, such as pending disputes or litigation which could possibly result in a personal tax liability.

**Other Special Debt:** Enter the total amount due on all remaining potential debts not accounted for.

#### SECTION 2 NOTES PAYABLE TO BANKS AND OTHERS

Enter the name and address of note holder(s), original balance, current balance, payment amount, frequency, and how secured for each note payable as entered in the "Liabilities" column. Do not include loans for your business or mortgages for your properties.

#### SECTION 3 STOCKS AND BONDS

Enter the number of shares, names of securities, cost, fair market value, and the date of fair market value for all shares of stock and bonds held. You may attach recent copies of your stock account listings. Do not include stock in your business.

#### SECTION 4 REAL ESTATE OWNED

**Starting with your primary residence (be sure to identify it as your primary residence),** enter the type of property, address, date of purchase, original cost, present fair market value, name and address of mortgage holder, mortgage account number, mortgage balance, amount of payment, and status of mortgage for all real estate held. Please ensure that this section contains all real estate owned, including rental properties, vacation properties, commercial properties, etc. **Your ownership % in each property listed should be labeled next to the type of property.**

**Total "Present Market Value" amounts time ownership % should correspond with the "Real Estate" amount listed in the "Assets" column. Additionally, total "Mortgage Balance" amounts time ownership % should correspond with the "Mortgages on Real Estate" amount listed in the "Liabilities" column.** Attach additional sheet(s) if needed.

#### SECTION 5 OTHER PERSONAL PROPERTY AND OTHER ASSETS

Itemize and describe in detail other personal property and other assets owned as listed in the "Assets" column. For other personal property, include boats, trailers, jewelry, furniture, household goods, collectibles, clothing, etc. **For other assets, include equity interest in the applicant firm, other businesses, trusts, investments, etc.**

#### SECTION 6 UNPAID TAXES

Describe in detail as to the type, to whom payable, when due, amount, and to what property, if any, the tax lien attaches. Please refer to the unpaid taxes listed in the "Liabilities" column. If none, state "None." This section should not include the contingent tax liabilities or anticipated taxes owed for the current year. For any unusually large amounts, you must include documentation, such as tax liens, to support the amounts.

#### SECTION 7 OTHER LIABILITIES

Describe in detail any other liabilities as referenced by the value listed in the "Liabilities" column. If none, state "None." For any unusually large amounts, you must include documentation, such as tax liens, to support the amounts.

#### SECTION 8 LIFE INSURANCE HELD

Describe all life insurance policies held. Please be sure to include the face amount(s) of the policy, name of insurance company and beneficiaries and cash surrender values of the policy. Total cash surrender values should correspond with the "Life Insurance-Cash Surrender Value Only" amount listed in "Assets" column.

#### EXECUTION OF STATEMENT

Be sure to sign, date, and include your social security number at the end of the statement.