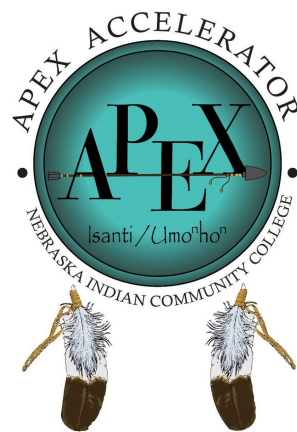


NEWSLETTER

June 2025



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TIP OF THE MONTH

Determining Small Business Status for Recently-Formed Companies

In federal government contracting, qualifying as a small business can confer tremendous benefits, including access to set-aside prime contracts, eligibility for certifications such as 8(a) and HUBZone, and much more. Contrary to popular belief, however, recently-formed companies cannot use the same formulas as established companies to determine their small business eligibility. Instead, special rules apply. Let’s take a look.

Receipts-Based Size Status

For companies in the construction and service industries, small business status is determined by calculating the company’s average annual receipts, as that term is defined in the SBA’s regulation at [13 C.F.R. 121.104\(a\)](#). It is commonly understood that the “average” in question is a five-year average.

With that understanding, contractors that have been in business for fewer than five years sometimes plug in “zero” for the missing years. For example, a contractor in business for two years with total receipts of \$30 million might divide its receipts by five (assuming zeros for the three years before it was in business) and arrive at a small business size status of \$6 million.

However, the SBA’s regulation at [13 C.F.R. 121.104\(c\)\(2\)](#) requires an alternate formula when a company has been in business for fewer than five years. The regulation states that “annual receipts of a concern which has been in business for less than 5 complete fiscal years means the total receipts for the period the concern has been in business divided by the number of weeks in business, multiplied by 52.”

In the case of our \$30 million business, let’s assume that it has been in business for

exactly two years, or 104 weeks. To calculate the company’s size, it must divide the \$30 million by 104, then multiply that figure by 52. The result is an official small business size status of \$15 million, not \$6 million!

Employee-Based Size Status

For companies in the manufacturing industry, small business status is determined by calculating the company’s average number of employees, as that term is defined in the SBA’s regulation at [13 C.F.R. 121.106\(a\)](#). The count ordinarily is “based upon numbers of employees for each of the pay periods for the preceding completed 24 calendar months.”

As is the case with receipts-based size standards, however, the SBA’s regulation at [13 C.F.R. 121.106\(b\)\(3\)](#) requires an alternative calculation if the company has not been in business for 24 months. In that case, the regulation specifies that “the average number of employees is used for each of the pay periods during which it has been in business.”

A Few Final Words

Small business size status is powerful in federal contracting, but incorrect self-certification as a small business can carry serious consequences. It’s important to get it right, including understanding that newer small businesses must apply alternative formulas when running their numbers.

NICC APEX ACCELERATOR NEWS YOU CAN USE

Diversifying Your Contract Pipeline by Maximizing Opportunities through the DOD’s Mentor-Protégé Program (Recorded Webinar)

With the evolving federal contracting landscape, more businesses are looking to enter or expand within the Department of Defense market. Understanding the DOD’s Mentor-Protégé Program and its complexities can help you get a leg-up in the complex DOD market and accelerate your success.

This recorded webinar covers the ins and outs of the DOD MPP, including details of the DOD’s steps to apply, required forms, approval timelines, compliance requirements, and much more. View the webinar [here](#).

Are you interested in learning more about the DOD’s Mentor-Protégé Program or starting your application? Your APEX Accelerator can help! Contact your APEX Accelerator counselor today to arrange an appointment.

GOVOLOGY WEBINARS

*Please use the new code **52NICC20** when registering for Govology webinars.*



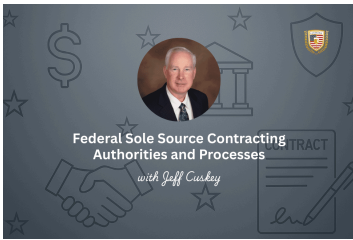
Funding and Selling Innovative Solutions to Government Agencies (2025 Update)

Date: June 5, 2025

Time: 1:00 p.m. EDT

Presenter: Jerry Hollister, BBC Entrepreneurial Training and Consulting

[Click Here to Learn More](#)



Federal Sole Source Contracting Authorities and Processes

Date: June 12, 2025

Time: 1:00 p.m. EDT

Presenter: Jeff Cuskey, CPCM, CFCM, CSCM,
GOVCON Consulting & Expert Witness Services

[Click Here to Learn More](#)



How to Competitively Respond to a Sources Sought and Influence the Acquisition (2025 Update)

Date: June 17, 2025

Time: 1:00 p.m. EDT

Presenter: Joshua Frank, RSM Federal

[Click Here to Learn More](#)



Navigating the Valley of Death: A Survival Guide for Startups

Date: June 24, 2025

Time: 1:00 p.m. EDT

Presenter: Oltac Unsal, Tambourine Innovation
Ventures

[Click Here to Learn More](#)



Evolving DoD Contractor Cybersecurity Requirements (Q2-2025 Update)

Date: June 26, 2025

Time: 1:00 p.m. EDT

Presenter: Adam Austin, Totem Technologies

[Click Here to Learn More](#)

RECOMMENDED READINGS

Executive Orders Issued to Overhaul FAR, Direct Procurement of Commercial Products and Services

The President recently issued an executive order on federal procurement titled "Restoring Common Sense to Federal Procurement," directing that the Federal Acquisition Regulation be reduced to only those provisions required by statute or which are otherwise necessary for certain limited purposes. The next day, the President issued another EO, "Ensuring Commercial, Cost-Effective Solutions in Federal Contracts," directing federal agencies to procure commercial products and services "to the maximum extent practicable." [Read more about these important executive orders.](#)

Managing the Financial Impact of Tariffs on Your Government Contract

The Administration has recently imposed various tariffs, some of which may affect federal contractors. [This article offers a look at what the tariffs may mean for contractors](#) and how contractors may be able to mitigate the impact of tariffs.

It's Been Two Years—Has My Joint Venture Reached the End of the Road?

The SBA's so-called "two-year rule" can limit the effective lifespan of a joint venture seeking small business and/or socioeconomic contracts, and even inadvertently violating the rule could cost a joint venture a contract. [This article examines the two year rule](#) and dispels common misunderstandings about how it applies.

CMMC & FOCI RESOURCES AND NEWS

This section highlights items of special interest and importance to the Department of Defense Office of Small Business Programs (DOD OSBP). Please take a moment to visit the sites listed below for additional information.

Cybersecurity Maturity Model Certification (CMMC)/Cybersecurity Compliance Resources

[DOD CMMC Resource Page](#) – Resources to assist government contractors with understanding and complying with CMMC/cybersecurity requirements.

[Project Spectrum](#) – Project Spectrum is working with APEX Accelerators to assist small businesses in achieving compliance with CMMC/cybersecurity requirements.

Foreign Ownership, Control, and Influence (FOCI) Resources

[FOCI Frequently Asked Questions](#) – FOCI is a status or situation in which a contractor with access to classified information has some foreign investment or association with foreign interest. Learn more about the federal government's requirements relating to FOCI.

<https://business.defense.gov/> – The official website of DOD OSBP. It contains additional information, news, events, and other items for those interested in doing business (or currently engaged) with the DOD.

DoD's Arrington: Like It or Not, CMMC Is Here to Stay

A top Pentagon tech official has made it clear that CMMC exists because defense contractors failed to meet earlier standards – and that despite some criticisms from industry, [CMMC is here to stay.](#)

Canadian CMMC? Canada Proposes Cyber Compliance Regime for Canadian Defense Suppliers

The Government of Canada has announced plans to launch the Canadian Program for Cyber Security Certification (CPCSC). CPCSC is a cybersecurity compliance verification program that aims to protect sensitive unclassified government information handled by Canadian government contractors and subcontractors within Canada's defense sector. CPCSC's structure appears closely aligned with the CMMC program. Given the historically

close ties between the U.S. and Canadian defense sectors, U.S. defense contractors may wish to keep an eye on this rollout. [Read more about the CPCSC.](#)

Defense Contractor MORSECORP Inc. Agrees to Pay \$4.6 Million to Settle Cybersecurity Fraud Allegations

A defense contractor has agreed to pay \$4.6 million to resolve allegations that it violated the False Claims Act by failing to comply with cybersecurity requirements in its contracts with the Departments of the Army and Air Force. [Read more about this case.](#)

The “I” in FOCI and AI: Innovation, Intelligence, Influence (Video)

[In this video](#), three experts discuss the impact of artificial intelligence in the industrial security space and its potential to help companies mitigate risks of FOCI, insider threats and cybersecurity challenges.

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APEX Accelerator:***

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E-mail us: APEX@thenicc.edu

This APEX Accelerator (formerly known as PTAC) is funded in part through a cooperative agreement with the Department of Defense.

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