

Required Financial Documents

All bidding suppliers are required to submit certain financial documents for the most current year in which a tax return has been submitted. For calendar year filers, financial documents should represent calendar year 2010 or 2011. For fiscal year filers, financials should represent the latest filed; however, no part of an accounting year may include months prior to 2009.

All business types must submit: 1) three financial statements listed below, 2) tax return extract, and 3) credit report with numerical score. **The financial statements and the tax return extract must be for the same 12-month accounting period.** For example, if the tax return extract is for the 2010 calendar year, the financial statements must be for the 2010 calendar year. For specific requirements based on your business type (corporation, sole proprietor, partnership, non-profit, municipality- or state-owned organization), please refer to the Required Financial Documents by Business Type chart.

1. **Three financial statements** prepared in accordance with Generally Accepted Accounting Principles (GAAP).

Income Statement – must include the following:

- Revenues
- Adjustments to revenues (if applicable)
- Cost of goods sold
- Expenses by category such as salary, utilities, rent, etc.
- Net income/loss

Balance Sheet – must include the following:

- Current assets
- Total assets
- Current liabilities
- Total liabilities
- Stockholders' equity or owners' capital

Statement of Cash Flows – must include the following:

- Cash flow resulting from operating activities
- Cash flow resulting from financing activities
- Cash flow resulting from investing activities
- Beginning and ending cash balances

It is strongly recommended that financial statements be prepared by an independent accounting firm.

The financial statements must be for the same 12-month period; individual financial statements for each month are **NOT** acceptable.

Financial statements must be prepared on the accrual or cash basis of accounting. Financial statements must include all parts identified in the Required Financial Documentation by Business Type chart and above. If not already included, it is recommended that bidders modify their financial statements to include inventory, accounts receivable, and accounts payable.

Each financial statement must correspond with related financial statements. For example, ending cash on the statement of cash flows should equal cash on the balance sheet.

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Data within the financial statements must accurately total.

The statement of cash flows must be sectioned into cash flow resulting from operating activities, financing activities, and investing activities. If you do not have activities in one or more sections, you must indicate this by placing a zero value under the appropriate titled section.

Forms submitted by bidders to federal agencies for other purposes, such as Small Business Administration forms, are **NOT** acceptable substitutes for financial statements.

New Suppliers: If a supplier has been in business for less than one year prior to the date on which the bid is submitted, the supplier must submit an appropriate combination of actual and pro forma data representing the months to which they apply that equal a one-year period. For example, a supplier in business for six months would submit actual financial statements for the six months actually in business and pro forma or prospective financial statements for the remaining six months. Actual and pro forma financial statements should not be aggregated or combined for the same period. Each statement must be separately prepared for the months to which it applies. The combination of actual and pro forma statements must cover a 12-month period.

2. Tax Return Extract (Do **NOT** send the entire tax return, only the required pages.)

For specific requirements based on your business type (corporation, sole proprietor, partnership, non-profit, municipality- or state-owned organization), please refer to the Required Financial Documents by Business Type chart.

The tax return extract and the three financial statements outlined on the previous page must be for the same 12-month accounting period. For example, if the tax return extract is for the 2010 calendar year, then the financial statements must be for the same calendar year – 2010.

The tax return extract requirement does not apply to municipality- or state-owned entities that do not submit tax returns. These entities are not required to provide other documentation to substitute for this requirement.

3. Credit Report with Numerical Score prepared within 90 days prior to the opening of the bid window by one of the following approved credit reporting agencies:

- Dun & Bradstreet
- Experian
- Equifax
- TransUnion
- Standard & Poor's

Credit reports **MUST** include a numerical score. The only exception is an alpha score from Standard & Poor's. Any other forms of gauging credit other than a numerical score (such as arrows indicating relative value of credit or the number of days beyond term) are **NOT** acceptable.

If no credit report is available for the business, a personal credit report and numerical score for the principal business owner is acceptable as long as it is prepared by an acceptable bureau within 90 days prior to the opening of the bid window. However, a personal credit report and score is **NOT** acceptable from bidders filing a regular 'C' corporation tax return (Form 1120), except in cases of newly-formed corporations.

All credit reports/scores must be prepared **on or after November 1, 2011, and before March 31, 2012.**

Covered Document Review Process

Bidders that submit their financial documents on or before the covered document review date (CDRD) will be notified of any **missing** financial documents within 90 days of the CDRD. Bidders have 10 business days from the date of the notice to submit the missing document(s). Only those suppliers that submit financial documents by the CDRD will receive notice from the Competitive Bidding Implementation Contractor (CBIC) of any missing documents. The review only determines if there are any **missing** financial documents. It does not indicate if the documents are acceptable, accurate, or meet applicable requirements. Bidders may not change bid amounts or make any other changes to their bids after the bid window closes. Bidders that submit their hardcopy financial documents after the CDRD will **NOT** be notified of any missing documents. After the bid window closes, bidders may only submit the requested financial documents identified as part of the CDRD process and cannot submit corrections to any other required documents.

For more information about this process, please refer to the Covered Document Review Date fact sheet.

IMPORTANT REMINDERS

- **BIDDER NUMBER:** Include the bidder number on EACH page of EVERY document you submit. A bidder number is assigned once the **Business Organization** page within Form A in the DMEPOS Bidding System (DBidS) is completed. Once assigned, the bidder number can be found on each page in DBidS.
- **HARDCOPY DOCUMENTS:**
 - Submit **ONE** package per bidder number, regardless of the number of bids.
 - Submit all documents in loose page format – no binders, folders, staples, or paper clips.
 - Submit only the required documents. Do **NOT** include other documents such as bank references, personal financial statements of corporate shareholders, advertising materials, or bank statements. Only required documents will be evaluated; supplemental documents will be disregarded.
 - Refer to the Hardcopy Documents Checklist and the **Required Hardcopy Documents** section of the Request for Bids (RFB) for information about non-financial documents that are required to be submitted with your financial documents as a single hardcopy document package.
- **NETWORKS:** Compile all required documents from EACH supplier included in the network and submit ONE package. If the supplier is submitting an individual bid and is also submitting a bid as part of a network, the supplier must submit separate financial packages for each bidder number to support both the individual and the network bids. Suppliers cannot bid against themselves for the same product category in the same competitive bidding area (CBA). Therefore, a supplier cannot submit both an individual bid and a network bid for the same product category and CBA. Refer to the **Bidding Types** section of the RFB for more information about networks. Please note that networks are **excluded** from bidding in the national mail-order competition because all suppliers in the national mail-order competition must be able to independently furnish all of the items in the product category throughout the entire geographic area.
- **COMMONLY OWNED OR COMMONLY CONTROLLED SUPPLIERS:** Compile all required documents from EACH supplier and submit ONE package. Suppliers cannot bid against themselves for the same product category in the same CBA. Therefore, commonly owned or commonly controlled suppliers must submit one bid that includes all locations in the CBA. Financial documents must be submitted for all suppliers that are commonly owned and/or controlled. Refer to the **Bidding Types** section of the RFB and to the fact sheet for more information about common ownership or common control.
- **PARENT AND SUBSIDIARIES:** If the bidding supplier is a subsidiary of a parent organization and if the subsidiary files its own tax return, the subsidiary should submit its own financial documents. If the subsidiary does **NOT** file its own tax return, the subsidiary should submit the parent's financial statements and the parent's tax return extract.

- Do **NOT** submit self-calculated financial ratios.
- All hardcopy document packages must be **RECEIVED** by the CBIC **on or before March 30, 2012**.
Packages should be sent to:

Palmetto GBA
Competitive Bidding Implementation Contractor
2743 Perimeter Pkwy, Suite 200-400
Augusta, GA 30909-6499

- The only documents that will be accepted and considered for evaluation after the bid window closes are missing documents identified in a written notice from the CBIC during the covered document review process. These documents must be submitted by the bidder within 10 business days from the date of the notice.