

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 to the Internal Revenue Service (IRS). 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) a tax return extract, 2) three financial statements listed below, and 3) a credit report with numerical score (or alpha score if submitting a Standard & Poor's report).

1. 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 must be for the same 12-month accounting period. For example, if the tax return extract is for the 2011 calendar year, then the financial statements must be for the same calendar year – 2011.

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.

If you are a tax exempt supplier, you must include a copy of your tax exempt certificate or other documentation certifying that you are tax exempt.

2. 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 (if applicable)
- 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 owner's 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

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The Centers for Medicare & Medicaid Services (CMS) strongly recommends that financial statements be compiled, reviewed, or audited by an accounting professional and that you provide the accounting professional a copy of the Request for Bids (RFB) instructions along with the Required Financial Documents by Business Type chart to ensure that you meet all documentation requirements.

Financial statements must:

- Be for the most current year (either fiscal or calendar) in which a tax return was filed with the IRS.
- Be prepared on the accrual or cash basis of accounting.
- Correspond with related financial statements and accurately total. For example, ending cash on the statement of cash flows should equal cash on the balance sheet.
- Be for the same 12-month accounting period and match the year of the tax return. Individual financial statements for each month are **NOT** acceptable.
- No part of an accounting year may include months prior to 2009 for fiscal filers.
- Be on the same organizational level as the tax return extract. For example, if you are a subsidiary and your parent files the tax return, your financial statements must be at your parent's level. Similarly, if your organization has different lines of business and you submit your tax return at the organization level, not according to the product line, your financial statement must be at your organization level.
- Include all parts identified in the Required Financial Documentation by Business Type chart.

Note: 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 you are a new supplier that has been in business for less than one year prior to the date on which the bid is submitted, you 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 into one statement. Each statement must be separately prepared for the month to which it applies. The combination of actual and pro forma statements must cover a 12-month period.

3. Credit Report with Numerical Score prepared no earlier than 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 agency no earlier than 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 July 17, 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 submit only 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 Information** screen within Form A in the DMEPOS Bidding System (DBidS) is completed. Once assigned, the bidder number can be found on each screen 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. The only exception to this requirement is that a bidder may also submit additional information in the form of organizational charts or other supplemental information that explains its organization's business structure or provides additional details about information reflected in its required financial documents.
 - Refer to the Hardcopy Document Package Checklist and the **Required Hardcopy Documents** section of the RFB for information about non-financial documents that are required to be submitted with your financial documents. Submit all documents in a single package of hardcopy documents.
- **NETWORKS:** The primary member must obtain 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. Refer to the **General Program Requirements** section of RFB for more information about networks.

Please Note: Suppliers cannot bid against themselves for the same product category in the same competitive bidding area (CBA). Therefore, commonly owned or commonly controlled suppliers must submit one bid that includes all locations in the CBA.

- **COMMONLY OWNED OR COMMONLY CONTROLLED SUPPLIERS:** Obtain all required documents from EACH supplier and submit ONE package. Financial documents must be submitted for all suppliers that are commonly owned and/or controlled. Refer to the **General Program Requirements** section of the RFB and to the fact sheet for more information about common ownership or common control.

Please Note: 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.

- **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 must submit its own financial documents. If the subsidiary does **NOT** file its own tax return, the subsidiary must submit the parent's financial statements and the parent's tax return extract.
- **TAX EXEMPT:** Municipality- and state-owned entities that do not submit tax returns are not required to submit a tax return extract. However, such entities must include a copy of their tax exempt certificate or other documentation certifying that they are tax exempt. These entities are still required to submit the required financial statements and credit report with score.
- Do **NOT** submit self-calculated financial ratios.
- 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.
- All hardcopy document packages must be **RECEIVED** by the CBIC **on or before December 14, 2012**. Late documents will not be considered for bid evaluation. In addition, we will not consider faxed or e-mailed documents.

Packages should be sent to:

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