

## **FINANCIAL STATEMENT BASICS FOR PREQUALIFICATION APPLICATIONS**

### **Self-Performed Construction**

#### **Chapter 337.14, Florida Statutes**

**A prequalification application provides information about a contractor's financial strength and technical experience/expertise.**

The financial analysis requires a full set of annual financial statements that comply with Florida Statutes and the Rules of the Florida Administrative Code.

#### **"Compliant" ("Required") Financial Statements**

Cover the 12-month period through fiscal year end (usually January 1 - December 31).

The application due date is related directly to the applicant's fiscal year end. It must be submitted within four months after fiscal year end (ex.: applicants with a fiscal year ending December 31 must submit their annual applications by April 30).

**We cannot process a "late" application submitted more than four months after fiscal year-end without additional financial statements (see Slides 6 and 7).**

The size of the jobs that an applicant wants to bid on as prime contractor with FDOT determines the type of financial statements that are required:

**Jobs Advertised at: \$2 Million or More; Audit is Required**

**Jobs Advertised at: Over \$250,000 but less than \$2 Million; CPA-Reviewed(audit allowed but not required)**

#### **"Compliant" ("Required") Financial Statements**

All financial statements must be audited or reviewed by a licensed CPA firm.

**CPA-prepared "compilations" (or "compiled financial statements") are not compliant and will not be accepted.**

**Company-prepared financial statements are not compliant and will not be accepted.**

All required financial statements must be accompanied by the CPA's audit opinion or review report.

Applications must include a full set of financial statements with complete footnote disclosures. They must be final and **cannot be in "draft" form.**

#### **Financial Statements for Late Applications**

An application submitted more than four months from the fiscal year end (financial report) date must include additional ("interim") financial statements no more than four months older than the application date.

Example:

- Fiscal year ends 12/31/X1.
- Application is due 4/30/X2.
- Application is not submitted until 7/31/X2.
- The application is three months late and must include financial statements for the fiscal year ending 12/31/X1 and additional (interim) financial statements for a period starting 1/1/X2 and ending no more than four months prior to 7/31/X2 (in this case, no older than 3/31/X2).

**Another way to look at this is that if an application is three months late, it must include at least three additional months of financial statements.**

Interim financial statements have the same requirements as annual financial statements. They are just for a shorter period.

Both annual and interim financial statements must be audited in order to prequalify to bid as prime contractor on FDOT projects of \$2 million or more.

If one set of financial statements is audited and the other set is reviewed, the per-job bid limit cannot equal or exceed \$2 million.

#### **Consolidated Financial Statements**

Only the financial position of the prequalifying entity is considered for prequalification.

An applicant company that is a member of a group that prepares consolidated financial statements must submit a consolidating balance sheet (a balance sheet showing each member of the group separately).

Alternatively, the applicant company can submit its own audited (or CPA-reviewed) financial statements.

#### **References and Contact Information for Financial Reporting Questions**

Prequalification requirements and prequalification application rules and requirements are provided for in Chapter 337.14, Florida Statutes (F.S.) and Rule 14-22 of the Florida Administrative Code (F.A.C.)

Financial Reporting Information can be found in:

- Ch. 337.14 (1), F.S.
- Rule Sections of the F.A.C.:
  - 14-22.0011(4)(i)
  - 14-22.002(2)
  - 14-22.002(2)(b)
  - 14-22.002(2)(c)

Contact the Prequalification Section of the Contracts Administration Office for financial reporting questions at: **(850) 414-4000**