**Workforce Solutions Financial Aid Payment Office**

**Determining Financial Stability**

Vendors, except for public colleges and universities, must provide evidence of financial stability prepared by a Certified Public Accountant (CPA). Vendors cannot solely rely on funds from Workforce Solutions. Required documentation:

Sole Proprietorship/Individual:

1. Name of Owner of Record and copy of DBA (if applicable) AND
2. **Reviewed** Financial Statements of business for the most recent fiscal year
   1. Balance Sheet, Income and Expense Statement, Statement of Cash Flow, and all notes required by GAAP
   2. Prepared in accordance to Statements on Standards for Accounting and Review Services
   3. Notes to the Reviewed Financial Statements must disclosed amount of payments for the next five (5) years to meet debt agreements as required by Generally Accepted Accounting Principles (GAAP).

Partnership or For-Profit Corporation:

1. Articles of Incorporation or Partnership agreement and DBA (if applicable) AND
2. **Audited** Financial Statements for the most recent fiscal year
   1. Balance Sheet, Income and Expense Statement, Statement of Cash Flow, and all notes required by GAAP
   2. Prepared by a CPA for the last fiscal year in accordance with Generally Accepted Auditing Standards (GAAS).

Non-Profit Organization:

1. IRS Tax Exemption Certificate (IRS Form 501(C )3 AND
2. **Audited** Financial Statements for the most recent fiscal year
   1. Balance Sheet, Income and Expense Statement, Statement of Cash Flow, and all notes required by GAAP
   2. Prepared by a CPA for the last fiscal year in accordance with Generally Accepted Auditing Standards (GAAS).

Additional Required Documents:

Owner/President must submit a signed and notarized true and correct statement:

1. Outline the expected expenses for the first three months of operation as a Workforce Solutions – Gulf Coast vendor. Including, but not limited to:
   1. Salaries, including pay7roll taxes and any other related expenses
   2. Lease payments for equipment, listed by name of equipment
   3. Lease payments for facilities
   4. Accounting, legal, & professional fees
   5. An estimate of other expenses (advertising, travel, text books, supplies (Office & classroom), printing, etc.
2. Projection of gross amount of tuition & fees to be collected during the first 2 years of operation as a Workforce Solutions – Gulf Coast vendor
3. Identify the Fiscal Year End (FYE) that will be used on future financial statements

Guidelines Used to Determine Financial Stability:

The general guidelines listed below are used in making a determination regarding the financial stability of a Workforce Solutions – Gulf Coast vendor. Please understand these guidelines are merely a starting point in our examination. Due to the complex field of accounting, it is impossible to outline all possible questionable areas that may be revealed in the examination.

1. Financial Statements must be submitted within four (4) months of the Balance Sheet date. If more than four months have elapsed since fiscal year end, a separate set of financial statements which have been **compiled** by a CPA must also be submitted.
   1. At least one note which discloses the current & long-term liabilities similar to those required by GAAP for reviewed and audited statements must be included.
2. The financial statements must be prepared by a Certified Public Accountant (CPA) who is appropriately registered with their state board of public accountancy. Out-of-state CPAs must give their state of registration and license number.
3. The financial statements must be accompanied by a report from the CPA, or CPA firm, associated with the financial statements. All financial statements must be prepared in accordance to GAAP. All audited, reviewed, or compiled financial statements must be done in accordance to GAAS.
4. The Current Ratio must be no less than 1:1 (100%). The Current Ratio is the relationship of Current Assets to Current Liabilities. A Current Liability is a liability due within twelve (12) months of the date of the balance sheet. When calculating the Current Ratio we will deduct:
   1. Any unearned tuition from both assets and liabilities
   2. Any subscriptions receivable and/or related party receivables in connection with loans to stockholders is the loan has been included in current assets for more than one year from both assets and equity sections of the balance sheet
5. Stockholders’ equity (Net Worth) must have a positive balance.
6. No Past Due Liabilities
7. Balance Sheet must reflect sufficient cash to pay all expenses for the first three (3) months of operation, or submit a sworn affidavit affirming the availability of sufficient cash to meet those projected expenses
8. Balance Sheet must reflect that Stockholders’ Equity (Net Worth) exceeds the amount shown for goodwill under the asset section of the balance sheet.
9. Cash basis statements are not acceptable. Income tax basis statements are not acceptable unless the income tax basis of accounting is limited to the method of calculating depreciation.