

## Audited Financial Statement Requirements:

### A. Contractors with Revenue of \$100,000 or More

Contractors with total revenue, **from all sources, of more than one hundred thousand dollars (\$100,000)** in annual funding are required to submit annual Audited Financial Statements prepared by an independent CPA. The Audited Financial Statements must include the following:

- **Balance Sheet:** a financial statement that summarizes a company's assets, liabilities, and shareholder's equity at a specific point in time, typically the date of the company's fiscal year end; also referred to as a Statement of Net Position, Statement of Financial Position or Statement of Assets, Liabilities and Owner's Equity.
- **Statement of Income:** a financial statement that summarizes a company's financial performance based on revenues and expenses incurred from both operating and non-operating activities over a specific accounting period, typically the company's fiscal year; also referred to as a Statement of Activities or Statement of Revenues and Expenses.
- **Statement of Functional Expenses:** a financial statement that reports a company's expenses by their function and by the nature of type of expense; only required for non-profit organizations.
- **Statement of Cash Flows:** a financial statement that summarizes the changes in balance sheet accounts and income by activity that affect cash and cash equivalents; not required for state, regional, or local governments or quasi-governmental entities.
- **Independent Auditors' Opinion:** a written statement describing an auditor's independent and unbiased evaluation of the accuracy and completeness of a company's financial statements and practices and the company's compliance with Generally Accepted Accounting Principles (GAAP).
- **Notes to Financial Statements:** footnotes that provide supplemental information pertaining to a company's operations and financial position.
- The Audited Financial Statements may also include additional information such as management's discussion and analysis, schedules, or exhibits that provide further detail on line items included in the basic financial statements.

### B. Contractors with Revenue of Less than \$100,000

Contractors with total revenue, **from all sources, of less than one hundred thousand dollars (\$100,000)** in annual funding are required to submit, at a minimum, an Annual Financial Compilation prepared by an independent CPA. An Annual Financial Compilation refers to financial statements that include the following:

- **Balance Sheet:** a financial statement that summarizes a company's assets, liabilities, and shareholder's equity at a specific point in time, typically the date of the company's fiscal year end; also referred to as a Statement of Net Position, Statement of Financial Position or Statement of Assets, Liabilities and Owner's Equity.
- **Statement of Income:** a financial statement that summarizes a company's financial performance based on revenues and expenses incurred from both operating and non-operating activities over a specific accounting period, typically the company's fiscal year; also referred to as a Statement of Activities or Statement of Revenues and Expenses.
- **Statement of Functional Expenses:** a financial statement that reports a company's expenses by their function and by the nature of type of expense; only required for non-profit organizations.
- **Statement of Cash Flows:** a financial statement that summarizes the changes in balance sheet accounts and income by activity that affect cash and cash equivalents; not required for state, regional, or local governments or quasi-governmental entities.

### C. Year-End Date

The year-end date for the financial statements must be no more than twelve (12) months prior to the beginning of the contract term.