

---

---

|             |
|-------------|
| Appendix 4D |
|-------------|

|   |
|---|
| <b>Determination of Financial Ability</b> |
|---|

The selected applicant must provide sufficient evidence of financial ability to satisfy the authorized officer, per 36 CFR 251.54(e)(3). Make a financial-ability determination (FAD) solely on the selected applicant.

If the selected applicant is deemed financially capable, issue a letter to all applicants notifying them of the agency's selection decision. If the selected applicant is deemed financially incapable, a FAD may be performed on the applicant that received the next highest rating, or the remaining applications may be rejected. Depending on the outcome, follow the appropriate procedures above.

In case they are selected, all applicants should provide sufficient documentation for a FAD.

The FAD is made by an accountant. The analysis entails review of three elements: (1) financial statements, (2) cash flow, and (3) payment history.

|                             |
|-----------------------------|
| <b>Financial Statements</b> |
|-----------------------------|

In making a FAD, review information reflecting the current financial condition of the selected applicant. The following specifies the documentation that should be analyzed, depending on whether the involvement of a Certified Public Accountant (CPA) is preferred, per FSH 6509.18.

### **When CPA Involvement Is Preferred**

Review a complete set of all financial statements for the last three fiscal years that have been audited,

reviewed, or compiled by a CPA. For financial statements that have merely been compiled by a CPA, verify that applicants have completed Parts (D)(1) or (D)(2) of FS-6500-24.

When financial statements have not been audited, reviewed, or compiled by a CPA for the last three fiscal years, review the completed FS-6500-24 for any fiscal year applicants were in business during the last three fiscal years for which an audited, reviewed, or compiled financial statement was not prepared.

In addition to any documentation provided as described in the above two paragraphs, for applicants who have not been in business for the last three fiscal years and therefore cannot submit audited, reviewed, or compiled financial statements and/or an FS-6500-24 for that period, review two fiscal years of projected financial statements that have been compiled by a CPA using the forecast method.

### **When CPA Involvement Is Not Preferred**

If financial statements are required, review a completed Form FS-6500-24 for any fiscal year applicants were in business during the last three fiscal years.

In addition to any documentation provided as described in the above paragraph, for applicants who have not been in business for the last three fiscal years and therefore cannot submit an FS-6500-24 for that period, review two fiscal years of projected financial statements that have been compiled by a CPA using the forecast method.

## Regardless of Whether CPA Involvement Is Preferred

In all cases, to assess sufficiency of financial resources, review the FS-6500-25 forms submitted by the applicant.

### **Cash Flow**

In addition to the applicant's current financial condition, evaluate the applicant's forecasted cash flow. Review the expected monthly volume of business, revenue, and cash needs, including the breakdown of expenditures by category or expense, for at least the first year of the concession and for all other business obligations. Review the proposed use fee structure and estimated annual visitation by fee class. If the requisite cash is not readily available, assess how equipment and working capital will be funded. The greater the availability of funding sources, the better the forecast.

### **Payment History**

Assessment of financial ability will also involve review of the applicant's payment history. This assessment includes review of any record of the applicant's payments to the Government under current or prior permits, the applicant's performance record for G-T fee offset work, payments made by the applicant in connection with other businesses, and a credit report for the applicant. The credit report may be obtained from such companies as Dunn & Bradstreet, Experian, and Equifax. Poor payment history will detract from the assessment of financial ability.