Question 1  What will DADS do if an applicant leaves parts of Item 10 or Item 11 blank, writes N/A, draws slashes through data elements on the form, or leaves Item 10 or Item 11 blank on the application but provides financial information via an attachment?

To avoid delays in the application process, the applicant must provide all requested information on the application form. If a requested field is not applicable, enter 0; no questions should be left blank (with the exception of past year information for probationary license holders – see Question 19). DADS will not process an incomplete application. If we receive an incomplete application, we notify the applicant.

Question 2  Should we check our own data and calculation for accuracy when completing Item 10 or Item 11?

Yes. You are responsible for ensuring the accuracy of the reported data. If DADS receives an application with inaccurate data, we will send follow-up questions to the applicant to clarify the data, which will delay the application process.

Question 3  We found some reporting errors after we submitted Item 10 or Item 11. Should we provide DADS our company’s financial statements instead of resubmitting a new Item 10 or Item 11 to correct the data error?

No. Resubmit Item 10 or Item 11 with the updated financial information.

Question 4  We are a new facility that receives funding from our parent company. Do we report the financial data at our parent company’s level?

No. Follow all the instructions to report the financial information of the applicant entity itself and the applicant entity’s financials that are dedicated and specific to the facility indicated in Item 1 of the application.

Question 5  What is the difference between start-up funds and a line of credit?

Start-up funds are defined as monies used to acquire or to prepare to begin the operations of a nursing facility business before the date of licensure approval. (For example, start-up funds may be used to purchase initial supplies, equipment, furniture and/or building(s) to start the operation.) A line of credit is also called a credit line. It is an arrangement in which a bank or financial institution extends a specified amount of unsecured credit to a borrower or a business entity for a specified time period.

Question 6  If I do not have a line of credit, how should I respond to the Line of Credit Information requested in 10(B) or 11(B)?

If you do not have a line of credit available, enter 0. Do not leave the item blank.

Question 7  If the line of credit is available when additional funding is needed and provided by the parent company or the owner(s), should we include this line of credit on the application form?

Yes. Follow the instructions to complete the Line of Credit section and report the payment term.
Question 8  If the line of credit is available when additional funding is needed and provided by other affiliated nursing facilities or assisting living facilities of the same owner or parent company, should we include this line of credit on the application form?

Yes. Follow the instructions to complete the Line of Credit section and report the payment term.

Question 9  If the line of credit is a private loan from the owner and no repayment is necessary until after the nursing facility has achieved a profit, should we include this line of credit in the application form?

Yes. Follow the instructions to complete the Line of Credit section and report the payment term.

Question 10  If we are a new facility that has not yet provided services, should we leave the current balance sheet blank in Item 10?

No. Report any financial data and the end balance of each account category according to the instructions for the balance sheet in Item 10. (Examples of reportable financial data include prepaid legal, insurance, consultation or management fees; the end balance of cash accounts; current liabilities; fixed assets; etc.)

Question 11  We are a private nursing facility, and we do not have Medicaid clients. Our accounting system does not capture Medicaid revenue and separate expenses as indicated in the application form. Should we leave the line items blank if they do not apply to us?

No. Follow the instructions to enter 0 for those line items that do not apply to your facility.

Question 12  Should we report the inter-company transactions that account for our major fixed costs such as lease payments, mortgage payments or management fee payments to the parent company or affiliated managing company?

Yes. Follow the instructions to report these costs or liabilities.

Question 13  If we lease the building from a landlord and we pay a monthly lease payment, should we report the landlord’s mortgage as non-related to facility operation debt?

No. The applicant does not need to report the mortgage because the landlord owes the mortgage debt. Follow the instructions to report the lease payments.

Question 14  Our operations include intercompany transactions with our managing company and our parent company. Our nursing facility balance does not always balance. Do we need to balance our balance sheet when completing Item 10 or Item 11?

Yes. The applicant is responsible to ensure the accuracy of the reported data. In the balance sheet section, total assets must equal total liabilities and owner's equity. If DADS receives an application with inaccurate data, we will send follow-up questions to the applicant to clarify the data, which will delay the application process.

Question 15  Our accounting systems automatically put a negative sign in front of the liability account credit balance for the purpose of closing out against other accounts. Should we include the negative sign to report a liability account credit balance when completing Item 10 or Item 11?

No. When completing Item 10 or Item 11, do not include a negative sign in the liability account credit balance, even if the negative sign is used automatically to close out against other accounts. Follow the instructions to complete the liability line items.
Question 16  Should I base the end date of the current year period on the date of the application?

Yes. Follow the instructions to determine the end date of the current year period. (The current year is the most recent full 12-calendar-month period with the end date no more than 60 days before the date the application is signed and dated the first time.)

Question 17  Our accounting period ends at the end of the calendar year. Should we base the end date of the current year period on the end date of our own accounting period?

The end date of the current year period must be no more than 60 days before the date the application is signed and dated the first time. Follow the instructions and examples to determine the end date of the current year period.

Question 18  How is Projection Period defined?

Projection Period is defined as the full 12-calendar-month period immediately following the application date. (For example, if the application date is March 15, 2008, then the Projection Period will be from April 1, 2008, through March 31, 2009.)

Question 19  If I have a Probationary License, what should I enter in the Prior Year column in 11(D)?

Probationary License holders are not required to report financial data for the Prior Year and should leave each line item blank.