



Gilbane 150

Gilbane Rising Contractor Program

Session Six

Developing Financial Strength

May 10, 2022

Ground Rules & Expectations for this Zoom Session



This one-hour session **will be recorded**.



Ask questions in the chat or verbally in breakout sessions.



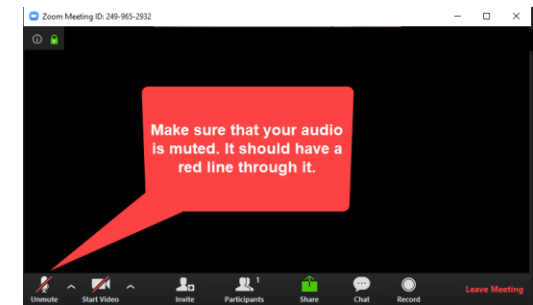
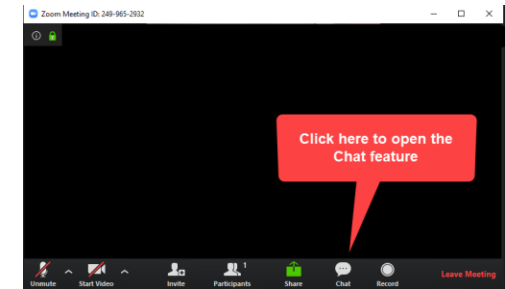
Please take note of what you enjoyed about this session or what you think can be improved. There will be a survey at the end.



You can **expand/contract** the viewing windows by sliding the handle between panels.



Please **stay on mute** during initial presentation.



Welcome!

Just a couple of housekeeping items before we get started.

Your Zoom Name:

Please "rename" yourself using the following convention:

Your State_Your Name_Your Company

For example: NY_John Rooney_Gilbane

Click the participants tab, then "more" next to your name. Click Rename.

Regions:

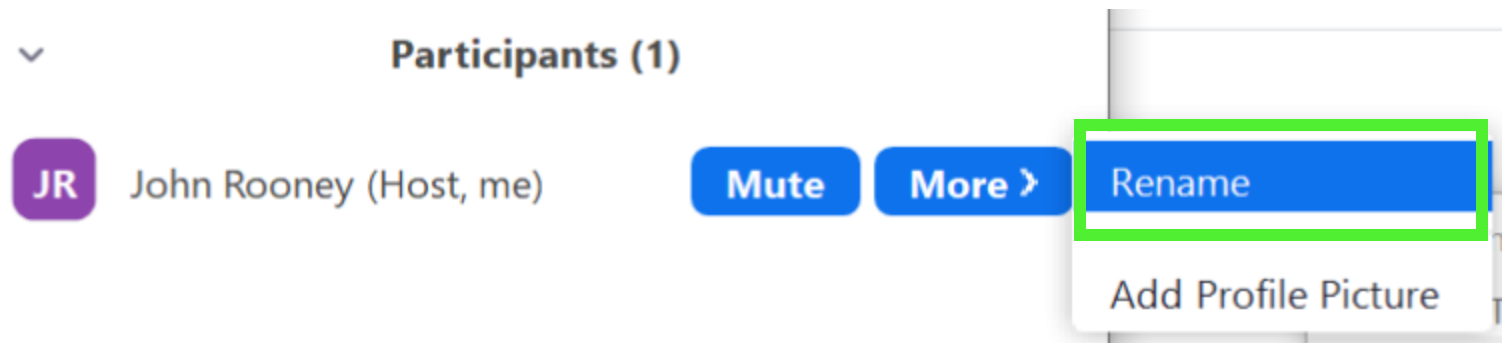
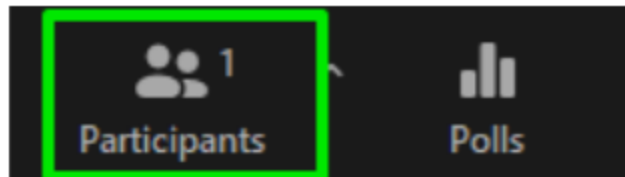
NY (New York)

MARO (Mid-Atlantic/DC)

SE (Southeast/Florida)

OH (Cleveland/Columbus)

MW (Chicago and Milwaukee)





Gilbane Cares

Because we're all one family.



Introductions



Brynn Crawford Lang

Division Controller

BLang@GilbaneCo.com

212-822-0326



Nancy Carin

Executive Director

Business Outreach Center
Network / BOC Capital Corp.

ncarin@bocnet.org

Agenda

- Working with Gilbane
 - Flexibility
 - Knowledge is Power
 - Schedule of Values
- External Support
 - Importance of accurate financials
 - WIP & Cash Flow Projections
 - Access to Capital



Working with Gilbane - Flexibility

- Supporting Working Capital Needs of Rising Contractors
 - Pay When Paid
 - Bi-monthly Billings
 - Owner Advance Accounts
 - Payment Terms
 - Material Deposits
 - Joint Checks for Sub-tiers
- Contract Terms Drive Process
- Setting You Up for Success



You Signed Your Contract – Congrats! Now What?

- Project Kick-Off Meeting
 - Meet your Gilbane counterparts (including the Project Accountant)
 - Billing Instructions & Textura
 - Will detail all monthly payment requirements
 - Clarify expectations for SOV submission in Textura – all Business Units have different preferences
 - Payment Flow Chart
 - Owner contract drives this
- Initial Compliance Requirements
 - Executed Contract
 - Approved Insurance Certificate(s)
 - Bonding, if applicable
 - Financial Prequalification/Risk Management Plan



Sample Billing Instructions

04-GILBANE MONTHLY BILLING INSTRUCTIONS

In order to expedite payments and to avoid any misunderstandings as to the proper billing procedures to be followed, we request that the following instructions be strictly adhered to:

1.) PRIOR TO YOUR FIRST REQUEST FOR PAYMENT

- A. Submit for approval a listing of all subcontractors and major suppliers to be listed each month on the Contractor's Sworn Statement and from whom we can expect you to furnish us with Sub/Supplier's Waiver of Lien.
- B. Submit on your company letterhead, a list of all officers or agents authorized to sign change orders to your contract, and monthly requisitions in Textura.
- C. Submit for approval, a detailed Schedule of Values (SOV) of your contract amount (in Excel), utilizing the AIA Document G703. The schedule of values must be broken down between labor and materials. This breakdown, once approved by Gilbane, is to be used by you on all progress billings indicating the percentage of completion applicable to each item. Consideration should be given that your breakdown is adequately detailed to describe the work being performed. Breakdown shall include line items for Sales Tax, if applicable, Allowances, Bond, Safety, Submittals, Clean-Up, and Close-out. Once approved, Gilbane will import your SOV into Textura. **Please be advised that no requisitions will be processed without this approved SOV.**
- D. Fully signed/executed contract must be returned to Gilbane.
- E. Proof of insurance coverage, as noted in your contract, must be submitted to Gilbane.
- F. Submit Project Schedule.

2.) MONTHLY BILLING INSTRUCTIONS

- A. A draw calendar will be provided by the Project Team. All pencil requisitions and supporting documents **MUST** be completed in Textura **no later than 5:00 pm** on the due dates noted for each month. In the absence of a draw calendar, notifications will be sent by the Gilbane team regarding specific draw dates and deadlines. The application will be reviewed by the Gilbane project team. If necessary, it will be returned for corrections.

When submitting requisitions, work completed should be projected through the end of each month. **Applications posted in Textura after 5:00 pm on the noted due date may not be considered for payment until the following month. No exceptions can be made so please plan accordingly.**
- B. If, for any technical reason, your application cannot be posted in Textura, please call Textura customer service directly at 866-TEXTURA. If there are still issues after consulting with Textura, please contact the Gilbane Accountant and Project Manager immediately.

signed and submitted along with each monthly Application for Payment. Textura will not release Waiver of Lien to Gilbane until payment for current application is received by Prime Contractor.

- Current Pending Change Order log (upload as attachment to current draw)
- Man-hour Report (upload as attachment to current draw)
- Updated Material Status Report (upload as attachment to current draw)
- Updated Progress Schedule

D. Payments will **not** be made for extra work included as part of our monthly Request for Payment unless a Subcontractor Change Order has been issued, or a separate Purchase Order written.

E. CCIP Payroll must be current through the prior month for all enrolled subcontractors. Subcontractor must report monthly man hours and payroll on Textura. Monthly payroll is due the 5th of the following month. Monthly payment applications will not be approved if reported payroll is not current (i.e. for July payment application to be approved, June man hours/payroll must be reported).

F. Monthly Certified Payroll. All trade contractors and sub-tier trade contractors who perform work on Gilbane construction contracts are required to submit weekly-certified payroll reports – these shall be submitted on a monthly basis to the Gilbane Project Accountant by the 10th of the following month. Monthly payment applications will not be approved if reported payroll is not current (i.e. for July payment application to be approved, June certified payroll must be received).

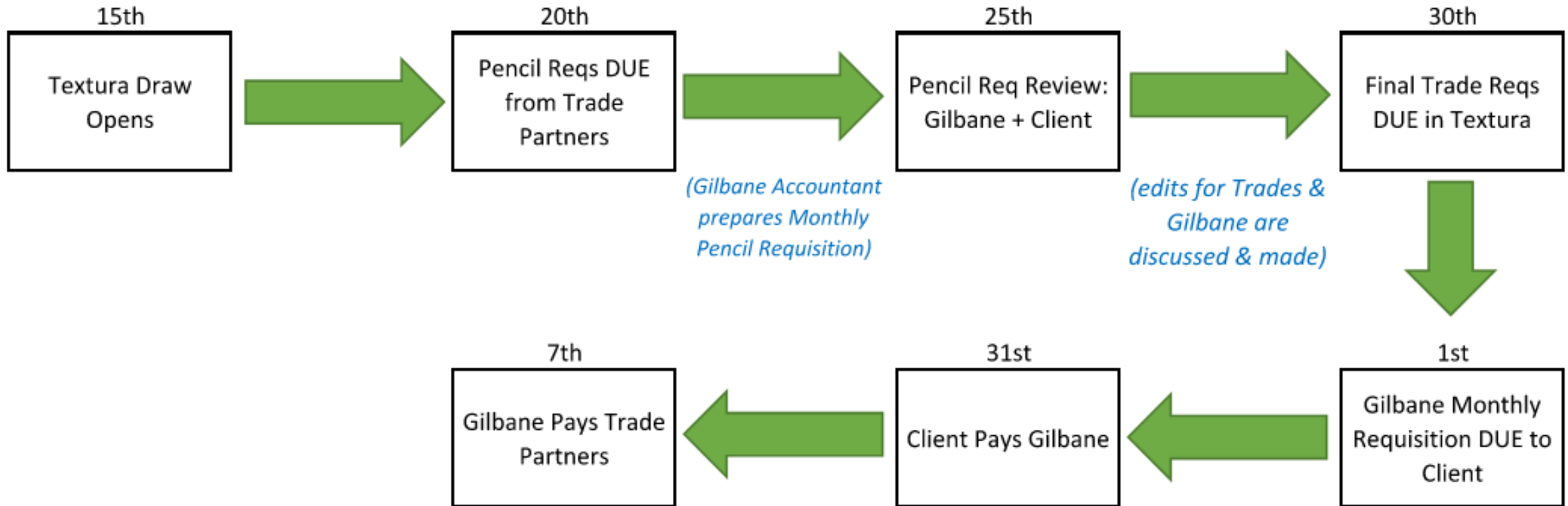
G. At the sole discretion of the CM, sub-tier lien waivers for major subcontractors & suppliers, may be requested. At any time during the course of the project, Gilbane reserves the right to collect these lien waivers as a condition for payment of monthly requisitions.

3.) STORED MATERIAL

If the need for payment of stored material should arise, payment will be made at cost, with standard retainage being held.

- A. For consideration of payment for items stored off-site, by the 15th of the month (or noted due date on Draw Calendar), submit a proposed list, provide the reasons for each, the proposed locations, and the anticipated delivery time. To qualify for consideration, the material or equipment must be a critical material that is specially fabricated for the contract work and paid in full.
- B. A fully executed Bill of Sale naming both Gilbane Residential Construction LLC and the Owner as purchasers and a guarantee of delivery to the site will be provided. The dollar value listed on the Bill of Sale should match the amount being billed as "Stored Material" in Textura.
- C. Provide a Schedule "A" to the Bill of Sale which will list each item for which payment is requested. Provide valid invoices from the supplier(s) showing the cost of the items for which payment is requested. Stored material must be at the designated storage location for inspection by the 15th of the month coinciding with your requisition.
- D. Bailment Agreement must be completed and submitted.
- E. Provide a separate "All Risk" insurance policy for the full invoiced value of the items. The certificate

Standard Payment Flow Chart for a Project with 30-day (Client) Payment Terms



The Schedule of Values (G703)

- Timing
 - Prior to 1st bill....be proactive!
 - Owner may also request to review/approve
 - Complete in Excel - ultimately will be uploaded to Textura
- Why is it so important?
 - Financial health over life of the project
 - Speeds up review & approval process of pay applications
 - >faster payments!
- Who from Gilbane can help you?
 - Project Manager
 - Economic Inclusion Champion
 - GRC Mentor



What to Include in Your SOV (G703)

- Identify your up-front costs
 - Mobilization / Demobilization
 - Project Management / General Conditions
 - Shop Drawings
 - Submittals
- Closeout starts on Day 1 – plan ahead
 - Punch List
 - Closeout
- Other Specifics for Scope of Work
 - All Trade Allowances identified in Award
 - Any Add/Alts included in Award
 - Separate labor & material
 - Be mindful of 2nd tiers
 - Safety / Cleanup
 - Taxes, if applicable

****NOTE:** Overhead & Profit are NOT separate line items in an SOV. They should be built into the appropriate line items throughout the SOV.

1) Trade submits initial SOV in Excel to Gilbane for review:

| Project Name: | | | |
|---------------|---------------------|-----------------|----|
| Project #: | | | |
| Contractor: | | | |
| Item # | Description of Work | Scheduled Value | |
| 9970 | Demolition | \$ 3,000.00 | \$ |
| 9955 | Drywall & Carpentry | \$ 36,000.00 | \$ |
| 9940 | Doors & Hardware | \$ 1,000.00 | \$ |
| 9943 | Electrical | \$ 7,000.00 | \$ |
| | | | |
| | | | |
| | | | |
| | | | |
| 1437 x 468 | | \$ 47,000.00 | \$ |

3) Gilbane or Trade uploads final approved SOV to Textura:

AIA® Document G703™ - 1992

Continuation Sheet (page 2)

AIA Document G702, APPLICATION AND CERTIFICATION FOR PAYMENT, containing Contractor's signed certification is attached.
In tabulations below, amounts are stated to the nearest dollar.
Use Column I on Contracts where variable retainage for line items may apply.

APPLICATION NO.: 6
APPLICATION DATE: 03/22/18
PERIOD TO: 03/31/18
ARCHITECT'S PROJECT NO: 2731010

| A | B | C | D | | F | G | | H | I |
|----------|---|-----------------|-----------------------------------|-------------|--|--|-----------|---------------------------|------------------------------|
| | | | FROM PREVIOUS APPLICATION (D + E) | THIS PERIOD | | TOTAL COMPLETED AND STORED TO DATE (D+E+F) | % (G / C) | | |
| ITEM NO. | DESCRIPTION OF WORK | SCHEDULED VALUE | | | MATERIALS PRESENTLY STORED (NOT IN D OR E) | | | BALANCE TO FINISH (C - G) | RETAINAGE (IF VARIABLE RATE) |
| 1001 | Submittals/engineering | 5,000.00 | 5,000.00 | 0.00 | 0.00 | 5,000.00 | 100.0% | 0.00 | 500.00 |
| 1002 | General conditions | 7,125.00 | 3,206.75 | 350.00 | 0.00 | 3,556.75 | 49.9% | 3,568.25 | 355.67 |
| 1003 | Mobilization | 5,000.00 | 2,250.00 | 250.00 | 0.00 | 2,500.00 | 50.0% | 2,500.00 | 250.00 |
| 1004 | Safety | 3,000.00 | 1,050.00 | 0.00 | 0.00 | 1,050.00 | 35.0% | 1,950.00 | 105.00 |
| 1005 | Bicycle Racks | 76,807.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0% | 76,807.00 | 0.00 |
| 1006 | Fix it station for bike racks | 3,600.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0% | 3,600.00 | 0.00 |
| 1007 | Wire Mesh partitions | 175,000.00 | 98,750.00 | 7,000.00 | 0.00 | 105,750.00 | 60.4% | 69,250.00 | 10,575.00 |
| 1008 | Metal Lockers with digilocks | 56,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0% | 56,000.00 | 0.00 |
| 1009 | Wood lockers with electric locks | 12,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0% | 12,000.00 | 0.00 |
| 1010 | Benches at Bike storage | 1,400.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0% | 1,400.00 | 0.00 |
| 1011 | Toilet Accessories by Bobrick | 76,400.00 | 58,630.00 | 17,770.00 | 0.00 | 76,400.00 | 100.0% | 0.00 | 7,640.00 |
| 1012 | Toilet Accessories by Bradley | 26,000.00 | 26,000.00 | 0.00 | 0.00 | 26,000.00 | 100.0% | 0.00 | 2,600.00 |
| 1013 | Toilet Accessories by Hanggrohe/Doug Mocket | 22,918.00 | 19,565.00 | 0.00 | 0.00 | 19,565.00 | 85.4% | 3,353.00 | 1,956.50 |
| 1014 | Close Out | 4,750.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0% | 4,750.00 | 0.00 |

2) Gilbane, Owner and Trade go back & forth until settling on below line items....finalized in CSV file for Textura upload:

| CODE | DESCRIPTION | VALUE |
|------|--------------------------------------|--------|
| 1001 | Submittals/engineering | 5000 |
| 1002 | General Conditions | 7125 |
| 1003 | Mobilization | 5000 |
| 1004 | Safety | 3000 |
| 1005 | Bicycle Racks | 76807 |
| 1006 | Fix it station for bike racks | 3600 |
| 1007 | Wire Mesh partitions | 175000 |
| 1008 | Metal Lockers with digilocks | 56000 |
| 1009 | Wood lockers with electric locks | 12000 |
| 1010 | Benches at Bike storage | 1400 |
| 1011 | Toilet Accessories by Bobrick | 76400 |
| 1012 | Toilet Accessories by Bradley | 26000 |
| 1013 | Toilet Accessories by Hanggrohe/Doug | 22918 |
| 1014 | Close Out | 4750 |

Time to Bill! Refer to Kick-off Meeting Notes

- Building relationships
 - Get to know your project team
- Know your own contract
 - Payment terms
 - Retainage
- Study your Billing Instructions
 - Know compliance expectations
- Study your Payment Flow Chart
 - Plan ahead & meet your deadlines
- Know your systems
 - Textura (online billing)
 - IBidPro (change orders)



BOC Capital

- Importance of Accurate Financials
- Usefulness of WIP & Cash Flow projections
- Access to Capital





boc|capital

Cash Flow & Financing

Nancy Carin, *Executive Director.*

Lauren Evans, *Construct NYC
Program Manager*

Sasha Mesonzhnik, *Senior
Construction Business Account
Manager*

When to Consider Cash Flow? Always!

- What is my Financial Capacity for the coming year?
- What are my Financial Options?
 - Cash-on-Hand?
 - Financing?
 - Wishful thinking?

Cash Flow!

Will my business need financing to cover the outlay of cash for this job?

Cash Flow Projections for a Project



| | Mo 1 | Mo 2 | Mo 3 | Mo 4 | Mo 5 | Mo 6 | Mo 7 | Mo 8 | Mo 9 | Mo 10 | Mo 11 | Mo 12 | Total |
|--|-----------|--------------|--------------|-------------|-------------|--------------|------------|-----------|-----------|------------|---------------|-------------|-----------|
| Contract Revenue | | | | | | | | | | | | | \$170,000 |
| Retainage | | | | | | | | | | | | | 10% |
| Expenses | | | | | | | | | | | | | |
| Labor | | | | | | | | | | | | | \$ 80,000 |
| Materials | | | | | | | | | | | | | \$ 25,000 |
| Subcontractors | | | | | | | | | | | | | \$ 20,000 |
| Equipment & Tool Rental | | | | | | | | | | | | | \$ 5,000 |
| Other Direct Job Costs | | | | | | | | | | | | | \$ 10,000 |
| Total Expenses | | | | | | | | | | | | | \$140,000 |
| Gross Profit | | | | | | | | | | | | | \$ 30,000 |
| Gross Margin % (Gross Profit / Contract Revenue) | | | | | | | | | | | | | 17.65% |
| Profit Percentage % (Gross Profit/ Cost of Revenue) | | | | | | | | | | | | | 21.43% |
| | | | | | | | | | | 100% | 70% | | |
| | | | | | | | | | | 3 invoices | \$ 87,732 | \$61,412.50 | |
| | | | | | | | | | | 4 invoices | \$ 129,321.43 | \$90,525.00 | |
| Cash In | | | | | | | | | | | | | |
| Job _____ | | | \$ 16,393 | \$ 25,136 | \$ 37,430 | \$ 37,430 | \$ 19,945 | \$ 18,852 | \$ - | \$ - | | | \$155,186 |
| Retainage | | | | | | | | | | | | \$ 14,500 | \$ 14,500 |
| Loan Proceeds | \$ 51,000 | \$ - | \$ 10,413 | \$ 29,113 | | | | | | | | | \$ 90,525 |
| Total Cash In | \$ 51,000 | \$ - | \$ 26,805 | \$ 54,248 | \$ 37,430 | \$ 37,430 | \$ 19,945 | \$ 18,852 | \$ - | \$ - | \$ - | \$ 14,500 | \$260,211 |
| Cash Out | | | | | | | | | | | | | |
| Labor | \$ - | \$ 16,000.00 | \$ 16,000.00 | \$16,000.00 | \$16,000.00 | \$ 16,000.00 | | | | | | | \$ 80,000 |
| Materials | \$ 10,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | | | | | | | | | \$ 25,000 |
| Subcontractors | | | \$ 10,000 | \$ 10,000 | | | | | | | | | \$ 20,000 |
| Equipment & Tool Rental | \$ - | \$ - | \$ 1,250 | \$ 1,250 | \$ 1,250 | \$ 1,250 | | | | | | | \$ 5,000 |
| Other Direct Job Costs | \$ 5,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 1,000 | | | | | | | | \$ 12,000 |
| Loan Payments | \$ 765 | \$ - | \$ 156 | \$ 409 | \$ 25,207 | \$ 25,207 | \$ 25,207 | \$ 15,100 | | | | | \$ 92,051 |
| Total Cash Out | \$ 15,765 | \$ 23,000 | \$ 34,406 | \$ 34,659 | \$ 43,457 | \$ 42,457 | \$ 25,207 | \$ 15,100 | \$ - | \$ - | \$ - | \$ - | \$234,051 |
| Net Cash Flow by Month | \$ 35,235 | \$ (23,000) | \$ (7,601) | \$ 19,590 | \$ (6,026) | \$ (5,027) | \$ (5,262) | \$ 3,752 | \$ - | \$ - | \$ - | \$ 14,500 | \$ 26,160 |
| CASH | | \$ 12,235 | \$ 4,634 | \$ 24,224 | \$ 18,197 | \$ 13,171 | \$ 7,908 | \$ 11,660 | \$ 11,660 | \$ 11,660 | \$ 11,660 | \$ 26,160 | |
| % completion | 10.7% | 16.4% | 24.5% | 24.5% | 13.0% | 12.3% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 101.4% |
| Invoice | \$ 18,214 | \$ 27,929 | \$ 41,589 | \$ 41,589 | \$ 22,161 | \$ 20,946 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Retainage | \$ 1,821 | \$ 2,793 | \$ 4,159 | \$ 4,159 | \$ 2,216 | \$ 2,095 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Payment Amount | \$ 16,393 | \$ 25,136 | \$ 37,430 | \$ 37,430 | \$ 19,945 | \$ 18,852 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

How much would you advise the contractor to request?

\$20K, \$50K, \$100K ?

What questions would you ask?

Would you approve the loan?

Yes ___ No ___

Financial Statements



Profit & Loss (aka Income Statement)

- Income / Revenue
- Expenses
- Net Income

Financial Activities Over Time
i.e. 2020, Jan-Mar 2021, YTD

Balance Sheet

- Assets
- Liabilities
- Shareholders Equity

Status at a Point in Time
i.e. 12/31/20, 5/31/2021

P&L (AKA Income Statement)

ABC Long Island, Inc.



| | 2020 | 2019 | 2018 |
|---|--------------------|--------------------|-------------------|
| INCOME | | | |
| Earned Revenue | \$10,000,000 | \$8,000,000 | \$4,000,000 |
| PROJECT EXPENSES | | | |
| Materials | \$5,000,000 | \$4,000,000 | \$3,000,000 |
| Subcontractors | \$1,000,000 | \$1,000,000 | \$300,000 |
| Salaries | \$1,000,000 | \$500,000 | \$100,000 |
| Equipment & Tools (Rentals & Installed) | \$1,000,000 | \$500,000 | \$100,000 |
| Cost of Earned Revenue | \$8,000,000 | \$6,000,000 | \$3,500,000 |
| Gross Profit | \$2,000,000 | \$2,000,000 | \$500,000 |
| GLOBAL EXPENSES | | | |
| Rent | \$100,000 | \$60,000 | \$50,000 |
| Insurance | \$60,000 | \$50,000 | \$50,000 |
| Other (Bond Premiums, Permits, etc.) | \$245,000 | \$125,000 | \$120,000 |
| Loan Payment | \$100,000 | \$100,000 | \$100,000 |
| Depreciation | \$50,000 | \$60,000 | \$75,000 |
| General and Administrative (G&A) Expenses | \$400,000 | \$350,000 | \$300,000 |
| Total Expenses | \$955,000 | \$745,000 | \$695,000 |
| NET INCOME BEFORE TAXES | <u>\$1,045,000</u> | <u>\$1,255,000</u> | <u>-\$195,000</u> |
| Income Taxes | -\$500,000 | -\$500,000 | \$0 |
| NET INCOME AFTER TAXES | <u>\$545,000</u> | <u>\$755,000</u> | <u>-\$195,000</u> |
| RETAINED EARNINGS - BEGINNING | \$570,000 | -\$185,000 | \$10,000 |
| RETAINED EARNINGS - ENDING | <u>\$1,115,000</u> | <u>\$570,000</u> | <u>-\$185,000</u> |

Notes:

1. G&A includes items such as general salaries, accounting and other professional fees, advertising, telephone, utilities, etc.

Balance Sheet

ABC Long Island, Inc.



boc|capital

4/1/2019

ASSETS

Current Assets

| | |
|--|--------------------|
| Cash | \$300,000 |
| Contract Receivables | \$3,400,000 |
| Costs and Estimated Earnings in Excess of Billings (for contractors) | \$400,000 |
| Inventory | \$400,000 |
| Prepaid Expenses and Other Current Assets | \$150,000 |
| Total Current Assets | \$4,650,000 |

Fixed Assets

| | |
|--|-----------|
| Property, Plant & Equipment (PPE) Less Accumulated Depreciation | \$700,000 |
|--|-----------|

TOTAL ASSETS

\$5,350,000

LIABILITIES

Current Liabilities

| | |
|---|-------------|
| Accounts Payable | \$2,800,000 |
| Notes Payable | \$200,000 |
| Current Portion of Income Taxes Payable | \$100,000 |
| Current Portion of Long-Term Debt | \$100,000 |

| | |
|--|-----------|
| Deposits - Billing in Excess of Costs and Estimated Earnings (for contractors) | \$250,000 |
| Accrued Expenses and Other Current Liabilities | \$150,000 |

Total Current Liabilities \$3,600,000

Long Term Debt Less Current Portion \$450,000

TOTAL LIABILITIES

\$4,050,000

STOCKHOLDERS EQUITY

| | |
|---------------------|--------------------|
| Stockholders Equity | \$185,000 |
| Retained Earnings | \$1,115,000 |
| Total Equity | \$1,300,000 |

TOTAL LIABILITIES AND STOCKHOLDERS EQUITY

\$5,350,000

What Questions Does Your Profit & Lost Statement Answer (aka Income Statements):

1. What is the composition of sales?
2. Is the business a growing business?
3. Does the business control margins?
4. How and how much is the owner being compensated, i.e salary, rental income, bonuses, etc?
5. Are sales, general and administrative (SG&A or operating) expenses under control?
- 6. Is the business profitable?**

What Questions Does Your Balance Sheet Answer:

1. How well does the business collect on its accounts?
2. Does the business pay its bills to its suppliers?
3. Does the business control its inventory?
4. Are taxes current?
- 5. Does the business have enough cash?**
6. Is the owner of the business committed to the business?
7. What business collateral is available to secure loans to the business? What is that collateral's value?
8. Does the company have a successful history?

Work in Progress Report (WIP)



The WIP shows the status of each contract as of a given date: i.e. Month End, Quarter End, Year End
(The WIP is included as a Schedule in Financial Statements)

- Progress of Billings
- Revenue Earned
- Gross Profit
- Percent Completion
- Overbilling and Underbilling

(Costs in Excess of Earnings, Earnings in Excess of Costs)

Work in Progress Report (WIP)



| A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R |
|------------|--------------|----------------|------------------------|--------------------|---------------------|-----------------------|-----------------------------|---|--------------------|-----------------------|--------------------|------------|-----------------------|-----------------------|---|-----------------------------|---------------|
| Date | Company Name | | WORK IN PROCESS REPORT | | | | | | | | | | DATE PRINTED: | Tuesday, June 1, 2021 | 12:53:54 AM | | |
| Enter Info | | | | | Enter Info | | | Automatic calculation "DO NOT ENTER INFO" | | | | | | | | | |
| JOB # | JOB NAME | CONTRACT PRICE | AMOUNT BILLED TO DATE | PAYMENTS COLLECTED | ACCOUNTS RECEIVABLE | EST TOTAL COST OF JOB | \$ DISBURSED (Paid) TO DATE | ACCOUNTS PAYABLE | TOTAL COST TO DATE | EST. COST TO COMPLETE | CURR EST GR PROFIT | % COMPLETE | EARNED CONTRACT PRICE | EARNED GROSS PROFIT | BILLINGS IN EXCESS OF COST AND EARNINGS | CONTRACT BALANCE | PROFIT MARGIN |
| (ENTRY) | (ENTRY) | (ENTRY) | (ENTRY) | (ENTRY) | (2-3) | (ENTRY) | (ENTRY) | (ENTRY) | (6+7) | (5-8) | (1-5) | (8/5) | (1x11) | (12-8) | (2-12) | (1-2) | 10/1 |
| 1 | | | | | 0 | | | | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0 | 0% |
| 2 | | | | | 0 | | | | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0 | 0% |
| 3 | | | | | 0 | | | | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0 | 0% |
| 4 | | | | | 0 | | | | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0 | 0% |
| | | | | | 0 | | | | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0 | 0% |
| | | | | | 0 | | | | 0 | 0 | 0 | 0% | 0 | 0 | 0 | 0 | 0% |
| TOTAL | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | #DIV/0! | 0 | 0 | 0 | 0 | #DIV/0! |
| | | | | | | PAYABLES: Job A/P | 0.00 | <<< Estimated Manual Entry | | | | | Liability>>>>> | Overbilled | 0.00 | Billings In Excess of Costs | |
| | | | | | | G&A Payables | 0.00 | <<< Estimated Manual Entry | | | | | Asset >>>>> | (Underbilled) | 0.00 | Cost in Excess of Billings | |
| | | | | | | Total Payables | 0.00 | | | | | | | 0.00 | Combined Billings | | |

What Questions Does Your Work in Progress Report Answer?

1. How many contracts are active at any given time.
2. What are current billings, receivables and accounts payable by project.
3. What are the costs to date for each job?
4. Are projects overbilled or underbilled? (based upon costs incurred and billings)
5. **Do estimated costs match actual costs.**
6. **What is the profit margin of each contract.**

CONSTRUCTION SERVICES CORP.
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRACTS IN PROGRESS
 DECEMBER 31, 2017

| PROJECT | TOTAL REVENUE | ESTM. | ESTM. | REVENUE EARNED | COST OF REVENUE | GROSS PROFIT | % COMP | COST TO COMP | AMOUNT BILLED | AMOUNT RECEIVED | COST & BILLING IN | |
|--------------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|-----------|-------------------|---------------------|---------------------|-------------------|---|
| | | COST TO COMP | GROSS PROFIT | | | | | | | | EST EARNINGS | BILLING IN EXCESS OF COST & EST EARN |
| JOB NAME | \$ 1,175,300 | \$ 881,341 | \$ 293,959 | \$ 953,918 | \$ 715,330 | \$ 238,588 | 81.1638 | \$ 166,011 | \$ 945,500 | \$ 809,452 | \$ 8,418 | |
| JOB NAME | 966,100 | 772,780 | 193,320 | 762,105 | 609,605 | 152,500 | 78.8847 | 163,175 | 765,285 | 687,997 | | 3,180 |
| JOB NAME | 255,000 | 153,305 | 101,695 | 145,031 | 87,192 | 57,839 | 56.8749 | 66,113 | 140,955 | 64,455 | | 4,076 |
| JOB NAME | 123,883 | 68,897 | 54,986 | 37,855 | 21,053 | 16,802 | 30.5571 | 47,844 | 36,045 | - | | 1,810 |
| JOB NAME | 66,869 | 36,034 | 30,835 | 63,437 | 34,185 | 29,252 | 94.8667 | 1,850 | 50,152 | - | | 13,285 |
| JOB NAME | 250,000 | 138,456 | 111,544 | 74,186 | 41,086 | 33,100 | 29.6742 | 97,370 | 76,854 | - | | 2,669 |
| TOTAL | \$ 2,837,152 | \$ 2,050,813 | \$ 786,339 | \$ 2,036,532 | \$ 1,508,451 | \$ 528,081 | | \$ 542,363 | \$ 2,014,791 | \$ 1,561,904 | \$ 27,589 | \$ 5,848 |

LESS: EARNED PRIOR PERIOD

NONE

Total Prior Period

TOTAL

| | | |
|--------------------|--------------------|------------------|
| - | - | - |
| <u>\$2,036,532</u> | <u>\$1,508,451</u> | <u>\$528,081</u> |
| ===== | ===== | ===== |

CDFI LENDERS



Community Development Financial Institutions (CDFIs)
Exist throughout the United States

<https://ofn.org> (Opportunity Finance Network)

BOC Capital Corp. CDFI Contract Financing

- Purpose

To provide low-cost financing for mobilization and cash flow for contractors and suppliers.

- How Much

Up to 30% of the contract value for mobilization cash flow needs OR
Up to 70% of approved requisitions.

- Maximum loan sizes for BOC Capital contract-based loans:

\$250K maximum per contract OR
\$500K maximum for projects that are New York City – funded.

<https://boccapital.org>

Email: boccapital@bocnet.org

Three Key Takeaways

- Early and accurate development of the **Schedule of Values** is a huge factor in promoting a contractor's financial success on the project.
- While it's clear that underbilling deprives the project of needed cash, **overbilling is not a helpful strategy** and can cause its own problems later in the project
- Lenders/investors are going to assess your riskiness based on the stories your financials tell. However, **knowledge of what your financial ratios mean provides great value in making informed business decisions in general.**



Questions?