

Bridging The Construction GAAP

Is your company healthy?

- Is This Company Healthy?
- Direct Costs (Variable Costs/COGS)
- Costs that can be allocated to specific jobs
 - Labor
 - Materials
 - Subcontractors
 - Etc.
- Fixed Costs (Overhead)
 - Costs that can't be allocated to a job
 - Typically do not change with added customers
- General operations
 - Office expenses
 - Rent
 - Office labor
 - Insurance
 - Free estimates
- Job Costing
 - What is it?
 - Why is it important?
 - Keep it simple to start
- Estimates vs Actuals
- Recordkeeping
 - Why it's important?
 - Decision making
 - Tax strategy
 - Required

- What stuff to keep?
 - Receipts
 - Bank statements
 - Invoices
 - Purchase documents
- How long to keep stuff?
 - Fraudulent return
 - Forever
 - Non fraudulent return
 - 7 Years
- Choosing An Ecosystem
 - Software we like
 - QuickBooks Online
- Double Entry Concept
 - What is it?
 - Every transaction is recorded twice
- Why do we do it?
 - To get a complete picture of both the income statement and the balance sheet
- Chart Of Accounts
 - List of accounts where transactions will be categorized
 - Buckets for grouping transactions to make financials easy to read
 - Numbered or not
- Financial Statements
 - End goal of accounting for transactions
 - Balance Sheet
 - What does it do?
- Balance Sheet
- Assets
 - What we have

- Liabilities
 - What we owe
- Equity
 - Assets – Liabilities
 - Shareholder's stake in the company
 - The book value of the business
- Balance Sheet
- Assets
 - Current Assets
 - Liquid within one year
 - Other Assets
 - Catch-all account
 - Fixed Assets
 - Purchases over \$2,500 per item not for resale (PPE)
- Fixed Assets
- Cash Basis Vs Accrual
 - If the company is using a cash basis system, how much profit will they show for April?
 - If the company is using an accrual basis system how much profit will they show for April?
 - So when do I use Cash/Accrual?
 - Use cash for taxes.
 - Use accrual for making business decisions.