

EXECUTIVE **INSIGHTS**

HOW CAN HAVING A QUALIFIED CONSTRUCTION CPA HELP INCREASE YOUR BOND LINE?



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The construction industry is truly unique in that bonding companies have a special, critical relationship with contractors. An experienced construction CPA firm can be vital, sometimes indispensable, to this relationship by understanding a construction company's needs and effectively communicating them to the bonding company through proper financial reporting and documentation.

There are many ways in which an experienced construction CPA firm can help a contractor increase its bonding line, starting with timely financial statements that are in full conformity with current financial reporting requirements for contractors. This allows the contractor the opportunity to demonstrate to the surety how project earnings are impacting the balance sheet, working capital and equity.

Sureties typically make a variety of adjustments to a contractor's financial statements in computing bonding limits. By having a close working relationship and ongoing communication throughout the year with a knowledgeable construction CPA firm can work to your advantage by helping to maintain liquidity and holding payables at year-end, converting underbillings to unbilled receivables whenever possible, or cleaning up the balance sheet by repaying lines of credit, just to name a few.

A contractor who develops a close working relationship with a knowledgeable and experienced firm is like having a non-equity partner advising the business year-round. Furthermore, working with a firm that is known to the surety community also shows the surety the contractor's commitment to both its business and its relationship with the surety. These relationships may help expedite a surety bond decision and possibly increase your bonding capacity if the company's financial strength indicates an increase.