



**CONSTRUCTION
FINANCIAL
MANAGEMENT
ASSOCIATION**



SOUTH JERSEY

Message from the President

As 2015 draws to a close, I first would like to thank our members for their generosity in donating toys and checks to Toys for Tots. As of this writing, we have collected in excess of 200 toys, and we have succeeded in Giving a Child a Memory this Holiday Season. **Remember, we will be collecting through our December 9th meeting, so there is still time to participate!**



December 9th should prove to be a great seminar for everyone from CFO's to Controllers to Project Managers, from Bankers to Bonding Agents and Underwriters, to Attorneys and Consultants. We all have had those projects that turn bad (or have had clients with those projects): It is how we deal with those projects that can make or break a company. I look forward to Hill International and CBIZ / MHM working together to *Share Their Knowledge*. I am also looking forward to the audience questions and comments, as our group never disappoints.

The planning has started for the 2016 Mid Atlantic Conference, hosted by the South Jersey Chapter. The Venue Committee has chosen Resorts Casino on the Boardwalk! Their newly renovated guest rooms are very comfortable, the views are great, and the atmosphere is fitting for CFMA! We hope you will plan to attend, and there is still time to get involved in committees. The Entertainment Committee is looking at adding a **golf outing**, the Programming Committee is starting soon and there are some **great speakers** available – no pressure on the Sponsorship Committee though!

2016 brings our first ACA Tax Return, due in February for the 2015 W2 year. The Safeguard Group has provided a handout to the South Jersey Chapter, and they may be picked up on the Marketing Table at our events.

Lastly, but most importantly, as a Member of the South Jersey Chapter, we are asking you to help us **Share the Knowledge that is CFMA**. Remember you can bring first time attendees from a construction company for FREE. Introduce someone to our chapter, share the energy and excitement that is our meetings, and help us reach those that do not yet know the great things about CFMA.

Have a great Holiday Season. See you December 9th, and see you in 2016!

Kimberly A. Hullfish, CCIFP



Corporate Planning: Building a Foundation Part III*Kimberly A. Hullfish*

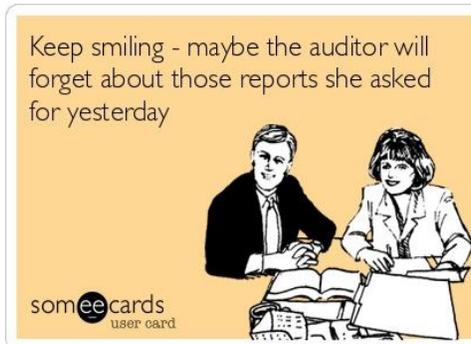
Over the last two months we have discussed the WIP being the center point of corporate planning and analyzing Costs in Excess of Billings. This month we continue the discussion by analyzing Billings in Excess of Costs (Over-Billings).

At first glance, Billings in Excess of Costs is a great thing. It increases cash flow, helps offset change orders for which you have begun incurring costs but cannot yet bill, and enables the company to finance its own projects. Where is the downside? What are the components of your Over-Billing?

Similar to Costs in Excess of Billings, your first step is to ensure that the Project Team has completed an accurate Cost to Complete, and has updated the Contract Value. Make sure the Accounting Team has processed all appropriate costs through the current period, and all accruals have been posted. Once these items have been updated on the WIP, analyze the project's Over Billings by breaking it down into its components.

For example, Project 2015.2b has Billings in Excess of Costs of \$450,000.00. After the Cost to Complete meeting with the Project Team, the following was determined: The job is scheduled for 18 months and is only 6 months in. Mobilization in the amount of \$300,000.00 has been invoiced to the owner, but the estimated costs associated with this line item are equally spread throughout the job. Therefore, \$100,000 of mobilization costs should have been realized and

mobilization is approximately \$200,000 Over-Billed. Pipe costing \$100,000.00 was delivered on the 29th of the month and has not been installed. The Accounting Team processed this as Inventory. However, the Project Team invoiced the Owner for \$100,000 in stored materials.



In addition, the Project Manager explained that the project estimate included costs for import of fill, and due to valued engineering, they were able to alter the material used (with Owner approval) and achieve a cost savings of approximately \$100,000. This line item was invoiced to the Owner for 100%. However, the Cost to Complete was not lowered because they are approaching a harder, less efficient area of the project. The balance of Billings in Excess of Costs could be an increase in profit and more discussion will need to take place before increasing the estimated profit.

Now that the components of the Over-Billings are known, the downside of Over-Billing becomes obvious. The company has been paid for \$200,000 in mobilization that is to pay for future costs for the duration of the project. The uninstalled pipe needs to be paid with funds on this current project invoice due to Stored Materials,

something that could have been easily missed without communication. The costs of the next area need to be watched closely as the Accounting Team has now been informed this is a less efficient, harder task. Job Reports should most likely be provided more often so the Project Team and make corrections in the field as needed, or bring the issues to the company's Vice President of Operations (or equivalent). The CFO can make appropriate adjustments to Cash Flow Projections. As the profit could increase \$50,000.00 to \$150,000.00, tax planning adjustments need to be made.

One other question remains: If the Over-Billings have been paid, that is, the company has cash in hand of \$450,000.00, the cash needs to be accounted for somewhere. Is it sitting in the operating account? Was it used to finance the current project (payroll and payroll related expenses, indirect costs, etc.)? When Net Over / Under Billings begin to indicate a high level of Billings in Excess, banks and bonding companies will typically ask "Where is the cash?" It is important to have the answers at your fingertips.

Part IV of this series will look at using the WIP for tax planning. In addition, our January seminar takes a "deeper dive" into the WIP. Our panel will be discussing the deeper meaning of the various columns on the WIP, trending over time, use of the WIP as a key indicator of the health of the company, and how the WIP can be a tool for the users of the financial statements. Bring your questions, examples, and be ready for a great discussion.

2015 SOUTH JERSEY SPRING PROGRAMS

Our Programming Committee, chaired by Lee Boss and Nia Coombs, has put together an exciting spring agenda! It begins on Wednesday, January 6th, 2016 with a panel discussion on analysis of the WIP schedule from the perspective of the accountant, the surety and a fraud examiner. Panelists are: Jim McGettigan, CPA, CCIFP, CBIZ MHM, LLC Mark DeVito, Travelers Bond & Specialty Insurance and Tim Hartzell, CFE, CCIFP, Fasano Acchione & Associates, LLC. February —Risk Management; March—Round Table on Communications with Business Partners, and much more!. We cannot wait to see you there!

Charity Corner—Toys for TOTS

Ron Hicks, Chair

The Board of CFMA SJ Chapter would like to send a very special and heartfelt **“THANK YOU”** to **C. Abbonizio Contractors Inc.** for their utmost and extraordinarily generous donations to our Toys for Tots Campaign. C. Abbonizio’s employees went above and beyond what anyone could have expected in the amount of gifts donated to the Toys for Tots campaign. To date they have donated approximately 100 toys to benefit young children suffering through difficult economic times. We thank C. Abbonizio for your efforts in assisting the efforts of CFMA SJ chapter to ensure that the children of our region have a reason to believe that this holiday season is filled with joy and giving for everyone.

Putting the "I" back in Team

Susan Anderson

We have all heard "there is no I in team". Wrong! That is a fallacy. A team is made up of Individuals. Those Individuals need to take ownership of their place and processes in the team, in order for the team to work. The question is: What would prompt someone to take ownership?

Many times I've heard a business owners or committee chairs say their people are a team and then become frustrated when what they want has not been accomplished. Here are some questions I would to ask about the "team" :

What is the personality of the team?

Has the team leadership provided the overall vision and allow the team managers to develop and implement a plan to accomplish the goals of the leadership or has the leadership micro-managed each area, causing the “team Individuals” to become gofers and disengaged?

If there is a problem, would an Individual feel comfortable discussing the problem, or might they worry they be made to feel inadequate or be chastised (especially in front of other team members).

Do the team members have any input in the project or are

their opinions/suggestions just ignored?

Does each team Individual know the effects of their Individual actions on other team Individuals?

If you want a strong team, each team Individual needs to become engaged. To start the engagement process, each team Individual needs to have input on how to reach the overall goals of the leadership. Each team Individual needs to be shown they are respected for their abilities and decisions from leadership and other Individual team members.

Bottom line: We need to put “I” back in team.

Save the Dates and Share the Knowledge:

National Conference: San Antonio, TX, June 25—29, 2016

2016 Mid Atlantic Conference, Atlantic City, NJ, September 25-26, 2016

CCIFP Exam will be offered at the Mid Atlantic Conference on September 25, 2016.

CONSTRUCTION FINANCIAL MANAGEMENT ASSOCIATION OF SOUTH JERSEY



The South Jersey Chapter of CFMA is proud to be Hosting the 2016, 13th Annual Mid-Atlantic Conference in Atlantic City NJ.

Go Back To Where It All Began! CFMA is fortunate to have great supporters, and over the years, many people have volunteered their time to education us, to network with us, to provide leadership and knowledge. We are going to have fun getting to know our neighbor chapters through the sharing of their history!

The Jersey Shore is beautiful in September. Why not make a weekend of it, bring a friend, spouse, significant other. They can join us Sunday night for the reception and dinner, and there is plenty to do within walking distance of the casino while we are in seminars on Monday—including the Light House and Shopping! And of course, the beach!



We are seeking the people who attended the first National Conference, held at Caesar's Palace Atlantic City in 1982, to tell us their story, to document the history. We are also seeking those who started the Keystone Conference in PA (2000?) and those who changed this conference from a Pennsylvania function to a regional one, forming the Mid-Atlantic Conference in 2004. Please contact Kimberly Hullfish with any information, pictures, stories, brochures.

One more Mid Atlantic tidbit: the Current Presidents of the Participating Chapters are planning something great, something exciting, something new. Stay tuned as information will be shared after the New Year! Share the Knowledge in Atlantic City, September 25 and 26, 2016!

