



SAMPLE CONSTRUCTION FINANCIAL STATEMENT

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VIRTUOSO CONSTRUCTION COMPANY, INC.

BASIC FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 20YY AND 20XX

Executive Overview

The accompanying sample financial statements of Virtuoso Construction Company, Inc. are for education purposes only. This sample is of a fictional non-public, closely-held construction company which provides its financial statements to its stockholders, bankers, insurance company, surety, and project owners for prequalification purposes.

Organization of the sample financial statements assists management with providing information to the various readers as follows:

- The Auditors' Report, Consolidated Financial Statements, and Notes to the Financial Statements provide the required information for a complete financial presentation in accordance with U.S. Generally Accepted Accounting Principles (GAAP).
- The Supplemental Information is not required by U.S. GAAP. However, certain users of construction industry financial statements (particularly most sureties) greatly value these disclosures and schedules and prefer that they be included in the presentation.

The sample financial statements of Virtuoso Construction Company, Inc. is provided to you by the Construction Industry Services Group of Stambaugh Ness, P.C. a regional public accounting firm.

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The Board of Directors
Virtuoso Construction Company, Inc.
Andersonburg, PA XXXX

We have reviewed the accompanying balance sheets of Virtuoso Construction Company, Inc. as of December 31, 20YY and 20XX, and the related statements of earnings, stockholders' equity and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Virtuoso Construction Company, Inc.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The other data accompanying the financial statements is presented only for supplementary analysis purposes. This information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements and, we are not aware of any material modifications that should be made to that information.

Stambaugh Ness, PC

York, PA
March 1, 20ZZ

VIRTUOSO CONSTRUCTION COMPANY, INC.

BALANCE SHEETS

DECEMBER 31, 20YY AND 20XX

ASSETS

	<u>20YY</u>	<u>20XX</u>
CURRENT ASSETS		
Cash	\$ 55,400	\$ 9,800
Certificate of deposit	55,000	55,000
Accounts receivable - trade, net	631,800	680,900
Accounts receivable - other	3,000	3,900
Costs and estimated earnings in excess of billings on uncompleted contracts	10,400	11,000
Inventory	107,400	123,800
Prepaid expenses	<u>49,200</u>	<u>26,900</u>
Total current assets	912,200	911,300
 PROPERTY AND EQUIPMENT, NET	 <u>297,100</u>	 <u>322,900</u>
	 <u><u>\$ 1,209,300</u></u>	 <u><u>\$ 1,234,200</u></u>

See accompanying notes and accountants' report.

LIABILITIES AND STOCKHOLDERS' EQUITY

	20YY	20XX
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 165,000	\$ 169,800
Accounts payable - trade	321,750	305,200
Billings in excess of costs and estimated earnings on uncompleted contracts	17,700	11,600
Income tax payable	39,638	5,800
Accrued liabilities	13,100	9,900
Deferred income taxes	151,853	153,800
Total current liabilities	709,041	656,100
LONG-TERM LIABILITIES		
Long-term debt, less current maturities	47,800	117,100
Deferred income taxes	33,228	85,200
Total long-term liabilities	81,028	202,300
	790,069	858,400
STOCKHOLDERS' EQUITY		
Common stock		
Authorized 500,000 shares, \$1.00 par value, 19,500 shares issued, 15,300 shares outstanding	19,500	19,500
Additional paid-in capital	43,100	43,100
Retained earnings	382,031	338,600
	444,631	401,200
Treasury stock (4,200 shares at cost)	(25,400)	(25,400)
Total stockholders' equity	419,231	375,800
	\$ 1,209,300	\$ 1,234,200

VIRTUOSO CONSTRUCTION COMPANY, INC.
STATEMENTS OF EARNINGS
YEARS ENDED DECEMBER 31, 20YY AND 20XX

	20YY		20XX	
	Amount	Percent of Revenue	Amount	Percent of Revenue
CONTRACT REVENUE	\$ 6,638,400	100.00 %	\$ 6,717,600	100.00 %
CONTRACT COSTS	6,008,700	90.51	5,993,200	89.22
Gross profit	629,700	9.49	724,400	10.78
GENERAL AND ADMINISTRATIVE EXPENSES	535,500	8.07	595,500	8.86
Operating profit	94,200	1.42	128,900	1.92
OTHER INCOME (EXPENSE)				
Customer finance charges	1,900		1,400	
Miscellaneous income	1,050		400	
Gain on sale of assets	6,300		1,200	
Interest income	3,700		3,400	
Interest expense	(32,500)		(38,600)	
Total other income (expense)	(19,550)	(0.29)	(32,200)	(0.48)
Earnings before income tax expense	74,650	1.13	96,700	1.44
INCOME TAX EXPENSE	31,219	0.46	40,540	0.43
NET EARNINGS	\$ 43,431	0.67 %	\$ 56,160	1.01 %

See accompanying notes and accountants' report.

VIRTUOSO CONSTRUCTION COMPANY, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 20YY AND 20XX

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>
BALANCE 1-1-XX	\$ 19,500	\$ 43,100	\$ 282,440	\$ (25,400)
Net earnings	<u>-</u>	<u>-</u>	<u>56,160</u>	<u>-</u>
BALANCE 12-31-XX	19,500	43,100	338,600	(25,400)
Net earnings	<u>-</u>	<u>-</u>	<u>43,431</u>	<u>-</u>
BALANCE 12-31-YY	<u>\$ 19,500</u>	<u>\$ 43,100</u>	<u>\$ 382,031</u>	<u>\$ (25,400)</u>

See accompanying notes and accountants' report.

VIRTUOSO CONSTRUCTION COMPANY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 20YY AND 20XX

	20YY	20XX
OPERATING ACTIVITIES		
Net earnings	\$ 43,431	\$ 51,160
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	114,700	109,700
Gain on sale of assets	(6,300)	(1,200)
Change in allowance for doubtful accounts	-	7,500
Change in deferred income taxes	(53,919)	1,400
(Increase) decrease in:		
Accounts receivable - trade	49,100	207,500
Accounts receivable - other	900	1,000
Costs and estimated earnings in excess of billings on uncompleted contracts	600	41,500
Inventory	16,400	24,800
Prepaid expenses	(22,300)	10,640
Increase (decrease):		
Accounts payable - trade	16,550	(177,400)
Billings in excess of costs and estimated earnings on uncompleted contracts	6,100	(43,100)
Federal income tax payable	33,838	5,800
Accrued liabilities	<u>3,200</u>	<u>(31,200)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>202,300</u>	 <u>208,100</u>
INVESTING ACTIVITIES		
Proceeds from sale of assets	14,500	3,000
Purchase of property and equipment	<u>(77,600)</u>	<u>(75,300)</u>
 NET CASH USED IN INVESTING ACTIVITIES	 <u>(63,100)</u>	 <u>(72,300)</u>

See accompanying notes and accountants' report.

VIRTUOSO CONSTRUCTION COMPANY, INC.
STATEMENTS OF CASH FLOWS - continued
YEARS ENDED DECEMBER 31, 20YY AND 20XX

	20YY	20XX
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	42,000	433,400
Reduction of long-term debt	(135,600)	(564,400)
 NET CASH USED IN FINANCING ACTIVITIES	 (93,600)	 (131,000)
 NET INCREASE IN CASH	 45,600	 4,800
Cash at beginning of year	9,800	5,000
Cash at end of year	\$ 55,400	\$ 9,800

VIRTUOSO CONSTRUCTION COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 20YY AND 20XX

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Virtuoso Construction Company, Inc. is a mechanical contractor that generates most of its revenue through projects for the public and private sectors in central Pennsylvania. Because of the nature of the construction business, the ability to obtain adequate surety credit can have an impact on the performance of the Company. The length of the Company's contracts varies but is typically less than one year.

Revenue and Cost Recognition

The Company has elected to prepare financial statements on the accrual method of accounting. Revenues are recognized on the percentage-of-completion method, measured by the percentage of total costs incurred to date to estimated total costs for each contract. This method is used because management considers expended costs to be the best available measure of progress on these contracts.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. General and administrative expenses are expensed as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

The asset, "Costs and estimated earnings in excess of billings on uncompleted contracts," represents revenues recognized in excess of amounts billed. The liability, "Billings in excess of costs and estimated earnings on uncompleted contracts," represents billings in excess of revenues recognized. Substantially all contract retainage is expected to be collected within one year.

Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Trade accounts receivable are stated net of an allowance for doubtful accounts of \$7,500 at December 31, 20YY and 20XX. Virtuoso estimates the allowance based on its historical experience of the relationship between actual bad debts and net credit sales and the specific review of significant account balances that remain outstanding beyond the normal credit terms. Management charges off receivables when they are contractually past due and it is probable that they will not be collected.

VIRTUOSO CONSTRUCTION COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 20YY AND 20XX

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Inventory

Inventories, consisting of parts and materials, are valued at cost based on the first-in, first-out method.

Property and Equipment

Property and equipment are carried at cost and include expenditures for improvements and betterments which substantially increase the useful lives of existing property and equipment. Maintenance, repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any profit or loss is credited or charged to income.

The Company provides for depreciation of property and equipment by methods and at rates designed to expense the cost of such equipment over their estimated useful lives. Depreciation is computed on the straight-line method and estimated useful lives range from 5 to 15 years.

Income Taxes

Deferred income taxes are provided to reflect the tax effect of timing differences between financial and tax reporting of the recognized gross profit on long-term contracts and the excess of accelerated cost recovery deductions over book depreciation. For tax purposes, the Company uses the completed-contract method of recognizing revenues on long-term contracts. Accumulated timing differences between book and tax recognition of income and deductions are calculated and the current statutory rate is applied to develop the deferred tax account. Current adjustments to deferred taxes are recognized in the current period tax provision.

The Company has elected to defer the application of FIN 48 to its financial statements until the fiscal year ending December 31, 20ZZ pursuant to FASB Staff Position Fin 48-3, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises". The Company currently follows the guidance provided in FASB 5, *Accounting for Contingencies* and FASB 109, *Accounting for Income Taxes* to evaluate the uncertainty inherent in its tax positions.

Advertising Costs

The Company expenses the cost of advertising as incurred. Total advertising costs expensed in 20YY and 20XX were \$23,500 and \$46,900, respectively.

VIRTUOSO CONSTRUCTION COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 20YY AND 20XX

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Due to uncertainties in the process of estimating the progress toward completion on uncompleted jobs, it is at least reasonably possible that gross profit on those jobs will be revised in the near-term, and those revisions may be material.

Warranties

The Company provides a one-year warranty covering defects specific to its portion of contracts on construction projects. This warranty historically has not produced material costs; therefore, the Company does not accrue future estimated expense against current operations.

NOTE B - CONCENTRATION OF CREDIT RISK

The Company maintains its cash deposits in interest bearing accounts at a local bank. At December 31, 20YY and 20XX, cash deposits at this bank exceeded the FDIC insured limit of \$250,000 by \$40,000 and \$9,300, respectively.

NOTE C - CERTIFICATE OF DEPOSIT

In 20YY, the Company, under terms of a loan agreement with its bank, had pledged its certificate of deposit totaling \$55,000 as collateral against the outstanding loan balance (See Note I). The certificate of deposit, with an interest rate of 5%, matures May 6, 20ZZ.

VIRTUOSO CONSTRUCTION COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 20YY AND 20XX

NOTE D - ACCOUNTS RECEIVABLE - TRADE

Accounts receivable - trade are composed of the following:

	<u>20YY</u>	<u>20XX</u>
Contracts in progress	\$ 310,500	\$ 319,400
Retainage	211,800	280,900
Other trade receivables	117,000	88,100
Allowance for doubtful accounts	<u>(7,500)</u>	<u>(7,500)</u>
	<u>\$ 631,800</u>	<u>\$ 680,900</u>

NOTE E - COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

	<u>20YY</u>	<u>20XX</u>
Costs incurred on uncompleted contracts	\$ 833,700	\$ 2,959,500
Estimated earnings	<u>153,800</u>	<u>275,800</u>
	987,500	3,235,300
Less billings to date	<u>(994,800)</u>	<u>(3,235,900)</u>
	<u>\$ (7,300)</u>	<u>\$ (600)</u>
Included in the accompanying balance sheets under the following captions:		
Costs and estimated earnings in excess billings on uncompleted contracts	\$ 10,400	\$ 11,000
Billings in excess of costs and estimated earnings on uncompleted contracts	<u>(17,700)</u>	<u>(11,600)</u>
	<u>\$ (7,300)</u>	<u>\$ (600)</u>

VIRTUOSO CONSTRUCTION COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 20YY AND 20XX

NOTE F - PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
<u>20YY</u>			
Leasehold improvements	\$ 22,200	\$ 2,000	\$ 20,200
Office furniture and equipment	150,400	122,900	27,500
Service equipment and tools	449,500	323,500	126,000
Transportation equipment	<u>379,900</u>	<u>256,500</u>	<u>123,400</u>
	<u>\$ 1,002,000</u>	<u>\$ 704,900</u>	<u>\$ 297,100</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
<u>20XX</u>			
Leasehold improvements	\$ 6,200	\$ 1,500	\$ 4,700
Office furniture and equipment	142,000	114,100	27,900
Service equipment and tools	413,300	257,400	155,900
Transportation equipment	<u>361,700</u>	<u>227,300</u>	<u>134,400</u>
	<u>\$ 923,200</u>	<u>\$ 600,300</u>	<u>\$ 322,900</u>

NOTE G - SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION

	<u>20YY</u>	<u>20XX</u>
Interest paid	\$ 32,500	\$ 38,600
Income taxes paid	48,600	24,700

During the fiscal year ending December 31, 20YY and 20XX, the Company directly financed the purchase of a vehicle in the amount of \$19,500 and \$22,000, respectively.

VIRTUOSO CONSTRUCTION COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 20YY AND 20XX

NOTE H - ACCOUNTS PAYABLE - TRADE

	20YY	20XX
Contracts in progress	\$ 183,300	\$ 185,400
Retainage	37,900	53,600
Other	100,550	66,200
	\$ 321,750	\$ 305,200

NOTE I - LONG-TERM DEBT

	20YY			20XX
	Current	Long-term	Total	Total
Line of credit at South National Bank due in one payment on May 5, 20YY, interest due quarterly at a rate of 1½% above South National Bank's base rate, secured by all inventory, equipment, contract rights and accounts receivable. Total credit available is \$300,000.	\$ -	\$ -	\$ -	\$ 94,600
Note payable to South National Bank in monthly installments of \$8,500 including interest at 8%, secured by a certificate of deposit. Matures April, 20ZZ.	40,000	-	40,000	-
Note payable to Tiger Motor Finance Co. in monthly installments of \$850 including interest at 8.5%, secured by a vehicle. Matures September, 20AA.	19,600	14,700	34,300	41,500

VIRTUOSO CONSTRUCTION COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 20YY AND 20XX

NOTE I - LONG-TERM DEBT - continued

		20YY		20XX
	Current	Long-term	Total	Total
Note payable to South National Bank on monthly installments of \$1,500 including interest at 8%, secured by equipment. Matures September, 20YY.	-	-	-	19,600
Note payable to South National Bank due in monthly installments of \$5,400 including interest at 10%, secured by a deed of trust. Matures September, 20AA.	87,400	33,100	120,500	131,200
Note payable to South National Bank due in monthly installments of \$4,500 including interest at 8.5%, secured by equipment. Matures November, 20ZZ.	18,000	-	18,000	-
	<u>\$ 165,000</u>	<u>\$ 47,800</u>	<u>\$ 212,800</u>	<u>\$ 286,900</u>

Future maturities are as follows:

	<u>December 31,</u>
20ZZ	\$ 165,000
20AA	<u>47,800</u>
	<u>\$ 212,800</u>

VIRTUOSO CONSTRUCTION COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 20YY AND 20XX

NOTE J - PROVISION FOR INCOME TAXES AND DEFERRED TAXES

The provision for income taxes consists of the following for the years ended:

	<u>2009</u>	<u>2008</u>
Current income tax expense:		
Federal	\$57,650	\$ 28,400
State	<u>27,488</u>	<u>10,740</u>
Total current income tax expense	85,138	39,140
Deferred income tax expense (benefit):		
Federal	(35,250)	900
State	<u>(18,669)</u>	<u>500</u>
Total deferred income tax expense (benefit):	<u>(53,919)</u>	<u>1,400</u>
Total income tax expense	<u>\$31,219</u>	<u>\$ 40,540</u>

The federal income tax provision differs from the provision that would result from applying graduated federal statutory rates to income before income taxes because of state income taxes, the qualified domestic production activities deduction, and certain items that are without tax consequence.

The Company has elected to use the completed contract method for reporting long-term contracts and uses accelerated depreciation methods for federal income tax purposes. These depreciation methods result in a faster write-off than the straight-line method which is used for financial reporting.

VIRTUOSO CONSTRUCTION COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 20YY AND 20XX

NOTE J - PROVISION FOR INCOME TAXES AND DEFERRED TAXES - continued

The tax effects of the significant temporary differences which comprised the deferred tax assets and liabilities were as follows:

	<u>2009</u>		<u>2008</u>	
	<u>Deferred Income Tax Assets</u>	<u>Deferred Income Tax Liabilities</u>	<u>Deferred Income Tax Assets</u>	<u>Deferred Income Tax Liabilities</u>
Current:				
Completed contract vs. percentage completed	\$ -	\$62,982	\$ -	\$157,800
Accrued officer bonus	<u>3,000</u>	<u>-</u>	<u>4,000</u>	<u>-</u>
	<u>\$ 3,000</u>	<u>\$ 62,982</u>	<u>\$ 4,000</u>	<u>\$157,800</u>
Non-current:				
Depreciation	<u>\$ -</u>	<u>\$ 33,228</u>	<u>\$ -</u>	<u>\$ 85,200</u>

VIRTUOSO CONSTRUCTION COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 20YY AND 20XX

NOTE K - LEASE COMMITMENTS

On April 1, 20WW, the Company entered into a 60-month lease with the owner of the building and associated land on which the Company operates. The base rent was \$4,000 per month and will be adjusted each April based on the increase or decrease in the prevailing interest rate on long-term treasury bills at that date. The Company is responsible for all taxes, insurance and repairs. The Company is under no obligation to repurchase the building. Rent expense in 20YY and 20XX was \$48,000 and \$48,000, respectively.

The minimum lease payments are as follows:

20ZZ	\$	48,000
20AA		48,000
20BB		<u>12,000</u>
	\$	<u>108,000</u>

NOTE L - CONTINGENCIES AND LITIGATION

At the report date, the Company had no material unrecorded contingencies.

NOTE M - BACKLOG

The following schedule shows a reconciliation of backlog representing signed contracts in existence December 31, 20YY and 20XX.

	<u>20YY</u>	<u>20XX</u>
Backlog balance at January 1,	\$ 798,600	\$ 816,200
New contracts and contract adjustments during the year	<u>6,377,700</u>	<u>6,700,000</u>
Contract revenue earned during the year	<u>7,176,300</u> <u>(6,638,400)</u>	<u>7,516,200</u> <u>(6,717,600)</u>
Balance, end of year	<u>\$ 537,900</u>	<u>\$ 798,600</u>

VIRTUOSO CONSTRUCTION COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 20YY AND 20XX

NOTE N - STOCK REDEMPTION AGREEMENT

The Company and its shareholders have entered into a stock redemption agreement whereby the corporation may be required to purchase the shares of any stockholder upon death or permanent disability at the election of the shareholder or the executor of the shareholder's estate. The shares will be purchased for a proportionate share of the fair value of the corporation determined at the time of the election.

The shares subject to mandatory redemption in the accompanying balance sheet consist of 15,300 net outstanding shares.

SUPPLEMENTARY INFORMATION

VIRTUOSO CONSTRUCTION COMPANY, INC.
SCHEDULES OF CONTRACT COSTS
YEARS ENDED DECEMBER 31, 20YY AND 20XX

	20YY	20XX
CONTRACT COSTS		
Equipment rentals	\$ 27,100	\$ 61,200
Insurance - bonds	25,900	36,500
Labor	1,346,900	1,237,000
License and permits	39,100	40,400
Materials	2,799,100	2,825,800
Subcontractors	1,096,900	1,102,600
Travel	17,900	17,100
	<u>5,352,900</u>	<u>5,320,600</u>
OTHER JOB COSTS		
Depreciation	105,300	99,100
Equipment and tool maintenance	53,400	53,100
Indirect labor	76,200	62,500
Insurance	59,100	89,800
Rent	48,000	48,000
Repairs and maintenance - building	6,900	27,400
Safety equipment	8,200	-
Taxes - property	10,400	9,800
Taxes - payroll	112,500	114,500
Telephone	13,000	15,000
Utilities	12,100	9,800
Uniforms	4,200	4,100
Vehicle expense	62,400	62,800
Vehicle lease	12,400	10,200
Vehicle repairs	27,800	32,600
Worker's compensation	58,800	47,000
	<u>670,700</u>	<u>685,700</u>
Discounts taken	<u>(14,900)</u>	<u>(13,100)</u>
	<u>\$ 6,008,700</u>	<u>\$ 5,993,200</u>

See accountants' report.

VIRTUOSO CONSTRUCTION COMPANY, INC.
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
YEARS ENDED DECEMBER 31, 20YY AND 20XX

	<u>20YY</u>	<u>20XX</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Advertising	\$ 23,500	\$ 46,900
Bad debts	300	8,900
Bank card charges	900	500
Contributions	1,200	3,100
Depreciation	9,400	10,600
Dues, fees and subscriptions	27,700	26,900
Education and training	12,300	9,800
Insurance	38,400	51,900
Janitorial service	5,600	4,400
Craftsman insurance	12,600	12,100
Legal and professional	8,900	6,700
Meals and entertainment	2,200	3,200
Office expense	24,100	30,800
Salaries - officers	131,100	122,600
Salaries - office	112,200	120,200
Salaries - other	73,000	77,600
Shop supplies	11,200	16,800
Taxes - payroll	24,700	29,700
Taxes - other	5,300	9,500
Travel	10,900	3,300
	<u>\$ 535,500</u>	<u>\$ 595,500</u>

See accountants' report.

VIRTUOSO CONSTRUCTION COMPANY, INC.
EARNINGS FROM CONTRACTS
YEAR ENDED DECEMBER 31, 20YY

	Earned Revenue	Cost of Earned Revenue	Gross Profit
Completed contracts	\$5,650,900	\$5,175,000	\$ 475,900
Contracts in progress	<u>987,500</u>	<u>833,700</u>	<u>153,800</u>
Total	<u>\$ 6,638,400</u>	<u>\$ 6,008,700</u>	<u>\$ 629,700</u>

See accountants' report.

VIRTUOSO CONSTRUCTION COMPANY, INC.
CONTRACTS COMPLETED
YEAR ENDED DECEMBER 31, 20YY

Job	Contract Totals			Before December 31, 20XX			Year ended December 31, 20YY		
	Revenues Earned	Cost of Revenues	Gross Profit	Revenues Earned	Cost of Revenues	Gross Profit	Revenues Earned	Cost of Revenues	Gross Profit
Eisenhart Street Crossing	\$2,501,600	\$2,264,300	\$237,300	\$2,293,000	\$2,075,500	\$217,500	\$ 208,600	\$ 188,800	\$ 19,800
Downtown Center	1,597,900	1,437,200	160,700	579,800	521,500	58,300	1,018,100	915,700	102,400
County Sewer Plant	1,947,800	1,764,200	183,600	-	-	-	1,947,800	1,764,200	183,600
Indoor Pavilion	1,463,900	1,319,800	144,100	-	-	-	1,463,900	1,319,800	144,100
Various small jobs	1,012,500	986,500	26,000	-	-	-	1,012,500	986,500	26,000
	<u>\$8,523,700</u>	<u>\$7,772,000</u>	<u>\$751,700</u>	<u>\$2,872,800</u>	<u>\$2,597,000</u>	<u>\$275,800</u>	<u>\$5,650,900</u>	<u>\$5,175,000</u>	<u>\$475,900</u>

See accountants' report.

VIRTUOSO CONSTRUCTION COMPANY, INC.
CONTRACTS IN PROGRESS
YEAR ENDED DECEMBER 31, 20YY

Job	Total Contract		From Inception of Contract				At December 31, 20YY		For the Year ended December 31, 20YY			
	Revenue	Estimated Gross Profit	Cost of Revenue Earned	Gross Profit Recognized to Date	Billings To Date	Estimated Costs to Complete	Cost and Estimated Earnings In Excess of Billings	Billings in Excess of Costs and Estimated Earnings	Revenues Earned	Cost of Revenue Earned	Gross Profit Recognized	% Complete
Stanton Way	\$ 970,900	\$ 112,100	\$ 575,800	\$ 75,200	\$ 640,600	\$ 283,000	\$ 10,400	\$ -	\$ 651,000	\$ 575,800	\$ 75,200	67.05%
Valley School District	554,500	129,500	257,900	78,600	354,200	167,100	-	17,700	336,500	257,900	78,600	60.68%
	<u>\$ 1,525,400</u>	<u>\$ 241,600</u>	<u>\$ 833,700</u>	<u>\$ 153,800</u>	<u>\$ 994,800</u>	<u>\$ 450,100</u>	<u>\$ 10,400</u>	<u>\$ 17,700</u>	<u>\$ 987,500</u>	<u>\$ 833,700</u>	<u>\$ 153,800</u>	

See accountants' report.