

XYZ CONSTRUCTION CORP.

FINANCIAL STATEMENTS

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DECEMBER 31, 2019 AND 2018



Several tools, guides and articles to help your company with revenue recognition are available for download on our website. Please visit:

<https://www.dmcpas.com/resources/revenue-recognition>

If you have any questions regarding the new revenue recognition standard or any other questions, contact Kenneth Gardiner, kgardiner@dmcpas.com, Benjamin Sumner, bsumner@dmcpas.com, or Joseph Chemotti, jchemotti@dmcpas.com

XYZ CONSTRUCTION CORP.
(An S Corporation)
BALANCE SHEETS

	<u>December 31,</u>	
<u>Assets</u>	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents (Note 1)	\$ 383,058	\$ 307,633
Contract receivables, less allowance for doubtful accounts of \$50,000 in 2018 (Note 1)	942,664	1,599,665
Retainage receivable (Note 1)	75,000	85,000
Contract assets (Notes 1 and 2)	10,000	55,682
Contract fulfillment costs (Notes 1 and 2)	20,000	-
Uninstalled materials (Notes 1 and 2)	50,000	-
Prepaid expenses and other current assets	1,222	3,538
Total current assets	1,481,944	2,051,518
Property and equipment, net (Notes 1 and 3)	1,124,711	1,062,606
	<u>\$ 2,606,655</u>	<u>\$ 3,114,124</u>
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Current portion of long-term debt (Note 4)	\$ 201,170	\$ 164,933
Accounts payable	116,086	670,891
Accrued liabilities (Note 1)	53,973	20,441
Contract liabilities (Notes 1 and 2)	233,841	354,890
Total current liabilities	605,070	1,211,155
Long-term debt (Note 4)	342,247	325,837
Stockholders' equity (Notes 1 and 8):		
Common stock, no par value; 200 shares authorized; 100 shares issued and outstanding	1,000	1,000
Additional paid-in capital	164,590	164,590
Retained earnings	1,493,748	1,411,542
	<u>1,659,338</u>	<u>1,577,132</u>
	<u>\$ 2,606,655</u>	<u>\$ 3,114,124</u>

XYZ CONSTRUCTION CORP.

(An S Corporation)

STATEMENTS OF INCOME AND RETAINED EARNINGS

	<u>Year ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Contract revenues (Note 1)	\$ 2,466,159	\$ 3,500,000
Costs of contracts	<u>2,230,000</u>	<u>3,250,000</u>
Gross profit	236,159	250,000
General and administrative expenses	<u>100,000</u>	<u>100,000</u>
Income before other income (expense)	<u>136,159</u>	<u>150,000</u>
Other income (expense):		
Interest expense	(10,000)	(10,000)
Gain (loss) on disposal of property and equipment	<u>1,250</u>	<u>(2,500)</u>
	<u>(8,750)</u>	<u>(12,500)</u>
Net income	127,409	137,500
Retained earnings, beginning of year	1,411,542	1,324,042
Distributions to stockholders (Note 1)	<u>(45,203)</u>	<u>(50,000)</u>
Retained earnings, end of year	<u>\$ 1,493,748</u>	<u>\$ 1,411,542</u>

XYZ CONSTRUCTION CORP.
(An S Corporation)
SCHEDULES OF CONTRACTS IN PROCESS AND COMPLETED CONTRACTS

Estimated Contract Amounts								Contracts to Date as of December 31, 2019								For the Year Ended December 31, 2019			
	Current Contract Total	Costs to Date	Estimated Costs to Complete	Total Estimated Costs	Estimated Final Gross Profit (Loss)	Estimated Gross Profit (Loss) %	Percent Complete	Revenues Earned	Costs to Date	Gross Profit (Loss)	Progress Billings to Date	Contract Assets	Contract Liabilities	Uninstalled Materials	Contract Fulfillment Costs	Gross Revenues Earned	Cost of Revenue	Profit (Loss)	Gross Profit (Loss) %
Contracts in Process																			
Percentage of Completion																			
0100 Job 1	\$ 1,000,000	\$ 200,000	\$ 700,000	\$ 900,000	\$ 100,000	10.00%	22.22%	\$ 222,222	\$ 200,000	\$ 22,222	\$ 250,000	\$ -	\$ 27,778	\$ -	\$ -	\$ 222,222	\$ 200,000	\$ 22,222	10.00%
Multiple Performace Obligations																			
0100 Job 1																			
Job1 - Performance obligation A	750,000	190,000	500,000	690,000	60,000	8.00%	27.54%	206,522	190,000	16,522				-	-	206,522	190,000	16,522	8.00%
Job1 - Performance obligation B	250,000	10,000	200,000	210,000	40,000	16.00%	4.76%	11,905	10,000	1,905				-	-	11,905	10,000	1,905	16.00%
Job 1 Total	1,000,000	200,000	700,000	900,000	100,000	10.00%		218,427	200,000	18,427	250,000	-	31,573	-	-	218,427	200,000	18,427	8.44%
Uninstalled Materials in Inventory and Unamortized Fulfillment costs																			
\$50k in uninstalled materials in CONTRACTOR's control																			
\$10k of unamortized fulfillment cost																			
0100 Job 1	1,000,000	140,000	760,000	900,000	100,000	10.00%	15.56%	155,556	140,000	15,556	250,000	-	94,444	50,000	10,000	155,556	140,000	15,556	10.00%
Uninstalled Materials in Owner Control and Unamortized Fulfillment costs																			
\$50k in uninstalled materials in OWNER's control																			
\$10k of unamortized fulfillment cost																			
0100 Job 1	950,000	140,000	710,000	850,000			16.47%	156,471	140,000	16,471						156,471	140,000	16,471	
Job1 - Uninstalled Materials	50,000	50,000	-	50,000			100.00%	50,000	50,000	-						50,000	50,000	-	
Job 1 Total	1,000,000	190,000	710,000	900,000	100,000	10.00%	21.11%	206,471	190,000	16,471	250,000	-	43,529	-	10,000	206,471	190,000	16,471	7.98%
Waste and Inefficiencies																			
0100 Job 1	1,000,000	190,000	700,000	890,000	110,000	11.00%	21.35%	213,483	190,000	23,483	250,000					213,483	190,000	23,483	
Job1 - Waste and inefficiencies	-	10,000	-	10,000	(10,000)	(1.00%)	100.00%	-	10,000	(10,000)	-					-	10,000	(10,000)	
Job 1 Total	1,000,000	200,000	700,000	900,000	100,000	10.00%		213,483	200,000	13,483	250,000	-	36,517	-	-	213,483	200,000	13,483	6.32%
Total for contracts in process	5,000,000	930,000	3,570,000	4,500,000	500,000	10.00%		1,016,159	930,000	86,159	1,250,000	-	233,841	50,000	20,000	1,016,159	930,000	86,159	8.48%
Completed Contracts																			
0200 Job 2	500,000	450,000	-	450,000	50,000	10.00%	100.00%	500,000	450,000	50,000	490,000	10,000	-	-	-	400,000	350,000	50,000	12.50%
0300 Job 3	750,000	650,000	-	650,000	100,000	13.33%	100.00%	750,000	650,000	100,000	750,000	-	-	-	-	600,000	550,000	50,000	8.33%
0400 Job 4	1,000,000	850,000	-	850,000	150,000	15.00%	100.00%	1,000,000	850,000	150,000	1,000,000	-	-	-	-	200,000	175,000	25,000	12.50%
Misc Jobs	250,000	225,000	-	225,000	25,000	10.00%	100.00%	250,000	225,000	25,000	250,000	-	-	-	-	250,000	225,000	25,000	10.00%
Total for completed contracts	2,500,000	2,175,000	-	2,175,000	325,000	13.00%		2,500,000	2,175,000	325,000	2,490,000	10,000	-	-	-	1,450,000	1,300,000	150,000	10.34%
Total	\$ 7,500,000	\$ 3,105,000	\$ 3,570,000	\$ 6,675,000	\$ 825,000	11.00%		\$ 3,516,159	\$ 3,105,000	\$ 411,159	\$ 3,740,000	\$ 10,000	\$ 233,841	\$ 50,000	\$ 20,000	\$ 2,466,159	\$ 2,230,000	\$ 236,159	9.58%