

# CLIENT SERVICES

## CONSTRUCTION INDUSTRY EXPERIENCE AND SERVICE

Due to the inherent competitive nature of the construction industry, it is extremely important for the owners of those companies to have reliable accounting and financial information available to them at all times. Without it, there is no way for management to have an understanding of their profitability and cash flow on each project, as well as for the overall company.

Having an adequate accounting system in place to accurately measure the profitability of each project while it's in progress is imperative towards achieving a successful business operation in this industry. It allows for effective management of current and future cash flows and working capital needs, including accurate knowledge of whether the company is in compliance with banking and surety financial covenants related to loans and state licensing requirements.

Price CPAs experience in the construction industry includes:

- Over 100 years of direct construction industry experience represented on our staff.
- A broad understanding of the industry through our work with commercial and residential contractors

In addition to accounting and tax services, additional services most commonly provided to our construction industry clients include assurance (audit, review and compilation), advisory and consulting. The advisory and consulting work includes assessment of accounting systems and department personnel with recommendations for improvements; interim accounting department management and oversight; special projects for owners and management as needed; accounting and tax related matters pertaining to changes in ownership, in addition to company valuation services.

Additional accounting and financial services range from CFO/Controller to complete oversight of internal management and accounting systems, including the performance of daily accounting functions, when necessary.

Our services are scalable. While we are staffed and equipped to provide our services to large, established companies, we can also work with start-up and recently-established companies and grow in what we provide as support services as the company itself expands.

Price CPAs truly does exist to make a positive difference in the financial experience of our clients. Contact us today about how we can be of service to you and your organization.

## COMPETITIVE LANDSCAPE

Demand depends heavily on the health of the economy, including corporate profits and local government budgets. The profitability of individual companies depends on accurate project bids and efficient operations. Large companies have advantages in their ability to engage in multiple projects simultaneously and in many types of construction. Small companies can compete effectively by specializing, working in a limited geography, or serving as subcontractors on larger projects. The industry is highly fragmented. The commercial construction industry is intensely competitive. Barriers to entry are low, since large upfront capital expenditures are not required. Individual projects may attract bids from companies of all sizes.

## BUSINESS CHALLENGE

**DEPENDENCE ON FEW PROJECTS, CUSTOMERS -** Customer consolidation and concentration lead to greater risk for many contractors. As many construction customers merge, projects become larger, but fewer. As a result, construction companies depend on fewer contracts, which increases financial risk. Customer concentration also increases risk, especially for small construction companies that depend on a few customers for the majority of revenue.

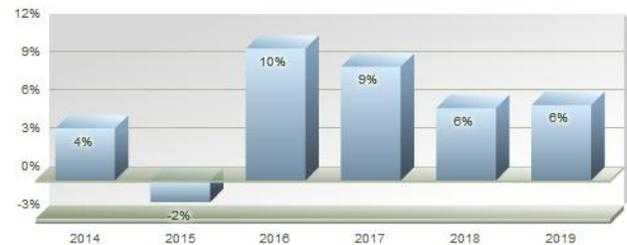
## INDUSTRY UPDATE

**OPPORTUNITY: SOUTH TO STRENGTHEN CONSTRUCTION SECTOR GROWTH -** Several southern US states with growing populations and rejuvenated economies are expected to serve as hotbeds of activity for the construction sector, according to Associated Builders and Contractors. Metropolitan areas like Houston, Dallas, Oklahoma City, and Atlanta have experienced full economic turnarounds since the late-2000s recession. Many southern states are logging rapid population growth, a leading

indicator for demand in the industry, and seeing gains in both residential and commercial construction. More retiring baby boomers are calling states like Florida, South Carolina, and Tennessee home. Louisiana has received significant industrial investment, bolstered by the energy business, rebounding residential real estate, and the widening of the Panama Canal.

## INDUSTRY FORECAST

The value of US new public and private nonresidential and non-building construction spending is forecast to grow at an annual compounded rate of 6% between 2017 and 2021. Data Published: September 2017.

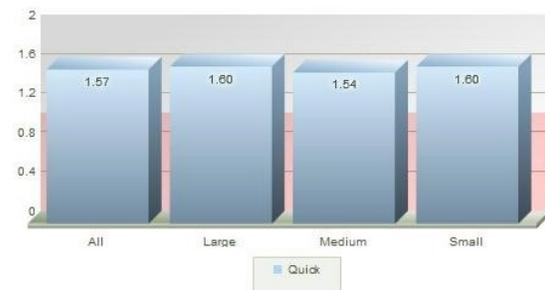


Spending Forecast

## COMPANY BENCHMARK TRENDS

### QUICK RATIO BY COMPANY SIZE

The quick ratio, also known as the acid test ratio, measures a company's ability to meet short-term obligations with liquid assets. The higher the ratio, the better; a number below 1 signals financial distress. Use the quick ratio to determine if companies in an industry are typically able to pay off their current liabilities.



Quick Ratio