



Cash Flow Considerations for Government Contractors

This video is made possible by:



Agenda

- Why Plan Ahead
- Case Study: Small General Contractor
- Steps to Success
- Resources



Contract Clauses Can Impact Cash Flow

Payment - Payment within 30 days of a properly itemized invoice.

Payment - No payment will be made on this contract until the contractor and each and every subcontractor has submitted a 'Statement of Intent to Pay Prevailing Wages' that has been approved by the Department of Labor and Industries.

Retainage - The City will issue payment on the retainage amount 45 days after the City has accepted the contract as complete or upon receipt of all necessary releases, whichever is later.



Accounting for Public Works is Unique

- ✓ Project Based
- ✓ Prevailing Wage Requirements
- ✓ Certified Payroll Reports
- ✓ Retainage
- ✓ Bonds
- ✓ Direct & Indirect Costs



A Case Study



A Case Study

Direct Costs



- Direct Labor
- Fringe
- Paint
- Equipment
- & more

Indirect Costs



- Truck Maintenance
- Administrative Costs
- Insurance
- Storage Fees for the Equipment
- General Overhead
- & More

Do you need professional bookkeeping/CPA help?

- Do you have clarity of who owes you money and who you owe money to?
- Are you having trouble tracking your monthly cash flow?
- Are you unable to commit time to your business strategy for growing your business?
- Are you hiring new employees and is your payroll getting more complex?
- Are you worried you are not paying enough for your quarterly estimated taxes?
- Are you unable to keep up with changes in tax laws and rules for small business deductions?
- Do you have to logon and check your bank account every day instead of getting a full set of financial statements to review every week?



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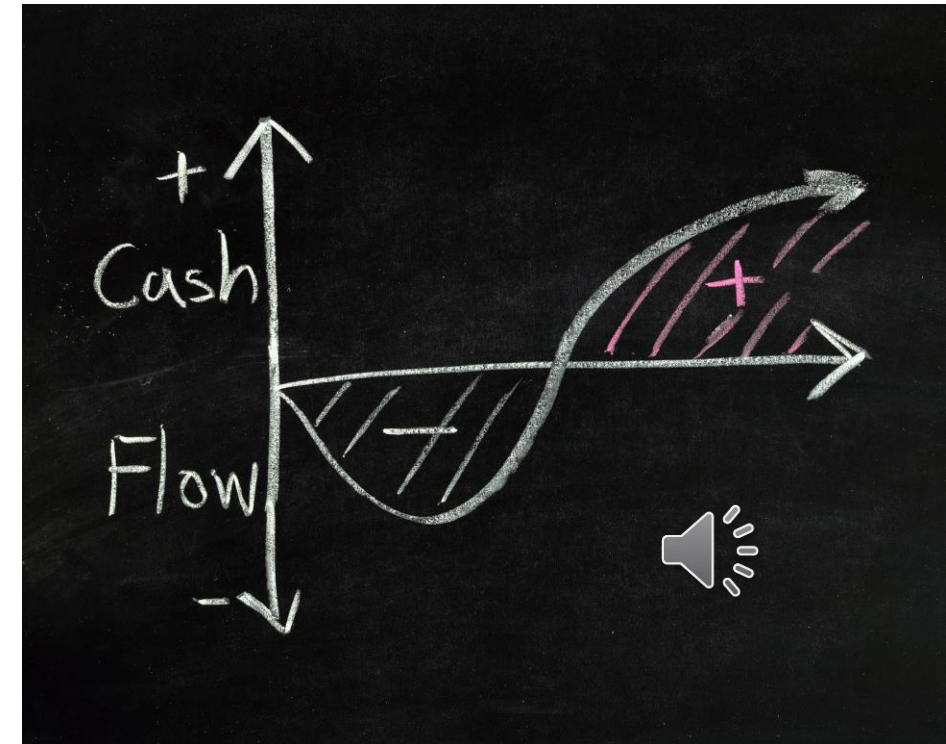
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Yes! I need cash

Find the right banker for you and be prepared for underwriting process

- Cash Flow – For all current ventures
- Collateral – Is there a second source of repayment?
- Your Experience – 3-5 years is typically needed
- Debt to equity Ratios – \$9 in debt : \$1 in equity
- Capital – how much cash (risk) are you putting in?
- Credit – Score should be above 680. 800 is best.
- Character – desire to learn, refine, get better?
- Condition – what is the money going to be used for?



Loan Packaging

- ✓ Tax Returns
- ✓ Financial Statements
- ✓ 18 months Projected Profit and Loss
- ✓ 18 months Projected Cash Flow
- ✓ Balance sheet
- ✓ Business Plan
- ✓ Legal Docs via Sec of State and others
- ✓ Personal Financial Statements and Tax Returns



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Resources

Washington APEX Accelerators offer no-cost advising to businesses seeking government contracts and subcontracts.

Learn more at www.washingtonapex.org or info@washingtonapex.org

