

# TABLE OF CONTENTS

Chapter 1.....	1-1
Nature and Significance of the Construction Industry.....	1-1
Types of Contractors.....	1-2
Players in the Industry.....	1-3
Types of Contracts.....	1-4
The Role of the Surety.....	1-5
Contract Accounting.....	1-7
Additional Resources for the Construction Industry.....	1-10
Summary.....	1-11
Chapter 2.....	2-1
Strategic Planning for the Construction Contractor.....	2-1
Chapter 3.....	3-1
Internal Controls for the Contractor.....	3-1
What Are Internal Controls.....	3-3
Controls Specific to Construction Contractors.....	3-4
Summary.....	3-26
Chapter 4.....	4-1
Fraud and the Contractor.....	4-1
AU-C Section 240, <i>Consideration of Fraud in a Financial Statement Audit</i> .....	4-3
Identification of Certain Fraud Risks.....	4-5

Mitigating Fraud as a Construction Contractor .....	4-12
Summary.....	4-20
<b>Chapter 5.....</b>	<b>5-1</b>
<b>Cash Management for the Contractor.....</b>	<b>5-1</b>
Sources of Cash for the Contractor.....	5-3
Contractor Cash Flow .....	5-4
Summary.....	5-15
<b>Chapter 6.....</b>	<b>6-1</b>
<b>Accounting for Joint Ventures.....</b>	<b>6-1</b>
The Joint Venture .....	6-3
Accounting for a Joint Venture .....	6-5
The Joint Venture Agreement.....	6-6
Method of Organization .....	6-7
Members Ownership Percentage.....	6-9
Method of Accounting for the Member .....	6-10
Disclosures by Members of Joint Ventures .....	6-12
Impact of Joint Ventures Due to FASB ASC 460, <i>Guarantees</i> .....	6-13
Impact of FASB ASC 810, <i>Consolidation</i> .....	6-14
Summary.....	6-17
<b>Chapter 7.....</b>	<b>7-1</b>
<b>Benchmarking the Contractor .....</b>	<b>7-1</b>
Financial Benchmarking .....	7-3
Healthy Contractor Benchmarks.....	7-9
Non-Financial Benchmarking .....	7-11
Summary.....	7-14

Chapter 8.....	8-1
Construction Cost Allocations.....	8-1
Components of Job Costs.....	8-2
The Impact on Estimators and Project Managers .....	8-13
Selling, General, and Administrative Costs.....	8-15
Summary.....	8-18
Chapter 9.....	9-1
Assisting the Financially Troubled Contractor.....	9-1
Why Contractors Are Prone To Failure.....	9-3
Warning Signs for Potential Business Failures.....	9-5
Saving the Financially Troubled Contractor.....	9-6
Go From Attitude to Action .....	9-8
Summary.....	9-11
Chapter 10.....	10-1
Audit Risks of a Contractor .....	10-1
Audit Risk and the Audit Risk Model.....	10-2
Contractor Audit Risk Areas.....	10-4
Warning Signs for the Auditor.....	10-19
Applicability to a Review Engagement.....	10-21
Summary.....	10-22
Chapter 11.....	11-1
Deferred Income Taxes .....	11-1
Permanent and Temporary Differences.....	11-4
The Use of Enacted Tax Rates.....	11-7
Accounting for Uncertainty in Income Taxes Under FASB ASC 740.....	11-9
Summary.....	11-10

Chapter 12.....	12-1
Alternative Minimum Tax Considerations for Contractors .....	12-1
Exemptions from AMT.....	12-2
Calculation of the AMT.....	12-5
Minimizing the Minimum Tax.....	12-7
Summary.....	12-10
Chapter 13.....	13-1
Look-Back Method.....	13-1
Reporting the Calculation.....	13-3
The Computation of the Look-Back Calculation.....	13-10
Summary.....	13-21
Chapter 14.....	14-1
Tax Planning for the Contractor .....	14-1
Financial Analysis.....	14-3
Tax Planning Process.....	14-5
Summary.....	14-11
Appendix A.....	A-1
The New Revenue Recognition Standard: FASB ASU No. 2014-09.....	A-1
Appendix B.....	B-1
The New Leases Standard: FASB ASU No. 2016-02.....	B-1
Glossary.....	Glossary 1
Index.....	Index 1
Solutions.....	Solutions 1
Chapter 1.....	Solutions 1
Chapter 2.....	Solutions 2
Chapter 3.....	Solutions 3

Chapter 4.....	Solutions 4
Chapter 5.....	Solutions 5
Chapter 6.....	Solutions 6
Chapter 7.....	Solutions 7
Chapter 8.....	Solutions 8
Chapter 9.....	Solutions 10
Chapter 10.....	Solutions 11
Chapter 11.....	Solutions 12
Chapter 12.....	Solutions 13
Chapter 13.....	Solutions 14
Chapter 14.....	Solutions 15

<http://www.pbookshop.com>

Users of this course material are encouraged to visit the AICPA website at [www.aicpa.org/CPESupplements](http://www.aicpa.org/CPESupplements) to access supplemental learning material reflecting recent developments that may be applicable to this course. The AICPA anticipates that supplemental materials will be made available on a quarterly basis.

<http://www.pbookshop.com>