

Contract Billing Models and AIA

New contract billing model and AIA reporting

contract  ERP
a COMPUSOFT product

Agenda

- 1 Traditional contract billing method
- 2 Success of current model and Pros & Cons
- 3 Evolution and introduction of new Contract Billing Lines function
- 4 Contract Billing Lines Pros and Cons
- 5 Demo and comparison of Traditional vs. New
- 6 Contract Billing lines by Phase (Geography)
- 7 Demo of Phase functionality
- 8 Additional benefits of billing by phase
- 9 AIA and Excel/Word outputs



Traditional Contract Billing Method

Item Category based

- Automatically calculates the invoice amounts based on percentages of cost category amounts
- Simplest method for contracts because cERP handles the invoice amounts for you

Front End System Import

- Front End software imports your contract amounts directly into the contract categories via XML manual import or Direct Integration

Category Functions

- Front Load Billing
- Use Estimated Cost
- Multiple cost fields
- Revenue and Credits

Proven Method

- 99% of cERP Clients use this method for contract billing

Traditional Contract Billing Method

Pros and Cons

Pros

- Imports from Front End Software
- Invoices equally distribute margins based on material cost shipped automatically
- Invoices to total contract category amounts
- Simple automated process

Cons

- AR Does not match AIA
- Must use estimated costs for partial imports
- Front Load billing required to increase revenue earlier
- Resource line required to bill remaining revenue at category level
- Revenue only invoices and credits also require resource lines at category level
- Simple process leads to fewer options
- No ability to break down invoicing/billing by phase

Evolution of Contract Billing Lines

Beginning

Originally designed for Contract Glaziers and Installers, adapted to include a much more flexible schedule of values

Purpose

True alternative to Item Category based invoicing without using auto distributed amounts by cost

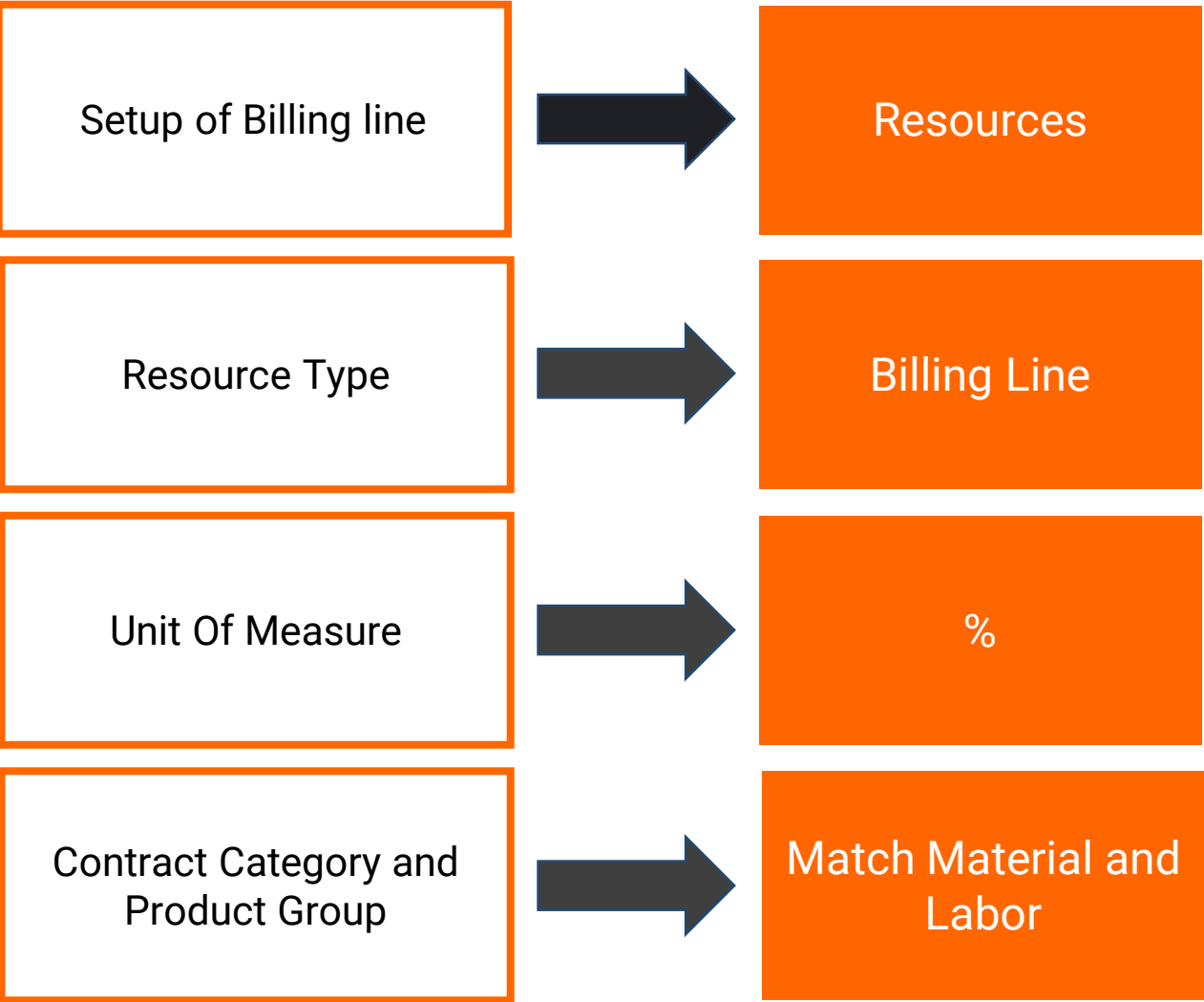
Function

Allows user to control invoicing completely and use cost data to make educated decisions

Result

User friendly, intuitive, and provides more control over invoicing on contract sales

Contract Billing Lines - Setup



Resource Card

HARDWARE · Hardware Billing Line

Process Resource Navigate Prices & Discounts Planning

General

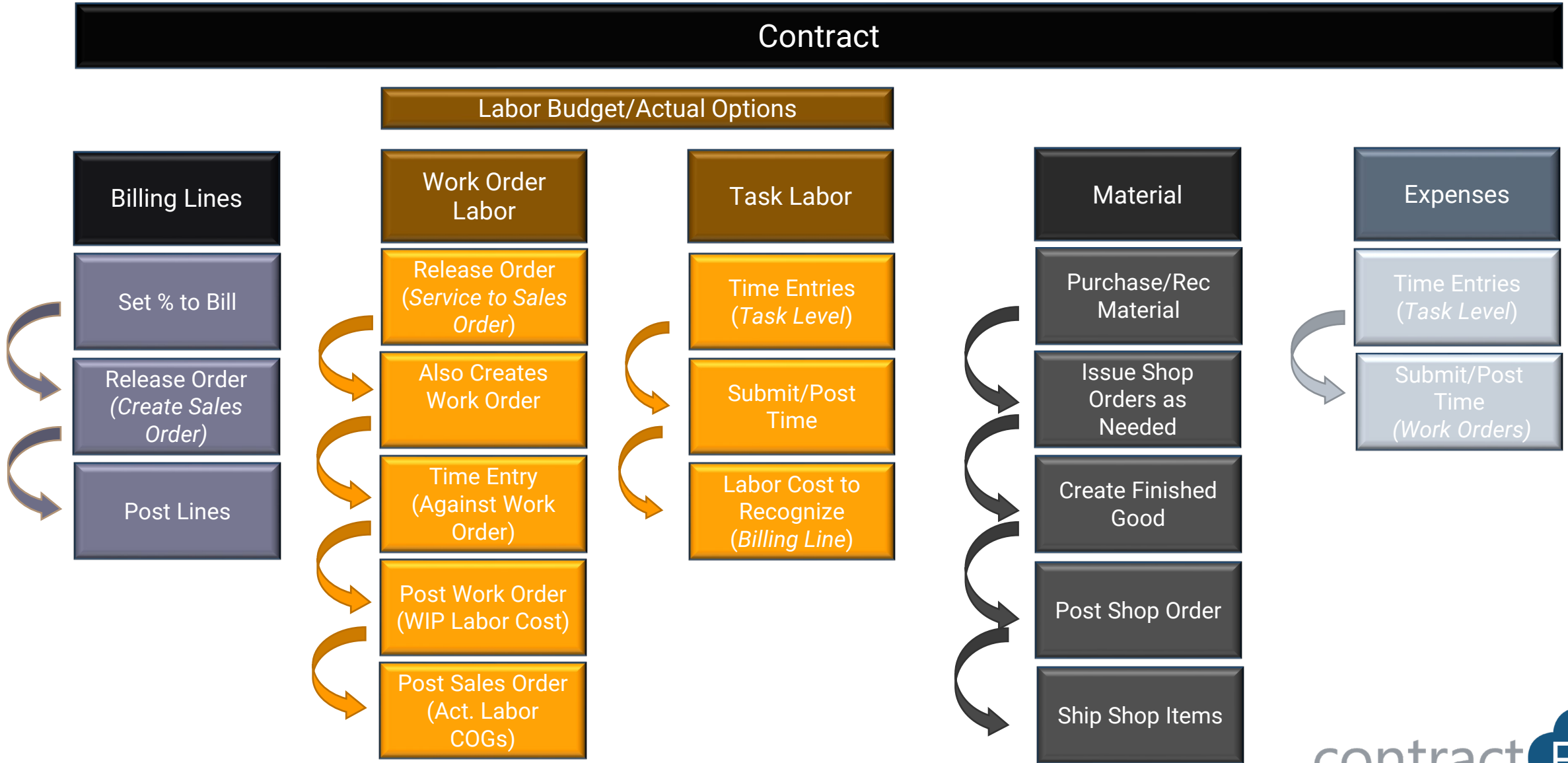
No. HARDWARE ...

Name Hardware Billing Line

Resource Type Billing Line ▼

Base Unit of Measure % ▼

Contract Billing Line Solution - Workflow



Contract Billing Lines Pros and Cons

Pros

- 100% control of billing amounts
- Easily bill for situations like bonds/submittals
- Eliminate the need for “Front Load Billing” and using “Use Estimated Costs”
- Credits/corrections done in seconds
- AR now matches the AIA
- Contract Categories still imported and able to be reviewed

Cons

None

**Let's see these 2 models
side by side**



Billing Lines - Accounting

Task Expenses: Planned	Task Expenses: Actual	WO Cost Planned	WO Cost: Remain to Release	WO Cost: Open	WO Cost: WIP	WO Cost: Posted Time	WO Cost: Actual
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Material Cost Planned	Material Cost: Orders	Remaining on Material List	Material Cost: WIP	Material Cost: Actual	Material Cost: Projected	Material Cost: % of Planned to Date
6,050.00	1,500.00	0.00	0.00	4,550.00	6,050.00	100.00
1,900.00	1,000.00	0.00	0.00	900.00	1,900.00	100.00

Task Labor Cost: To Recognize	Task Labor Cost: Planned	Task Labor Cost Posted Time	Task Labor Cost: Recognized To Date	Task Labor Cost: Un-Posted SO	Task Labor Costed: % of Planned Rem.
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00

- Various fields on the billing lines provide you real time, detailed cost information you need to calculate the proportionate revenue you should invoice.
- The ability to invoice an amount against a billing line that is not directly linked to a shipment and invoice posting provides flexibility.

Billing Lines - Accounting

The challenge for revenue recognition is to match up accounting for invoicing and costs as closely as possible to the actual progress that's occurring on the project.

No.	Description	%	Billing Line Amt	Amt Incl Tax	% to Bill	Amt to Bill	Bill as Stor... Mat.	Remaining % to Bill		
→	HARDWARE	:	Hardware Billing Line	100	10,000.00	10,862.50	0	0	<input type="checkbox"/>	50
	HM-FRAME-ONLY	:	Hollow Metal Frames only	100	3,000.00	3,000.00	0	0	<input type="checkbox"/>	70

The "Amt. to Bill" is set by the user which may make the PM happy, but the amount can vary from the strict cost calculation for recognition. 😊

% Released to CM	% Invoiced	Amt Released to Inv.	Amt Released to CM	Amt Invoiced	Posted Amt Credited	Stored Mat. Amt Invoiced	Remaining Amt to Bill
0	50	0.00	0.00	5,000.00	0.00	0.00	5,000.00
0	30	0.00	0.00	900.00	0.00	0.00	2,100.00

The Accounts Receivable department is thrilled because the invoices posted to the GL match the application for payment sent to the customer and makes applying payments easier. 😊

But the controller is now faced with over/under billing amounts to reconcile and accrue at month end 🤔

Billing Lines - Accounting

Contract Billing Summary

Search Contract Billing List | Actions Fewer options

Contract No. ↑	Total Contract Billing Line Amt	Net Amt Invoiced	Stored Mat. Amt Invoiced	Task Labor Cost: Planned	Task Labor Cost: Posted Time	Task Labor Cost: Recognized To Date	Task Expenses: Planned	Task Expenses: Actual	WO Cost Planned	WO Cost: Actual	Material Cost Planned	Material Cost: Actual	Material Cost: Projected	Total Cost Planned	Total Actual Cost	Cost/Planned %	% of Cost * Contract Amt	Under (Over) Billed
JOB000860	13,000.00	5,900.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,950.00	5,450.00	7,950.00	7,950.00	5,450.00	68.55	8,911.95	3,011.95

Contract Billing Summary is here to help!



A summarized list of contracts showing

Amount invoiced to date

All costs to date

Continuous updating of projected costs based on actuals plus remaining planned

Calculation of the percentage of actual costs to overall planned costs

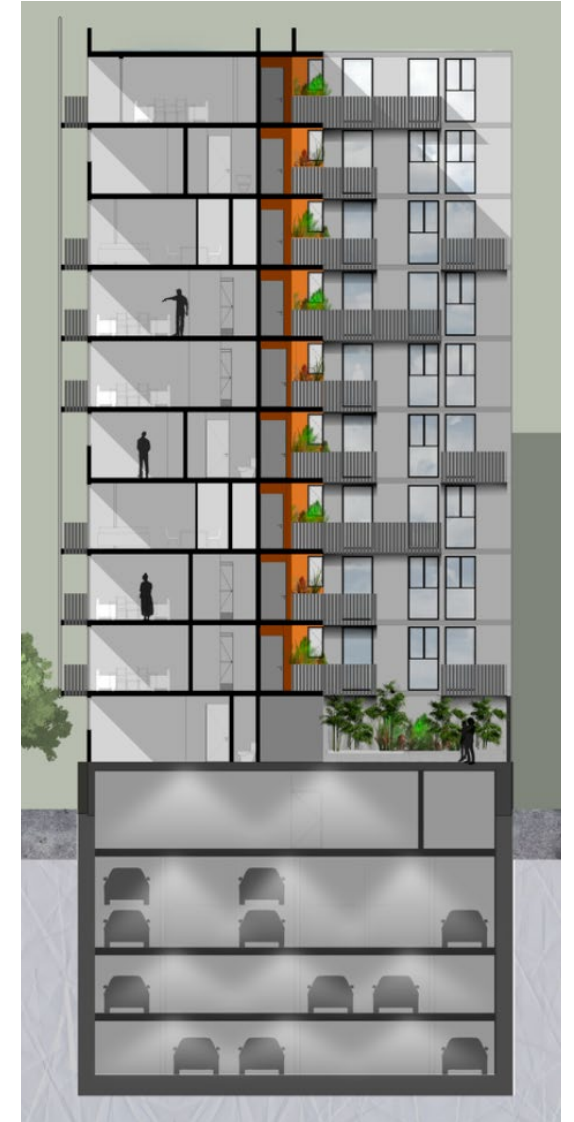
Applies that percentage to the contract amount to show the amount you "could" have billed to match costs



Comparing that amount to what you posted as invoiced to the customer to date provides you the Over/Under amount for your accrual.

Evolution of Contract Billing Lines with Phase (Geography)

Beginning	Client requests
Purpose	Use billing line model to allow for phase invoicing/reporting
Function	Allows user to control invoicing completely and use cost data to make educated decisions, down to geography and not Categories
Result	User friendly, intuitive, and provides more control over invoicing contracts – NOW BY FLOOR/AREA/WING/BLDG and generate AIAs to match



Additional Benefits of Phase

Pros

- All the Pro's from Billing lines W/O Phase
- Software solves for billing line creation based on category/phase unique combinations
- Automatically creates a schedule of values based on the above
- Flexibility on AIA output to match GC's request
- Gone are the Excel spreadsheets created manually for submission of AIA

Cons

None

**Now let's see it with
"Phase"**



Application for Payment

BAY SHORE CONSTRUCTION
John Smith
1705 HAND AVE.
Bay Minette, AL 36507

Cleveland Construction Supply
422 Conklin St.
Farmingdale, NY 11735

JOB000711
MM DEMO CENTURY 5

1
06/30/22

03/31/22

73,316.00
0.00
73,316.00
44,232.89

10.00 4,423.29

4,423.29
39,809.60

0.00
39,809.60

33,506.40

0.00 0.00
0.00 0.00
0.00 0.00

0.00

HARDWARE	52,550.00	0.00	23466.68	0.00	23,466.68	44.66	29,083.32	2,346.67
HM DOOR	13,281.00	0.00	13281.2	0.00	13,281.20	100.00	-0.20	1,328.12
HM FRAME	6,623.00	0.00	6623	0.00	6,623.00	100.00	0.00	662.30
WD DOOR	862.00	0.00	862.01	0.00	862.01	100.00	-0.01	86.20

Familiar Struggle

- Required on most projects
- Official G702 and G703 not always accepted or fit the bill
- Limitations on output
- The need to print on the standard form.
- Must scan and attach to an email to send to a customer.

Application for Payment

Finally, a Solution

- Excel Template Layouts
- Define your company's desired layout
- No need for preprinted forms
- Print directly to pdf for emailing

Application and Certificate for Payment

TO OWNER: BAY SHORE CONSTRUCTION
John Smith
1705 HAND AVE.
Bay Minette, AL 36507

PROJECT: JOB000711
MM DEMO CENTURY 5

APPLICATION NO: 1
PERIOD TO: 6/30/2022
CONTRACT FOR:
CONTRACT DATE: 3/31/2022
PROJECT NOS:

Distribution to:
OWNER:
ARCHITECT:
CONTRACTOR:
FIELD:
OTHER:

FROM CONTRACTOR: Cleveland Construction Supply
422 Conklin St.
Farmingdale, NY 11735

VIA ARCHITECT:

CONTRACTOR'S APPLICATION FOR PAYMENT

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certificate for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

Application is made for Payment, as shown below, in connection with the Contract. Schedule of Values sheet is attached.

1 ORIGINAL CONTRACT SUM \$ 73,316.00
2 NET CHANGE BY CHANGE ORDERS \$ 0.00
3 CONTRACT SUM TO DATE \$ 73,316.00
4 TOTAL COMPLETED & STORED TO DATE \$ 44,232.89
5 RETAINAGE
a. % of Completed Work % 10.00
(Columns D + E on Schedule Of Values)
b. % of Stored Material % 326
(Column F on SOV)

Total Retainage (Lines 5a + 5b, or Total in Column I of St

6 TOTAL EARNED LESS RETAINAGE
7 LESS PREVIOUS CERTIFICATES FOR PAYMENT
8 CURRENT PAYMENT DUE
9 BALANCE TO FINISH INCLUDING RETAINAGE
(Line 3 minus Line 6)


CHANGE ORDER SUMMARY
Total changes approved in previous months by Owner \$ 0.00
Total approved this month \$ 0.00
TOTAL \$ 0.00
NET CHANGES by Change Order \$ 0.00

SCHEDULE OF VALUES SHEET

APPLICATION AND CERTIFICATE FOR PAYMENT, containing Contractor's signed Certification is attached.
In tabulations below, amounts are stated to the nearest dollar.
Use Column I on Contracts where variable retainage for line items may apply.

A	B DESCRIPTION OF WORK	C SCHEDULED VALUE	D WORK COMPLETED		F MATERIALS PRESENTLY STORED (NOT IN D OR E)	G TOTAL COMPLETED AND STORED TO DATE (D + E + F)	H % (G + C)	I BALANCE TO FINISH (C - G)
			FROM PREVIOUS APPLICATION (D + E)	THIS PERIOD				
	HARDWARE	\$ 52,550.00	\$ 0.00	\$ 23,466.68	\$ 0.00	\$ 23,466.68	% 44.66	\$ 29,083.32
	HM DOOR	\$ 13,281.00	\$ 0.00	\$ 13,281.20	\$ 0.00	\$ 13,281.20	% 100.00	-\$ 0.20
	HM FRAME	\$ 6,623.00	\$ 0.00	\$ 6,623.00	\$ 0.00	\$ 6,623.00	% 100.00	\$ 0.00
	WD DOOR	\$ 862.00	\$ 0.00	\$ 862.01	\$ 0.00	\$ 862.01	% 100.00	-\$ 0.01
	TOTAL ORIGINAL CONTRACT	\$ 73,316.00	\$ 0.00	\$ 44,232.89	\$ 0.00	\$ 44,232.89	% 60.00	\$ 29,083.11
	GRAND TOTALS	\$ 73,316.00	\$ 0.00	\$ 44,232.89	\$ 0.00	\$ 44,232.89	% 60.00	\$ 29,083.11

Application for Payment



an Access IT solution

CompanyAddress_1
CompanyAddress_2
CompanyAddress_3
CompanyAddress_4

Application for Progress Payment

BillToAddress_1
BillToAddress_2
BillToAddress_3
BillToAddress_4

Contract Desc: Contract_Description
Contract No: Contract_No

Application No: Application_No
Period To: Period_To
Contract Start: Contract_Starting_Date

GST REGISTRATION #:

Base contract breakdown	Contract Amt	%	Completed to Date	Previously claimed	This claim
<u>AIA_Billing_Lines_Description</u>	<u>AIA_Billing_Lines_Scheduled_Value</u>	<u>AIA_Billing_Percent</u>	<u>AIA_Billing_Lines_Total_Completed_to_Date</u>	<u>AIA_Billing_Lines_From_Previous_Application</u>	<u>Payment_Due</u>
Base Contract Total	<u>Original_Contract_Sum</u>		<u>Total_Completed_to_Date</u>	<u>From_Prev_App_Less_Retainage</u>	<u>Payment_Due</u>

Summary	Value	Completed to Date	Previously Claimed	This Claim
Original Contract Amount:	<u>Original_Contract_Sum</u>	<u>Total_Completed_to_Date</u>	<u>From_Prev_App_Less_Retainage</u>	<u>Payment_Due</u>
Approved Change Orders	<u>CurrChangeorderAdd_AIABilling</u>		<u>FromPrevChangeorderAdd_AIABilling</u>	
Total Revised Contract	0	0	0	0
Changes to be Approved				

Approved Change Orders

Change Order #	Change Order Desc.	Change Order Amt.	%	Completed to Date	Previously Claimed	This Claim
<u>AIA_Billing_Lines_Change_Order_No</u>	<u>AIA_Billing_Lines_Description</u>	<u>AIA_Billing_Lines_Scheduled_Value</u>	<u>AIA_Billing_Percent</u>	<u>AIA_Billing_Lines_Total_Completed_to_Date</u>	<u>AIA_Billing_Lines_From_Previous_Application</u>	
		0		0		0

And Options

- Word Template Layouts
- Define your company's desired layout
- Positioning of fields can be as flexible as you need
- Similar to "mail merge" the contractERP data populates the section of the template based on the field name