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CONTRACTORS BUSINESS AND FINANCIAL MANAGEMENT EXAMINATION CONTENT INFORMATION

Revised for April & June 2008 Examinations

The Business and Financial Management portion of the examination for all specialties except Service Pool will be administered in two sessions in a single day. The morning session will consist of 60 equally weighted questions and the afternoon session will consist of 60 equally weighted questions. The raw scores for the morning and afternoon sessions will be combined to determine your total score for this portion of the examination.

The Service Pool Contractor's Business and Finance examination will be administered in one session on the morning of the first day of the examination. It will consist of 60 equally weighted questions.

You should be prepared to respond to examination questions on any of the content areas listed. Questions asked and content areas tested on previous examinations should not be assumed to be the only possible questions to be asked or content areas to be tested on this examination.

The percentage of questions shown for each content area may vary by as much as plus or minus three (3) percent. Please refer to the Candidate Information Brochure and the Reference List for additional information.

Content Area A **11%**
Establishing the Contracting Business

1. Determining the Business Organizational Structure

- knowledge of business structure laws and regulations
- knowledge of fiduciary responsibilities of officers and directors
- knowledge of open vs. closed corporations
- knowledge of organizational charts and chain of responsibilities
- knowledge of state and local licensure requirements

knowledge of tax advantages and/or liabilities for various business structures

2. Develop the Business Plan

- knowledge of accounting practices
- knowledge of local marketplace
- knowledge of scope of contractor license

3. Establish Relationships with Other Professionals

- knowledge of accountant specialization
- knowledge of attorney specialization
- knowledge of insurance types and limitations
- knowledge of underwriting requirements for bonding

4. Acquire Fixed Assets

- knowledge advantages/disadvantages of business location
- knowledge of advantages/disadvantages of lease vs. purchase

5. Obtain Insurance

- knowledge of accounting practices
- knowledge of advantages/disadvantages of various types of insurance
- knowledge of coverages and limitations of insurance

Content Area B **26%**
Managing Administrative Duties

1. Develop the Business

- knowledge of availability of staffing for business operation
- knowledge of income sources
- knowledge of markets and market share

2. Determine Outsourced Services

- 3. Determine Business Overhead**
 - knowledge of FICA
 - knowledge of advertising costs (business cards, dues, printing, etc.)
 - knowledge of communication costs (cell phones, land lines, etc.)
 - knowledge of cost of sales (travel expenses)
 - knowledge of federal unemployment (FUTA)
 - knowledge of general liability rates
 - knowledge of lease expenses
 - knowledge of loan financing expenses (interest, etc.)
 - knowledge of Medicare rates
 - knowledge of rent costs
 - knowledge of state unemployment (SUTA)
 - knowledge of utility costs
 - knowledge of worker's compensation

- 4. Preparing Bids/Proposals**
 - knowledge of accounting principles
 - knowledge of AIA documents
 - knowledge of business projections/goals current status
 - knowledge of company overhead
 - knowledge of contract documents
 - knowledge of contract law
 - knowledge of cost of financing projects
 - knowledge of costs associated with growth
 - knowledge of general conditions costs of projects
 - knowledge of how to review contracts
 - knowledge of how to write offer
 - knowledge of insurances associated with labor rates
 - knowledge of labor productivity
 - knowledge of statute of frauds
 - knowledge of taxes associated with labor rates
 - knowledge of components of valid contract

- 5. Purchase Materials/Supplies**
 - knowledge of depreciative costs
 - knowledge of fundamentals of Uniform Commercial Code
 - knowledge of inventory system operation (FIFO, etc.)
 - knowledge of invoice approval systems
 - knowledge of negotiating skills
 - knowledge of purchasing systems
 - knowledge of receiving systems
 - knowledge of state sales tax laws
 - knowledge of statute of frauds

knowledge of vendors in area

- 6. Prepare Invoices/Draw Requests**
 - knowledge of basic math skills
 - knowledge of calculation of percentage of work completed
 - knowledge of contract/subcontract documents
 - knowledge of how to prepare invoices/draw requests
 - knowledge of lien laws

- 7. Develop a Safety Program**
 - knowledge of drug testing regulations
 - knowledge of MSDS sheets
 - knowledge of OSHA regulations

- 8. Maintain Insurance**
 - knowledge of general terms and definitions used in policies
 - knowledge of insurance policies
 - knowledge of limits of insurance
 - knowledge of various types of insurance
 - knowledge of various types of risk

- 9. Managing Contracts**
 - knowledge of contract law
 - knowledge of contract scope
 - knowledge of job completion schedules
 - knowledge of lien laws
 - knowledge of mediation and arbitration processes
 - knowledge of local building code requirements
 - knowledge of tort law
 - knowledge of risk management

Content Area C **10%**
Managing Trade Operations

- 1. Schedule Trade Operations**
 - knowledge of critical path method (CPM)
 - knowledge of delivery times
 - knowledge of manufacturing times
 - knowledge of requests for information (RFI)
 - knowledge of sequencing trades
 - knowledge of submittals/approval/fabrication process

2. Maintain OSHA/Safety Records
knowledge of document/record retainage requirements
knowledge of penalties for non-compliance with OSHA

3. Purchase/Order Materials & Supplies
knowledge of accounting skills
knowledge of basic math skills
knowledge of job schedules
knowledge of negotiation skills
knowledge of organizational skills
knowledge of plan reading skills
knowledge of quality control
knowledge of quantity take-offs
knowledge of terms and abbreviations on invoices
knowledge of types of building materials

4. Leasing/Purchasing Equipment
knowledge of cost of operation of equipment
knowledge of depreciation
knowledge of equipment operation
knowledge of forecasted use of purchased equipment
knowledge of interest costs for financing
knowledge of maintenance
knowledge of salvage resale values
knowledge of support equipment required for equipment
knowledge of tax credits associated with purchases
knowledge of training needs for equipment
knowledge of transportation costs for equipment

5. Manage Material/Tool/Equipment Inventory
knowledge of equipment maintenance procedures
knowledge of inventory methods

Content Area D **32%**
Conducting Accounting Functions

1. Manage Accounts Receivable
knowledge of accounting principles
knowledge of basic math skills
knowledge of computer skills
knowledge of lien laws

2. Manage Accounts Payable
knowledge of accounting principles
knowledge of basic math skills
knowledge of computer skills
knowledge of how to calculate discounts
knowledge of lien laws

3. Manage Cash Flow
knowledge of accounting
knowledge of banking
knowledge of basic math skills
knowledge of financial ratios

4. File Tax Forms & Returns
knowledge of accounting principles
knowledge of basic math
knowledge of federal tax laws
knowledge of property tax laws
knowledge of record keeping requirements
knowledge of sales tax laws
knowledge of state tax laws

5. Track Job Costs
knowledge of accounting principles
knowledge of basic math

6. Calculate Employee Payroll
knowledge of accounting
knowledge of state & federal tax laws
knowledge of basic math
knowledge of employment laws
knowledge of employment/labor laws
knowledge of hierarchy of garnishments

Content Area E **6%**
Managing Human Resources

1. Hire New Employees
knowledge of employment laws
knowledge of discrimination laws
knowledge of interviewing skills
knowledge of required forms for new hires
knowledge of background checks

2. Develop Human Resource Policies & Procedures
knowledge of employment/labor laws
knowledge of OSHA
knowledge of chain of custody (drug tests)
knowledge of insurance regulations

