



# GAAP CHECKLIST FOR CONSTRUCTION

Review these complex GAAP areas regularly for long-term balance sheet health and improved audit efficiency.

- Business Combinations**  
Understand the accounting treatment required for acquisitions, particularly the necessity for fair value accounting to ensure accurate financial representation.
- Joint Ventures**  
It is essential to properly account for interests and financial implications in joint ventures.
- Accruals for Loss Contracts**  
Establish proper accruals for any contracts that are expected to incur losses.
- Variable Consideration Accounting**  
Accurately account for variable considerations such as change orders, claims, and liquidated damages, which can affect your financial results.
- Pending Litigation In Construction Contracts**  
Be aware of any pending legal disputes regarding construction contracts and how these might affect your financial reporting.
- Indirect Job Cost Allocation**  
Properly allocate indirect costs to individual contracts to maintain clarity and accuracy in financial reporting.
- Revenue Reconciliation**  
Reconcile current-year revenues and costs between work-in-progress and completed contract schedules and the general ledger for consistency and accuracy.
- Self-Perform Revenue Elimination**  
Eliminate revenues and costs from self-perform construction contracts to prevent double counting.
- Lease Accounting**  
Understand and properly implement lease accounting changes.
- Debt Extinguishment**  
Address the implications of debt extinguishment through refinancing or restructuring to accurately reflect financial status.
- Pass-Through Entity Tax Elections**  
Be aware of relevant tax elections related to pass-through entities that might impact your tax liability.
- Debt Covenant Compliance**  
Stay in line with your debt covenants and address any potential breaches immediately.
- Going Concern Issues**  
Assess any going concern warnings, as they can significantly affect your financial statements.

