



The importance of providing tools to uncover cost inefficiencies in new and existing developments - by Barry Sunshine, Chris Gagliardi and Chris Zingalli

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The Real Estate and Construction Practice Group of Janover LLC recently launched a number of new and valuable services to our clients. Janover LLC is a full service CPA firm that renders extensive accounting, assurance and tax services to real estate and construction businesses. The goal of these services is to provide clients tools to uncover cost inefficiencies in both new and existing commercial or residential development projects. The dynamics of these new services combines the talent of the assurance, consulting and tax services groups within Janover.

Whether you are a general contractor, specialty firm, large construction management company or a real estate owner or developer, Janover understands the opportunities and challenges of your enterprise. Janover is known for providing a full range of tax, accounting and advisory services for the construction and real estate industry. In a cyclical industry that is sometimes unsettled, steady and sound financial support is essential. From the big picture to the details, Janover's proactive real estate and construction experts will keep you moving forward towards achieving your business goals.

In light of the COVID-19 pandemic, there is a greater need for you, as a business owner, to have a deeper knowledge of all aspects of your business including your contracts, costs, work-in-progress schedules (WIP schedule), and any other financial aspect of your business. This is why, in addition to other assurance engagements, Janover has developed Construction Cost Validation Reporting.

Construction Cost Validation Reporting

It has always been a struggle for construction companies to analyze costs on their projects in progress. The current environment has made this task even more difficult. There is so much unknown in the world, including the potential resurgence of COVID-19 and shut down of projects, labor needs or shortages, increased regulations, and other unexpected costs and time delays.

With that being said, it is of the utmost importance to control what you can, when you can, and with our help, that could be your costs. Often times, you may enter into a cost-plus contract. Under this type of contact, what you pay is based upon your vendors cost plus an agreed upon profit percentage. Of course, no one wants to think of the possibility that a vendor would maliciously overstate costs, but in reality, how would you know if they are getting the best price for their materials or service providers. What if they are paying over market price for their materials? What if a related party is performing services or obtaining building materials at an above market rate? What if the work is taking more time than originally projected due to enhanced building code requirements or just inefficiencies? These are all valid questions.

If your contract is not cost-plus, there is still the potential for overcharges. This can be caused from simple misunderstandings or errors in the interpretations of the contract. Costs and billings from vendors should be analyzed on a regular basis to identify any potential errors or questionable billings. This can be used in current or future negotiations and can result in real savings for you and your company.

At Janover, we provide a construction cost validation reporting service, where we help you properly control your costs and ensure your projects are performing at the highest profitability obtainable. We will work with you and your vendors and substantiate nearly all of their costs and billings. Throughout this process, we also evaluate your contract terms and ensure the proper financial compliance for both parties.

In addition to this service, Janover provides advanced data analytics to construction and real estate companies. These services can help you manage your WIP schedule and nearly all financial activities on a real time basis!

Data analytics and business intelligence reporting

Construction companies, contractors and real estate developers have such a valuable asset that often gets overlooked—data. Each and every job creates a whole new dataset—complete with job costs, labor, materials and time data, among many others. Without the right tools, it is nearly impossible for a business to analyze this data in any meaningful way. In many cases, real estate and business owners find out about cost overruns too late, but with our help, you can identify problem areas sooner to avoid costly errors.

Janover's Digital Advisory Solutions group specializes in the development of customized data dashboards for real estate and construction clients dealing with all project types. For a construction or real estate company, better understanding your project data and financial metrics can significantly increase productivity and profitability on current projects as well as help better plan for future projects. Our team has identified just a few of the key benefits of utilizing data analytics in this industry:

- Track job costs, change orders, material and equipment usage and cash flow on a real time basis;
- Aggregate data, including job costs, from multiple historical projects in order to help forecast future project work and provide an additional resource to help make smarter bids;
- Enhanced transparency for project owners across a full portfolio of projects;
- Provide live, on-demand reports that have a consistent look and feel, without needing a staff to spend hours to create these reports.

Janover LLC is a full service accounting firm that provides assurance, tax and consulting services to the real estate and construction industries for over 80 years and has made its reputation by being more than just Certified Public Accountants; we are your most trusted advisors. When it comes to

your money and your assets, the foundation elements that preserve your family's way of life, we want to be the people you can depend on. The people you come to first for advice and to provide the solutions that you need.

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