Explanation of Noncontractor Balance Sheet and Income Data

**ASSETS**
- **Cash & Equivalents**
  - All cash, marketplace, securities, and other near-cash items. Excludes sinking funds.
- **Trade Receivables (net)**
  - All accounts from trade, net of allowance for doubtful accounts.
- **Inventory**
  - Anything constituting inventory for the firm.
- **All Other Current**
  - Any other current assets. Does not include prepaid items.
- **Total Current**
  - Total of all current assets listed above.

**LIABILITIES**
- **Notes Payable—Short Term**
  - All short-term note obligations, including bank and commercial paper. Does not include trade notes payable.
- **Current Maturities—L/T/D**
  - That portion of long-term obligations that is due within the next fiscal year.
- **Trade Payables**
  - Open accounts due to the trade.
- **Income Taxes Payable**
  - Income taxes including current portion of deferred taxes.
- **All Other Current**
  - Any other current liabilities, including bank overdrafts and accrued expenses.
- **Total Current**
  - Total of all current liabilities listed above.

**Fixed Assets (net)**
- All property, plant, leasehold improvements and equipment, net of accumulated depreciation or depletion.

**Intangibles (net)**
- Intangible assets, including goodwill, trademarks, patents, copyrights, formulas, franchises, and mailing lists, net of accumulated amortization.

**All Other Non-Current**
- Prepaid items and any other non-current assets.
- **Total**
  - Total of all items listed above.

**Net Sales**
- Gross sales, net of returns and discounts allowed, if any.

**Gross Profit**
- Net sales minus cost of sales.

**Operating Expenses**
- All selling and general & administrative expenses. Includes depreciation, but not interest expense.

**INCOME DATA**
- **Net Sales**
- **Gross Profit**
- **Operating Expenses**
- **Operating Profit**
- **All Other Expenses (net)**
- **Profit Before Taxes**
- **Operating Profit minimus all other expenses (net).**

**Operating Profit**
- Gross profit minus operating expenses.

**All Other Expenses (net)**
- Includes miscellaneous other income and expenses (net), such as interest expense, miscellaneous expenses not included in general & administrative expenses, netted against recoveries, interest income, dividends received and miscellaneous income.

**Profit Before Taxes**
- Operating profit minus all other expenses (net).
### Explanation of Contractor Percentage-of-Completion Basis of Accounting Balance Sheet and Income Data

#### ASSETS
- **Cash & Equivalents**: All cash, marketable securities, and other near-cash items. Excludes sinking funds.
- **Accts. Rec.-Progress Billings**: Amounts billed on current contracts excluding retention.
- **Accts. Rec.-Current Retention**: Amounts held back by customers on current contracts as retention.
- **All Other Current**: Any other current assets. Does not include prepaid items.
- **Total Current**: Total of all current assets listed above.
- **Fixed Assets (net)**: All property, plant, leasehold improvements and equipment, net of accumulated depreciation or depletion.
- **All Other Non-Current**: Prepaid items and other non-current assets.

#### LIABILITIES
- **Notes Payable—Short Term**: All short-term note obligations, including bank and commercial paper. Does not include trade notes payable.
- **Accounts Payable—Trade**: Open accounts and note obligations due to the trade.
- **Accounts Payable—Retention**: Amounts held back as retention in payments to subcontractors on current contracts.
- **Long-Term Debt**: All senior debt, including bonds, debentures, bank debt, mortgages, deferred portions of long-term debt, and capital lease obligations.
- **Deferred Taxes**: Total of all deferred taxes.
- **All Other Non-Current**: Any other non-current liabilities, including subordinated debt, and liability reserves.

#### INCOME DATA
- **Contract Revenues**: Revenues recognized under % of completion method.
- **Gross Profit**: Difference between contract revenues and cost of sales.
- **Operating Expenses**: All selling and general and administrative expenses. Includes depreciation, but not interest expenses.
- **All Other Expenses (net)**: Includes miscellaneous other income and expenses (net), such as interest expense, miscellaneous expenses not included in general & administrative expenses, netted against recoveries, interest income, dividends received and miscellaneous income.

#### Income Statement (Income from Operations)
- **Operating Profit**: Gross profit minus operating expenses.
- **Profit Before Taxes**: Operating profit minus all other expenses (net).

#### Balance Sheet
- **Inventory**: Costs attributable to equipment, small tools, supplies, and other deferred costs related to contracts in progress wherein a portion of the cost applies to work not yet performed.
- **Costs & Estimated Earnings in Excess of Billings**: The difference between the total of costs and recognized estimated earnings to date and the total billings to date.
- **Joint Ventures & Investments**: The total of investments and equity in joint ventures.
- **Intangibles (net)**: Intangible assets, including goodwill, trademarks, patents, copyrights, formulas, franchises, and mailing lists, net of accumulated amortization.
- **Total**: Total of all items listed above.

#### Note 1: Changes in Accounting Policies

1. **Costs & Estimated Earnings in Excess of Billings**: The difference between the total of costs and recognized estimated earnings to date and the total billings to date.

2. **Operating Profit**: Gross profit minus operating expenses.

3. **Profit Before Taxes**: Operating profit minus all other expenses (net).