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Agenda

I.	Welcome – Dave
II.	Context Data Standards – Michelle
III.	Why should I care? - Dave
IV.	Surety Use Case - Kristen
V.	Q & A - All

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Financial Standards

Standards



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Financial standards







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Financial standards

2017-12-31 10-3456789 2018-03-31 2017 2017 2016 **Current Assets** Cash and cash equivalents 49,355 278,541 435,422 481,682 Marketable securities Accounts Receivable Construction Contracts Current Billings 351,943 779,135 Retainage 104,648 94,882 51,857 2,266 Members 508,448 876,286 **Total Accounts Receivable** 2,080 1,287 Prepaid insurance XYZ Contractor 1,592,326 1,040,772 **Total Current Assets** EIN 10-3456789 **Property And Equipment. At Cost** Vehicles 145,250 145,250 **US Dollars** Furniture and office equipment 63,922 63,922 2017 Equipment 473,761 468.311 48,822 Assets under capital lease Zero decimals Total 731,755 677,483 Machinery and Equipment, Gross: (199,151)159,616 Less: Accumulated depreciation and amortization Amount before accumulated 517,867 532,604 Net Property And Equipment depreciation of tangible personal property used to produce goods Other Assets: Cash surrender value of life insurance 7,524 and services, including, but is not limited to, tools, dies and molds, 1,580,900 2,110,193 **Total Assets** computer and office equipment.

XYZ Contractor,

Financial standards

Human readable

 18-03-31 2017	
2017	2016
\$ 49,355 481,682	\$ 278, 435,

1,580,900

2,110,193

Property And Equipment, At Cost Vehicles	145,250	145,250
Furniture and office equipment	63,922	63,922
Equipment	473,761	468,311
Assets under capital lease	48,822	
Total	731,755	677,483

XYZ Contractor. 2017-12-31

10-3456789

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Machine readable

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	2011	2010
Current Assets Cash and cash equivalents Marketable securities	\$ 49,355 481,682	\$ 278,541 435,422
Accounts Receivable Construction Contracts Current Billings Retainage Members Total Accounts Receivable	351,943 104,648 51,857 508,448	779,135 94,882 2,266 876,286
Prepaid insurance	1,287	2,080
Total Current Assets	1,040,772	1,592,326
Property And Equipment. At Cost Vehicles	145,250	145,250
Furniture and office equipment	63,922	63,922
Equipment	473,761	468,311
Assets under capital lease	48,822	
Total	731,755	677,483
Less: Accumulated depreciation and amortization	(199,151)	159,616
Net Property And Equipment	532,604	517,867
Other Assets: Cash surrender value of life insurance	7,524	

Total Assets

Use of financial data standards in the United States

- > Regulatory reporting
 - ➤ Today:
 - >5,000 banks (2005)
 - \geq 6,000 public companies (2009)
 - ≥9,000+ mutual fund companies (2009)

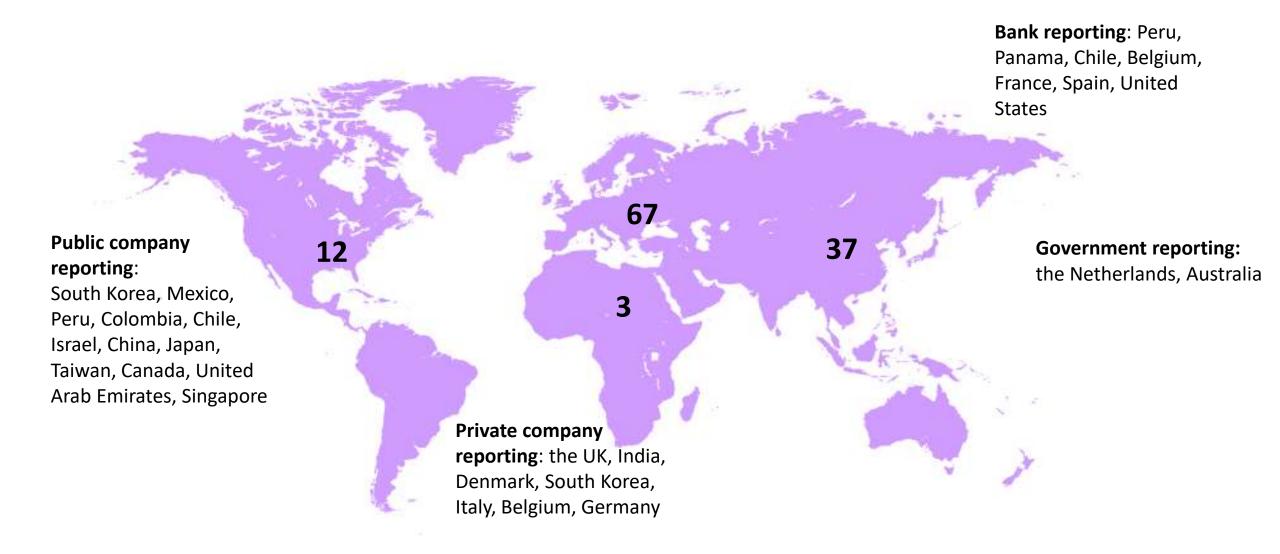
Use of financial data standards in the United States

- Regulatory reporting
 - **▶**Coming soon:
 - > FERC (Federal Energy Regulatory Commission) all public utilities
 - > State and local government reporting (FLA, others)
 - > Under consideration:
 - > variable annuity/life insurance companies
 - business development companies
 - > closed end funds

Use of financial data standards in the United States

- Legislation pending
 - ➤ GREAT (Grants Reporting Efficiency and Transparency) Act
 - > Financial Transparency Act

Use of financial data standards around the world



Why financial data standards?

They work.

- ➤ Public companies (6,000)
 - ➤ Data providers have transitioned to using XBRL data because it's faster, less expensive to process
 - ➤ Analyst community wants more data in XBRL format
 - >SEC is proposing XBRL for more reporting entities

Why financial data standards?

They work.

- ➤ Banks (5,000)
 - > 95% of data received met validation requirements
 - > 100% of data received met mathematical validation requirements versus 70% in the legacy system
 - ➤ Data was publicly available immediately after calendar quarter end, versus weeks later in the prior legacy system
 - ➤ Staff productivity in handling bank data increased 10-33%
 - ➤ Data could be distributed to end users at agencies within one hour versus within several days in the legacy system

Why financial data standards?

They work.

≻Government

- ➤ Australia all government and businesses
- >\$1.45 billion (recurring) savings per year across business and government (per their 2017/2018 AR)

C CORPORATION, INC. STATEMENTS OF INCOME, COMPREHENSIVE INCOME AND RETAINED EARNINGS FOR THE YEARS ENDED DECEMBER 31, 20X7 AND 20X6

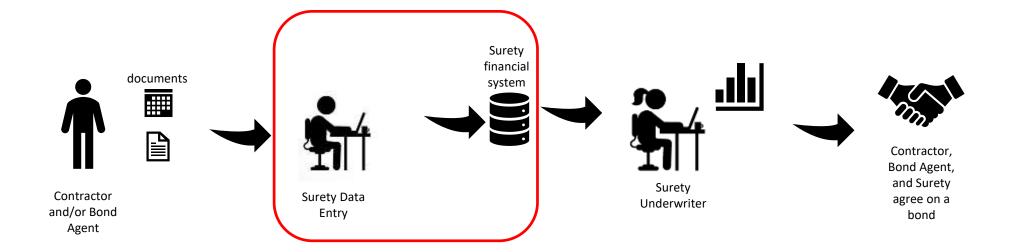
Data Collection in Surety Underwriting

Revenues (Notes 1 and 12)(Schedule 1):	20X7	20X6
Construction contracts	\$3.896.456	\$ 4.375.542
Construction costs (Note 11)	(3,574,723)	(4.010.619
Constitution costs (Note 11)	10.014,120)	14.010.010
Gross Profit From Operations	321,733	364,923
General And Administrative Expenses:		nentuniaissus
Salaries	107,306	89,903
Administrative depreciation and amortization	17,065	17,710
Advertising	13,150	14,276
Insurance	11,580	14,606
Office	15,304	16,291
Professional fees	10,294	10,547
Rent (Note 6)	12,000	12,000
Repairs	9,186	14,252
Retirement (Note 14)	12,045	9,959
Taxes and licenses	9,987	6,033
Telephone and utilities	9,133	8,544
Travel	8,541	8,197
Total General And Administrative Expenses	235,591	222,318
Income From Operations	86,142	142,605
Other Income (Expenses): Gain on sale of marketable securities (Note 8) Interest and dividend income Interest expense (Note 6)	4,000 43,986 	3,000 53,601 (16,416
Total Other Income	23,565	40,185
Income Before Bonuses And Provision For Income Taxes	109,707	182,790
Bonuses	(100,000)	(100,000
Income Before Provision For Income Taxes	9,707	82,790
Provision for income tax benefit (expense) (Note 2)	10,150	(30,740
Net Income	19,857	52,050
Other comprehensive income (loss), net of income taxes (Note 8)	17,842	(11,672
Comprehensive Income	37,699	40,378
Retained earnings and unrealized net holding losses on marketable securities, beginning of the year	638,089	597,711
Retained Earnings And Unrealized Net Holding Gains (Losses) On Marketable Securities, End Of The Year	s 675,788	\$ 638,089

Data Collection in Surety Underwriting

	Contractor Name:	XYZ Construction			As Of:	2017-12-31																	
							Contract Totals								Recog	nized in Prior F	Y(s)	Total	s, This Fiscal Yea	r Thru	Futur	e Workload (Bac	klog)
		Contract	Estimated		Estimated	Estimated	Estimated	Est. Gross	Revenue	Earned	Billed	Costs &	Billings > Costs		Per Prior f	FY Financial S	tatement					Estimated	Estimated
Job		Price including	Cost to	Cost	Total	Percent	Gross	Profit	Earned	Profit	То	Est. Earnings :	& Est.	Provision			Gross	Revenue	Cost of	Gross	Remaining	Cost to	Gross
Vumber	Job Name	Change Orders	Complete	to Date	Cost	Complete	Profit	Percentage	to Date	to Date	Date	Billings	Earnings	for Loss	Revenue	Cost	Earnings	Earned	Construction	Earnings	Revenue	Complete	Earnings
.00	ContractA	400	300	100	400	25%	0	0.00%	100	0	300	0	200	0	0	0	0	100	100	0	300	300	
2.00	ContractB	1,500	100	1,200	1,300	92%	200	13.33%	1,380	184	100	1,280	0	0	1,000	900	100	380	300	84	120	100	-
3.00	ContractC	2,500	1,400	1,000	2,400	42%	100	4.00%	1,050	42	2,500	0	1,450	0	800	800	0	250	200	42	1,450	1,400	Ę
5.00	ContractD	4,000	1,500	500	2,000	25%	2,000	50.00%	1,000	500	1,000	0	0	0	500	400	100	500	100	400	3,000	1,500	1,50
2.00	ContractE	9,000	5,000	2,000	7,000	29%	2,000	22.22%	2,610	580	1,000	1,610	0	0	0	0	0	2,610	2,000	580	6,390	5,000	1,42
6.00	ContractF	6,500	100	6,000	6,100	98%	400	6.15%	6,370	392	6,500	0	130	0	4,000	4,000	0	2,370	2,000	392	130	100	
		23,900	8,400	10,800	19,200		4,700		12,510	1,698	11,400	2,890	1,780	0	6,300	6,100	200	6,210	4,700	1,498	11,390	8,400	3,00

Data Collection in Surety Underwriting



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But ... Why should I care?

Bid date approaching – Thursday January 30

9:00 AM bid time

Subcontractor and Supplier bids are arriving It could be sort of confusing and hectic around the office

And the Project Manager says:

"Hey what about the bid bond?"

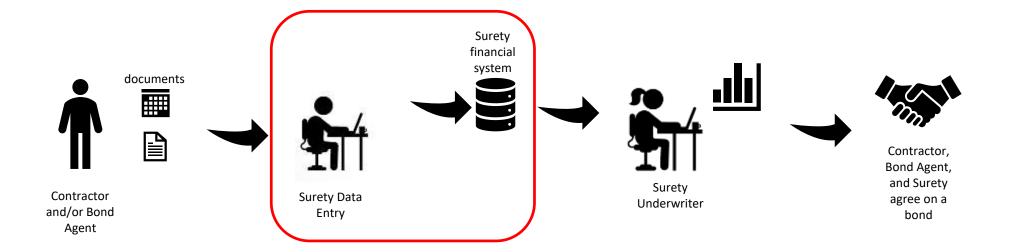
Bid date approaching – Thursday January 30

We sent the broker the financials and WIPs last week Surely we have it by now but where is it?

We have 80,000 hours in this bid already

Not to mention our prestige and standing in the community

And the Project Manager says



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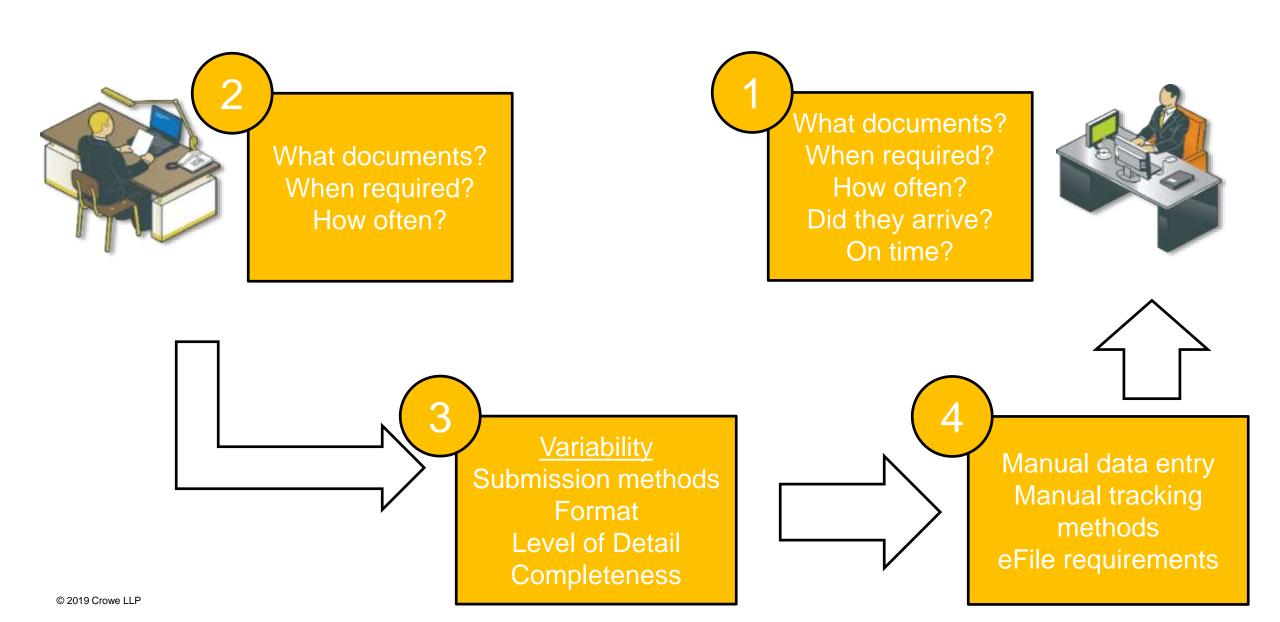
Financials (full statements, WIP reports) are submitted as PDF documents which take a long time to process as they must be manually entered by the surety before analysis can begin.

Manual data entry by the surety can result in inaccuracies as mistakes are made by rekeying. This has the potential to lead to an undesired decision by the surety due to the incorrect data.

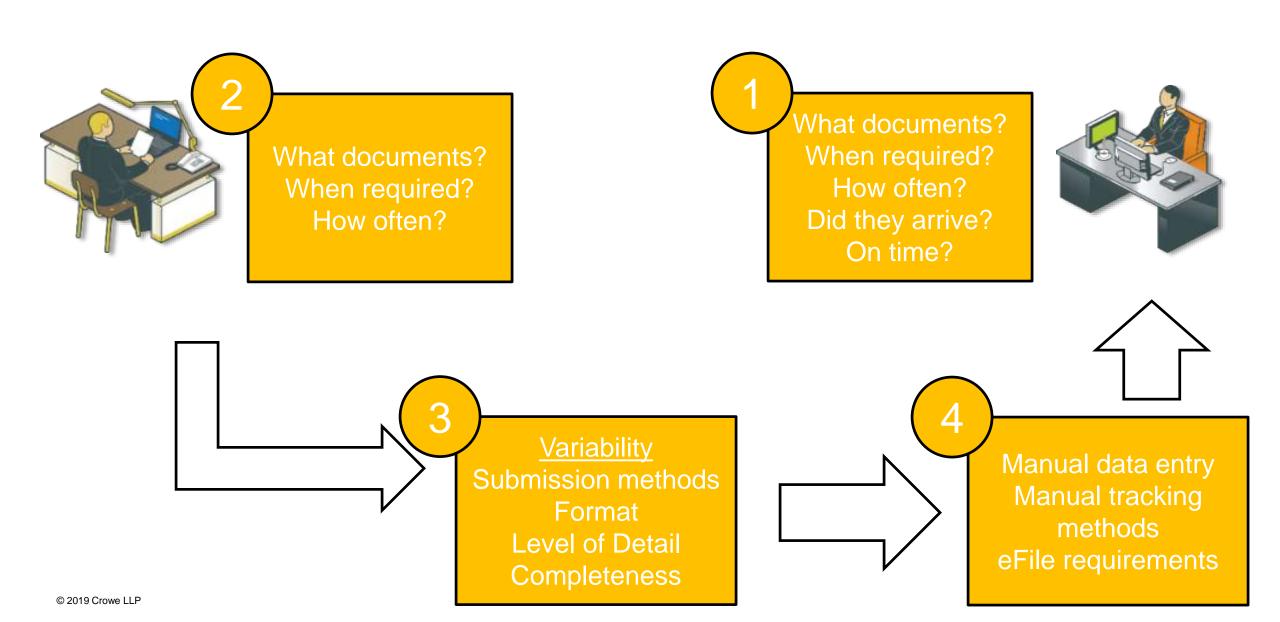
Reduced timeliness which means the data being analyzed to evaluate contractor financial health may be outdated.

Pilot Case Study

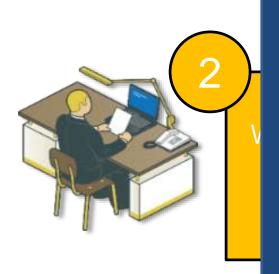
Business challenges



Business challenges



Pain points



- 1. Unclear documentation expectations
- 2. Lack of auditability
- 3. Lack of secure submission options
- 4. Lack of alerts / reminders
- 5. Inconsistent submissions
- 6. Waste due to data entry time
- 7. Inconsistent / error-prone data entry
- 8. Lack of end-to-end tracking
- 9. Inconsistent document organization
- 10. Difficult hand-offs with interested parties

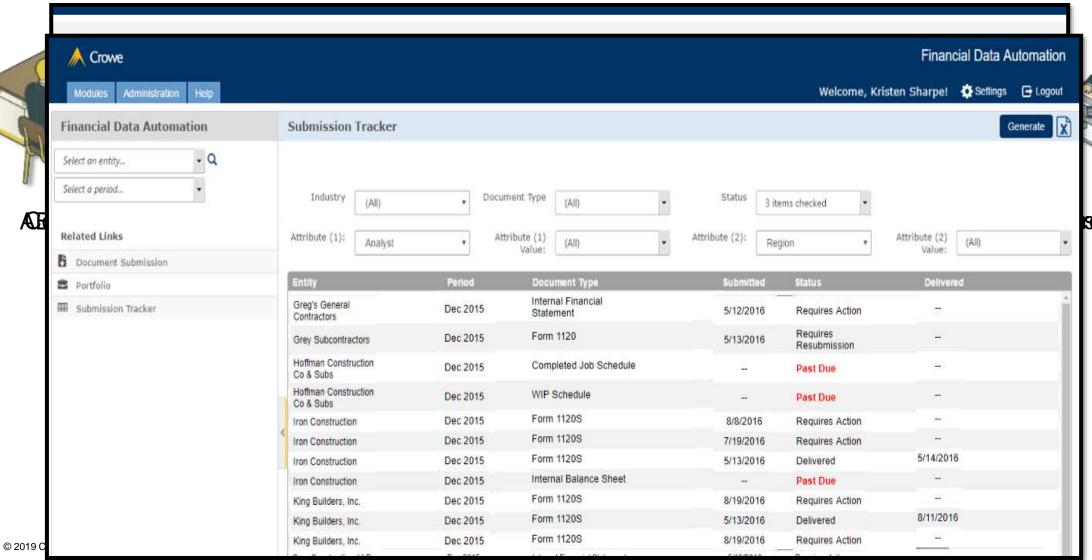
Level of Detail Completeness





Manual data entry
Manual tracking
methods
eFile requirements

Case Study Example

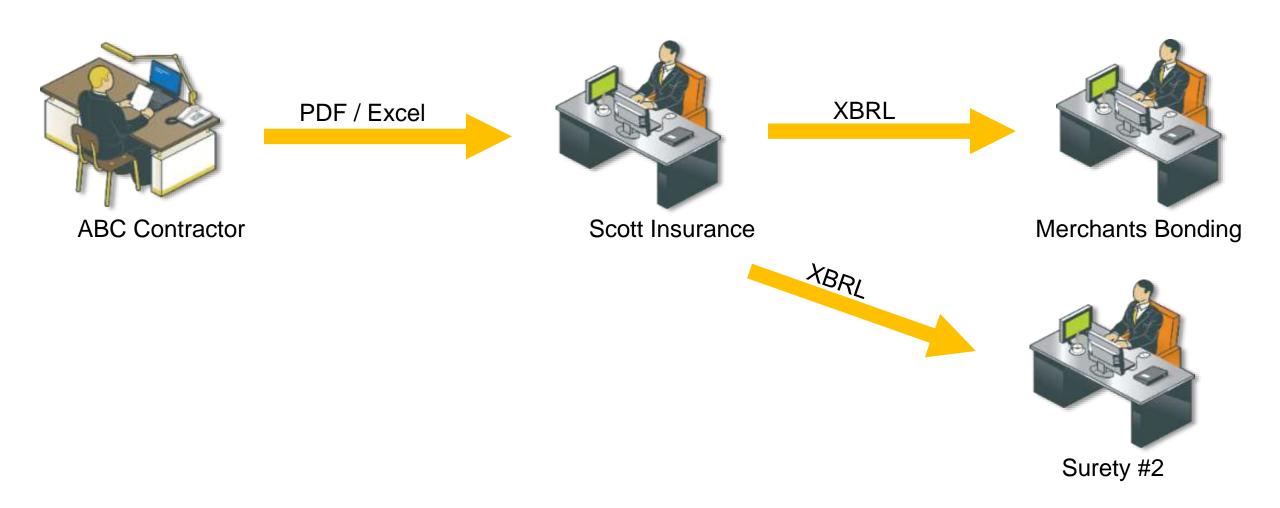




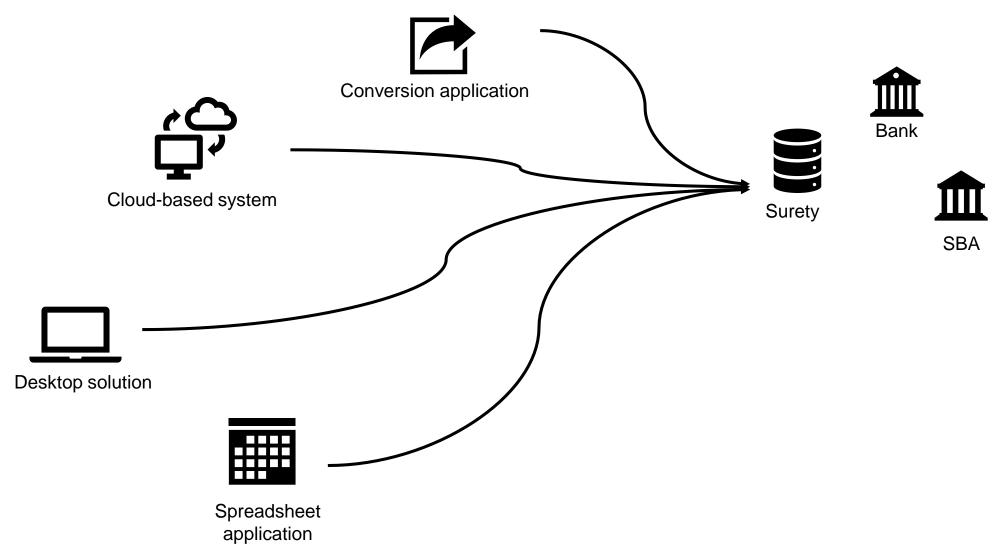
sodace e

to surety

Case Study Example



Scaling up the pilot



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Questions and Discussion



Thank You