L 9 (9-66)

Unincorp. Bus. Tax Determinations
A-Z
Winkelman-Tompkins-Jones
Joint Venture

BUREAU OF LAW

MEMORANDUM

TO: Commissioners Murphy, Macduff and Conlon

FROM: E. H. Best, Counsel

SUBJECT: Winkelman-Tompkins-Jones Joint Venture
Applications for periods ended March 31, 1957, 1958

This formal hearing case requires a determination under Article 16-A of the Tax Law of the unincorporated business tax liability of a partnership joint venture composed of three corporations, the joint venture having been formed for the sole purpose of constructing the Plattsburg, New York, Air Force Base for the United States Government.

One corporation was a New York corporation(Winkelman) and the other two members of the joint venture were foreign corporations(Tompkins and Jones).

The precise question to be determined is whether a portion of the overhead expenses and charges of the corporations was deductible by the joint venture for unincorporated business tax purposes where no portion of such overhead expenses and charges was ever paid by the joint venture itself.

The taxpayers contend that the management and engineering departments of each of the corporate members of the joint venture rendered vital services with respect to the joint venture construction contract so that a portion of the overhead expenses and charges of each member of the joint venture should be considered as joint venture expenses for purposes of computing the unincorporated business tax liability of the joint venture.

The entire net income of Winkelman from the joint venture was allowed as an additional exemption in computing the unincorporated business tax liability of the joint venture, pursuant to the provisions of Section 386-f, since all of Winkelman's income was subject to tax under Article 9-A of the Tax Law. This exemption thus renders unnecessary any determination of the share of general overhead and expenses of Winkelman allocable to the business of the joint venture.

The Income Tax Bureau denied the claim for the deductions on the grounds that the overhead expenses were incurred by the corporations and were deducted by the corporations for the purpose of computing the taxes for which each of them were liable; so that the allowance of the deductions for unincorporated business tax purposes would result in the double deduction of these overhead items.

Following a preliminary hearing, the Conferee did not advance this double deduction theory as a basis of sustaining the disallowance of the overhead expenses. The Conferee sustained the disallowance on the sole grounds that these overhead expenses and charges of the corporate members were not treated as joint venture expenses pursuant to the joint venture agreement between the corporations, the agreement specifically barring any reimbursement to the corporate partners by the joint venture for any portion of the partners' overhead expenses, as these charges and expenses were not specifically approved by the joint venture (Paragraphs 6(a) and 6(b) of Comm. Ex. A).

At the formal hearing, the witnesses for each of the corporate partners admitted that the corporations never requested nor never received reimbursement from the joint venture for any of their own overhead expenses.

Such witnesses stated that it was the custom in joint venture construction operations to prohibit reimbursement to the members by the joint venture for any overhead costs of the members, as in this case. The witness stated that the reason for the restriction on reimbursement of overhead costs was that construction "companies have various percentages of overhead. In other words, they have more overhead than other companies and it would be impossible to draw up a joint venture agreement where it would be equitable between partners to say they could charge a certain amount and no more. Therefore, it has to be left out of the computations"; that is, the various overhead costs of the corporate partners are eliminated from the computation of the profits of the joint venture and are also eliminated from the computation of the division of the profits to the members (sm 11,19,67).

The record shows that the construction operations were carried out under a general superintendent employed by the joint venture, his salary being $15,000.00 a year plus a bonus based on the outcome of the job. In addition, the joint venture employed 1 or 2 full time engineers and "assistant superintendents and foremen going down the line just like any operation". The tax return filed by the joint venture for the period ended March 31, 1957 shows that the venture itself incurred indirect costs of $846,000.00 and general and administrative expenses of $488,000.00 (Pets. Exh. 1).

However, the separate overhead costs of each member were incurred and paid by the member. The specific terms of the joint venture agreement excluded these separate costs not only in the computation of the total amount of joint venture profits but also in the computation of the division thereof to the members.

As a partnership is a separate taxable entity under Article 16-A of the Tax Law (Cromwell vs. Bates, 284 A. D. 1001, app. den. 139 N.Y.S. 2d 293), these costs would not constitute ordinary and necessary business expenses incurred by the joint venture itself and thus would not constitute allowable deductions in computing the entire net income of the partnership joint venture as a separate tax entity under Article 16-A of the Tax Law within the meaning and intent of Sections 386 and 386-a of the Tax Law.

Actually these overhead expenses of each member, to the extent essential to the joint venture operations, represents for tax purposes (because of the reimbursement restriction imposed by the members themselves) the respective ordinary and necessary expenses of each member which each member voluntarily chose to and did incur in connection with the production of their own separate income share from the joint venture.

A proposed determination on the above basis has been prepared and is submitted herewith for the consideration of the State Tax Commission. If you agree, kindly sign the proposed determination and return the same to the Law Bureau for further disposition.

/s/ E. H. BEST

COUNSEL

MB:mg

June 27, 1967

STATE OF NEW YORK

STATE TAX COMMISSION

IN THE MATTER OF THE APPLICATIONS OF

D.W. WINKELMAN CO., INC., CHAS. H. TOMPKINS CO. AND J.A. JONES CONSTRUCTION COMPANY INDIVIDUALLY AND AS CO-PARTNERS D/B/A THE FIRM NAME AND STYLE OF,

WINKELMAN-TOMPKINS-JONES JOINT VENTURE

FOR REVISION OR REFUND OF UNINCORPORATED BUSINESS TAXES UNDER ARTICLE 16-A OF THE TAX LAW FOR THE FISCAL YEARS ENDED MARCH 31, 1957 AND 1958

D. W. Winkelman Co., Inc., Chas. H. Tompkins Co., and J.A. Jones Construction Company, individually and as co-partners doing business under the name of Winkelman-Tompkins-Jones Joint Venture, having duly filed applications for revision or refund under Article 16-A of the Tax Law for each of the fiscal years ended March 31, 1957 and 1958, and a hearing having been held in connection therewith before Lawrence S. Gifford, Hearing Officer, at the Syracuse District Office of the Department, 333 East Washington Street, Syracuse, New York, on May 26, 1964, at which hearing the joint venture was represented by Hancock, Dorr, Ryan & Shove, 800 Hills Building, Syracuse 2, New York, Paul H. Hanrahan and Robert V. Hunter, of Counsel, and the matter having been duly examined and considered, the State Tax Commission hereby finds:

1. That the joint venture filed partnership information returns under Article 16 of the Tax Law for each of the above fiscal years, reporting on such returns income and expenses from the partnership operations under a contract with the United States Government to construct the Plattsburg, New York, Air Force Base; that such income was reported on the information return on the

basis of completed contract method of accounting, the same method as used in computing income reported for Federal income tax purposes (Comm. Ex. 1); the said contract having been completed during the fiscal period ended March 31, 1957 and, pursuant to a so-called change order in the contract, the construction having been resumed and finally completed during the fiscal year ended March 31, 1958 (Comm. Ex. 2).

2. That the joint venture did not file unincorporated business tax returns under Article 16-A of the Tax Law for either of such fiscal years as the joint venture claimed its income for each of such periods was "to be reported by respective corporations on N.Y. Franchise Tax returns" (Comm. Exs. 1 & 2).

3. That on audit of the information returns filed under Article 16 of the Tax Law as aforesaid by the joint venture for the above two fiscal years, the Income Tax Bureau assessed the unincorporated business taxes under Article 16-A of the Tax Law here at issue, the taxes being based on the income reported by the joint venture for each of the above years, after allowing exemption, pursuant to Section 386-f of the Tax Law, of the amount of the proportionate interest in such net income of each of the three corporate partners to the extent included in the respective net income of each corporate partner allocable to this state and taxable under Article 9-A of the Tax Law; that the said unincorporated business taxes were stated against the joint venture on December 8, 1959 in the amount of $18,963.47, for the period ended March 31, 1957, and in the amount of $2,005.48 for the period ended March 31, 1958 (See Schedules A and B attached hereto).

4. That such unincorporated business taxes so assessed against the joint venture were paid in full within 30 days of

the date levied; that within one year of the date of levy the joint venture filed applications for refund under Section 374 of the Tax Law for unincorporated business taxes in the amount of $11,166.50 for the fiscal year ended March 31, 1957 and in the amount of $631.96 for the fiscal year ended March 31, 1958, each application being based on the claim that for purposes of computing the net income of the joint venture for unincorporated business tax purposes under Article 16-A of the Tax Law for each of such years, deductions should be allowed for the overhead expenses or charges in respect of the main offices of the partners, charges of the parties in connection with the estimates or preparation of the bids or bidding incurred prior to the signing of the construction contract and charges for the time employed by any of the parties or their officers or employees in connection with the construction contract, the applications claiming total deductions of such costs and charges (See detailed Schedules C and D attached hereto) as follows:

	Fiscal year ended 3/31/57	Fiscal year ended 3/31/58
Cost of partner Tompkins	$196,195.72	$11,978.65
Cost of partner Jones	$82,966.64	$3,820.43

5. That the 100% exemption allowed under Section 386-e of the Tax Law with respect to the joint venture income taxed under Article 9-A of the Tax Law of the partner Winkelman in the unincorporated business tax recomputations (Schedules A and B attached hereto) renders unnecessary any determination of the share of general overhead and administrative expenses of Winkelman allocable to the business of the joint venture.

6. That the Income Tax Bureau denied the applications for refund filed by the joint venture (Paragraph 4 above) on the

grounds that the various overhead expenses and charges of the nonresident partners Jones and Tompkins actually represented expenses used by the partners themselves in arriving at the balance of taxable income for the purposes of the taxes to which each of such joint venturers as corporations were liable; so that the allowance of the deductions for unincorporated business tax purposes under Article 16-A of the Tax Law would result in a double deduction for such overhead expenses and charges.

7. That following such denial of the applications by the Income Tax Bureau the joint venture duly filed demands for hearing; that a preliminary hearing was thereafter held before Mr. Edward A. Winkler and as a result thereof the original denial of the applications was sustained (Comm. Ex. 9) on the sole grounds that the joint venture agreement between Jones, Tompkins, and Winkelman clearly excluded such overhead expenses from consideration as joint venture expenses.

8. That the three corporate members of the joint venture (Winkelman, Tompkins and Jones) entered into a written joint venture agreement on January 22, 1954 for the sole purpose of performing a contract awarded to the partners (based upon their joint bid) for the construction of the Plattsburg, New York, Air Force base; that Paragraph D of the said joint venture agreement provides:

> "D. NOW, THEREFORE, said parties hereto enter into a Joint Venture for the purpose of performing the Construction Contract, but for no other purpose, it being expressly here declared that this Agreement contemplates only the furnishing of the capital, services, and material, and the performance of the work and labor necessary to the completion of the Construction Contract, and that the parties are not here making a partnership agreement nor even a joint venture agreement to undertake any contract other than the Construction Contract, and

nothing in this Agreement shall limit the power or right of any party hereto to carry on its separate business for its sole benefit, except, that the parties shall cooperate with each other, according to the terms and spirit of this Agreement, in the performance of the Construction Contract". (Pet. Ex. A, pp. 1 and 2, Par. (D) thereof).

9. That pursuant to Paragraph D 2(a) the interests of the partners in the contract and in any and all property and equipment acquired in connection with the performance thereof and in any and all money which may be derived from the performance thereof were in the following proportions:

Winkelman	40%
Tompkins	30%
Jones	30%

That Paragraph D 3(a) of the agreement provided that all necessary working capital, when and as required for the performance of the Construction Contract, shall be contributed by the partners proportionately in accordance with their respective interests; that Paragraph D 4(a) of the agreement provided that in order to facilitate the performance of the Construction Contract each partner appoint a representative to act for it with authority in relation to any matters relative to the joint venture and to bind the respective partners in any and all matters involved in the performance of the Construction Contract; that Paragraph D 4(c) provided that a majority of the duly authorized representatives of the partners constitute a quorum.

10. That Paragraph D 5 of the agreement provided:

"The actual supervision and management of the work called for by the Construction Contract and any and all matters relating thereto shall be under the charge and control of a Project Manager who shall be subject to the control of the parties hereto or their Representatives, and shall be given such specific powers in addition to the foregoing as the Representatives may from time to time delegate. He shall have the power, in the name of the parties, to execute and deliver Purchase Orders, Rental Agreements, Subcontracts, and other agreements. The Project Manager shall be appointed by the parties hereto, or by their Representatives, and shall serve as such during their pleasure."

11. That Paragraph 6(a) and 6(b) of the agreement provided:

"For the purpose of this Agreement, the Cost of Construction shall consist of the costs of all subcontracts, labor, material, plant and equipment purchased or rented, bonds, insurance, taxes on labor and material, imposts, charges, professional and other, fees, liabilities not secured by insurance, expense of audits, and all other expenses and obligations incurred or suffered in and about the performance of said Project of a nature which under sound accounting practices are properly chargeable as a cost of the performance of the Construction Contract. Proper fidelity bond coverage shall be maintained on all persons and parties who are directly connected with performance of the Construction Contract. Costs of such fidelity bonds shall be part of the Construction Cost.

6(b) Said costs shall not include charges for overhead expenses or charges in respect of the main or branch offices of the parties hereto; charges of the parties in connection with the estimates or preparation of the bids or bidding, incurred prior to the signing of the Construction Contract; or charges for the time employed by any of the parties hereto or their officers or employees in connection with the Construction Contract except as may be specifically provided for in this Agreement or unless otherwise specifically approved."

12. That the tax return filed by the joint venture for the period ended March 31, 1957 shows that the joint venture itself incurred indirect costs of $846,046.32 and that the joint venture in addition incurred so-called general and administrative expenses for such fiscal period of $488,468.45 (See Schedule E attached hereto).

13. That none of the members of this joint venture requested or received reimbursement from the joint venture for any portion of their overhead expenses and charges here claimed as deductions by the joint venture for unincorporated business tax purposes (sm 65, 76).

14. That at the hearing the witness Kaye who testified on behalf of the joint venture stated that the joint venture operated under the above-mentioned agreement (Pets. Ex. A); that such witness stated that the above quoted paragraphs 6(a) and 6(b) of the joint venture agreement in this case are similar to the standard provisions in other joint venture agreements of construction companies on a construction contract (sm 11, 19, 35, 36, 38); that the witness stated in this regard "it is generally agreed that all the joint venturers in a contract would handle their own office, general office expenses, and not charge them to the joint venture specifically, even though they are properly charged against the joint venture; because there are so many differences between companies interested in the joint ventures as far as their percentage of overhead cost that may be applied to this joint venture" (See sm 11, 19, 63, 65, 67, 78, 79).

15. That the record in this case indicates that the percentage of overhead cost to gross receipts in the case of the partner Jones varied from 1.98% to 3.12% in the four fiscal years ended during the calendar years 1955 through 1958, inclusive, while in the case of the partner Tompkins the percentage of overhead cost to gross receipts during the calendar years of 1954, 1955, 1956, 1957 and 1958 varied from 4.57% to 7.06%; that this record does not disclose such percentages for any applicable periods for the partner Winkelman. (See Schedules C and D attached hereto; see also Pet. Exhs. I, L and M).

16. That the overhead expenses and charges of each member, to the extent that the disbursements may be connected with the joint venture operations, actually represent (because of the reimbursement restriction imposed by the members themselves)

the respective ordinary and necessary expenses of each member, which disbursements each member voluntarily chose to and did incur in connection with the production of their own separate income share from the joint venture.

17. That these overhead expenses and charges do not constitute ordinary and necessary expenses of the joint venture as these expenses were directly incurred and were paid by the members of the joint venture in accordance with the custom in the trade and pursuant to the specific provisions of the joint venture agreement between the three members of this joint venture.

Upon the foregoing findings and all the facts and evidence presented herein, the State Tax Commission hereby

DETERMINES:

That the overhead expenses and charges here at issue do not constitute allowable deductions within the meaning and intent of Section 386-c of the Tax Law (Finding No. 17 above); that accordingly the unincorporated business taxes as stated against the joint venture under date of December 8, 1949 (See Paragraph 3 above) are correct and legally due and owing and the joint venture is not entitled to any revision or refund of taxes assessed and/or paid under Article 16-A of the Tax Law for either of the fiscal years here involved.

Dated: Albany, New York, this 10th day of ~~January~~ July, 1967.

STATE TAX COMMISSION

/s/ JOSEPH H. MURPHY
COMMISSIONER

/s/ JAMES R. MACDUFF
COMMISSIONER

/s/ WALTER MACLYN CONLON
COMMISSIONER

IT 321 F (4/59) 200M (P OMO 774)

STATE OF NEW YORK
DEPARTMENT OF TAXATION AND FINANCE B 701808
ASSESSMENT NUMBER
INCOME TAX BUREAU
Albany 1, N. Y.

New York State
Incorpo Tax
TRIPLICATE

NOTICE OF ADDITIONAL ASSESSMENT
INCOME TAX

Date DEC 8 1959

COLLECTION RECORD	
DATE	REMARKS

Against D. W. Winkelman Co., Inc., Chas. H. Tompkins, Inc., and J. A. Jones Construction Co., Inc., individually and as co-partners d/b/a the firm name and style of:

43
P-4377

Winkelman-Tompkins-Jones, Joint Venture
c/o D. W. Winkelman Co., Inc.
P. O. Box 1365
Syracuse 1, New York

Schedule A

The Audit of Your State Income tax return for the year fiscal year ended March 31, 1957 discloses additional tax due as stated below:

Amount of Tax Due

Explanation: Business activities reported constitute the carrying on of an unincorporated business and the net income derived therefrom is subject to the unincorporated business tax imposed pursuant to the provisions of Article 16A of the Tax Law.

Additional exemption allowable pursuant to Section 386f is limited to the proportionate interest of the member partners, allocable to New York State, which is taxable under Article 16A or Under Articles 9A, 9B or 9C of this Chapter.

Reported net operating income			$810,685.76
Credit for exemption:			
Basic exemption		$ 5,000.00	
Additional exemption per 386f:			
D. W. Winkelman & Co.	$329,274.30 X 100%	329,274.30	
Chas. H. Tompkins, Inc.	$243,205.73 X 2.3492%	5,715.39	
J. A. Jones Construction Co., Inc.	$243,205.73 X .29991%	729.40	
Adjusted exemption			$335,719.09
Balance subject to unincorporated business Tax			$474,966.67
Unincorporated business tax due @ 4%		$18,998.67	
Less reduction of 25% & 10%		35.00	
Net Unincorporated Business Tax Due			$18,963.67

1/18/60 rec'p ck 1/6/60

10579.33
8384.34

PD	8384.34
ORIG.-	
ADD'L	
P & I	
TOTAL	8384.34

WBBuck
Correct

Approved

W Brundy
6.5.60

IT 321 F (4-59) 20

New Y... Issued ... TRIPLICATE

(4)

STATE OF NEW YORK
DEPARTMENT OF TAXATION AND FINANCE B 701809
INCOME TAX BUREAU
Albany 1, N. Y.

ASSESSMENT NUMBER

Date DEC 8 1959

NOTICE OF ADDITIONAL ASSESSMENT
INCOME TAX

COLLECTION RECORD	
DATE	REMARKS
	PAID
	SUBSTITUTED
	FOR ...

Against D.W.Winkelman Co.,Inc.,Chas.H.Tompkins, Inc., and J.A.Jones Construction Co.,Inc. individually and as co-partners d/b/a the firm name and style of:

43
P-4679

Winkelman-Tompkins-Jones, Joint Venture
c/o D.W.Winkelman Co., Inc.
P. O. Box 1366
Syracuse 1, New York

Schedule B

Fiscal year ended March 31,

The Audit of Your State income tax return for the year 1958 discloses additional tax due as stated below:

Explanation:

Business activities reported constitute the carrying on of an unincorporated business and the net income derived therefrom is subject to the unincorporated business tax imposed pursuant to the provisions of Article 16A of the Tax Law.

Additional exemption allowable pursuant to 386f of the Tax Law is limited to the proportionate interest of member partners which is allocable to New York State and taxable under Article 16A, or under Articles 9A, 9B or 9C of this Chapter.

			Amount of Tax Due
RECONCILIATION:			
Reported net operating income		$93,998.00	
EXEMPTIONS:			
Basic exemption	$ 5,000.00		
Additional exemption allowable per Section 386f:			
D.W.Winkelman Co.,Inc.			
$37,599.20 X 100%	37,599.20		
Charles H. Tompkins, Inc.			
$28,199.40 X .002457%	69.29		
J.A.Jones Construction Co.,Inc.			
$28,199.40 X 1.126%	317.53		
Total allowable exemption		$42,986.02	
Balance subject to unincorporated business tax		$51,011.98	
Unincorporated business tax due @ 4%	$2,040.48		
Less reduction of 15% & 10%	35.00		
NET UNINCORPORATED BUSINESS TAX DUE			$2,005.48

BF

WBD:ek
Correct

Approved

W Brundige
6541

CHARLES M. TOMPKINS CO.
GROSS RECEIPTS AND OVERHEAD EXPENSES

REC'D DEPT. TAX & FIN. MAY 31 1960

	1954	1955	1956
Gross Receipts	14,540,978	18,975,792	13,077,065
Overhead Expenses			
Salaries			
Officers	145,249	163,250	160,450
Engineers, etc.	104,519	113,987	144,620
Office Employees	175,909	166,671	159,056
Yard Employees	48,339	44,716	55,600
Insurance and Taxes	38,860	53,226	35,876
Rent	15,047	15,047	25,253
Repairs	9,978	10,780	7,453
Interest Expense	56,152	42,884	53,837
Contributions	12,753	15,703	17,483
Depreciation	85,152	77,928	93,763
Autos - Operating Expense	6,119	6,777	7,900
Office Supplies & Expenses	74,095	79,643	70,434
Pension Plan	60,000	70,000	70,000
Legal Expense	4,914	7,400	12,945
Total	837,086	868,012	914,680
% of Overhead to Gross Receipts	5.76	4.57	6.99
Average Percentage			5.77

Schedule C

Overhead Allocation:
Gross Receipts $ 11,334,241.42 x 5.77% — $ 653,985.70

30% Interest in Joint Venture — $ 196,195.72

Schedule C continued on next sheet

(See Comm. Ex. 5)

J. A. JONES CONSTRUCTION COMPANY
GROSS RECEIPTS & OVERHEAD EXPENSE

	9-30-55	9-30-56	9-30-57
Gross Receipts	91,857,043.64	85,266,094.14	94,471,536.18
Advertising	8,708.76	1,455.90	1,144.04
Association Dues	2,407.60	1,779.28	2,797.59
Auto Maintenance	4,887.21	4,864.24	5,171.40
Bank Service & Exchange	623.83	244.35	324.98
Depreciation Net	393,459.77	973,867.59	411,030.33
Heat & Air Conditioning	640.66	530.99	511.13
Employees Welfare	10,351.61	364.83	8,213.09
Freight & Express	2,217.58	2,280.95	1,991.81
Insurance	33,208.16	45,344.56	63,733.11
Interest	301,430.59	372,976.31	293,716.18
Janitor Supplies	143.44	181.93	175.48
Professional Expense	48,310.52	50,055.82	63,751.86
Licenses	6,864.44	6,272.33	7,151.25
Water, Light & Power	2,435.24	1,521.24	2,064.95
Miscellaneous	906.41	1,033.51	1,498.20
Postage	4,267.08	5,128.09	4,690.01
Photostatic Supplies	.00	495.54	2,087.74
Repairs - Office Furniture & Equipment	2,322.66	1,584.95	4,300.48
Repairs - Miscellaneous	231.44	41.10	1,151.92
Salaries & Wages	815,132.68	776,116.20	589,032.89
Subscriptions	716.67	821.53	808.94
Office Supplies	11,483.18	18,153.62	9,918.81
Unemployment Taxes	5,261.89	5,714.19	7,645.75
Social Security Taxes	6,874.76	8,481.82	9,827.11
Other Taxes	23,135.38	23,118.62	35,647.91
Telephone & Telegraph	10,162.03	14,472.93	10,925.92
Travel	61,505.69	68,342.04	43,412.10
Estimating Expense	2,371.14	4,133.77	3,099.82
Office Expense - Atlanta	51,560.55	63,188.85	91,242.36
" " - New York	(15,044.73)	14,473.53	12,783.50
" " - Shreveport	38,091.38	35,704.33	61,418.89
" " - Seattle	29,079.14	36,949.69	46,159.83
" " - Nashville	.00	20,139.24	82,749.07
" " - Berlin Hgts.	.00	.00	5,639.76
Maintenance of Corporation Status	1,223.87	1,746.80	1,374.43
Contribution to Profit Sharing	101,132.79	91,188.91	41,450.28
Transferring Employees	395.53	3,489.06	649.74
Other	4,440.36	4,732.19	
Totals	1,970,939.31	2,660,990.83	1,929,292.66
% of Overhead to Gross Receipts	2.15	3.12	2.04
Average Percentage			2.44

Overhead Allocation:
Gross Receipts $ 11,334,241 x 2.44% — $ 276,555.48

30% Interest in Joint Venture — $ 82,966.64

Schedule C continued

Schedule LL

CHARLES H. TOMPKINS
GROSS RECEIPTS AND OVERHEAD EXPENSES

			1957
Gross Receipts			$ 16,561,325
Overhead Expenses			
Salaries			
Officers			
Engineers, etc.			131,350
Office Employees			209,796
Yard Employees			147,272
			55,643
Insurance and Taxes			
Rent			32,608
Repairs			37,866
Interest Expense			13,086
Contributions			127,367
Depreciation			12,508
Autos - Operating Expenses			87,034
Office Supplies and Expenses			9,459
Pension Plan			63,073
Legal Expenses			60,000
			10,099
Total			997,161
% of Overhead to Gross Receipts			6.02
Overhead Allocation			
Gross Receipts	663,269.53	x 6.02	39,928.83
30% Interest in Joint Venture			11,978.65

Schedule LL continued on next sheet

(See Comm. Ex. 6)

Schedule L, continued

J. A. JONES CONSTRUCTION COMPANY
GROSS RECEIPTS AND OVERHEAD EXPENSES

	FYE 9-30-58
Gross Receipts	96,457,955.84
Advertising	1,058.30
Associated Dues	3,083.90
Auto Maintenance	5,029.14
Bank Service & Exchange	70.74
Depreciation Net	396,525.56
Heat & Air Conditioning	736.45
Employees Welfare	2,164.08
Freight and Express	1,075.13
Insurance	42,019.96
Interest	223,560.15
Janitor Supplies	240.67
Professional Expense	66,466.83
Licenses	7,364.13
Water, Light and Power	2,031.85
Miscellaneous	2,417.24
Postage	5,738.96
Photostatic Supplies	1,737.89
Repairs - Office Furniture & Equipment	3,326.07
Repairs - Miscellaneous	1,311.98
Salaries & Wages	573,352.13
Subscriptions	1,242.54
Office Supplies	7,177.13
Unemployment Taxes	7,080.27
Social Security Taxes	9,165.96
Other Taxes	24,802.10
Telephone & Telegraph	9,436.33
Travel	39,847.34
Estimating Expense	2,333.58
Office Expense - Atlanta	104,095.66
" " - New York	15,608.41
" " - Shreveport	53,416.58
" " - Seattle	58,616.59
" " - Nashville	83,438.65
Maintenance of Corporation Status	1,525.00
Contribution to Profit Sharing	94,962.06
Transferring Employees	1,529.86
Total	1,853,589.22
% of Overhead to Gross Receipts	1.92

Overhead Allocation:

Gross Receipts	$ 663,269.53 x 1.92%	12,734.77
30% Interest in Joint Venture		3,820.43

Schedule E

WINKELMAN-TOMPKINS-JONES, JOINT VENTURE

PLATTSBURGH AIR FORCE BASE

INCOME STATEMENT

FOR THE PERIOD FROM FEBRUARY 8, 1954 to MARCH 31, 1957

Income			
Contract DA-30-075-Eng-6010		9,541,675.76	
Contract DA-30-075-Eng-6326		1,029,255.70	
Bateson paving contract		424,699.69	
Extra work orders		296,815.65	
Other		41,844.62	11,334,291.42
Cost of contract			
Production costs			
Labor	1,468,732.25		
Material	3,651,373.04		
Depreciation	788,087.35		
Subcontracts	3,122,058.78		
Erection and dismantling expense	217,734.56		
Equipment rental	82,148.94	9,330,134.92	
Indirect costs			
Project manager	33,209.24		
Office payroll and expense	50,947.22		
Engineering	54,240.43		
Dispensary and sanitation	7,223.88		
Tool room and warehouses	10,456.43		
Watchman, guards, etc.	5,426.94		
Repairs and maintenance	559,872.98		
Weather conditions and paid holidays	40,906.77		
Roads and ditches	8,673.38		
Field lab and curing room	35,490.53		
Depreciation indirect	39,598.52	846,046.32	10,176,181.24
Gross operating profit			1,158,110.18
General and administrative expense			
Advertising	3,196.60		
Bond performance	63,171.11		
Expense accounts and travel	20,562.47		

Fuel, oil, grease	67,292.92	
Heat, light, power	6,135.37	
Insurance, Compensation and general	113,720.36	
Legal expense	2,183.71	
Equipment haul	19,698.89	
Office supplies and stationery	5,826.48	
Depreciation, office fixtures	4,603.41	
Operating supplies and small tools	39,446.51	
Payroll taxes and welfare fund	84,659.83	
Permits	513.26	
Safety expense	4,370.91	
Telephone and telegraph	9,666.46	
Temporary lighting	12,460.97	
Welding and miscellaneous supplies	8,948.38	
Radio	3,504.77	
Fuel and service truck expense	18,706.04	488,668.45
Net operating profit		669,441.73
Add Gain on sale of equipment		141,244.03
Net income, Exhibit A		810,685.76

(See schedule attached to Comm. Ex. 1)