

Purpose: This scorecard is designed to help contractors understand how sureties evaluate financial strength, risk capacity, and bonding sustainability. It provides a structured overview of the key metrics that influence bonding limits, underwriting confidence, and long-term growth potential. By assessing liquidity, leverage, profitability, backlog quality, and management controls, this scorecard allows contractors to proactively identify strengths, address vulnerabilities, and align their financial strategy with bonding capacity objectives.

How Sureties Evaluate Your Company

| Category | Weight | What Sureties Look For |
|-----------------------|--------|---|
| Working Capital | 25% | Liquidity strength and ability to fund operations |
| Tangible Net Worth | 20% | True equity buffer excluding intangibles |
| Debt-to-Equity | 15% | Leverage and balance sheet resilience |
| Profitability Trend | 15% | 3-year consistency and margin stability |
| Backlog Quality | 10% | Alignment between backlog and equity |
| Over/Under Billings | 5% | Cash cushion vs job fade signals |
| Bank & LOC Support | 5% | Covenant compliance and facility strength |
| Management & Controls | 5% | Experience, job costing, reporting quality |

Surety Leverage Benchmarks (Debt-to-Equity)

| Ratio | Surety Interpretation |
|------------|--|
| Under 1.5 | Strong balance sheet |
| 1.5 to 2.5 | Acceptable / Normal range |
| 2.5 to 3.0 | Watch list |
| above 3.0 | Increased scrutiny / restrictive bonding |