



## Funds control process






Funds control is a risk-mitigating mechanism Northbridge Surety uses when issuing bonds to limit exposure to non-payment of expenses related to a particular project.

When payment is made by the owner of a project to the contractor, that payment is made to a funds control company that will redistribute the funds to the subcontractors and suppliers who contributed to the work.

Once the funds control company receives the project funds, one of two processes may occur.



### Invoices are paid directly to vendors

- 1 Contractor indicates to us that project-related expenses are not yet paid. 
- 2 We ask the contractor to send in all relevant invoices related to these expenses. 
- 3 We review the contractor's invoices. 
- 4 If all is in order, we will cut cheques to the vendors to pay the invoices that the contractor submitted. This keeps the contractor's payments up-to-date. 
- 5 The balance of the funds, which represent the administration and profit component of the payment, is then wired directly to the contractor. 



### Contractor is reimbursed for paying expenses

- 1 Contractor indicates to us that all or some project-related expenses are paid and their accounts with vendors, subtrades, and employees are current and in good standing. 
- 2 Contractor provides us with all invoices related to these expenses and proof of payment of these expenses. 
- 3 We review documents to confirm all expenses have indeed been paid. 
- 4 If all is in order, we will reimburse the contractor their funds in full. 

**Note:** When the funds control process is implemented properly and the contractor is paying all their project related expenses, Northbridge Surety aims to distribute all funds back to the contractor. The goal is for us to hold a zero-balance account at all times.