

SAMPLE REPORT

## Independent Construction Cost Review Report

*Prepared from the owner's perspective, before contract approval.*

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PROJECT

Residential Kitchen Renovation

LOCATION

Los Angeles, California

CONTRACTOR ESTIMATE

\$123,000

REVIEW TYPE

Independent Construction Cost Review

PREPARED FOR

Property Owner

PREPARED BY

PARASOCIUM

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## SECTION 01

## Executive Summary

This report presents an independent construction cost review of a contractor's estimate for a residential kitchen renovation in Los Angeles, California. The estimate under review totals **\$123,000**. The purpose of this review is to help the owner understand what the estimate includes — and what remains unclear — before committing funds or signing a contract.

The estimate is well organized at the category level and presents a clear total. However, a significant portion of the estimate is expressed as **allowances** and **lump-sum amounts** that are not supported by an itemized breakdown. As a result, several categories cannot yet be independently matched to defined quantities, materials or scope.

This review identifies **six findings** and a consolidated list of **clarification items** the owner should resolve with the contractor before contract approval. None of these findings indicates an error or wrongdoing by any party; rather, they reflect areas where additional detail is needed for the owner to make an informed financial decision.

### PORTION OF THE ESTIMATE PRESENTED WITHOUT AN ITEMIZED BREAKDOWN

**\$56,500 · ~46%**

Approximately \$56,500 of the \$123,000 estimate is presented as allowances or lump-sum amounts. These are not flagged as incorrect — they are amounts the owner cannot currently verify against defined scope or specifications.

SECTION 02

# Documents Reviewed

The following documents were provided by the owner and considered in this review. The review is limited to the documents listed; items not provided are noted as such.

| DOCUMENT                                          | STATUS             |
|---------------------------------------------------|--------------------|
| Contractor Estimate (category summary, \$123,000) | Received           |
| Contractor Proposal / Cover Letter                | Received           |
| Scope of Work                                     | Received — partial |
| Project Documentation (plans / notes)             | Received — limited |
| Itemized Cost Breakdown                           | Not provided       |
| Material Specifications                           | Not provided       |

The absence of an itemized cost breakdown and material specifications is itself a review finding, as it limits the owner's ability to verify pricing against defined scope.

SECTION 03

# Estimate Overview

The estimate as provided by the contractor, organized by category. The Basis column notes how each figure is presented.

| CATEGORY                  | BASIS               | AMOUNT    |
|---------------------------|---------------------|-----------|
| Cabinetry & Millwork      | Grade not specified | \$34,000  |
| Labor (General)           | Lump sum            | \$25,000  |
| Miscellaneous             | No breakdown        | \$13,500  |
| Appliances                | Allowance           | \$11,000  |
| Countertops & Surfaces    | Defined             | \$9,500   |
| Electrical & Lighting     | Quantities unclear  | \$8,500   |
| Flooring & Tile           | Defined             | \$8,000   |
| Plumbing & Fixtures       | Allowance           | \$7,000   |
| Demolition & Disposal     | Lump sum            | \$6,500   |
| Total Contractor Estimate |                     | \$123,000 |

## SECTION 04

## Cost Review Observations

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The following observations describe the overall structure and transparency of the estimate from the owner's perspective.

**Reliance on allowances and lump sums.** Roughly 46% of the estimate is expressed as allowances or single lump-sum figures. Allowances are a normal part of early estimates, but each one represents a cost the owner cannot confirm until selections are made — and, if uncapped, a cost the owner may bear if the final price is higher.

**Limited link between price and scope.** Several categories are not tied to stated quantities or specifications. Without these, the price cannot be independently matched to the project documentation, so the owner is asked to approve figures that cannot yet be checked.

**Change-order provisions not addressed.** The estimate does not state a written change-order process or markup. This increases the potential for cost changes after signing, which is reflected as a **Medium** change-order risk in the Cost Review Summary.

**Overall.** The estimate is a reasonable starting point but is not yet at a level of detail that allows the owner to fully understand what is included. The findings and clarification items that follow identify what to resolve before contract approval.

## SECTION 05

## Review Findings

Each finding notes the category, the amount involved, the observation, the potential risk to the owner, and the specific clarification item to raise with the contractor.

### Finding 01 Miscellaneous \$13,500

|                |                                                                                                                        |
|----------------|------------------------------------------------------------------------------------------------------------------------|
| OBSERVATION    | Presented as a single line with no detailed breakdown of what it includes.                                             |
| POTENTIAL RISK | The owner cannot verify the included scope or the basis for the amount; undefined costs may expand during the project. |
| CLARIFICATION  | <b>Request an itemized breakdown</b> of the Miscellaneous line before contract approval.                               |

### Finding 02 Labor (General) \$25,000

|                |                                                                                         |
|----------------|-----------------------------------------------------------------------------------------|
| OBSERVATION    | Provided as one lump sum with no labor hours, crew composition, or rate basis.          |
| POTENTIAL RISK | Labor cost cannot be evaluated against the scope of work or compared to market rates.   |
| CLARIFICATION  | <b>Request a labor breakdown</b> by trade or phase, with estimated hours or rate basis. |

### Finding 03 Cabinetry & Millwork \$34,000

|                |                                                                                                                          |
|----------------|--------------------------------------------------------------------------------------------------------------------------|
| OBSERVATION    | The largest line item; cabinetry grade, box construction, and finish level are not specified.                            |
| POTENTIAL RISK | Pricing cannot be matched to a defined product, making it difficult to compare value or confirm what is being purchased. |
| CLARIFICATION  | <b>Request the specification</b> (grade, construction, finish) the \$34,000 is based on.                                 |

## SECTION 05 — CONTINUED

## Review Findings

**Finding 04** Appliances — Allowance **\$11,000**

|                |                                                                                                      |
|----------------|------------------------------------------------------------------------------------------------------|
| OBSERVATION    | An allowance amount with no specified models, selections, or upper limit.                            |
| POTENTIAL RISK | Final cost may exceed the allowance; the owner may bear the difference after the contract is signed. |
| CLARIFICATION  | <b>Confirm what the allowance covers</b> and whether it is capped.                                   |

**Finding 05** Plumbing & Fixtures — Allowance **\$7,000**

|                |                                                                                               |
|----------------|-----------------------------------------------------------------------------------------------|
| OBSERVATION    | Fixture selections are not defined within the allowance.                                      |
| POTENTIAL RISK | Selections above the allowance become additional cost; scope of included fixtures is unclear. |
| CLARIFICATION  | <b>Define the included fixtures</b> or set a clear allowance cap.                             |

**Finding 06** Electrical & Lighting **\$8,500**

|                |                                                                                                          |
|----------------|----------------------------------------------------------------------------------------------------------|
| OBSERVATION    | The quantity of fixtures and devices is not stated; available project notes reference a different count. |
| POTENTIAL RISK | Possible mismatch between the estimate and the documented scope, affecting both price and completeness.  |
| CLARIFICATION  | <b>Confirm quantities</b> against the project documentation.                                             |

SECTION 06

# Clarification Items

A consolidated list of items the owner should resolve with the contractor before contract approval.

- Itemized breakdown of the \$13,500 Miscellaneous line.
- Labor breakdown for the \$25,000 lump sum (trade / phase / hours).
- Cabinetry specification — grade, construction, and finish — for the \$34,000 category.
- Scope and cap for the \$11,000 appliance allowance.
- Included fixtures or cap for the \$7,000 plumbing allowance.
- Electrical fixture and device quantities, confirmed against the drawings.
- Written change-order process and markup.
- Confirmation of inclusions — permits, fees, disposal, and any contingency.

SECTION 07

# Cost Review Summary

A summary of the estimate's readiness for contract approval, by area.

| AREA                    | STATUS                 |
|-------------------------|------------------------|
| Scope Definition        | Requires Clarification |
| Pricing Breakdown       | Partial                |
| Material Information    | Requires Verification  |
| Quantity Basis          | Requires Clarification |
| Change Order Provisions | Not Addressed          |
| Change Order Risk       | Medium                 |

Status definitions: **Partial** — some detail provided, not sufficient to fully verify. **Requires Clarification** — information needed from the contractor. **Requires Verification** — information should be checked against documentation. **Not Addressed** — not included in the documents reviewed.

## SECTION 08

## Questions for Contractor

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A ready-to-use list the owner can bring directly to the contractor. Clear answers to these questions will resolve most of the items above.

- 1 Can you provide an itemized breakdown of the \$13,500 Miscellaneous line?
  - 2 Can the \$25,000 Labor amount be broken down by trade, phase, or estimated hours?
  - 3 What cabinetry grade, box construction, and finish is the \$34,000 cabinetry figure based on?
  - 4 What specific items and quality level does the \$11,000 appliance allowance cover, and is it capped?
  - 5 Which plumbing fixtures are included in the \$7,000 allowance, and what happens if selections exceed it?
  - 6 How many electrical fixtures and devices are included, and does this match the project drawings?
  - 7 Are permits, inspections, and related fees included in this estimate, or billed separately?
  - 8 Are demolition, disposal, and site protection fully covered under the \$6,500 line?
  - 9 Is any contingency included in the total, and if so, how is it applied?
  - 10 What is the written process and markup for change orders during construction?
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## SECTION 09

## Recommendations

Before approving the estimate or signing a contract, the owner is advised to:

- Request itemized breakdowns for all allowance and lump-sum lines.
- Define or cap each allowance so the maximum exposure is understood in advance.
- Obtain material specifications for the major categories, beginning with cabinetry.
- Confirm quantities against the project drawings and scope of work.
- Establish a written change-order procedure and markup before signing.
- Clarify all inclusions and exclusions — permits, fees, disposal, and contingency.
- Re-review the revised estimate once the requested information is provided.

## SECTION 10

## Conclusion

This review identifies several areas requiring clarification before contract approval. Resolving them will give the owner a clearer understanding of what the \$123,000 estimate includes and support an informed financial decision.

This report does not indicate wrongdoing by any party. Its purpose is to improve cost transparency from the owner's perspective, so that the owner enters the contract understanding what they are paying for.

### Independent Advisory — Not Construction Services

PARASOCIUM provides independent construction cost review and advisory services from the owner's perspective. PARASOCIUM does not perform construction work, provide contractor services, or replace licensed architects, engineers, or contractors. This report is advisory in nature and is intended to help owners make informed financial decisions.

This is a sample document prepared for illustration. The project details and figures shown are illustrative and do not represent an actual project or client.

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