

# Rooftop REPORTER

DECEMBER 2011



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## Upcoming Events

February 22-24, 2012

International Roofing Expo  
Orlando, Florida

[Click Here to Register](#)

## Our Advocate Sponsors

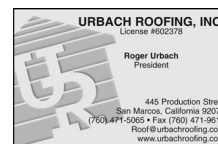
### Diamond



### Emerald



### Pearl



## President's Message

Hello everyone, Happy Holidays! This will be my last President's Message as my two year term is up. First, I would like to express my gratitude to Jim Robyn, our Executive Director, who has done a great job and made serving as president pleasant and easy. Thanks Jim!

I would also like to thank all the SDRCA sponsors who were honored at our Appreciation Dinner on December 3<sup>rd</sup> at Solare Restaurant in Point Loma. It was a great dinner in a private room and nice setting. The dinner alone is a good reason to become a sponsor of the SDRCA. Thank you, Patricia Mosteller at Gaslamp Insurance for organizing such a great evening (again!).

When I started my presidency in January of 2009 our economy, especially the construction industry had suffered the steepest decline since the great depression. The contractor participation in the SDRCA had declined dramatically too during this time.

I myself had to deal with a major change that somewhat reduced my ability to pay full attention to my duties in the SDRCA. I thank my fellow board members for all their support and can only stress that membership in the SDRCA is worth every penny spent.

I am sincerely hoping that my successors are able to revive this association as the economy improves and with that would like to introduce our new President, Sid Scott with RSI Roofing and our new Vice President, Fred Bouman with Eberhard Benton. Thank you gentlemen for stepping up to the plate, it is really appreciated!

Ulf Waldmann

## **Toys For Tots Campaign**

Our 2011 Toys for Tots campaign was successful as the SDRCA membership was able to fill two bins. Below is a trunk full of gifts that were collected and driven to the Marines for delivery.



## **Closing the Books on a Tumultuous Year Year-end Tax Planning and Beyond**

Many businesses are getting ready to close the books on one of the most turbulent years in recent memory. Although tax planning should have already taken place for this year, there are still several steps that can be done both to minimize your tax burden for 2011 and proactively plan for the future.

Glenn M. Gelman, managing director of Glenn M. Gelman and Associates, recently spoke on this topic. His main theme was clear – too many businesses overly focus on short term solutions. “The biggest mistake owners make is to plan for only one year at a time without carefully considering a longer term perspective.” “Often clients will attempt to minimize their current year burden without realizing its impact on their credit line and financing capacity. They might even go so far as to risk violating a loan covenant,” he says. Gelman’s interview about ensuring a smooth year end tax planning process follows.

### **What are the most common mistakes most businesses make regarding tax planning at this time of year?**

The most common mistake is not taking a broad view of your current year’s operations, along with both past results and your projections for the future. Paying taxes this year might be preferable if next year you will be in a higher tax bracket due to deferred income or other circumstances.

Your level of profitability is an important consideration for the size and terms of any credit line you have as well as for determining the value of your business, should you be considering selling it. Minimizing current year taxes by showing lower profitability might well be counter productive.

### **How can businesses avoid those mistakes?**

They need to meet early on with their C.P.A. If your fiscal year-end is December 31, you should start planning in July or August. One common way of minimizing tax is to start a pension or profit-sharing plan. Those take months to implement properly. Even if you have such a plan in place, there are funding adjustments you can make to lessen your current tax burden. Another consideration is your choice of entity. There are various advantages for C Corps, S Corps, and LLCs. In summary, your C.P.A. firm should be an integral and on-going partner in the planning and implementation of your business strategy.

### **If your company has been hurt by the current economy, what options do you have**

First, look to see if you are in a loss position. If you are, you probably want to maximize that loss, and then do a careful carry back/carry forward analysis. But you must also work with your banks if you have loan covenants, to get their permission to maximize that loss. You may be able to offset prior year taxes or reduce future tax obligations. The rules regarding Alternative Minimum Tax (AMT) must also be factored in. Under certain circumstances, it’s possible to carry losses back two years. But every tax case is unique, and your C.P.A. should be carefully working with you both from a historical and a forward looking perspective.

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## **Closing the Books on a Tumultuous Year Year-end Tax Planning and Beyond (Continued)**

### **What factors influence the carry back or carry forward analysis?**

The company in conjunction with its C.P.A. has to project, based on agreed upon assumptions, what the next year's tax burden might be. The two parties should also carefully analyze the current year to date and the last few years of historical results. One major component often relates to timing differences — revenue and cost recognition that can potentially transfer items from one year to another.

These decisions can be influenced by the choice of accounting methods or principles. In a healthy C.P.A./client relationship, the parties would look forward and back for at least two years each way. For example, if you were in a high tax bracket in 2009, and experiencing a loss this year, then you would want to go back to 2009 and offset as much of those taxes as possible. But it's important to note that no two situations are exactly alike. It's the specific circumstances and details that determine the optimal outcome.

### **What steps should be taken to make 2012 a smoother and more profitable year?**

The seeds of a successful year start with thorough and comprehensive planning – based on accurate and complete existing information as well as carefully considered assumptions going forward. For example, year to date financials should allow the C.P.A. to predict what tax bracket the business will be in.

As I previously mentioned, the choice of entity affects taxation. Elections regarding pension and profit sharing plans can affect tax rates. Every type of pension plan has its pros and cons and it should be monitored annually to see if it is providing the best tax benefit possible. The quality of accounts receivable should be considered to see if there are accounts that should be written off as uncollectible. Is inventory priced properly because that affects taxable income?

All accrued expenses deserve review to see if any should be paid before year-end or delayed. For those businesses that are very profitable, and yes, there are still many of them, strategies relating to Captive Insurance and ESOP creation should be examined. Finally, let's not forget that federal taxes should not be our only area of focus. There are a variety of state, local, use, and property taxes – all of which can have potential savings. Because existing low interest rates and equity valuations might not last forever, there are significant opportunities today for wealth transfer as well as estate tax minimization.

In summary, your C.P.A. firm should be an integral and on-going partner in the planning and implementation of your business strategy.

## SDRCA OFFERS MONTHLY PAYMENT FOR DUES

The SDRCA recognizes that during this economic struggle, some members may prefer to pay the annual dues on a monthly basis.

If you would like to take advantage of the monthly plan, simply contact the SDRCA office to make arrangements.

### 2012 SDRCA Board of Directors

The results are in from the ballot last month. The 2012 Board of Directors and the Executive branch are as follows;

President	Sid Scott, RSI Roofing
Vice President	Fred Bouman, Eberhard Benton
Secretary/Treasurer	Wayne Sorensen, Top Line Roofing
Director	Gary Gilmore, RSG San Diego
Director	Matthew Karver, Glenn M. Gelman & Associates
Director	Michael Kearney, GAF
Director	Patricia Mosteller, Gaslamp Insurance
Director	Debra Sweet, Sweet Marketing Solutions
Immediate Past President	Ulf Waldmann, Unique Solar

## SDRCA General Liability Program for Members

The San Diego Roofing Contractors Association (SDRCA) and Coronado Insurance Wholesale Services are proud to present a new General Liability option for contractors who are members.

The construction industry is critical to any growing economy. The nation has experienced a decrease in the economic environment while at the same time the insurance industry has become more competitive. Insurance is now available and cost effective for many contractors in California. Competitive programs providing lower premiums, varied coverage limits, and financially stable carriers are the foundation for the current marketplace.

Through Coronado Insurance Wholesale Services, roofing contractors who are members of the SDRCA will have access to premium discounts, a loss control program and financially stable carrier.

At Coronado Insurance Wholesale Services, our fundamental goal is to provide a new, unique and stable market for contractors through profitable underwriting, superior claims service, and risk management programs through your local independent agents and brokers.

Risks Insured: Residential & Commercial Roofing Contractors

Program Features:

- Admitted, Rated Carrier
- \$1200 Minimum Premium
- Tracts, Apartments, Condos & Town homes, & Hot Work available CG 20 10 11/85 available - Commercial Work only

Coverage: Limits of Coverage: Up to \$1 million per Occurrence  
\$2 million General Aggregate

- Deductibles: as low as \$2,500 per claim
- Rating Basis: Gross Receipts
- Maximum Policy Term: 1 (one) Year

Inspections: A telephone inspection is made on all accounts

- Completed & Executed applications only

Download application at [www.SDRCA.com](http://www.SDRCA.com)

Completed Jobs: Jobs completed prior to policy date are not covered

### 2011 Board of Directors

**Ulf Waldmann**, President  
Unique Solar, Inc.

**Michael Merry**, Director  
Allied Building Products

**Sid Scott** Director  
RSI Roofing

**Patricia Mosteller**, Director  
Gaslamp Insurance

**Gary Gilmore**, Director  
RSG San Diego

**Patrick Howard**, Director  
The Howard Company

**Wayne Sorensen**, Sec/Treasurer  
Top Line Roofing

**Debra Sweet**  
Sweet Marketing Solutions

**Michael Kearney**, Director  
GAF

**James Robyn**, Executive Director