Why Protect Trees During Construction?

Depending on size and location, tree protection can be inconvenient and introduce complexity to a project. So why protect trees during a construction project? There are a number of compelling reasons.

The first reason is for compliance. In Maryland, both the Forest Conservation Act and the Critical Area Law require you to identify and map forested stands and specimen trees during the planning and design phases of your project. You will be required to retain and protect these forests and trees. In certain instances you may be allowed to clear some of them, but you will have to justify the reasons for doing so and you must mitigate losses by replanting, paying in-lieu fees or buying into a mitigation bank.

The second reason is liability. Trees in forested stands grow accustomed to the wind and weather around them. When part of the stand is cleared and an interior tree is suddenly an edge tree, it is now exposed rather than protected. Depending on species, condition, and other factors, some individual trees may need to be removed during the process. It would be unfortunate to invest in a tree management scheme for your project only to have an edge tree fail into the new, expensive improvements being constructed, causing damage or injury.

The third reason is market differentiation. Taking green approaches to your project can have positive market outcomes. A number of voluntary schemes such as the Sustainable Sites Initiative and the International...
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OUR REPUTATION IS BUILDING EVERY DAY
Join us on May 6, 2015 as we discuss what’s new in Revit 2016. Come out and share tips and tricks and learn about the additional features in the new release from Autodesk.

- June 3, 2015 – Project Show & Tell
More info to come as the date gets closer!

Contact Info: To learn more about the Baltimore Revit Users Group, or to register for free, please visit our MeetUp page online at www.meetup.com/BaltimoreRevitUsersGroup. Additionally, you will be able to see our upcoming schedule, register for events, and connect with other members.

For over 60 years, Print-O-Stat has been a leader in innovation. Serving clients in all fields of design, engineering, and construction, Print-O-Stat has provided expert guidance on implementing the latest products and technologies. Our commitment is simple – to act as an extension of our client’s operations while bringing people and technology together in order to streamline workflows. Our solutions are applicable during any stage of the project from data acquisition, engineering and design, through documentation. Print-O-Stat’s dedication is to support its clients every step of the way creating opportunities for them to be successful at winning additional business.

Print-O-Stat, Inc. is pleased to announce its new partnership with the Baltimore Revit Users Group!

Over the past six years, Print-O-Stat has been proud to sponsor the hugely successful Central PA Revit Users Group held in York, PA.

The Baltimore Revit Users Group is a self-run members-only organization established to be a tremendous resource for Revit users of all experience levels – from the beginner to the Revit savvy. Based in Baltimore with a membership in excess of 200 people, the BRUG holds monthly meetings in order to allow members to get together and share best practices, other tips and tricks, or anything Revit-related.

The BRUG is a great way for anyone who uses Autodesk Revit or is thinking of moving to Revit to get together with others who face the same design initiatives and challenges. Meetings are all about Revit users increasing their software knowledge and design skills. Learn from others who have faced the same struggles or difficulties while sharing your own experiences in using Autodesk’s BIM solution, Revit.

Upcoming Meetings

BRUG meetings are typically held the first Wednesday of each month (except during summer months) from 5:30pm to 7:30pm at varying locations.

- April 1, 2015 – Revit Families + Family Show & Tell

We’ll tackle the ever-popular topic of Revit Families at this month’s BRUG. Bring along your favorite Revit families to share with the group as part of our Family Show and Tell. Families from all disciplines are welcome and encouraged!

- May 6, 2015 – What’s New in Revit 2016

Print-O-Stat & Baltimore Revit Users Group
Dear Colleagues & Friends Of Waverly Construction & Management,

On June 21, 2015, our Waverly Family (Team “Unbind the Mind”) will be participating in The Longest Day®; a sunrise-to-sunset team event raising funds for the care, support, and research efforts of the Alzheimer’s Association.

For the 16 hours of daylight on the longest day of the year, our team will complete activities such as skating, biking, and a yard sale; with all proceeds being donated to the Alzheimer’s Association. We are challenging ourselves for one day to honor those who face Alzheimer’s every day with strength, heart, and endurance.

Donate (or join our team!) and show your support for the 44 million people living with Alzheimer’s worldwide, including over 5 million Americans. Donate to honor more than 15 million American caregivers who generously dedicate themselves to those with Alzheimer’s and other dementias.

Show your support until Alzheimer’s is finished!

Please visit our team fundraising web page at http://act.alz.org/goto/Unbind-The-Mind where you can make a secure credit card donation. Your gift is tax-deductible to the fullest extent allowed by law.

Thank you for your support!

For more information go to www.alz.org.

Fight To End Alzheimer’s
Biz Basics Q & A

What is Maryland’s Small Business Enterprise (SBE) Program and which businesses may be eligible for certification as an SBE?

The SBE program is a new program under Maryland’s Department of Transportation (MDOT) that is race and gender neutral. It is designed to provide contracting opportunities to small businesses on federally-aided projects with the State Highway Administration, Maryland Transit Administration, and the Maryland Aviation Administration. Determination of what constitutes a small business is based on the size standard for the work the business seeks to perform. Size standards are measured by a three-year average of annual gross receipts or the number of employees.

To be considered eligible as an SBE, a business’ average gross receipts cannot exceed the U.S. Department of Transportation’s size standard of $23.98 million dollars. At least 51% of the business’ ownership must be held by individuals who do not exceed the personal net worth cap of $1.32 million dollars. Also, the business must be organized for profit.

A business that is currently certified as a Disadvantaged Business Enterprise (DBE) will automatically be certified as SBE. All other businesses that meet the eligibility requirements must apply to MDOT’s Office of Minority Business Enterprise (OMBE) for SBE status. Once certified, an SBE firm must annually submit an affidavit to OMBE affirming its continued eligibility to participate in the SBE program.

A business desiring certification as an SBE (or a DBE) may wish to consider obtaining legal advice prior to applying for certification.

James R. Benjamin, Jr., an attorney with PK || Law, has significant experience representing and advising minority-owned and women-owned businesses (MBEs and WBEs) on certification and procurement matters as well as structuring and creating joint ventures and teaming arrangements.

Mr. Benjamin advises businesses concerning MBE certification with MDOT and MBE/WBE certification in the Baltimore City Market Area under the Baltimore City Code. He has represented WBIs in administrative appeals involving agency decisions to decertify. He has considerable experience providing legal advice to businesses concerning 8(a) small business certification and participation in mentor-protégé programs. He also is experienced in advising businesses on requirements for certification as a qualified HUBZone small business concern.
Construction Accounting Outlook

AICPA’s Audit Risk Alert Raises Red flags

Although 2015 is well under way, there are still many months ahead and a multitude of challenges to overcome. As you strive to reach year end with sound financial statements and a healthy bottom line, it helps to know from where these threats might arise.

One trustworthy source of pertinent information is the latest Audit Risk Alert (ARA), Real Estate and Construction Industry Developments, produced by the American Institute of Certified Public Accountants (AICPA). It raises a number of key red flags indicating current risks that may lead to material misstatements in financial reporting.

Thin Margins

Working on thin profit margins became a way of life for contractors following the 2008 recession. And many construction companies continue to work under “extraordinarily low gross profit margins,” according to the ARA.

Thin profit margins put pressure on everyone. Estimators have less room for error, and management must carefully manage and staff every job. Meanwhile, the company will face challenges bidding on new projects at higher gross profit margins because its limited staff and working capital are already committed to low-margin projects awarded during the recession.

The ARA foresees profit margins staying thin because of the competitive nature of many markets. On the bright side, the AICPA states, “As contractors fill up their backlog over the next year, we expect gross profits will start to increase due to fewer bidders on projects.”

Joint Ventures

An important side effect of the aforementioned profit margin woes, according to the ARA, is an increased reliance on joint ventures. Under this umbrella, the AICPA considers both actual joint ventures (partnerships between two companies) and the traditional general contractor and subcontractor relationship.

Regarding actual joint ventures, the ARA makes a perhaps obvious but still necessary point. That is, joint ventures create an interdependent situation in which the failure of one company directly impacts the other. If one partner in a joint venture goes out of business, or simply falters financially, the remaining partner may face rising costs waiting for work to be completed. Other dangers include:

- Costly accelerated schedules when work can finally get underway
- Safety and quality risks from rushing to play catch-up, and
- An inability to bid on other jobs because of resources (such as cash reserves) tied up in the joint venture.

When it comes to projects involving general contractors and subcontractors, the risk is equal if not greater. “Many general contractors are continuing to see subcontractors go out of business,” according to the ARA. As a result, the AICPA recommends that general contractors exercise “abundant caution with subcontractors, especially those for which they may have abandoned their standard bonding requirement.”

If you’re a general contractor, prequalifying bonded subcontractors is highly recommended. The ARA does note, however, that some general contractors have had to accept the fact that not every subcontractor can obtain bonding.

For subcontractors, this situation presents an opportunity. If you’re able to qualify with a surety, and otherwise establish yourself as a company that consistently completes quality work, you may “rocket up the charts” of general contractors’ prequalification lists and find steady work.

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Product Profile

There are many challenges faced by the independent insulation contractor today. One of these many hurdles is the question, “how do I continue to maximize my business while incurring minimal expense”? One option may be to become an installer of blown-in wall systems.

With energy costs rising dramatically, home buyers want homes that are energy efficient. The Blown-In Wall Insulation system/process is one of the most cost-effective and efficient ways to conserve energy and save money on heating and cooling costs. In fact, home buyers can save up to 30% on their energy bills after the proper installation of this system.

So what’s the catch? None really. In fact, the good news is that for the insulation professional, the cost to start up relatively small. What you will need is:

- A blowing machine w/remote
- 200’ of hose
- 2” nozzle attachment
- An air compressor
- Long-rail pneumatic stapler
- Wall fabric and loose-fill material
- Staples (roughly 2 boxes/home)

Less the material for the job itself, which will vary by square footage, and a blowing machine (if not already owned, anywhere from $3000-6000 new) you’re looking at about a $1100 investment to your business and a little training to get into the blown-in wall business. (Through a relationship with IDI, its possible to receive assistance with training and financing - it’s the IDI Mission to work for you and too help your business grow!).

Properly installed blown-in wall systems have many features and benefits:

- They more easily pass 3d-party inspections,
- They provide the least amount of chemicals in an insulation system,
- They are non-corrosive,
- They are non-combustible,
- They do not absorb moisture,
- They will not support mold growth,
- They provide excellent sound control.

Since the blown-in wall system does not settle or deteriorate it touches the air barrier in a more consistent manner, thereby providing a more consistent delivered R-value as prescribed (higher than that of batt insulation for similar thickness). Tough to insulate areas, such as areas around ventilation plumbing, water pipes, electrical wiring, windows, etc. are no longer an issue when using a blown-in wall system as the loose material provides the perfect fit each and every time deployed. The system is an upgrade for the homeowner at a lower cost than that of spray foam, itself a very good system but one that comes at an increased cost/price to the consumer.

The ability to deliver and properly install the blown in wall system is a true differentiator for the contractor’s business. It easily expands the contractor’s product/service offering and affords the contractor the opportunity to achieve greater profits and deliver a better insulated home to his customer. With the ability to provide a custom insulation solution for every structure that improve the efficiency rating of each individual home, the blown-in wall system approach is a great way for the contractor to grow an existing business with very little additional capital expended.
5 Ways To Control Your Company’s Cost Of Risk

Don’t Treat Your Insurance Program As A Commodity

Property & Casualty insurance is not a commodity, so don’t treat it like buying tools and materials. Insurance policies are contracts that transfer risk. You want a competitive program that will provide the best level of protection and the most services. The lowest price often is often not the best solution. There have been many instances where the “low bid” insurance price ended up costing a contractor substantially more money through additional premiums at audit, poorly managed claims, little or no risk control service, new policy exclusions, and coverage deficiencies.

Judge your insurance program on a combination or cost, coverage, and service. Have a comfort level that the program you select provides your company the best return on investment and the costs and risks are known and controlled.

Take Risk

Every company has some element of risk (either know or unknown). There are certain things that insurance does not cover and most businesses have deductibles on at least some of their policies. If you have a $250 collision deductible on your company vehicles, you are retaining the first $250 of a covered loss. The premium you pay is based on the risk sharing element. By taking more risk, say $1,000 (which might cover a scratched bumper), the premium charge would be less. You take more risk and the insurance carrier takes less risk and charges a lower premium. The same element applies on other lines of coverage. Work with your insurance broker to evaluate the amount of risk you can retain that provides the best cost benefit. Many companies find that taking on some level of risk empowers them and has a positive impact on their claims experience and that their overall costs are driven down.

Aggressive Post-Accident intervention

Insurance carriers pay claims on behalf of the policy holders. On a guaranteed cost program, an insured pays a premium and the carrier handles and pays the claims. The insured has no control as to the amount of the payment, whether a questionable case is settled to make it go away, or that more is paid out than appropriate. Companies that have a strong accident investigation program and promptly and accurately report their claims will fare much better as the insurance carriers will have better data to offer a robust defense. The extra 30 minutes or an hour to do a thorough investigation could result in reduction in thousands of dollars on a claim settlement or could mean no settlement at all. Investigating every incident/accident, no matter how small, is critical to controlling costs. The “near miss” loss needs to be treated the same as a serious accident to prevent it from happening again. That “near miss” could be a million dollar claim the next time.

Proactive Pre-Accident Program

Every time you send a crew out to a jobsite, they are dealing with a unique set of risks. The work they do may be the same but the location and conditions are not. Every job has different flooring conditions, different entrances and exits, different neighborhoods, and each offers a different risk to your employees and your business.

Manage the risk of every job you have by providing your team with the proper equipment and instructions to get the work done correctly, efficiently and safely. Many claims occur because the standard way of doing something did not work in a new environment. Preventing losses will have a positive impact on the cost or your insurance program and eliminate lose of production or blemishing your reputation.

Work With A Trusted Advisor

You probably don’t get “bid’s” every year on your legal
If The Economy Is Really Getting Better Then Here Are Three Challenges Facing Company Leaders

Whether the statistics are “cooked” or we are really experiencing a growing economy, what are you going to do as you lead your business? Admittedly, the improvements seem to be happening at different speeds in different parts of the country and in different industries. So here is a series of three challenges I’d like to pose to CEOs and business owners out there as part of retooling your company for the future:

Challenge #1: How much of your payroll cost can you shift from being fixed to variable going forward?

What would the impact on your company be at various percentage ranges of shift? Consider these strategies for accomplishing the shift: hiring part-time workers, outsourcing certain functions and paying by the hour and the most intriguing and difficult one: stabilizing salaries and allowing all employees to participate in the up (and down) side of the business. The difficulty with this one is building a system of measurements in each job tied to the profitability of the business. In short, all employees would own their jobs and contribute directly to overall performance. Their total pay would float with the success of the business. This challenge is very difficult to face but has great potential for sustainable success. That’s why it is a challenge.

Challenge #2: Think horizontally, not just vertically.

The focus of this challenge is to encourage you to delve deeply into how your business does things and get your employees involved in finding better ways to do them. What are your main processes? Sales? Manufacturing or Service Delivery? Order Entry? Payroll? Accounts Payable and Receivable? Make your list and then see how many of them exist as “islands.” Island in this case means everything that happens in that process is viewed as discrete and disconnected from other things the business does. Ask yourself, can that be true? If it is not true-and chances are it is not- what are the connections between those processes and others that can be made to improve efficiency, timeliness of delivery, productivity, profitability and most important of all, customer service. For example, when a customer orders something, does that order flow seamlessly through data entry, production, delivery, invoicing, collection, posting and commissions paid? Why would you tolerate separate efforts at keeping track of things at each step along the way? When your customers look at your business, they see one entity, not a collection of separate processes. The challenge is to operate the way your customers see you. The payoffs can be significant, especially if you can align the integrated processes with meeting stated customer expectations consistently.

Challenge #3: Here is the third challenge for business CEO/owners: focus, focus, focus.

This sometimes seems to be the hardest thing for businesses to do. We want everyone to know the value we provide. We want to grow by serving as many clients as we can. Turning down business is not only repugnant but also almost crazy? But, what if there was a counterintuitive power at work here? What if you realized that the more focused you were on a target market or two and the more focused your marketing promotion messages were, the more business you did? This inverse business principle works. Only a psychologist could tell you why. But, being focused helps people out there-“your unpaid sales force”-have a greater understanding of what you are about and what opportunities you seek. This is tough to swallow when you still see commercials on television and other forms of “mass” marketing (although seemingly mass marketing can be pretty focused depending on how it is placed.) The rise of web marketing, search engine optimization and social media marketing are examples of more focused strategies. Successful websites are

Continued On Page 27
Meet & Greet

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Print-O-Stat, Inc. is excited to announce the sponsoring of the Baltimore Revit Users Group!

For the past 6 years, Print-O-Stat has sponsored the Revit Users Group in Central PA and we are honored to have been asked to bring our same level of commitment to Revit users in Maryland!

The Baltimore Revit Users Group (BRUG) is a tremendous resource for Revit users of all experience levels – from the beginner to the Revit savvy. Join your local community of Revit Users to share successes, build technical skills, resolve challenges, share tips & tricks, and more!

For more information and to join BRUG, please contact us at printostat.com or call 1.844.HELP4SW.
Baltimore Construction Contractor Merger & Acquisition Market Update

The Baltimore Maryland construction market is heating up:

- We are being told by friends and clients that they have not had this much work in “forever” and they are now starting to worry about management depth, ability to find skilled trades, and even finding labor.
- We have heard multiple times from contractors about concerns of material costs going up over the next several years.
- Tower cranes, an almost nonexistent sight in 2012 have bloomed over every part of Baltimore with new announcements for major office and apartment buildings monthly.
- Some of the “artificial” support, that is work for MD and federal contract work designed to keep the economy moving, is now over and the commercial market is gaining some momentum.
- Subcontractors have built a substantial backlog and are cautiously optimistic that the “notices to proceed’ are soon to be had.
- According to INFORUM’s economic projection models commercial construction is expected to increase by 5% in 2015, 6% in 2016, 10% in 2017 and then begin dropping.

The sale or merger and acquisition markets, i.e. exit your business portion of the construction market is heating up:

- The local market for the sale and acquisition of construction businesses the last several years has mainly been workouts. These have been quite profitable to the acquirers when structured properly but not much fun for sellers.
- We are now seeing a shift in buyers attitudes from “I don’t want to make a mistake at all costs” to “we are ready to grow”. Private equity groups, major corporations, competitors with expansion plans are all looking for that right opportunity.
- Rollups and proposed rollups of skilled trades and suppliers are once again in the works. We have heard and are involved in multiple proposals. Some of these are stock transactions and some have significant cash in the equation.
- Lenders, while still cautious are waking up. We have seen some recent bank lending proposals for the acquisition of maintenance type contractors that contain working capital above the purchase price for receivables. This is a strong sign. We have not seen that since 2007.

What does this mean for you, the owner who is working really hard and has created a nice business but is not sure how to proceed:

- Take a hard, honest look at where you personally are with your business. Through 2017 and maybe even through 2019 it is hopefully going to be really fun again. But do you really want to still be at the controls the next time a recession hits and it feels like 2010 again?
- If you should be fully or partially exiting in the next four years resist the temptation to wait. Waiting closes doors and costs value. Get a realistic assessment and valuation. Don’t reject the results (you may not like it) but dig in, understand what YOUR potential buyers (family, managers, or outsiders) want and make the changes that will increase the value and increase your ability to sell or transfer.
- The math is simple but the work is difficult. If between timing and improvements to your business you can increase both the cash flow and the multiplier you can have substantial increases in value. As an example:
  - Now;  Cash flow of $700,000 multiplier of 3 = value of $2,100,00
  - 2016; Cash flow of $1,000,000 multiplier of 3.25 = value of $3,250,000
  - This is an increase of $1,150,000 in value, a 54% increase from today’s value
- If a sale or a transfer of ownership is in your future

Continued On Page 26
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Are You Taking Advantage Of The Opportunities In The Repair Regulations?

As you may be aware; the IRS has issued final repair regulations regarding the capitalization and depreciation of tangible property. The rules contained in these regulations are required to be reflected on your 2014 income tax return. Originally these regulations would have required the filing of several Forms 3115 to apply these changes by any taxpayer owning tangible property; no matter their size. Filing the Forms 3115 would require an analysis of the taxpayer’s fixed assets to determine potential changes to prior year transactions. However, on February 13, 2015 the IRS finally issued a Revenue Procedure which exempted taxpayers with less than $10 million of assets or less than $10 million of gross receipts (average of prior three years) from these filing requirements.

The issuance of this Revenue Procedure is welcome news to many taxpayers who do not want to incur the cost of applying these regulations to prior period transactions. If you elect to follow this new Revenue Procedure then you will only be required to apply the rules established under these regulations on a going forward basis.

However it is important that you understand the implications of choosing to follow the simplified procedures for implementing these regulations. There are several potential benefits to filing the Forms 3115 which you would not be able to take advantage of if the simplified procedures are followed. These benefits include:

1. Electing to take a “partial asset disposition” for portions of assets that have been replaced in a prior year with an expenditure that has been capitalized.  
   - i.e. If the roof of a building which has been capitalized in 2000 was replaced in 2011 than a portion of the original building cost may be deducted by filing a Form 3115
2. The ability to deduct removal costs for prior period asset improvements.
3. Reclassifying prior capitalized expenditures as a repair under the “routine maintenance safe harbor”.  
   - i.e. the painting of the interior of a building was capitalized more than one time within ten years this would potentially fall under the routine maintenance safe harbor and would be deductible
4. Receiving “audit protection” from the IRS on certain prior year adjustments relating to fixed asset and repair & maintenance issues.
5. The opportunity to define “units of property” on your own terms.
   - The concept of a unit of property is important under the new regulations because the determination of whether an expenditure is a deductible repair or a capitalizable improvement is made in reference to the Unit of Property.
6. The ability to remove previously depreciated assets from your depreciation schedule.
   - This can be important if the asset is later sold at a gain because the amount of depreciation previously taken may be taxed at a higher rate under a concept known as “depreciation recapture”.

There are additional taxpayer favorable provisions of these regulations including:

1. The ability to utilize a “de minimis safe harbor” capitalization policy to deduct anything costing $500 or less for any taxpayer (or $5,000 or less if the company has an audited financial statement)
2. The ability to deduct repairs and maintenance under the “routine maintenance safe harbor”.
3. The ability to make a “small taxpayer safe harbor” election to expense certain building repairs without regard to an analysis of a requirement to otherwise capitalize and depreciate those costs
4. The ability to take a partial asset disposition relating to an improvement capitalized in the current year.

It is important to be aware that while you may chose not to file the Forms 3115 to apply these regulations to prior transactions; you are still required to apply them in 2014 and in to the future.

Continued On Page 29
When Bankruptcy Knocks On Your Door, Will You Answer?

You receive a notice that one of your customers has filed for bankruptcy, what does this mean to you? Your first question may be does this customer owe us money? Your second question should be, what has this customer paid us in the past 90 days? If your answer to question number 1 is yes, then your third question should be how can we get paid despite this bankruptcy? Your fourth question should be, where is the bookkeeper?

A company doing construction-related business in the State of Maryland has a few arrows in its quiver to fight a bankruptcy that might affect its business. But first, do you care? Many businesses, when they receive a bankruptcy notice, throw in the towel, believing that any attempt to recover the monies they are owed is a complete waste of time. However, construction industry businesses in Maryland should not give in so easily and should carefully evaluate the situation:

1. Do you hold a personal guarantee on this customer? If you do (hey, it happens every once and awhile), then you may pursue the guarantor and stay outside the bankruptcy.

2. Is the job on which your company is owed money either a private job or a State job in Maryland? If the answer is yes, then has your customer been paid by the owner for work your company did on the job or for the materials your company supplied? If so, then the principals of the customer may have personal liability to you for permitting the customer to divert trust funds owed to your company to be used for some other purpose (diversion of trust funds) under Maryland’s Construction Trust Fund law.

3. Does your company have a bond claim on the project? If so, has your company issued any required notices? If the answer to these two questions is in the affirmative, then the filing of the bankruptcy should not impede the prosecution of the bond claim.

4. Does your company hold a Mechanic’s Lien claim on the work/materials it supplied to the project in which you are owed the money? Have you issued the Notice of Intent to the owner of the land? If so, unless it is the owner of the land that filed for bankruptcy your company should be able to pursue your claim in spite of your customer’s bankruptcy.

5. What type of bankruptcy did your customer file? If they filed a Chapter 7 (see definitions below), then did it violate the Construction Trust Fund law (see number 2 above)? If so, then consider contacting an attorney about filing a non-dischargeability complaint against the customer (if the customer is an individual) in the bankruptcy proceeding. If the customer filed a Chapter 11 (see below) then be sure to file a Proof of Claim.

As you can see, there are a lot of options you may have as the holder of a claim against a bankrupt. What are your best options are dictated by the facts relating to your claim and the type of bankruptcy that is filed. Below are a few definitions of bankruptcy terms you may encounter and an abbreviated check list of what you should do when you receive that initial bankruptcy notice.

Here are some of those terms you should know are some of the terms you should know:

CHAPTER 7 - Tradition/liquidation bankruptcy - Trustee appointed to evaluate assets and liquidate any non-exempt unencumbered assets.

CHAPTER 11 – Restructuring or reorganization bankruptcy, filed usually by a business, but can be filed by an individual with large debt. In most instances the debtor remains in control of its business operations as a debtor in possession, and is subject to the oversight and jurisdiction of the court.

CHAPTER 13 - Wage Earner’s Plan – For individuals only. Debtor proposes a plan to pay back some or all of his/her debt over a period of 3-5 years by paying his/her excess monthly income to a trustee for subsequent distribution to their creditors.

THE AUTOMATIC STAY – Section 362 of the U.S.
Bankruptcy Code prohibits virtually any type of activity by a Creditor against a Debtor after a bankruptcy is filed.

PROOF OF CLAIM - A form filed with the Bankruptcy Court which indicates the type and amount of debt the Creditor is owed. Creditor should file one in every bankruptcy (even Chapter 7 no asset cases) in which it holds a claim.

MEETING OF CREDITORS - A meeting conducted by the Trustee in which Trustee and Creditors interrogate Debtor about Debtor's assets, finances and bankruptcy schedules.

REAFFIRMATION - Debtor voluntarily agrees to repay otherwise dischargeable debt.

PREFERENCES - Payments received by Creditor from Debtor within 90 days of filing may have to be returned by the Creditor, depending upon the facts of the case.

MOTION FOR RELIEF FROM THE AUTOMATIC STAY - The procedure whereby a Creditor can request permission from the Bankruptcy Court to enforce certain rights it holds against the Property of the Debtor's estate or against Co-debtors.

PRE-PETITION - Any events occurring up to and immediately prior to Debtor filing his/her bankruptcy.

POST-PETITION - Any events occurring immediately after the bankruptcy filing.

DISCHARGE - A decree from the Bankruptcy Court which absolves the Debtor from any further liability on many, if not all, of his/her pre-petition debts.

As you can see, there are a lot of options you may have as the holder of a claim against a bankrupt. What are your best options are dictated by the facts relating to your claim and the type of bankruptcy that is filed. Below are some of the things you should do when bankruptcy comes a knockin'.

CHECK LIST FOR WHEN BANKRUPTCY STRIKES

1. Cease all collection activities - Automatic Stay
2. Get Accounting and Sales departments to give you reports on any projects for this customer. Is there a personal guarantee? Who are the customer's principals? Examine each job for potential bond/mechanic's lien claims. Is there potential preference exposure? Has the customer been paid for work your company did for which your company has not been paid? Do you have rental equipment on any project being rented from you by the bankrupt?
3. File a Proof of Claim (get date-stamped copy from the Bankruptcy Court).
4. Hire a construction oriented bankruptcy attorney if you have potential bond/mechanic's lien claims or Construction Trust Fund issues.
5. Review the Bankruptcy Docket of your customer and obtain a copy of the bankruptcy schedules.
6. Have a representative attend Meeting of Creditors. Consider becoming a member of the Unsecured Creditor's Committee if your company's claim is large.

While being proactive with your bankruptcy accounts will not guarantee your company will be paid 100% of what it is owed in every bankruptcy, it most certainly will increase the monies you recover if you do nothing.

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Doug is a principal at the law firm of Offit Kurman, P.A. where he specializes in construction, creditor's rights and bankruptcy law in Maryland and DC. Offit Kurman is a full service law firm with offices throughout the Mid-Atlantic region.
Security Assessments – Are You Getting The Best ROI?

In the past decade, the security assessment methodology has gravitated from the government to private sector, especially within the critical infrastructure communities. The private sector has come to the realization there is a cost benefit for securing their interests. Companies are now allocating budgets for security initiatives and private consultants to assess their security posture and recommend mitigation measures to reduce or eliminate vulnerabilities. But are you getting the best return on investment (ROI) with the process you are using?

Stakeholders need to carefully consider if the assessment process is really providing them the critical information they need or is it just a “check the box” process. If your organization is going to spend time, money and effort conducting assessments of your facilities, operations and assets, make sure you are getting the proper ROI. Your consultant or security expert should develop a personalized tool with a true end-to-end assessment methodology. As a minimum the assessment process should include the following elements.

• An open source review of the facility, operation, and key personnel. Is the organization giving away too much information?
• Threat assessment for that particular facility, operation, or geographical region (historical and current threats).
• Interview of all key stakeholders and key personnel at the facility:
  • Security
  • Operations
  • Emergency Management/Safety
  • Facility Services
  • Network security
  • Executive Management.
• An All Hazards Assessment to determine threats from:
  • Human Caused Events
  • Natural Hazards (fires, floods, earthquakes, etc.)
  • Technological Hazards (systems, networks, backups, redundancies).
• Full scope physical security (vulnerability) assessment:
  • Physical Security (gates, fences, guards, bollards/barriers, security systems, access control systems, etc.).
  • Security Operations
  • Cyber Security
  • Scenario Based Penetration Testing
  • CPTED (Crime prevention through environmental design)
• Plan and Policy Review:
  • Emergency Action/Disaster Preparedness Plans
  • COOP Plans
  • Security Plans
  • Anti-terrorism/Counter Surveillance Plans
  • MOU/MOA with local emergency services organizations
  • Training and Exercise Process and Plans
  • Are all plans integrated with each other?

At the conclusion of an assessment, your security expert should be recommending concrete mitigation strategies and give stakeholders clear options.

• Mitigate the risk (preferred) or;
• Transfer the risk or;
• Accept the risk.

Organizations must carefully scrutinize the assessment tool or process that is being utilized and make sure you are getting the best ROI for the time, money, and effort you are expending.

Steve Schrimpf is the President of GCS Security Services LLC, an international risk mitigation and security firm specializing in a wide array of security consultancy and risk advisory services. Since 1986, Mr. Schrimpf has highly specialized training and experience in overseeing physical security programs and conducting vulnerability, criticality and threat assessments for some of our nation’s most critical

Continued On Page 26
Planning For The Retirement You Envision

The goal and view of retirement is distinctly personal. For some it may look like a hammock hanging over crystal blue water with golden rays of sunshine raining down. For others, retirement may be in the blueish rectangular form of a passport with empty pages and endless dreams of stamps to be collected. Yet, for a great majority, retirement does not take the form of possessions or unfulfilled dreams, it is thought of in a different light – a time for peace of mind. It is a point in one’s life that culminates effective planning, hard work, sacrifice and an earned lifestyle that is easy and fun yet comfortable and secure.

Your retirement goals and investment purpose are supremely important and effective planning will help you work toward making such reverie a reality. It is time to say “goodbye” to the images conjured with the “someday I will…” tagline. After you have given thought to your resolute retirement goals and objectives, the next step is to work toward accomplishing them and attaining financial independence. The longer you wait to create and implement a specific and well thought out retirement plan, the greater risk your future happiness faces. The following key areas are critically essential to account for when planning for a sound retirement:

- Maximizing social security benefits
- Taxes
- Health care costs
- Inflation
- Expenses
- Income sources
- Retirement age
- Current investments and allocation
- Your goals

It is imperative to extensively consult and work with a CERTIFIED FINANCIAL PLANNER™ professional, to discuss each of the areas above and prepare a customized and personalized retirement analysis / proactive plan. As you track toward retirement, it is important to take gestalt of your current retirement picture and planning up until now and synthesize all of the moving pieces. This will highlight your progress and possibility of meeting your objectives, while also producing proactive guidance and advice so you can working toward making your goals and dreams become a reality.

I am passionate and committed to my clients’ dreams. I look forward to hearing yours.

As always, I am here to help.

Lauren Rebbel
CERTIFIED FINANCIAL PLANNER™
The Prosperity Consulting Group, LLC
410-363-7211

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You must be a part of The Blue Book Network Showcase on May 6, 2015 from 2 to 6 PM at FedExField in Landover, MD. A second seminar is also being held in our area on April 22, 2015 in Manassas, VA at Foxchase Manor from 2-6 PM. You can also register for the educational seminar “Set our Sights on the Right Projects and the Critical Decision-Makers Behind Them!” at both showcase events. This must attend lunch workshop can teach you how to find and connect with the most profitable projects for your business and the people who build them—easier, faster, right now! Get connected to Bidscope, the industry’s newest, most powerful project lead search engine. Now from the field, the office, home—anywhere! You have direct access to the specific project leads that YOUR business needs. Join companies like yours and see how Bidscope could be the best personal project assistant you ever put to work. All Luncheon training attendees will receive a free trial and be eligible for a special showcase offer May 6 only. Space is limited so please register early.

General Contractors, Owners, Architects, Facility Managers, and Property Managers expand your private vendor list and ensure you get the most competitive bids for your current and upcoming projects. You can even receive a free booth space and table for displaying project and company information.

Subcontractors, Suppliers, and Manufacturers meet decision-makers face to face to promote your company and qualifications. Your next great relationship may start here! Learn about local project opportunities first hand. Attend for free just bring a stack of business cards to network and sign in.

Sign up today at www.thebluebook.com for both events and seminars. If you have an additional questions, please contact Shelly Masone at smasone@mail.thebluebook.com or 443-534-6276.
Why Networking Matters (To Me)

If you are like me, you probably leave your office to huddle at home and relax, or you may attend to family commitments, or you may just be too busy to include non-billable time into your schedule. But if you are like me, you would take every opportunity and make it work for your benefit.

I am an Architect and I wish my projects alone spoke for myself, but I have come to realize that ceremonies are about your last projects, and networking is about future projects.

I once met an Architect who made a name for himself by specializing in only restaurant design. According to him, the work was simply coming in: an all too comfortable place to be. I will never forget when he explained the slowdown of his practice with the words “the phone rings less and less”, he had no clue of how to start again. Now, granted, this conversation happened in 2010, but being out there before a recession is more important than during one: you build a web of different people.

I am single parent, I am an introvert and I think I work hard. One part of me feels that I have enough excuses for stopping my workday. After all, putting myself in the vulnerable position of talking to strangers was not in my job description. But because I am a single parent and because I work hard, meeting new people becomes as relevant as the leadership roles I hope I’ll be able to play in the future.

For the future, I expect to have a network of industry peers I can call to find answers and create teams. For the coming recession, I anticipate to have built up enough trust with prospective clients and business partners. In the near future, I envision people will know me by first name. For now, I plan to take more control over networking activities.

But if you are like me, you probably dread having to meet strangers and introducing yourself. If you are like me, you are not a native Baltimorean or Marylander. If you are like me, you missed Networking 101 in school. If you are like me, chances are that you know a handful (and I mean 5 fingers!) of people at any event. If you are like me, the prospect of having no one to talk to can be excruciating. So, because I believe networking matters, I had to come up with strategies:

1. If you dread it, allow yourself just five minutes of self-awareness, and then go and scan the room. You are not reliving a social trauma: the people in the room actually are there to meet you too.
2. Get yourself a drink: you are more inviting with your hands engaged in a glass of water (or scotch, if you must) instead of the phone.
3. Walk around the room and smile, but if that doesn’t work, go to the event organizer and ask to be introduced to someone of mutual interest. This always works: people feel happy to be introduced to you and while that happens, you feel like someone has your back. Remember, talking to one person makes all the difference between feeling lonely and being engaged.
4. Leave your friends: come on, you need to expand your circle! Ask your friend to introduce you to someone you don’t know.
5. Find somebody as alone as you to strike a conversation (he/she will be grateful): most likely, they have something new to offer, and meeting new people can possibly expand your horizons.
6. Listen: Even if the conversation is about their children’s SAT results, listen: it is important to get to know each other. When a person starts talking to you about things that stray from work, take it as a compliment, because it is. Listen genuinely but if you can’t, move on.
7. Stay. If the event is too crowded at the beginning you may go unnoticed, but once people start leaving, you will experience that the few that stay are still enjoying the evening. They will spot you more easily and will have a better time getting to know each other.
8. Be selective. It is great to be everywhere and build a network faster, but you don’t have to do it. Find a balance and choose events were you can really get to know new people.

Continued On Page 26
Rebuilding Roads & Bridges At A State & National Level

When a piece of concrete fell from a bridge on the Capitol Beltway last February, damaging a motorist’s vehicle, it breathed new life into the continuing debate over the condition of America’s infrastructure, specifically roads and bridges. Reports of “aging,” or even “crumbling,” infrastructure paint a potentially catastrophic picture for the hundreds of millions of people who travel on America’s roadways. It begs the question: What is the condition of the roads and bridges in America, specifically here in Maryland, and what needs to be done to see an improvement?

According to the American Society of Civil Engineers’ (ASCE) latest Report Card for America’s Infrastructure, the overall grade is a less-than-impressive D+, with Roads receiving a D and Bridges a C+. Grades are based on condition, capacity, funding, need, safety, operation and maintenance, resilience, and innovation. A major contributor to the lackluster performance of our roads and bridges is timing. The innovations that led to our Nation’s world-class interstate system in the 1950s and 1960s resulted in the rapid addition of highway miles and bridges in a relatively short period of time. Fast forward to today. America’s vast highway network has now reached, or is close to reaching, the end of its useful life and most bridges have already seen their designed 50-year lifespan come and go. Trying to preserve, rehabilitate, or replace the large number of structures and highway miles that hit the half century mark each year is a daunting task, and the results are showing. According to the Federal Highway Administration (FHWA), more than 61,000 bridges in the US, or 1 in every 10, are considered “structurally deficient” based on the condition of several of the bridge’s major components. The FHWA uses the structurally deficient label to determine which bridges require rehabilitation or replacement. Additionally, ASCE reports that 32% of America’s roads are in poor or mediocre condition.

Here in Maryland, we face the same challenges as the rest of America. Maryland is home to two major metropolitan areas, a growing population, and a significant stretch of I-95, the largest interstate system in the country. Still, Maryland has fared far better than the national average, and its neighboring states, when it comes to the condition of our roads and bridges. Of Maryland’s 5,305 bridges, only 317, or 5.6%, are considered structurally deficient. Bridges on Maryland’s State Highway system, which are operated by the State Highway Administration, fare even better: Only 81 out of 2,570 bridges, or 3.2%, are considered structurally deficient, down from 143 in 2006. Of those 81 bridges, 100% of them are either in the design or construction phase of replacement or major rehabilitation. Likewise, the Maryland Transportation Authority, who operates the State’s toll roads, including portions of I-95 and I-895, has just one structurally deficient bridge out of 317 bridges. That bridge is currently in the design phase of a major rehabilitation effort.

One challenge in continuing to decrease the number of structurally deficient bridges is that each year, as they continue to age, more and more bridges are becoming structurally deficient. That means that each year, the State is tasked with removing more bridges from the list than are added to it; a task that gets more challenging as bridges continue to age beyond their designed lifespan. Maryland’s approach to addressing structurally deficient bridges goes beyond fixing the 81 currently on the list. The State continuously targets bridges that are close to becoming structurally deficient through system preservation and minor rehabilitation. Often times, these bridges can be maintained for a fraction of the cost it would take to rehabilitate or replace them after they become structurally deficient. While not a permanent solution, it allows the State to slow the deterioration of the bridge inventory.

There is no question that Maryland’s infrastructure and infrastructure throughout the Country needs to be addressed; finding a solution has become the focus of widespread debate. The Federal Highway Trust Fund, which is financed primarily through the federal gas tax and is used for improvements to roads and bridges, is steadily being depleted. In recent years, it has been

Continued On Page 30
Warning: Sales Tax Not So Straightforward For Construction Contractors

Construction contractors doing work in more than one state have the unfortunate responsibility of understanding and complying with complex sales tax laws. To make matters worse, statutes vary from state to state.

**Know how states handle sales tax for construction materials.**

In most states, including Maryland and Virginia, construction contractors are regarded as the consumer, or end user, of the materials they install. Materials and supplies a contractor purchases to incorporate into real property are subject to sales tax. However, the contractor will not have to charge, collect or submit sales tax upon the sale of the finished product. The responsibility to collect and submit the sales tax is on the supplier.

In a few states, including the District of Columbia, construction contractors are regarded as a retail seller of the materials they install. The construction contractor issues a resale certificate to the supplier and is exempt from paying the sales tax on the materials and supplies they purchase to incorporate into real property. Instead, the contractor charges, collects and submits sales tax on the materials they install to their customer, who is considered the end user.

**Exceptions to the rule.**

It is important that construction contractors determine on a state-by-state basis whether they are considered a consumer or a retail seller. The construction contractor then must determine on a state-by-state basis whether there is form of contract exception, type of construction exception, or an end user exception.

The form of a contract can determine who is responsible for paying the sales tax in many states. In Maryland, the taxability is unaffected by any form of payment under the real property construction contract or subcontract, whether lump sum, cost plus, time and material, or otherwise. However, in some other states, contracts stipulating amounts for materials, labor and other factors sometimes cause tax to apply to retail selling prices for materials, rather to their cost.

**Are you consumer or a retail seller?**

The type of construction can determine whether a construction contractor is considered a consumer or a retail seller. In Maryland, when contractors install cabinets in nonresidential property, the transaction is treated as a retail sale of tangible personal property. Thus, the contractor does not pay sales tax when they purchase the materials. Instead, they charge and collect sales tax from their customer. However, cabinets installed in residential property are considered realty, making the contractor the end user ... and responsible for paying sales tax on the materials they purchase.

**What about materials to be used by a tax-exempt organization?**

A construction contractor purchasing materials that will be incorporated into the real property of a tax-exempt organization could be subject to special rules regarding the payment of sales tax in many states. For instance, in Maryland, a contractor purchasing materials that will be incorporated into the real property of a private, charitable, educational or religious organization can use the nonprofit organization’s exemption certificate to purchase the material tax free. However, purchases of materials that will be incorporated into the real property of the state of Maryland or the US government are taxable.

**What’s a contractor to do?**

Continued On Page 30
Green Construction Code allow an owner or developer to implement green practices that may draw desirable buyers or tenants.

**Start At The Beginning**

One of the most important things to do when retaining trees during construction, whatever your reason, is to start at the beginning. During the planning phase, you should identify the trees you want to remove and the trees you want to retain and consider them in subsequent phases. As you progress from planning to design to pre-construction to construction, the longer you wait to decide you want to protect a tree, the more expensive it will be and the lower the probability of success. This is very important as some jurisdictions will require you to post bond for the appraised value of specimen trees with release when they are deemed to have survived the construction process in a healthy state (more on what a specimen tree is in a moment).

**Tree Protection Laws**

In Maryland, the Forest Conservation Act requires submission of a Forest Stand Delineation as a condition of permitting. A Forest Stand Delineation is an environmental features map that identifies all of the forest and tree resources on the site, such as forest stands and specimen trees; and sensitive areas such as steep slopes, hydric or erodible soils, critical habitats, streams, and flood plains. This map is used to minimize impacts to priority areas on site. A Forest Stand Delineation follows a priority sequence concerning impacts to and retention and protection of priority areas identified in the Forest Stand Delineation. Thresholds for clearing, afforestation, and reforestation are established based on the net tract area, land use category, existing forest cover, and proposed clearing area. Forest and tree protective measures are required for edges of preserved forest and for specimen trees. Long-term protective instruments such as easements are required to ensure that retained areas remain forested.

**What Is A Specimen Tree?**

Although it may vary from county to county, a Specimen Tree is usually defined as a tree 30” or greater in diameter or a tree with 75% of the points of the listed State or County Champion Tree of a given species. Because Specimen Trees can be solitary (not in a stand), they can be more complicated to plan, design, and work around. They must be in the same condition at the end of the project as they were at the beginning, so root pruning prior to grading, properly erecting and deploying tree protection fencing, making sure tree protection devices are intact with proper signage, and making sure no equipment or materials are stored inside tree protection devices are all critically important.

**More Tree Laws...**

While the Forest Conservation Act is the most widely applicable tree protection law in Maryland, there are others you may encounter.

- The Critical Area Law: identified all land within 1,000 feet of Mean High Water of the Chesapeake Bay and the Atlantic. Vegetation management is heavily regulated in this area.
- The Roadside Tree Law: put all trees in public road rights of way under the jurisdiction of the State. Permits are needed to treat or plant roadside trees.
- The Reforestation Law: applies to all highway projects that use $1.00 or more of State funding. It requires that forest clearing be mitigated on a 1:1 basis.
- The Tree Expert Law: requires that anyone engaged in tree care professionally (services or consulting) hold a Tree Expert license issued by the Department of Natural Resources.

**Doing It Right Saves Time And Money**

Compliance is a necessary partner to project management. Planning and designing for tree protection, properly erecting and using tree protective measures, monitoring tree preservation throughout construction, and certifying tree condition after completion keeps things on track and ends with a compliant, green project.

The author, Mike Galvin, is a Registered Consulting Arborist and Director of the Consulting Group at SavATree, a Maryland Licensed Tree Expert company. Learn more about Mike Galvin.
or accounting services. Why do it on your insurance program? You need a partner that will help you manage your company’s risks and put together a competitive insurance and risk transfer program to protect your assets. You need to trust your broker and allow them to really understand your business and your challenges. The premium cost has to be competitive, but that is part of working with a trusted advisor. You control risk by having a broker partner be an insider at your company not an order taker. By having a trusted advisor you will get a better control of overall costs related to the risks associated with your business.

Richard Shaw is a Senior Client Executive with RCM&D with over 25 years of experience working with clients to help them manage their risk. You can contact Richard at rshaw@rcmd.com.

So why does networking matter? People won’t remember my name until after ten handshakes. Because trust needs to be built, it is about having more than a professional contract between us. In order to succeed the plan starts now and we can do it together if we get to know each other. I would like to meet you too.

Paulina Beeche is an Associate at Penza Bailey Architects, and has been practicing architecture for more than 14 years. Paulina is a Registered Architect, a LEED Accredited Professional and a Certified Documentation Specialist. Paulina is a member of the Hispanic Chamber of Commerce. She is a native of Chile and has been living in Maryland for 9 years, with her daughter Barabara.

Penza Bailey Architects is proud of its professional achievements and record of satisfied clients for over 34 years. The firm's expertise includes Urban Revitalization, Commercial, Retail, Academic, Institutional, Multifamily and Custom Single Family Residential Design. Specialized concentrations include Sustainable Design, Historic Preservation, Adaptive ReUse and Universal Design.

proper preparation and proper presentation to your buyers is the most profitable work you can do. It is important even if it is not as urgent as getting your materials delivered for today’s work. Start NOW and get your transition completed in the good market that will provide the best possible values, on terms and conditions that work for you.

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Curious or have questions? We are always available.

Gregory Caruso, Esquire, CPA, CVA is a Principal at Harvest Business Advisors in Columbia, Maryland. He regularly works with contractors, subcontractors, suppliers, and engineering companies with 20 to 200 employees. He has been involved in more than 50 sales transactions as a business broker, and management buy-outs, family transitions, and sale transactions as an owner, business valuator, lawyer and principal. www.harvestbusiness.com, gcaruso@harvestbusiness.com, 410-507-5441

Continued From Page 13

Continued From Page 22

Continued From Page 18

operations, assets and facilities. He holds a Master Certification in Infrastructure Protection from the Department of Homeland Security.

Steve is also a Chairman for the American Society of Industrial Security (ASIS) International, a certified Terrorism Liaison Officer working within the national fusion center framework, and an active member of InfraGard, an FBI led coalition of public and private security professionals dedicated to the protection of critical infrastructure components. He is a graduate of Security Engineering and Design Course (USACE) and holds a B.S. degree in Organizational Management and a Master's degree in Human Resource Management.
that’s plagued the construction industry for many years. But the ARA points out another workforce-related deficiency that's putting contractors and their financial reporting at risk: too few supervisors.

Once again, the source of this problem likely goes back to the recession. To endure the financial carnage that followed, many construction companies downsized — including cutting back on management personnel, who often command large salaries.

Consequently, many business owners have had to take a hands-on approach to supervising job sites and daily operations. The resulting “front office vacuum” has meant, in many cases, fewer or less effective internal controls and poorer financial reporting oversight. Thus, according to the ARA, “the risk of accounting misstatements has increased.”

Information, Please

The ARA isn't all doom and gloom. In fact, it states that “many contractors are finally beginning to see an improvement in the economic climate in their areas.” Nonetheless, the information presented is important for you and your financial reporting team. Ask your CPA about the issues we've discussed here and the many other points raised by the AICPA.

Sidebar: 3 Accounting Developments To Keep An Eye On

The latest American Institute of Certified Public Accountants’ Real Estate and Construction Industry Developments Audit Risk Alert notes a variety of key financial reporting risks for contractors. (See main article.) In addition, it covers recent changes made by the Financial Accounting Standards Board to U.S. Generally Accepted Accounting Principles (GAAP) that could significantly affect construction companies. If you follow GAAP, here are three important accounting developments to keep an eye on:

1. Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). This new standard, which eliminates existing industry-specific revenue recognition guidance, will call on contractors to rely more on professional judgment and closer scrutiny of contract terms and conditions.
2. ASU No. 2014-07, Consolidation (Topic 810): Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements. This guidance permits private companies following GAAP to, in some circumstances, elect not to consolidate the financial reporting from variable interest entities that lease property to them.
3. ASU No. 2014-05, Service Concession Arrangements (Topic 853). A service concession arrangement is an agreement between a public sector entity grantor and an operating entity under which the operating entity operates the grantor's infrastructure or provides construction, upgrading or maintenance services. This ASU seeks to specify that an operating entity shouldn't account for a service concession arrangement as a lease in accordance with other FASB guidance and rules on leases.

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Continued From Page 10

designed to appeal to the people the businesses are trying to interest. Search engine optimization raises the odds that they will find you and social media marketing is part of the way you can sustain a community of target customers. Think about all the things you buy and see how many of those purchases are the result of focus-on people like you. So your challenge is to see what kinds of business you really like, focus on it and go get more.

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Options Abound For Taxpayers To Address Offshore Tax & FBAR Non-Compliance

The scope of U.S. international tax enforcement continues to increase and there are many taxpayers faced with the dilemma of addressing past non-compliance in this area. For willful offenders with unreported or hidden offshore accounts and assets, the Offshore Voluntary Disclosure Program ("OVDP") is often the primary option to address non-compliance and avoid substantial civil and criminal penalties; however, new initiatives, such as the Streamlined Filing Compliance Procedures ("Streamlined Procedures"), Delinquent FBAR Submission Procedures ("Delinquent FBAR Procedures"), and the Delinquent International Information Return Submission Procedures ("Delinquent Information Return Procedures") make this an opportune time for "non-willful" violators to rectify non-compliance on prior tax returns and Reports of Foreign Bank and Financial Accounts ("FBARs").

Taxpayers with foreign financial accounts with aggregate account balances exceeding $10,000 are required to file annual reports known as FBARs. They must also report any associated income from these accounts on their tax returns and, more recently, may be required to report these accounts and other foreign financial assets on other tax forms; otherwise, they risk significant civil and criminal penalties. Non-willful failures to report foreign financial accounts on an FBAR may result in a penalty of up to $10,000 per account per year. Willful failures to report foreign financial accounts may result in penalties of up to 50% of the highest balance in the foreign account, per account per year. Other significant penalties for information reporting deficiencies are also at the disposal of the IRS.

In recent years, taxpayers unaware of these foreign tax and information reporting requirements were, in many cases, forced to enter the OVDP to make amends. In the OVDP, taxpayers file the last eight years of original or amended tax returns and FBARs and pay any outstanding tax, interest, and penalties. Further, a miscellaneous offshore penalty of 27.5%, or in some cases 50%, of the value of non-compliant foreign accounts or assets is assessed in exchange for avoiding criminal prosecution and astronomical FBAR penalties. Prior to 2014, there was no clear alternative to the OVDP and "non-willful" taxpayers addressing non-compliance through the OVDP were generally treated the same as egregious, willful violators of U.S. tax laws. If taxpayers could not swallow the penalty structure of the OVDP and still wanted to address non-compliance, they could either opt out of the OVDP or avoid the OVDP altogether by making a "quiet disclosure." In either scenario, taxpayers subjected themselves to potential civil examination and a substantially uncertain penalty structure.

In response to this dilemma, the IRS revamped the Streamlined Procedures to encourage compliance by taxpayers not fitting the mold of the OVDP and who, therefore, should not face the same penalties. While the first version of the Streamlined Procedures had limited success, revisions made in June of 2014 expanded eligibility and provided more certainty to taxpayers. These revisions coincided with parallel changes to the OVDP and the announcement of other compliance initiatives, such as the Delinquent FBAR Procedures and Delinquent Information Return Procedures. Unlike its first version, the revised Streamlined Procedures do not require any tax thresholds or risk factor analysis in determining eligibility.

Pursuant to the Streamlined Procedures, Taxpayers must file the past three (3) years of tax returns and corresponding information returns (e.g., Forms 5471, Forms 3520, Forms 8938, etc.), file six (6) years of FBARs, and pay any outstanding tax and interest. While foreign taxpayers pay no tax or FBAR penalties, domestic taxpayers must pay a 5% miscellaneous penalty based on the value of non-compliant foreign assets and accounts -- substantially less than the 27.5%

Continued On Page 29
penalty under the OVDP. Taxpayers choosing this option must certify, under penalties of perjury, that non-compliance was non-willful -- i.e., that the conduct was due to negligence, inadvertence, mistake, or the result of a good faith misunderstanding of the requirements of the law. While filings pursuant to the Streamlined Procedures are subject to potential examination and may result in the assessment of additional civil or criminal penalties if taxpayers are later found ineligible, for many this mechanism mitigates the uncertainty of potentially substantial penalty assessments. As a result of its increased certainty and simplicity, at least vis-à-vis the OVDP, the Streamlined Procedures has quickly become a preferred option for many taxpayers with unreported foreign income, financial account, or other financial assets.

In addition, taxpayers who reported all foreign income on their tax returns, but did not file FBARs or certain information returns, should consider the Delinquent FBAR Procedures and Delinquent Information Return Procedures as a means to address non-compliance. These programs, which may be used by taxpayers who have information reporting deficiencies and have not already been contacted by the Internal Revenue Service, require taxpayers to file delinquent returns or FBARs with "reasonable cause" statements. As with the Streamlined Procedures, failure to properly establish reasonable cause can expose taxpayers to all applicable civil and criminal penalties. Still, in appropriate situations, these programs reduce or eliminate potentially significant information reporting penalties and may be preferable to inaction or addressing non-compliance through other means.

While the OVDP still provides an appropriate resolution for those with egregious or willful non-compliance, the Streamlined Procedures, Delinquent FBAR Procedures, and Delinquent Information Return Procedures deserve consideration for many taxpayers seeking to address past compliance issues. Taxpayers who fail to address past non-compliance from foreign financial accounts and assets risk substantial penalty assessments as the IRS continues to emphasize compliance in this area.

Brandon Mourges, Esq., CPA
Rosenberg Martin Greenberg, LLP

Continued From Page 15

The downside of filing non-required Forms 3115 (or being subject to required filing) is that it may require significant effort in analyzing the prior year transactions regarding fixed assets and repair and maintenance cost. Filing these forms will require additional compliance cost of working with your tax consultants and more demand on your staff for producing the information.

Due to the potential benefits and costs of complying with these regulations, as well as the need to create an audit proof strategy going forward, it is important that you consult with your tax professional as soon as possible if you have not already.

While the requirements to comply with these regulations will continue into the future; 2014 is the last opportunity to correctly file a Form 3115 in order to claim prior year benefits such as the prior year partial asset disposition. As a reminder Forms 3115 are due by their due date for timely filing your tax return. This means Forms 3115 for the 2014 tax year must be filed by October 15, 2015 (the due date of your return with an automatic six-month extension). For more details on filing Form 3115, see IRS Revenue Procedures 2014-16 and 2014-17. As always, please reach out to your tax advisor for assistance in understanding the implication and potential opportunities of Forms 3115 and the new repair regulations have created.

Tim Stolz, CPA
MKS&H Tax Manager

About MKS&H: McLean, Koehler, Sparks & Hammond (MKS&H) is a professional service firm with offices in Hunt Valley and Frederick. MKS&H helps owners and organizational leaders become more successful by putting complex financial data into truly meaningful context. But deeper than dollars and data, our focus is on developing an understanding of you, your culture and your business goals. This approach enables our clients to achieve their greatest potential.

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supported through short term extensions and a one-time stimulus at the federal level, but no significant long-term plan has been established. As the public becomes more aware of the topic thanks to television and print media, there is increased pressure for Federal, State, and local governments to find a solution. Congress has floated ideas ranging from redirecting the windfalls from proposed corporate tax reform to an increase in the federal gas tax, which hasn’t been raised since 1993. Some states, including Maryland, have recently raised their gas taxes.

However, establishing a steady funding source to address infrastructure improvements is only part of the solution. Figuring out what to do with the funds once they are in the hands of the DOTs is equally as important. The simple solution is to allocate all of the funding directly to the 61,000 structurally deficient bridges and the miles of roads in need of immediate repair. But, in doing so, we would be neglecting the need for continued growth and innovation. As population growth and urban sprawl continue, DOTs are forced to widen roadways, build new roads, and update traffic technology. There needs to be a balance between addressing current high-priority issues and investing in the growth of our infrastructure. As the country’s engineers learn from the first half century of interstate expansion, lessons learned about what leads to premature deterioration are being applied to help prevent similar mistakes in the future. Bridges are being designed and constructed without open joints, preventing water and road salts from reaching load-carrying elements; advancements in asphalt technology are resulting in more resilient roadways; and, most importantly, flawed details that had been commonplace are being eliminated from newer construction projects. All of these advancements are leading to increased service life and lower maintenance costs, increasing the funds available for addressing the critical needs of the Nation’s infrastructure.

There is no argument that America’s roads and bridges are reaching a point where significant corrective action is required. The solution needs to be a joint effort that includes the politicians that fund the programs, the transportation officials that allocate the funding, the engineering community that implements the technology, and the contractors who construct the network. As evidenced by Maryland’s steady improvement and better-than-national average, it is a realistic expectation to rebuild our Nation’s infrastructure before it is too late – but it’s going to take the full commitment from all involved to get to the end of the road.

Mike Izzo, P.E.
Vice President of WBCM

Whitney, Bailey, Cox, & Magnani, LLC (WBCM), founded in 1977, brings over 37 years of extensive engineering expertise throughout the entire Mid-Atlantic Region. We specialize in Transportation, Marine-Industrial, Building Structures, and Site/Civil engineering as well as provides architecture support and construction services. Our Principals and 200+ Professional Staff are well-versed in delivering quality services.

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Mario Andretti
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Robert H. Stratemeyer, PE
Principal, Director of Marketing/Business Development, EBL Engineers, LLC

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¹ For more information on this effective and efficient member benefit, contact MCN’s Verna Regler at 443-992-7329 or at verna@mdconstructionnet.net.
Help Wanted

The Opportunities Tab on Maryland Construction Network’s website has had a number of job postings listed in the past month. For more information on the positions listed below, as well as others, please visit http://www.mdconstructionnet.net/opportunities/job-ops/help-wanted/.

Job Title: Superintendent

Job Description: Commercial GC seeking an experienced full time superintendent for projects consisting of new construction, renovations, tenant build-outs and retail stores. Great pay and benefits package.

Contact: Email resume for consideration to dlc@kingconstructioninc.com

Job Title: Account Manager

Job Description: As an Account Manager, you will be responsible for establishing and maintaining strong relationships and delivering high quality care and service to our clients. In person visits to job sites to ensure satisfaction, managing and tracking a high volume of placed staff, use of our CRM to track all customer history. Must be well organized, tenacious, and have great people skills.

Contact: bcribb@skilledlaborsolutions.com

Job Title: Project Manager

Job Description: CP&R, a leading self-performing Structural & Building Repair Contractor in the Baltimore/Washington area, is seeking qualified Project Managers with 8+ years of experience in managing multiple projects from budget to closeout at one time. The PM will be responsible for managing structural concrete repair projects that can range anywhere from $50,000 to $5 million. Candidate must have own transportation, excellent communication skills, and have a strong Safety and Quality Culture.

Contact: bfigueiredo@concretecpr.com

Remember to visit the “Opportunities” tab on the MCN website - www.mdconstructionnet.net for updated listings!

Coming Soon

Thursday, April 23rd – Educational Seminar

Exit Planning Strategies: How To Get Real Value For Your Construction Company
The Ashland Cafe
10810 York Road
Cockeysville, MD 21030
8:00 – 10:30 a.m.
Sponsor: Gross Mendelsohn

Tuesday, May 5th – Direct Connect & Seminar

Direct Connect & Sav-A-Tree Presentation
Sunset Cove
3408 Red Rose Farm Rd
Baltimore, MD 21220
3:30 – 7:30 p.m.
Host: Sav-A-Tree
Sponsor: ARC Document Solutions, American Core Drilling & Sawing, Construction Labor Contractors, Rommel Cranston Construction

Tuesday, May 12th – Construction & Real Estate Bootcamp
Sheraton Baltimore North Hotel
903 Dulaney Valley Road, Towson, MD 21204
9:30 a.m. – 6:00 p.m.
Host: Katz Abosch In Partnership With MCN

Thursday, June 25th – MCN Developer-Builder Forum
Details To Follow
3:30 p.m. – 7:00 p.m.

Tuesday, July 21st – Direct Connect & Seminar
Chartwell Country Club - Details To Follow
3:30 p.m. – 7:00 p.m.

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