

THE CURCHIN GROUP

Newsletter

Fall 2022

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End of Year Planning for Construction Companies: Follow the 4 Cs

By William C. McNamara, CPA, CCIFP®

Here we are in the home stretch again, approaching the end of yet another wild ride of a year. From the challenges, like ongoing supply chain and labor shortages, to the big wins, jobs well done, and opportunities ahead, 2022 has given construction companies a little bit of everything.

While a large part of year-end planning consists of setting goals and benchmarks for the new year, the accounting side is equally important to officially close the books on the current year. The four Cs will make it easy to get through the administrative work so you and your team can finish the year strong on projects, enjoy some family time during the holidays, and get rested for an ambitious year ahead.

COMMUNICATE

There are items such as change orders and cost escalation charges that need to be reimbursed by year's end. These items usually require sufficient documentation with submission. No one likes to get hit with an unexpected invoice, especially one that is clearly trying to make the year end buzzer, so it's a good look to communicate that those invoices are coming (or are coming due if they've already been issued) in October or November and confirm the proper documentation so they can be processed without question. There are two sides to the communication—the project owner should be communicating to the customer, and the project manager should be communicating internally to the accounting team or business owner.

CLOSE

Of course, you want to close out jobs that are expected and/or in contention to be completed by the end of the year. That means having everything on the jobsite completed, including a punch list of all the small fixes recognized or requested during final walkthroughs. Because you may need

to go through a punch list several times before everything is checked off, it's once again important to start the process as early as possible. With all the work done and the relationships built, rushing in late December is not an option if you want to send customers off happy in their new homes. Closing a job is the trigger for the next step:

COLLECT

Once you've done everything in your power to finish a job and satisfy the customer, it's time to get paid. You need to physically collect on the job by the end of the year—not just for cash flow, but also for accurate accounting and data integrity. Ideally, every single customer would pay quickly. We all know that's unfortunately not the case, and sometimes, small open items allow customers to leverage against the timely payment of a significantly large invoice.

Communication of aging receivables is part of business, so don't be afraid to make calls or mail out gentle reminders. If you invoice a customer in September or October and they have not paid by the end of November or early December, it's time to get politely persistent. Ask questions. Get clear answers. Remove as many potential roadblocks as possible

CASH

The oldest axiom in business is, "Cash is king." With cash in hand, you have the liquidity to run and grow your business along with an accurate financial picture for better forecasting. You can then leverage that cash to reduce your tax liability and make smarter business decisions

These aren't just the four Cs of year-end planning, they're also the four Cs of cash flow. Learn more about [accounting for construction companies](#).



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A Student Loan Debt Relief Package has Arrived

Students and parents who have eligible federally supported student loans outstanding can qualify for relief. The plan forgives up to \$10,000 per federal loan and an additional \$10,000 if you took a Pell grant for tuition costs. In theory an individual could qualify up to \$20,000 in forgiveness. The application is quick to complete and has been posted on the US Department of Education's web site.

<https://studentaid.gov/debt-relief/application>

The application requires a signed affirmation of true and correct disclosure and the promise to provide information, if follow up is required. To qualify an individual must have an Adjusted Gross Income of \$125,000 or less in either 2020 or 2021. Married filers are required to have AGI lower than \$250,000 in one of the two years as well.

The deadline for applying is December 31, 2023.

Disclaimer, updated as of 11/7/22: Supreme Court Justice Amy Coney Barrett denied a request to challenge President Joe Biden's student loan forgiveness plan, but her brief order will not change the status quo. As things stand, there are several pending lawsuits in play, and the Biden administration already is temporarily blocked from canceling student debt.

Why NJ Construction Companies Should Be Thinking Green

By William C. McNamara, CPA, CCIFP®

All politics aside, the controversial Inflation Reduction Act is generating big opportunities for construction companies, thanks to the bill's green initiatives such as reducing foreign oil reliance, incentivizing electric vehicles, and other measures aimed at combatting climate change. All of it requires infrastructure, which requires construction. New Jersey is set to receive its fair share of funds—[\\$15 million this year](#) and \$104 million over five years—for green infrastructure builds. If you're a construction company in NJ, keep your eyes and perhaps set your sights on the following:

EV Charging Stations

NJ has about 50,000 electric vehicles registered and 670 publicly accessible EV charging stations. The best charging stations are DC Fast Charging stations, which can provide a full charge in 20-30 minutes. There are only 79 DC Fast Charging stations in NJ. While those stations are strategically placed to provide 95% coverage within a 25-mile radius (meaning 95 percent of the time, you're within 25 miles of a DC Fast Charging station), we're going to need a lot more charging stations to support Governor Phil Murphy's goal of 330,000 EVs on the road in NJ by 2025.

The \$15 million from the Fed will drive the construction of 600-900 new charging stations. The exact number will depend on how many of them are DC Fast vs. lower, slower charging stations that are less expensive to build. [NJ.com](#) reported that the state has the green light to hire private companies for installation and maintenance of these stations.

Electric Buses

In 2021, just a few months before the Inflation Reduction Act's predecessor, the Build Back Better Act, was first introduced, [NJ TRANSIT unveiled its roadmap](#) to a 100% zero-emissions bus fleet by 2040. Shortly after the Inflation Reduction Act was passed, the



state-owned transit system received over \$44 million in funding for a new bus garage in Union City to be designed with electric infrastructure. NJ TRANSIT is actively pursuing construction proposals and bids for projects such as this one.

In addition to public buses, [there is a bill pending in state legislature](#) to convert the state's school bus fleet of 15,000 diesel buses to electric, with a proposed budget of \$15 million per year for three years.

Signs of the Times

Between the magnitude of the Inflation Reduction Act, the scale of these first funded projects in NJ, and both the federal and state government's clear commitment to sustainability, it seems safe to assume that green infrastructure will be the name of the game going forward. New luxury home builds are even being wired for EVs as we speak.

From highways to homes and everywhere in between, this is a trend with staying power. Will the shift be as dramatic as that from carriage to car? Probably not quite—but close. [Read more](#) about the Inflation Reduction Act and what's in it for construction companies not just in NJ, but across the country.

MICHAEL HENRICH, CPA, SENIOR STAFF ACCOUNTANT

Recap on UTCA Emerging Leaders Retreat

Our very own Michael Henrich attended UTCA's Emerging Leaders Retreat at the West Point Military Academy in October 2022. Read on for his recap of the experience:

Having the opportunity to attend UTCA's Emerging Leaders Inaugural Leadership Retreat at the United States Military Academy at West Point was an inspiring and humbling experience. Walking around the campus you immediately sense the history and pride that courses through every inch of the beautiful campus grounds. To see and hear everything that these young men and women are instilled with to serve and lead our country was so inspirational for someone like myself, who is looking to grow to become a leader in the firm and the construction industry we serve.

"... you immediately sense the history and pride that courses through every inch of the beautiful campus grounds."

UTCA, working with Army West Point Hospitality and our group liaison Kaitlyn Wawryk, put together an all-encompassing 2-day itinerary starting with an overview of the Academy's humble beginnings of 10 cadets, and then its rich history and interesting facts from developing legendary leaders. Next, the 27-member Emerging Leader contingent participated in a team building exercise that was a great ice breaker to meet each other and focus us working towards a common goal. Brian Plotkin, the Men's Soccer Head Coach spoke to our group about how he incorporates both West Point's values, as well as his own to help enhance the growth of the young men working to serve our country and turn them into leaders of the future. The conference concluded with a big win by the Army football team.

Being relatively young in my career, I can confidently say that I will take the lessons I learned, including the importance of communication with your team, taking pride in yourself and work, and being able to take a step back and listen to another person's thoughts and ideas, as building blocks that can translate to any situation, and assist me in becoming a leader myself here at Curchin.

I cannot thank Bob Briant, Dan Kennedy and the UTCA staff enough for putting together this trip that not only was informative and inspirational but one that created an even further appreciation for all the men and women that serve and protect this country.



Firm News

Shore Builders Association - Succession Planning Workshop

Lynn Conover, CPA, CFBA, Partner, spoke at the Shore Builders Association of Central New Jersey's Succession Planning Workshop in Lakewood, NJ on September 27th and it was a great success!

A variety of topics were discussed, including:

- Business Planning
- Tax Consideration
- Valuations and more!

The interactive workshop was well attended with much back and forth between the featured speakers and guests.



JOIN OUR TEAM!

Curchin nurtures an atmosphere of individual growth and advancement designed to help you meet your highest potential. We celebrate our team members' achievements and hard work—and we strive to maintain a good work/life balance. Each year we commit significant resources to the professional and personal development of our employees.

We are now hiring for a number of positions, visit our [Careers page](#) for details!

The Curchin Group Raises \$14,000 for Two Local Charities at the 1st Curchin Cornhole Classic Event!

The Curchin Group hosted its 1st Annual Curchin Cornhole Classic Event on Wednesday, August 10th, 2022.

This year a total of \$14,000 was raised for the two chosen charities: Mercy Center and the Society for the Prevention of Teen Suicide.

“...two chosen charities: Mercy Center and the Society for the Prevention of Teen Suicide.”

The new outdoor cornhole tournament took place at Pat's 30 Acres in Wall Township on a beautiful summer evening. Thirty-two teams participated in the tournament, with each team guaranteed two games until it became a single elimination tournament. Clients, sponsors,

and friends played while networking and enjoying food and drinks.

CONGRATULATIONS TO OUR WINNING TEAMS:

1st Place - Design 446

2nd Place - Jersey Nightmare Bowfishing

3rd Place - Hydrosience Group

It was a very successful event with a wonderful turnout from sponsors and attendees - we are so thankful for all the support and cannot wait to share news about next year's event in 2023!

For more information about the 1st Curchin Cornhole Classic event, please contact Peter Pfister at ppfister@curchin.com or 732-747-0500.

About Mercy Center

For nearly 40 years the Mercy Center has operated with a simple, yet powerful mission - to empower, enrich, and

educate those facing socio-economic challenges in Asbury Park and the surrounding area. Their programs include Emergency Services, a Family Resource Center, and the Sisters Academy of NJ for middle school aged girls.

For more information about this organization, visit mercycenternj.org.

About Society for The Prevention of Teen Suicide

Founded in 2005, the Society for the Prevention of Teen Suicide is dedicated to saving lives and reducing the stigma of suicide through specialized training programs and resources for teens, parents, and educators. Their efforts helped make New Jersey the first state in the nation to require suicide prevention training for educators.

For more information about this organization, visit sptsusa.org.

TO SEE MORE ABOUT THIS YEAR'S EVENT CLICK [HERE!](#)



With IRS Funding Secured, Treasury Chief Outlines 6-Month Plan

The IRS is poised to course-correct from COVID-19 setbacks impacting customer service and uncollected taxes from top earners, according to the top Treasury Department official, who announced targets for next filing season using additional appropriations from the Inflation Reduction Act (PL 117-169).

Speaking at the IRS' New Carrollton, Maryland, facility on September 15, Treasury Secretary Janet Yellen gave a first look at how the IRS immediately [plans to deploy](#) the roughly \$80 billion authorized in the recently enacted reconciliation package. Driving home a sense of urgency to make 2023 different from recent years plagued by a chronic lack of resources and pandemic-related roadblocks, Yellen affirmed that the agency is ready to modernize its operations and systems from top to bottom.

"The Inflation Reduction Act finally provides the funding to transform the IRS into a 21st-century agency," said Yellen to an audience of IRS employees. "While all the improvements won't be done overnight, taxpayers can expect to feel real differences during the next filing season."

First among a series of benchmarks announced Thursday was the plan to, by next year, fully staff every IRS Tax Assistance Center and drastically raise the number of taxpayers served in person, from 900,000 in 2019 to 2.7 million in the coming tax season. According to Yellen, these centers have been "massively understaffed and under-resourced," and it is "critical" for low- and middle-income taxpayers to be able to get assistance on-site as needed.

"... improving the customer experience will be used to bring on 5,000 additional phone representatives ..."

Taxpayers have also been unable to, for the most part, resolve issues over the phone due to high call volumes. "During the most recent filing season, the IRS averaged a 10-15% level of service, meaning that it answered less than two of every 10 calls," Yellen said. The amount set aside in the inflation bill for improving the customer experience will be used to bring on 5,000 additional

phone representatives, who will aim to reduce wait times from the 2022 filing season average 30 minutes to less than 15 minutes. To address the slow processing turnaround times for paper returns, Yellen announced that the IRS will begin automating "the scanning of millions of individual paper returns into a native digital copy." This is intended to deliver returns to taxpayers in a timelier fashion while preventing a bigger backlog of outstanding paper return inventory. Further, communication lapses stemming from paper mail notices will possibly be rectified by allowing "millions of taxpayers" to receive and respond to IRS correspondence online.

Moving forward, Yellen will consult with private sector customer service providers to get outside opinions on how the IRS can continue to evolve with advancing technology. "Consulting these experts-and employees at the IRS will help us sketch out our vision of what the IRS of the next decade looks like," she said.

Over a half of the total Inflation Reduction Act's IRS appropriation is dedicated towards compliance enforcement, prompting some of the Biden administration's political opponents to raise concerns that this will lead to more audit scrutiny against working- and middle-class families. Yellen repeated Democrats' messaging that audit rates will not go beyond "historical levels" for households making under \$400,000 in annual income.

"In fact, we expect audit rates for honest taxpayers to decline, once the IRS has the right technological infrastructure in place," Yellen said before her closing remarks. "This means a simpler tax filing season for taxpayers who are doing everything right."

Rather, she insisted the enforcement funds will be directed toward wealthy individuals and large corporations. According to Yellen, the so-called tax gap will balloon to \$7 trillion over the next 10 years, and top earners are "responsible for a disproportionate share of unpaid taxes." Citing a May 2021 Treasury report, she said the top 1% accounted for over a fifth of unpaid taxes in 2019.

"This inequity is unacceptable. As leaders and employees at the IRS have warned for years now, enforcement of the law is not only a means to raise revenue," said Yellen. "It is also a matter of fundamental fairness. It is important for honest taxpayers to know that, when they file their taxes accurately with the IRS, other people are doing the same."

Eligible NJ Residents Encouraged to Apply for Tax Relief

The New Jersey Division of Taxation has issued instructions on how to file for the new Affordable NJ Communities for Homeowners and Renters (ANCHOR) program and these instructions are being mailed out to eligible residents. Homeowners with incomes up to \$150,000 will receive \$1,500 in relief; homeowners with incomes more than \$150,000 and not more than \$250,000 will receive \$1,000 in relief and renters with incomes up to \$150,000 will receive \$450 in relief. To be eligible for this year's benefit, homeowners and renters must have occupied their primary

residence on October 1, 2019 and file or be exempt from NJ income taxes. Payments will be issued in the form of checks or direct deposits and sent no later than May 2023 to allow time for application processing and validation. Payments will not be subject to federal or state income tax. Eligible homeowners can apply online, by phone, or via paper application, which can be downloaded online and returned by mail. Renters can apply online, or download the application from the Division of Taxation's website and return by mail (there is no phone option for tenants, as this is the first time this group will be eligible for property tax relief). The deadline for filing is December 30, 2022.)

Source: <https://www.state.nj.us/treasury/taxation/>