



Certified Public Accountants

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Every organization must prepare financial projections, regardless of whether you're putting together an initial business plan or forecasting the upcoming year as part of the budgeting process. More often than not, though, these projections tend to be some kind of "wish list" presented to achieve a predetermined result rather than represent a well-conceived plan that mirrors reality.

An example would be when a new company feels compelled to issue projections that report profitability at the start of the third year to meet investor expectations. Their initial draft indicates a loss at the end of the third year, so they start thinking, "What if we increase revenue by an additional 10% per quarter?" All of a sudden the owners are playing "what if" games until they are satisfied with the results. Will these changes actually affect the company's performance? Of course not. But it may cause the company to quickly lose credibility in the marketplace.

Avoiding Wishful Thinking

One of the best ways to prepare projections is to visualize each phase of the business as if you were on a virtual tour of your company's premises. This causes an owner to begin asking important questions such as, "How am I going to get my product launched?" or "How long

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Wiss & Company Expands Construction Practice

Wiss & Company announced that the operations of Casey, Townsend & Killian (CTK) of Warren, New Jersey, were merged with its own on January 1, 2006. CTK created a specialty in servicing the construction industry for over ten years. Prior to this, the CTK partners led the construction practice for Deloitte & Touche. The firm provides specialized litigation support and business consulting services as well as specialized accounting, audit and tax planning services for its corporate clients, and personal and estate tax planning for their owners.

"The addition of CTK complements our desire to expand further into the construction industry," said Wiss' Managing Partner Jeff Campo. "The immediate impact of combining our existing construction niche with CTK's clients makes Wiss a formidable player in the market." Campo added that the combined firm will look to expand its share of this valuable market going forward.

CTK will operate as the construction division within the existing Wiss infrastructure, increasing overall market visibility and augmenting Wiss' strength for technical expertise and high quality service.

Campo concluded, "We look forward to having the entire CTK team join Wiss and add to the success and growth of our construction niche."



David Casey



Jerry Killian



Brian Reingold



Edward Townsend

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Jim Duffy Recognized for Leadership Role in Accounting

The New Jersey Society of Certified Public Accountants

(NJSCPA) selected Wiss & Company audit partner James T. Duffy, CPA to receive its prestigious 2005/6 Leadership Award. Jim's selection for the honor was driven primarily by his successful establishment and development of the firm's specialized Food Industry Group.

Building on an existing client base in the supermarket industry, Jim broadened Wiss & Company's scope to encompass other food retailers, distributors and manufacturers, expanding the firm's business and creating a key competitive differentiator for the market. His leadership, creativity and dedication brought together a team of specialists ideally suited to work on this specialized market, and Jim led the outreach

effort that has resulted in several new clients and a 45 percent increase in the firm's revenues from the food industry in the last two years. As a result of his highly focused work, Jim has also become an invaluable industry advisor, finding ways for his clients to align their businesses and work better together. The result has been economically beneficial to many of his clients, helping several to achieve significant growth.

Jim is a member of the NJSCPA, the American Institute of Certified Public Accountants, the New Jersey Food Council, the Global Business Roundtable, the Japan Society and the New Jersey Technology Council. He has a B.S degree in accounting from Villanova University where he is currently an active member of the Alumni Association.

Kevin Kerrigan Speaks at Real Estate Development Seminar



Tax Services Partner Kevin J. Kerrigan presented "An Update on Real Estate Development Tax Issues" at the Real Estate Development

from Beginning to End seminar on February 9, 2006. Kevin's audience for the presentation at The Crowne Plaza in White Plains, NY, included attorneys, vice presidents, presidents, owners, lending professionals, project managers, real estate agents and brokers, business owners and managers, engineers, developers, planners, controllers, CFOs and accountants.

Kevin has more than 20 years of public accounting experience including seventeen years in the tax field. At Wiss & Company, he focuses on tax planning for high net worth individuals and family-owned companies, and he has extensive experience in the real estate industry. He is a member of the American Institute of Certified Public Accountants (AICPA), the New Jersey Society of Certified Public Accountants (NJSCPA)—where he serves on the Chapter Operations Committee as Chairperson—and the New Jersey Chapter of the National Association of Industrial and Office Properties (NAIOP). He is a Past President of the Essex County Chapter of the NJSCPA and has served as a Trustee and Vice President for the NJSCPA. Kevin serves on the Board of Directors for the Livingston Area Chamber of Commerce.

Wiss & Company to Work with Former State Treasurer of New Jersey

Wiss & Company announced its alliance with the McCormac Group, a Woodbridge-based consulting firm headed by John E. McCormac, the former State Treasurer of New Jersey.

McCormac is a 26-year veteran in the municipal field of finance, accounting and auditing and has the unique combination of experience in both employee and advisory roles for local and state governments. He has worked with virtually every major State authority and constituency group for schools, towns, counties, authorities and entities which interact with governments on a daily basis.

"Our ability to work with such a high profile and well respected individual as John McCormac opens countless opportunities for firm growth," said Wiss & Company's managing partner Jeff Campo. "John will play a vital role in

the further development and expansion of our government services niche, complementing the strong core leadership demonstrated by Wiss partners and practice growth leaders, Scott Clelland and Walter Brasch."



WISS & COMPANY NEWS AND EVENTS

Several partners and managers were present at the **Morris County Bar Association (MCBA) Annual Installation Dinner**. The event was held Monday, January 9 at The Westin Governor Morris.

The Wiss Women's Think Tank hosted a program, Prepare for the Unexpected: Basic Wealth Planning Techniques. The program was held Thursday, January 12, at the Plaza Café. The presenter was Sheila Moriarity, C.D.F.A., vice president of Wachovia Wealth Management. Her presentation detailed the importance of understanding one's own financial situation, and how unexpected events can affect one's financial future. Moriarity has received numerous awards in recognition of her "personal consultative and needs-based approach to working with complex client planning issues."

Kevin Kerrigan, CPA, Paul Peterson, CPA and **Russell Faye, CPA** attended the Economic Outlook of the National Association of Industrial and Office Properties (NAIOP-NJ) on Monday, January 23 at the Sheraton Meadowlands in East Rutherford.

Jeff Campo, CPA, David Casey, CPA, Anthony Calascibetta, CPA, CTP and **Michael LaMotta, CPA** attended the Freedom House Award Dinner on Monday, March 13 at The Hilton Parsippany Hotel. Freedom House provides an innovative long-term residential halfway house treatment center for adult males.

Wiss & Company, LLP was a corporate sponsor at United Jewish Communities' Sports Nite Out event. This festive evening was held on Thursday, March 16 at the

Hilton Parsippany Hotel. The guest of honor was Tiki Barber, starting running back for the New York Giants and the team's all-time leading rusher. He and his twin brother, Ronde, are two of the most well-known and beloved players in the NFL. This past summer Tiki spent time in Israel at the invitation of former Prime Minister Shimon Peres, where he spoke on advancing goals through sports. Wiss is a long-time supporter of the UJC.

Jim Duffy, CPA, Mike Lee, CPA, Matt Barbieri, CPA and **Liliana Buksar, CPA** attended The New Jersey Food Council (NJFC) Night of Distinction which was held at the Sheraton Meadowlands. Wiss is a Bronze Sponsor of the New Jersey Food Council.

Paul Peterson, CPA, MBA, Russell L. Faye, CPA, Kevin Kerrigan, CPA and **Karen Babine** attended the American Council of Engineering Companies (ACEC-NJ) 2006 Engineering Excellence Awards Banquet. The evening was held at Rutgers University-Neilson Hall, New Brunswick. Wiss is an Associate Member of the ACEC-NJ.

Wiss & Company, LLP participated in a luncheon of Industrial Construction Real Estate Women of New Jersey (ICREW). The event was held at the Woodbridge Hilton and the speaker was Commissioner Susan Bass Levin. Founded in 1982, the New Jersey Chapter of ICREW is a not-for-profit organization that promotes communication and interaction between experienced commercial real estate professionals in NJ. Members represent fields as diversified as accountants, architects, appraisers, asset/property managers, attorneys,

consultants, developers, lenders, leasing sales brokers, mortgage bankers/brokers, marketing specialists, market and investment analysts, corporate real estate representatives, and title/escrow officers.

Wiss & Company, LLP participated in two separate events hosted by the Livingston Chamber of Commerce. The first was a breakfast held at Cedar Hill Country Club and the guest speaker was Renee Green, Mayor of Livingston. The second event, held at The Crystal Plaza was a Birthday Bash Dinner honoring companies with twenty five years of service.

Walter J. Brasch, CPA has been elected as Chairman of the Board of Raritan Bay Medical Center. He was elected to their Board of Directors in 2001 and has served as treasurer since 2002. He has worked on a variety of committees including Finance & Personnel, Audit, and Nominating and Governance.

4th Annual
WISS
Edward W. O'Connell
Memorial Golf Classic

Monday, June 19, 2006
(rain date June 22)
Essex Fells Country Club
Essex Fells, NJ
www.essexfellscc.com
Inquiries: Joanne Tessem at
732-283-9300 or jtessem@wiss.com

Completing a 1031 Exchange

**Tenants-in-Common
Replacement Properties
Becoming Increasingly
Popular**



FOR SALE

More investors are taking advantage of one of the best tax deferral options available when selling a property. Taxes on the gain from the sale can be deferred by investing in a like-kind property according to Internal Revenue Code Section 1031. Until recently, taxpayers have been reluctant to take advantage of it because of the difficulty in finding a replacement property. This changed when the IRS released Rev. Proc. 2002-22, which clarifies the qualifying criteria of a tenants-in-common (TIC) interest as a real estate investment. Since then, the use of a TIC as a replacement property in a 1031 Exchange has been increasing in popularity.

A TIC replacement is a great tool for people who want to get out of the daily grind of property management, but still favor the benefits of real estate investment. Maybe you're tired of being a landlord or just want to slow down. Or you want to cash out while the market is high, but the local market has a limited inventory of like-kind properties. In any case, a TIC replacement could work to your advantage.

A TIC is a fractional ownership interest in a commercial property that is run by a property manager. The owner holds a deed representing his or her percentage of ownership and shares in all revenues and expenses based on his or her proportionate share. Net cash is usually paid out monthly to the TIC owners.

The advantages of using a TIC as a replacement property are considerable. The most obvious is the ability to defer tax on capital gains from the sale. A property owner can then roll that gain into another property (or properties) to satisfy different investment desires. For example, a TIC investment can be structured to encompass varying degrees of investment risk by using more

than one TIC investment to close a 1031 transaction. Alternatively, one could invest in a larger, more attractive property that could not be afforded as a sole owner. In all situations, the property owner is relieved of the daily responsibilities of property management.

Completing a 1031 Exchange hinges on the identification and closing of the replacement property within prescribed time limits. The IRS requires identification of potential replacements properties within 45 days of the



sale and closing within 180 days. Replacement properties identified cannot exceed three properties or two-hundred percent (200%) of the value of the relinquished property. The growing TIC market makes finding and closing an acceptable like-kind property significantly easier, as many TIC Sponsors offer pre-packaged investment alternatives that often include financing and preparation of closing documents.

A potential buyer is well advised to perform the usual due diligence associated with any investment. Some considerations include:

ROI — A TIC interest may not provide as great a return as sole ownership (a trade off for less hands-on management).

Liquidity — Since the TIC market is just gaining ground, the population of buyers is limited, and liquidity may be uncertain.

Ownership arrangement — In order for a TIC to qualify, it must adhere to IRS rules strictly governing the ownership structure, management and rights.

With any investment strategy, one must consider many variables in addition to tax issues. Depending on your goals, you might want to pay the capital gains tax and be done with it. But for those investors wishing to remain in real estate, using a TIC property can be an attractive option.

*Joseph P. Pirrello, J.D., CPA,
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Important Upcoming Tax Dates

May 2006

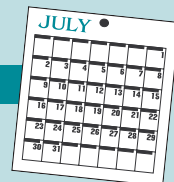


June 2006



Second quarter estimated tax payment for individuals and corporations due June 15

July 2006



Second quarter 941 payroll tax return for year due July 31



Continued from Page 1

will it take for our sales team to visit the prospects once the marketing materials are prepared?" When you analyze each component of your business as a separate process, you gain a deeper insight to determine the variables that will enable that component to be successful. You will also be better at defining success.

Imagine that you are the head of each division of your company and ask yourself, "What tools do I need to make my group successful?" You

now resume your virtual tour and apply the same mindset as you pass from quarter to quarter.

This time your management team accompanies you as you ask many questions and quantify the responses. By the time you are finished you should have addressed Facilities Management, Sales, Product Development, Human Resources and Finance.

Ensuring Realistic Projections

Now it's time to prepare the first draft of your projections. You begin to study and analyze the data, always asking, "Does this make sense?" You should spend a great deal of time explaining your projections. Often you will discover that you omitted an important element in the process, thus creating the need to make adjustments.

Another key step to supporting the projections is to perform a bench-

mark analysis to see how your company compares to its competitors.

Many times companies fail to project the incremental layers of overhead needed to effectively manage the business as the company matures. Don't forget to address how collecting accounts receivable and paying accounts payable impact your business. It's also imperative to provide for income taxes in your projections.

By following the aforementioned steps, you will be able to rely more confidently on your projections, which will enable you and your investors to better assess the feasibility of the proposed endeavor.

Steven Mizrach, Partner-in-Charge, Iselin Office, Wiss & Company. He can be reached at smizrach@wiss.com.

Eric Degen Promoted



Wiss & Company promoted Eric S. Degen, CPA, to Director, Executive Option Plan Services. Eric's new role finds him heading

up the firm's key executive option plan services for both public and private entities and not-for-profit establishments across the country.

"Eric brings vast experience and knowledge to our organization in this area," said Tax Services Partner-in-Charge Michael L. LaMotta. "He is

solely responsible for Wiss' emergence as one of the leaders in Employer Option Plan Administration."

A Summa Cum Laude graduate of Centenary College in Hackettstown, NJ, Eric is the recipient of the Seay Honors Trophy, the College's highest accolade. He also co-authored an academic paper on derivative securities which was published by the Financial Executives Institute. Eric is a member of the American Institute of Certified Public Accountants (AICPA) and the New Jersey Society of Certified Public Accountants (NJSCPA).

WISS ADDITIONS

A warm welcome to:

- Agnieszka Prociak, Entry Level Accountant
- Markia Sims, Entry Level Accountant
- Ineice Inge, Administrative Assistant
- Jennifer Dolan, Administrative Assistant
- Mario Folino (Livingston) and Helen Yin (Iselin), Audit department
- Shelly Kennon, Paraprofessional
- Michael Testani, CPA, Audit Manager
- Christopher Roemersma, CPA, Audit Manager
- Michael Hogan, CPA, Tax Supervisor
- Thomas Sutphen, Jr., CPA, Audit Senior
- Robert Rohn, Audit Senior
- Kimberly Lass, Administrative Assistant

Welcome Back:

- Kathleen Powers, CPA, Manager, returns to Wiss' Iselin office



WISS IN THE NEWS

Brian T. Kloza, CPA, Partner-in-Charge, Real Estate Services, was quoted several times in *The Star-Ledger*, Sunday, January 29 in the article "Does a Busy 2005 Signal Good Things in 2006?"

Jeff Campo, CPA, Managing Partner was quoted in the Industry Leader section of *The Star-Ledger*, Sunday, January 29, with his observations on Wiss' goals and objectives for 2006. He responded, "To continue Wiss' development as one of New Jersey's leading accounting and consulting services firms, assisting a vast array of small to medium sized entrepreneurial clients to achieve their individual and corporate goals and objectives."

Lawrence R. Chodor, CPA/ABV,CVA, Partner was quoted throughout the *NJBIZ*, January 9 article, on Mergers and Acquisitions "An Overheated Market Could Lead to Mistakes" by Martin Daks. Reprints are available through Marketing.

Lawrence R. Chodor, CPA/ABV,CVA, Partner, was highlighted in the March issue of *New Jersey Business & Industry* magazine in their article, "CPAs Say Plan Today for Mergers & Acquisitions," by Ilene Dorf Manahan.

Jeff Campo, CPA, Managing Partner was quoted in the March 13 *NJBIZ* article, "Accounting Firms Rush to Do the Addition: M&As Help CPAs Spread Their

Costs and Increase Their Capabilities," by Martin C. Daks. When asked about Wiss' most recent merger with Casey, Townsend & Killian (CTK), Campo replied, "We did two mergers in 2005 and one already in 2006. A good M&A deal can give a CPA firm immediate credibility and quick entry into new markets."



Tony Calascibetta Moderates Turnaround Management Association Session

Wiss & Company's Anthony R. Calascibetta, a partner in the Corporate Recovery & Litigation Support served as moderator at the New Jersey Chapter of Turnaround Management Association's February 7, 2006 program held at The Newark

Club. The discussion topic was Data Forensics and Identity Theft, and panelists included Brian Gillet, the Assistant Prosecutor for Middlesex County, Sy Inwentarz of Computer Horizons, and Paul G. Lewis of P.G. Lewis & Associates.

His rich experience with bankruptcy, troubled company and forensic consulting made Tony a natural selection to moderate. His background includes providing financial and related advisory services to creditor committees, individual creditors, Chapter 11 and Chapter 7 Trustees, debtors-in-possession and bankruptcy examiners. Tony's assignments have exposed him to a variety of industries, and he also has extensive experience in mergers and acquisitions, tax investigations, environmental evaluations and divestitures.

Tony holds a Bachelor of Science degree in business administration from Iona College, New York. He is a member of the American Institute

of Certified Public Accountants, the New York State Society of Certified Public Accountants, the New Jersey Society of Certified Public Accountants, the Association of Insolvency Accountants, the American Bankruptcy Institute, the Association of Certified Fraud Examiners, and a member of the Board of Directors for the New Jersey Chapter of the Turnaround Management Association. He has lectured to professional organizations as well as to attorneys including the New Jersey Institute for Continuing Legal Education (ICLE) and the Essex County Bar Association on topics including: locating hidden assets, criminal and civil aspects of business fraud, and identifying common fraudulent schemes in and out of bankruptcy.

Breach of Contract Damages Go Beyond Lost Profits

In commercial cases involving breach of contract, the parties often turn automatically to lost profits damages as the solution. Lost profits certainly have their place in such cases, but other types of damages and remedies also might be available.

Lost profits basics

Financial experts often invoke business valuation techniques when determining lost profits because the cash flows associated with a contract resemble those considered when valuing a business. In the context of lost profits, experts measure the amount of income lost as a result of the contract breach and apply an appropriate discount rate to obtain the present value. The discount rate varies depending on the facts of the case and accounts for the risk that profits wouldn't have been achieved even without the breach, as well as the time value of money.

Experts begin with a theory of damages, such as "but for the defendant's failure to deliver the parts as promised, the plaintiff would have sold more vehicles." From there, they weigh questions about just how many units the plaintiff would have sold and how much profit the plaintiff would have enjoyed on those sales.

Experts also consider alternative damages theories in anticipation of alternative interpretations of a specific case's law and facts. For each theory under consideration, experts should be prepared to explain to the trier of fact which expenses were considered, which were not, and why.

A spectrum of remedies

Lost profits may come to mind first, but here are other remedies available for breach of contract to keep in mind:

Compensatory damages. These damages, including lost profits, aim to give the plaintiff the "benefit of the bargain" contemplated by the contract. Other compensatory damages might include costs the plaintiff reasonably

incurs to secure a replacement contract with another party.

Incidental and consequential damages. These cover foreseeable losses caused by the breach, such as the cost of securing an alternative supply source.

Liquidated damages. When actual damages would be difficult to calculate, the contract may specify an amount of damages ("liquidated damages") to be paid in the event of a breach. Courts often are reluctant to enforce liquidated damages clauses, however, scrutinizing them to ensure they're not unenforceable penalty clauses. A court confronted with such a clause will assess the reasonableness of the agreed-upon amount, the parties' intentions, the proportionality of the amount and the actual loss.

Attorney fees and costs. Generally, fees and costs are available only if they're expressly provided for in the contract.

Specific performance. If monetary damages would be inadequate, a court can order performance under the contract. Specific performance is usually reserved for real estate transactions or other unique property or goods.

Rescission. This equitable remedy cancels the contract and excuses both parties from further performance. Rescission might include the return of goods and reimbursement of expenses incurred.

Reformation. Contract terms are amended to reflect the parties' intentions at the time of the agreement.

Bear in mind that in all breach of contract cases plaintiffs are expected to take reasonable steps to mitigate their damages. Failure to do so can reduce their recovery.

Keep your options open

Lost profits may seem the obvious remedy in breach of contract cases,

but they rarely represent the only recourse. One or more of the remedies and damages described above also may serve to make the non-breaching party whole.

Leo J. Zatta, CPA, ABV, CVA, CFE, Partner-in-Charge, Law Firm Services at Wiss & Company. He can be reached at lzatta@wiss.com.

The *Wiss Advisor* is intended for the use of our clients as well as others. The technical information it contains is necessarily brief. Please do not come to a conclusion or take specific action without discussion with a Wiss & Company partner or another qualified professional advisor.

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