

RESEARCH & DEVELOPMENT

THE R&D TAX CREDIT

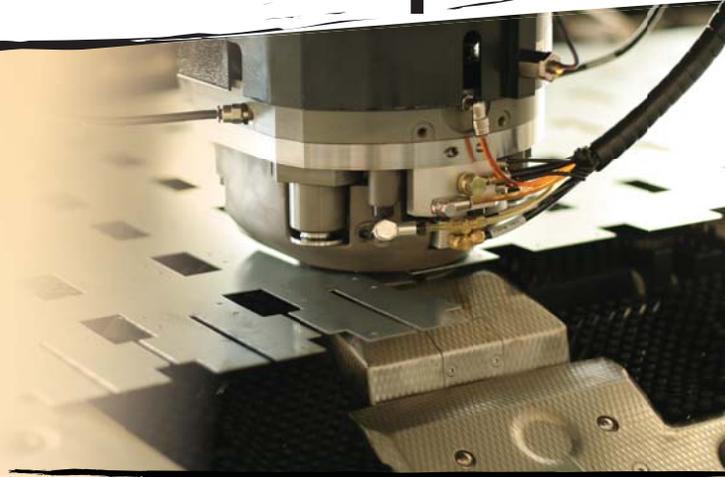
Black Line Group

IS YOUR COMPANY LEAVING MONEY ON THE TABLE?

Because of its very specialized nature, large numbers of small and mid-size manufacturers are not taking advantage of the R&D Tax Credit.

The definition of Research and Development (R&D) is much broader than people think. Companies of all kinds, including those that make their own products (i.e. medical device, software, technology), and those that make parts for their customers (i.e. metal stampers and fabricators, precision machinists, mold builders and plastic injection molders), often mistakenly believe that they **DON'T** have R&D taking place.

For companies that have not taken advantage of the R&D Tax Credit in the past, this can potentially mean the creation of immediate and substantial amounts of cash, minimally into the many tens of thousands of dollars, and occasionally \$100,000 or more. In addition, companies can reduce future tax liabilities and improve cash flow.



Does your company...

- manufacture products?
- develop new, improved or more reliable products/processes/formulas?
- develop prototypes and models including computer generated models?
- design tools, jigs, molds and dies?
- develop or apply for patents?
- perform certification testing?
- conduct testing of new concepts and technology?
- develop new technology?
- attempt using new materials?
- perform environmental testing?
- add new equipment?
- develop or improve production/manufacturing process?
- develop software or hardware?
- improve or build new manufacturing facilities?
- automate/streamline internal processes?

OR

- does your company hire outside consultants/contractors to do any of these activities?

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R&D doesn't just take place
in a laboratory!!!



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What people are saying about Black Line Group

"For several years Hamill has taken advantage of the R&D tax credit. During the Bush years the criteria for what constitutes R&D was greatly expanded. Companies like Hamill were now eligible to receive credits for the work that was done for process development among other endeavors. Using an organization like Black Line Group is essential to applying for the credits correctly. They know the exact approaches to qualifying the work that was done and ensuring that your company receives maximum credit. Most importantly, their work will withstand any IRS scrutiny, should your credits be audited. From our perspective, the Black Line Group is the premier company when R&D tax credits for manufacturers are sought."

Jeff Kelly, Owner, Hamill Manufacturing Company

"Oberge Industries has been claiming R&D Tax Credits for a number of years through an internal process where we identified the R&D costs as we understood them. We would then give that cost number to our CPA firm, who would then calculate the credit amount due to us. Oberge had known of Black Line Group through our companies' memberships in a couple of the same manufacturing associations and decided to engage Black Line Group for assistance with our R&D Tax Credit claim. As a result of their deeper knowledge and expertise of what truly qualifies as "R&D", Oberge's credit amount was significantly larger than what we claimed on our own, and our processes and documentation to support our claim are substantially better. Our ROI from working with Black Line Group is measured in enhanced cash flow and has been very meaningful. The process has more than paid for itself many times over."

Jeffrey M. Mattiuz, CFO - Oberge Industries, Inc.

"Hirsh Precision Products is a contract manufacturer that regularly takes on projects involving technical engineering, design uncertainty, and challenging processing steps. Nearly half of our staff is involved to some degree in these research and development activities, and the folks at Black Line Group helped us gather the supporting documentation with minimal disruption to our team. They really understand our industry and the fine details of the R&D Tax Credit."

Mike Hirsh, Owner, Hirsh Precision Products

"We would like to say thank you for the great service we received from Black Line Group regarding the R&D Tax Credit Study you performed for us earlier this year. We noticed your booth at the NTMA conference in Colorado and realized it was time to get started on identifying and tracking our R&D efforts. LeanWerks is a production manufacturing facility and Black Line was able to help us identify all of our qualifying expenses for 3 years via a smooth and organized process. In addition, the documentation was provided for our tax accountants to immediately begin the amendment process without any further work on our part. The fee for this R&D service was fair and it more than paid for itself in credits. We received substantial federal and Utah state tax credits to apply to previous taxes and/or carry forward for future years. We would highly recommend the Black Line Group to other companies! We look forward to seeing you at the NTMA conference next year! Thanks again!"

Suzanna and Reid Leland, Owners, LeanWerks LLC

"Our company has worked with Black Line Group and filed for an R&D Tax Credit since the 2010 tax year. We had filed for this credit in the past, but got away from using it for several years until engaging Black Line Group. It is a detailed process that Black Line Group has a great deal of experience in, and not something we would have been successful in doing ourselves. We know and hear from other NTMA members that there has been a lot of concern regarding audits by the IRS in regards to companies that file for this credit. In most of the instances of audit, it was a result of trying to go back and amend prior year returns. In our case we chose not to go back and amend, but to simply claim credits for the current tax year and beyond. For Overton Industries, the benefits have been extremely meaningful! We have been very pleased with the ease of the process that Black Line Group has provided. They did all the background work with minimal interruption to our people. This is a viable and legal way to help reduce your R&D costs and improve your bottom line"

Steve and Ron Overton, Owners, Overton Industries

"I would like to take a moment to thank you for the experience we had with Black Line Group. R&D tax credits are very important to organizations like Seilkop Industries. Custom Manufacturers in the US must find ways to add value through the best technology. We do this through engineering excellence. R&D tax credits provide a means to cushion the heavy costs that many times may never be recovered. Black Line Group made the sometimes exhausting preparation seem simple. I was personally involved with the process prior to Black Line and with Black Line. Black Line assigned an individual that actually knew something about our industry and our processes for R&D activity. Black Line is clearly the right partner for organizations like ours."

Ken and David Seilkop, Owners, Seilkop Industries

"As a business owner, I am always looking for ways to improve my bottom line. In the beginning, I was unsure how much time and effort would be required to achieve any benefits from the R&D tax credit. My team and I discussed how many projects that we have worked on over the past 30 plus years that should and would have qualified if we had been exposed to the benefits of the R&D tax credit. With the precision machining industry working to such tight margins on quoted products, we felt that any tax savings would equate to a better profit margin for our company. With the help of the Black Line Group, we worked hand in hand through the process. Without the help of the Black Line Group, I would have not tackled this process and would have cost my company many tens of thousands of dollars in potential tax savings this year and each year into the future. Black Line Group was very professional and helpful though out the entire process."

Mark Bogue, Owner/President, Bogue Machine Company, Inc.

"After attending a R&D Tax Credit presentation at the 2012 Fall Conference with the Black Line Group, we decided to pursue the opportunity. Black Line Group came in and helped us understand how broad the definition of "R&D" really is for tax credit purposes and where R&D was taking place within our shop. Contrary to what many people believe, "contract manufacturers" ARE doing R&D! The process of working with Black Line Group and claiming the credit has been easy, and they have provided us with documentation that has seamlessly allowed our CPA to incorporate the pertinent information into our tax returns. The tax savings generated each year has been meaningful and allows us to continue investing dollars towards activities that allow Manda Machine to remain competitive. We have now used Black Line Group for the past 2 years and are satisfied with the results. Every manufacturer should explore whether they can benefit from the R&D Tax Credit!"

Andy Ellard and Todd Ellard, Owners, Manda Machine Co., Inc.

"After several years preparing the R&D Tax Credit with the help of our CPA, we decided to dig deeper with the help of Black Line Group. With their guidance we were able to mine data we already had in our ERP system to help get our largest credit yet. By using Black Line Group we have the peace of mind knowing our credit was prepared correctly and supported by documentation should we need to defend it. Thank you for making this seemingly daunting task seamless."

Dave and Michael Behrens, Complexus Medical

"The reason we feel that the R&D Tax Credit is important is simple; it saves us money. This is money we can re-invest back into our business. We have been extremely satisfied with Black Line Group's services. They make the process relatively easy and have contributed to the reduction of our tax liability. After four consecutive years of engagement, we can confidently say that they are the experts in the R&D Tax Credit field."

Mark and Zoi Romanchuk, Owners, PR Machine Works, Inc.

"I was initially skeptical of what Black Line could achieve and the time needed to do it. They were relaxed and provided assurances along the way until I was comfortable in signing up with them to do the work. Maintaining confidentiality and support for the work done were concerns. Knowing that they worked with NTMA and talking to an existing client about their experience cinched the deal. Black Line's working with companies similar to ours was a plus. They understood our organization and the flow of work. They were able to immediately get underway and focus on where the concentration of R&D was to be found and how to document it without getting in the way of day to day operations. In fact they arrived during one of our busiest times to do the field work and was able to efficiently steer clear of our critical path of activity. They met their schedule and were always available for questions. They are a real partner and we are planning to sign them up again. Being alumni we will be able to forego the field work this time. So the second year should be even better! Taking advantage of tax credits are critical for us to remain competitive."

Dennis Appelbaum , CFO, True-Tech Corporation

"We came to Black Line Group (BLG) at the recommendation of our CPA firm for consultation on Research & Development credits. As a machine shop, we were not even sure we qualified for the credits. BLG personnel demonstrated outstanding knowledge of not only the R&D Credit but how it specifically applies to our industry. BLG walked us through the process of preparing to amend the previous three years tax returns and the current year's return saving us hundreds of thousands of dollars in taxes. They prepared amazing back-up documentation for the credits. We were completely satisfied with the level of BLG's performance on the project and we will use them each year going forward. They are fully committed to the interests of their customers and their team is enthusiastic and positive. It was a real pleasure to work with them, from both a human and professional point of view"

Jeff Toner, President, James Tool Machine & Engineering, Inc.

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