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Inside

Northern Colorado BUSINESS REPORT

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NEWS

CSU campaign hits \$300 million
University shooting for \$500 M to carry through tough times
Page 2

Promenade caught in credit squeeze
Foreclosure gives owners till March to resolve financing
Page 3

Local firms pitch at Capital Summit
Innovative ideas more abundant than big investors
Page 3

Greeley, Weld work on sub-area's future
Goal of planning to preserve prospects for industrial jobs
Page 5



THE EDGE
One constant: tax law changes
Tax cuts of 2001's Reconciliation Act set to expire end of 2010
Page 10

SPECIAL REPORTS
Construction & Architecture/Office Design
Art, music keep interest in empty buildings alive
Page 17

LISTS
Region's largest:

CPA firms
Page 19

Office furniture and design studios
Page 20

Architecture firms
Page 21

Some local banks win, some lose

Third-quarter results from loss of \$27 million to profit of \$17 million

By **Kristen Tatti**
ktatti@ncbr.com

A reflection of the economy, the local banking industry continued to show strains in the form of increasing noncurrent loans, growth in provisions for loan

losses and net losses for the third quarter at many institutions.

There were some positive signs nationally, as the third quarter heralded a return to profitability for the industry at large. All institutions insured by the Federal Deposit Insurance Corp. com-

bined earned \$2.8 billion in net income, up from a \$879 million income in the third quarter of 2008 and a marked improvement over the second quarter's \$4.3 billion net loss.

However, FDIC Chairwoman Sheila Bair warned against celebration.

"I wouldn't read too much into quarterly trends," she said during an announcement of the results. "We don't know if they are trends."

In Northern Colorado, the 15 locally based banks in aggregate saw a net loss of \$25 million. Much of that can be attributed to two institutions: First National Bank with a loss of \$27.2 million and Bank of Choice with a loss of \$22.5 million, offset by a \$17.15 million gain by Bank of Colorado. For all Colorado banks, net income for the third quarter was \$4.59 million.

See **BANKS, 32**

Old Town shop offers science-based wonders

By **Steve Porter**
sporter@ncbr.com

FORT COLLINS — You might see him turning circles on his unicycle in Old Town Fort Collins or throwing his own specially-designed boomerang that always comes back.

Or you may find him standing in the doorway of his tiny Science Toy Magic store, demonstrating unusual gadgets — all based on at least one scientific principle — with the rapid-fire delivery of a comedy routine by a hip, pony-tailed science prof.

Matt Hannifin, who opened his store a year ago at 11 Old Town Square, is a man of seemingly boundless energy and enthusiasm who appears to be breathing in the joy of living.

And it's the mesmerized faces of those who come in contact with him and his unique science-based toys that feeds that energy and enthusiasm.

"I love teaching the science behind the toys," says the one-

See **MAGIC, 26**

'Magic' toy store finds niche



Steve Porter, Northern Colorado Business Report

IS IT MAGIC? OR SCIENCE? — Magnetic principles put a new spin on the classic solar-powered radiometer floating in the window of Science Toy Magic in Old Town Square in Fort Collins. The tiny toy store is chock full of amazing gift ideas for all ages.



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Jan. 14, 2010

CSU gathers more than \$300 million in pledges

University shoots for \$500 million in uncertain times

By Steve Porter
sporter@ncbr.com

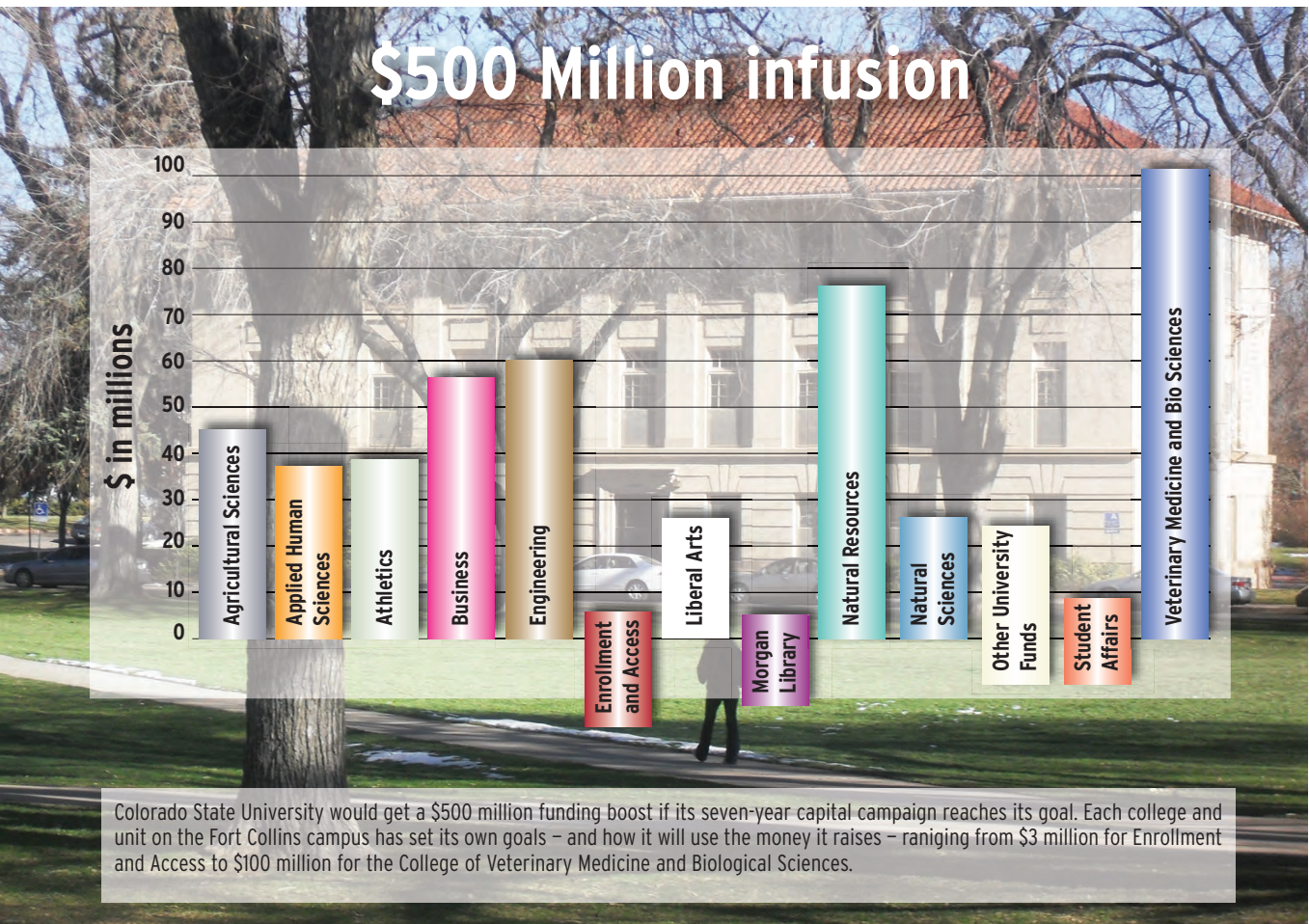
FORT COLLINS — Colorado State University is well past the halfway point of an ambitious, first-time-ever comprehensive fundraising goal of half a billion dollars by 2012.

The Nov. 17 announcement that the \$300 million mark had been surpassed was a high-water statement for CSU fundraising in a time of severe economic downturn.

“This milestone in the campaign is a vote of confidence in CSU’s education, research and service in this state and around the world,” said Joe Blake, chancellor of the CSU System. “During these economic challenges, CSU is not sitting idle. It’s so encouraging to see those who care about public higher education and CSU to step up to help secure an affordable quality education for our students.”

In the two and a half months since the campaign was publicly announced on Aug. 30, nearly 8,000 donors — 2,213 first-time contributors — stepped up to pledge more than \$11 million for the campaign.

Initial results of the “quiet” portion of the campaign, which began in July 2005,



SOURCE: WWW.COLOSTATE.EDU

Steve Porter, Northern Colorado Business Report

were to have been made public in the fall of 2008. But the timing of the planned announcement was inauspicious, according to Dave Edwards, who serves with his wife, Paula, on the campaign’s Leadership Council.

“It was about to be announced in 2008, but right at the time of the announcement the financial crisis hit and (former CSU President Larry) Penley resigned,” Edwards said. “The

See CSU, 34



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In the November election, **Loveland** and **Timnath** each put a measure on the ballot to impose a 3 percent lodging tax on guest accommodations in city limits. Third time was the charm for Loveland, but Timnath's passed on the first try. Loveland will soon see returns from all of its overnight rooms, including the 263 at the recently opened Embassy Suites. Timnath will see no immediate benefits because it had no lodging in place when the resolution was put to voters. Wait, did Timnath just forget it had no lodging to tax? Nope, Northern Colorado's biggest little town is just that forward-thinking. Taken directly from the town council resolution: "...whereas, the Town of Timnath currently does not have any lodging to tax; and whereas, the Town of Timnath would like to be proactive when it concerns any future developments..." Future developments?

Like whatever happens at the southwest corner of Harmony Road and I-25 or (please, please, please) bringing back the **Swetsville Zoo**?

INSIDE	
Agribusiness	6
Arts	16
Banking	7
Briefcase	12
Business Literature ..	24
Calendar	15
Classifieds	33
Commentary	30
On The Job	14

Promenade caught in credit squeeze

Foreclosure gives owners until March to resolve financing

By Kristen Tatti
ktatti@ncbr.com

LOVELAND — The initiation of foreclosure proceedings on the Promenade Shops at Centerra is illustrative of a growing trend in the commercial real estate world that has financial regulators scrambling to ease pressure on lenders. On Nov. 3, the Promenade Shops became the largest property to enter into the foreclosure process in Larimer County when KeyBank, as the agent for a group of

lenders, filed a notice of election and demand for sale for the remaining \$112.86 million balance of a \$116 million loan made in October 2004. The dubious distinction of largest-in-foreclosure was previously held by Integrated Capital LLC, the California-based owner of three Marriott-branded properties in Fort Collins, which received a NED from lenders for late payments on a \$32 million loan balance in August. In the case of The Promenade Shops, no payments were late, but Centerra Lifestyle Center LLC — a partnership between McWhinney and Memphis, Tenn.-based Poag & McEwen — could not pay off or refinance the loan when it came due. Executives at both firms cite timing, the regulatory landscape and the complexity of the consortium behind the construction

loan as the main reasons for the lenders' actions. Both are also adamant that the center is doing good business. "The property is doing well, which is the frustrating thing," Josh Poag, president of Poag & McEwen, said. "I'm hopeful that we'll be able to figure something out." Doug Hill, chief operating officer at McWhinney, said that the center is 90 percent leased. Poag pointed out that a recent survey by the Urban Land Institute of mall developers found most were down 20 percent to 30 percent last quarter. Centerra was down only about 4.4 percent. "Unfortunately, in this situation the timing of the maturity of the construction loan couldn't have been worse," Hill said. When Poag & McEwen, as managing partner, started working on finding perma-

See PROMENADE, 29

F O C U S

Local firms pitch at Angel Capital Summit

Big innovative ideas far more abundant than big investors

By Kristen Tatti
ktatti@ncbr.com

DENVER — Innovation oozed throughout the Colorado Convention Center last month when the annual Angel Capital Summit featured presentations by six Northern Colorado companies. Actually landing financing might take a bit more inventiveness. It's no secret that capital financing has gone south with traditional financial markets. According to a venture capital report from PricewaterhouseCoopers, third-quarter venture financing came in at \$4.8 billion, down significantly from \$7.1 billion during the same time last year. In Colorado, venture funding for the third quarter totaled \$50 million compared to \$201 million last year.

Even if financing was not abundant at the Nov. 17 capital summit, companies looking for it were. For the 2009 event, organizers tapped into 50 investor and other partner groups — universities, incubators, Meetup groups and others — up from 22 groups in 2008, explained David O'Brien, CEO of Boulder-based Business Catapult and head of the selection committee. "We reach out to people who are interacting with entrepreneurs," he said. In all, 190 companies and organizations applied to present at the summit, but only 40 were selected. "For the 40 companies that presented, it's not about someone pulling out a checkbook that day," he said. "That almost never happens." O'Brien said that of all companies seeking financing, maybe 2 percent actually get it. The Angel Capital Summit, he said, is more about making the initial connections, developing relationships and getting advice. Throughout each step of the three-



Kristen Tatti, Northern Colorado Business Report

KEEP ON BIKING — Panda Bicycles co-founder Jacob Castillo shows off the company's wares before his presentation at last month's Angel Capital Summit. The company, which manufactures bikes made of bamboo, is seeking funding to make key hires and enhance its manufacturing process. phase application process, the companies receive feedback. O'Brien said many of the startup firms aren't well versed on fully discussing elements investors will be looking for, such as sales plans, executive experience, research and development and financial information. Summit organizers pose questions about value, exit, return on investment, and the like. "It's meant to get the companies thinking like investors," O'Brien said. The Rocky Mountain Innovation Initiative was one of the organizations involved in getting companies prescreened and prepared to present. Mark Forsyth, executive director of RMI2, said he noticed a decline in the number of investors at the event but was impressed with the quality of companies presenting. "In past years, we had companies that didn't understand how far along they needed to be to present to this level of investors," he said. "I think we had a great

See SUMMIT, 22

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Governor's Energy Office director joins panelists

By NCBR Staff

LOVELAND – Tom Plant, director of the Colorado Governor's Energy Office, will be part of the panel of industry leaders at the *Northern Colorado Business Report's* 2010 Economic Forecast luncheon in January.

"We're excited to have Tom joining us to share his perspective on our region's economy in the coming year," said Jeff Nuttall, publisher of *NCBR*. "With his experience working in both renewable energy and the Colorado legislature, he can address two areas of great importance to local businesses."

Plant was appointed to the GEO by Gov. Bill Ritter in 2007. Prior to that position, he served as the executive director of the nonprofit Center for ReSource Conservation, which implements a variety of programs focused on energy efficiency, renewable energy, water conservation, green building and construction waste reduction.



TOM PLANT

Kelly Peters from the Rocky Mountain Innovation Initiative and Rich Shannon of Pinnacle Consulting Group Inc. They will take questions from the audience as well as address issues proposed in advance by e-mail to events@ncbr.com.



Plant also represented Colorado House District 13 from 1998 through 2006, serving two years as chairman of the House Appropriations committee and one year as chairman of the Joint Budget Committee.

He and the other panelists will be sharing the stage on Jan. 14 with Regional Economist John W. Green and University of Northern Colorado economics professor Rhonda Corman to discuss what 2010 has in store for Weld and Larimer counties as well as the state — and nation — as a whole.

The panel will be moderated by consultant Rocky Scott, and also includes

so feel free to ask your most pressing questions about where the economy might be headed in the next 12 months.

The 2010 Economic Forecast luncheon takes place Thursday, Jan. 14, from 11:30 a.m. to 1:30 p.m. at Embassy Suites - Loveland, 4705 Clydesdale Parkway, Interstate 25 at Crossroads Boulevard.

Individual tickets, which include lunch, are \$39. Register to attend at www.ncbr.com.

For more information or to reserve a corporate table, contact *NCBR* Marketing Director De Dahlgren, ddahlgren@ncbr.com, 970-221-5400, ext. 202.

C O R R E C T I O N S

The *Business Report* will correct any errors that appear in its pages. To suggest a correction or clarification, please contact editor Kate Hawthorne at 970-221-5400, ext. 224, or e-mail her at khawthorne@ncbr.com.

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Greeley, Weld work together on sub-area's future

Planning to preserve prospects for future industrial growth

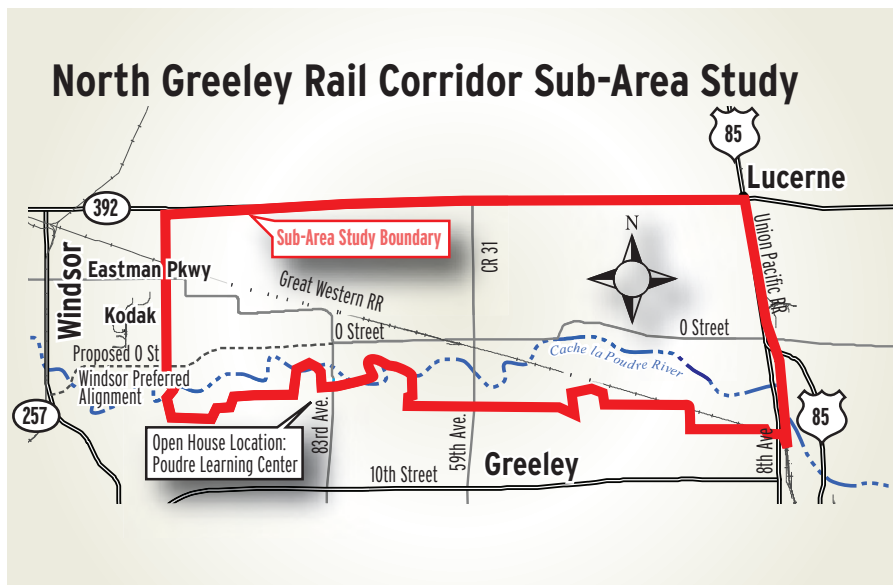
By Steve Porter
sporter@ncbr.com

GREELEY — Greeley and Weld County planners are asking the public to help shape a vision for a rail-served area that could produce the same kind of economic benefits seen in nearby Windsor.

The Great Western Railroad runs diagonally through the 15,600-acre area now primarily used for agriculture and sand and gravel operations. Just to the west, the short-line railroad has helped bring some big new manufacturers with high-paying jobs to Windsor, including wind-turbine maker Vestas, glass bottle producer Owens-Illinois, structural materials supplier Hexcel and ethanol distiller Front Range Energy.

On Nov. 19 a public open house brought a stream of local residents and landowners to hear about a proposed North Greeley Rail Corridor Sub-Area Plan that city and county officials hope will help steer development over the next 20 years.

"The whole exercise is to try to come up with a vision so landowners can come up with choices for them," said Brad Mueller, Weld County planner. "Without a plan, it's anybody's guess where invest-



Courtesy city of Greeley

TARGET AREA — This 15,632-acre area in Weld County — roughly bordered by the Poudre River on the south, Colorado Highway 392 on the north, Windsor city limits on the west and U.S. Highway 85 on the east — is being studied for future growth and land-use possibilities. A North Greeley Rail Corridor Sub-Area Plan is expected to be adopted by the city of Greeley next year.

ment will go. It tries to create some predictability for landowners but also flexibility according to market changes. That's the balance we're trying to strike."

The timeline is to have the study draft available in March for discussion at a final open house in April followed by public hearings and plan adoption in May and June.

Carlin Barkeen, planner for the city

of Greeley, said the city is not trying to dictate what should develop within the sub-area. But a rail line already running through the area makes it a good candidate for industrial development and the jobs that could come with that, she noted.

"I guess the railroad is the main part of it," she said. "The line is a nice direct line to Fort Collins and on to Wyoming,

and that makes it a nice attraction to the industrial folks."

Broe supportive

Rich Montgomery, vice president for Denver-based Broe Group — which owns the Great Western Railway Co. — said his company is supportive of any development plan that would have positive results for the community.

"One of our business objectives is to bring new industry and investment to our railroads and our real estate," he said. "However, we are always supportive of positive economic growth for the communities in which we operate."

Broe's cooperation with Windsor has netted that city hundreds of jobs and an economic engine on the southeast corner of town, which has increased spending in local businesses and brought new property tax revenue to city and county coffers.

Montgomery said the Greeley sub-area plan potentially could bring the same kind of economic prosperity to Greeley as has already been seen in Windsor.

"We are very supportive of the planning process that Greeley and Weld County have undertaken in order to ensure the availability of land that will provide primary job growth in the future," he said.

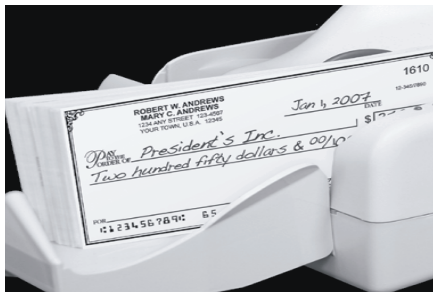
Ensuring land availability for industrial use rather than residential is at the heart of the discussion. Two planned res-

See GREELEY, 23



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Stimulus funds could reduce wildfire threats

Larimer County may start removal of dead pine trees

Some of the folks living in the foothills and mountainous areas of Larimer County who worry about wildfire every hot, dry summer may be able to breathe a little easier soon thanks to the federal stimulus package.

Anchor Point Group LLC, a Boulder-based company that specializes in wildland fire protection consulting and forest ecology, was recently awarded a \$1.75 million grant from the American Recovery and Reinvestment Act to put people to work removing deadwood and cutting firebreaks in heavily forested areas of Larimer, Boulder, Gilpin and Grand counties.

Anchor Point's grant was one of five projects funded statewide through the Colorado State Forest Service to develop and implement local Community Wildfire Protection Plans. Another 10 projects address forest fuel reduction and restoration work.

The 15 projects total \$10.7 million and are projected to provide full or part-time employment for up to 200 people.

"We are excited to be able to provide funding that will help stimulate local economies while addressing critical forestry-related needs in Colorado," said

Jeff Jahnke, state forester and director of the state Forest Service. "These Recovery Act funds will allow the retention of current personnel and create new jobs that will implement forest restoration and wildfire mitigation projects."

Jahnke also noted that the projects will help communities develop and implement their own wildfire protection plans, which he said will "help them compete for other grant funds in the future."

Chris White, who heads Anchor Point with co-founder Rod Moraga, said federal funding for wildfire protection projects first got under way in 2002. "It was only very recently that wildfire started getting the kind of attention from the federal government that other natural hazards had," he said.

Anchor Point got its start in 1999, White said, and has helped hundreds of communities across Colorado and the nation develop wildfire protection plans — some of which have needed to be put into action.

"It's been really rewarding, and we hope to do the same kind of thing with this," White said, referring to the ARRA grant.



AGRIBUSINESS
Steve Porter

Wildfire hazards

Larimer County, with its thousands of square miles of heavily forested areas and growing population, is considered one of the state's most hazardous counties when it comes to wildfire. The county's Wildfire Mitigation Plan notes that an average of 161 wildfires occur annually within the county's borders and consume more than 2,200 acres.

White said the two-year ARRA project will be focused primarily on reducing fuel in previously identified areas of the four counties.

"There's not enough money to do anything huge," he said. "It's actually going to be very narrow in scope, to do fuel reduction projects that have been previously planned. We'll subcontract woodcutters. Anchor Point doesn't own a chainsaw, but we've developed a cadre of loggers who will do the work."

White estimated the grant will fund "30 to 45 new and sustained jobs in the logging sector."

White said Anchor Point will be working closely with the counties to prioritize projects. "We'll concentrate on areas where people support it," he said. "We don't have time to go where people are wishy-washy about it."

Tony Simons, Larimer County's wildfire safety coordinator, said a specific contract with Anchor Point remains to be signed but noted that work will be focused on private land with willing landowners.

Simons said there is a definite need for wildfire fuel reduction and mitigation in the county. "There's a tremendous amount of work that needs to be done on both public and private land," he said. "Larimer County is looking forward to this. I think it will make a significant difference in protecting our mountain communities."

White said he hopes much of the removed wood — both deadwood from beetle-kill and trees taken out for firebreaks — will be put to use. He said he's planning to team up with a company that has a portable wood pellet mill.

"We'll strategically locate the mill so they can create wood pellets for wood-burning stoves," he said. "We'll be trying to utilize as much of the wood as possible."

White said he doesn't expect that most of it will be beetle-killed trees. "If we go to a designated fuel break, there may be dead, damaged and diseased trees and we'll cut them first," he said. "Then we'll look at the variety of trees there and try to leave a variety in place."

White said clear-cutting would only be used in primarily dead-tree areas. "We're going to try to create a park-like condition," he said.

Steve Porter covers agribusiness and natural resource issues for the Northern Colorado Business Report. He can be reached at 970-221-5400, ext. 225, or at sporter@ncbr.com.



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FDIC speaks more softly but swings same stick

Orders for this year now exceed past three years combined

Two Northern Colorado banks may have received the last “cease-and-desist orders” from the Federal Deposit Insurance Corp., but they’ve joined an ever less-exclusive club in the process.

Both Loveland-based Advantage Bank and Windsor-based Signature Bank entered into negotiated agreements with the FDIC, among 40 such orders issued by the regulator during October. A handful, finalized at the end of the month, were described by the regulator in softer language as “consent” rather than “cease-and-desist” orders.

Whatever they’re called, the terms of the agreements remain the same — for a growing number of institutions. Through October, 287 banks went under FDIC cease-and-desist orders. In all of 2008, only 142 were issued; 78 in 2007 and 45 in 2006.

Also entering a cease-and-desist order during October was Hillcrest

Bank based in Overland Park, Kan. Hillcrest operates bank branches inside nursing home facilities in Colorado, including an office in Loveland and one in Estes Park. Other Colorado banks issued cease-and-desist orders this year include Brighton-based Valley Bank and Trust and Greeley’s now-defunct New Frontier Bank.

CRE loan questions

Advantage signed its order on Oct. 21. According to Advantage CEO Tom Chinnock, the action deals largely with issues related to the distressed commercial real estate market. The order specifically listed capital requirements, liquidity, brokered deposits, adversely classified assets, allowance for loan losses and loan policy and concentrations of credit.

Chinnock said the bank has already complied with many of the provisions required by the agreement. Much of the work has dealt with revising and filing plans with the regulators.

“We have to review and revise certain policies, all related to loans,” he said. “We are asked to reduce and address our troubled assets, which are primarily in commercial real estate.”

As of Sept. 30, Advantage Bank reported \$454.76 million in assets and a loan portfolio of \$338.3 million — down about 10 percent from the start of the year. The bank had reduced its brokered deposits from \$13.5 million at the start of the year to \$594,000 as of Sept. 30.

The bank reported a net loss of \$2.3 million through Sept. 30.

Construction and land development and commercial real estate loans accounted for more than 70 percent of Advantage’s loan portfolio. Noncurrent loans totaled \$23.35 million, up from \$17 million at the end of the second quarter. Other real estate owned, typically property foreclosed upon and now held by the bank, stood at \$13 million. Advantage consummated a capital campaign in the spring, and Chinnock feels that the raise will be adequate for regulatory purposes.

“What’s most important to us is the retention of our customer base,” he said. “We’re diligently trying to make loans to our existing customers.”

Robert Hinderaker, president and CEO of Signature Bank, echoed that sentiment. Signature’s order dealt with many of the same issues as Advantage’s, according to Hinderaker. The order was not included in the FDIC release of all other October actions on Nov. 27. Hinderaker said he wasn’t sure why it was omitted and inquiries to the FDIC were not answered in time for publication of this story.

“The plan is primarily targeted at commercial real estate concentration,” he said.

Signature had \$91.3 million in assets as of Sept. 30, up from \$78.2 million at the start of the year. The bank held \$66.7 million in loans — \$30.38 million of which were in construction, land

development or commercial real estate. Noncurrent loans totaled \$7.7 million and other real estate owned was \$2.3 million. The bank reported a net loss of \$451,000 through the third quarter.

Hinderaker said that Signature is working at maintaining the property capital ratios through a variety of actions, including raising new capital and reducing its loan portfolio.

“There’s no single solution anymore,” he said.

Hinderaker explained that the bank has already shifted its lending away from assets that the regulators consider more risky. Most of the assets that are now adversely classified were made two or more years ago. At the same time, the bank remains committed to working with its existing customers.

“We know this may cause short-term problems for the bank but feel we owe it to our customers to support them through these challenging times,” he said.

Strong income result of good lending

Despite the FDIC’s softer wording for its consent orders — including toning down references to “unsafe and unsound practices” — some bankers still point to the existence of such practices at the banks under the agreements as an area of concern.

“Those banks whose business models were built around higher risk real

See FDIC, 32

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Event Moderator



Robert "Rocky" Scott
Commercial Real Estate
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Economists



Dr. John Green
Regional Economist



Rhonda Corman
Economics Professor
University of Northern
Colorado

Panel Members



Tom Plant
Director
Governor's Energy Office
State of Colorado



Kelly Peters
Chief Operations Officer
Rocky Mountain
Innovation Initiative
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REPORT**

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Embassy Suites – Loveland
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1-25 at East Crossroads Blvd.

Ticket price: \$39

How small businesses can survive this holiday season

SBA survey of partners reveals eight strategies

This time of year there is tremendous pressure on all entrepreneurs to keep their business doors open, and the holiday shopping season can make or break a business. According to estimates, retail and service businesses earn as much as 40 percent of total annual sales during November and December, and a successful 2009 holiday shopping season will determine whether many, already struggling through a deep recession, will survive.



GUEST COLUMN

Daniel Hannaher

The last 18 months have been difficult on locally owned small firms because of falling consumer confidence and the reluctance of shoppers to make large purchases. According to the National Retail Federation, nearly 84 percent of consumers say they expect to reduce their overall spending this year.

The U.S. Small Business Administration recently surveyed its resource partners to determine their top business strategies on surviving this holiday shopping season. Below are their top eight tips:

1. Monitor uncollected receivables. The holiday season brings vacations and distractions that can adversely affect a customer's focus on paying their bills. Customers who become lax in paying invoices and bills become an immediate drain on business cash flow. Never let customers be late in paying their bills to your business. It creates a bad precedent.

2. Reassess all expenses now. Holiday survival means creating benchmarks and ratios to better track expenses and key performance indicators allowing business owners to react more quickly and knowledgeably to changes in the business, including materials costs, labor expenses, and a drop in sales. Maintain strict control of inventory and your chances of surviving the holiday season are increased dramatically. Ultimately, the goal is to operate within a "smaller capital box," and avoid having to refill it with outside resources like business loans or credit card debt.

3. Employees have a lot at risk, too. Your employees are critical to your success and right now they may be scared to death about losing their jobs. Staying silent is never a good option. Talk to your employees and tell them as much as you honestly can. Options include reducing work hours instead of laying off staff. Loyal employees may even volunteer to work a few extra hours to keep the doors open.

4. Reward loyal customers. Consider offering a 10 percent or higher discount to local customers who have supported your business throughout the year. Back this with what we call "extreme" customer service — treat all customers as if they are your most important. Personalized, one-on-one customer service is the main reason many people shop at a small business and forego the big-box stores.

5. Dated inventory is a cash drain. One successful marketing technique is to hold an after-Christmas inventory blowout sale with huge discounts on old or outdated inventory. This year try this before Christmas on one of the key weekend sales days. Make it a fun one-day event. Announce it with inexpensive postcards using bulk mail or with an e-mail blast or on your social network such as Facebook. According to one business owner, this type of sale can generate approximately one month's worth of revenue in one day.

6. Drive Internet sales with a great website. Estimates show that nearly 40 percent of all sales this holiday season will be made on the Web. With most consumers moving to DSL or other high-speed Internet connections, making a quick sale online has become simple and fast. The first Monday after Thanksgiving has become known as "Cyber Monday," the unofficial start of the online buying season. Establish a website that can drive immediate sales — with relatively little cost — to your small business.

7. Increase cash reserves and reduce unnecessary cash outlays. This is a step that should have been instituted six months before the holiday shopping season. Positive cash flow pays the bills and keeps the doors open. Cash on hand also pays for those unplanned and unavoidable outlays of money. We take calls every day from small business owners needing last-minute business loans to cover unexpected inventory purchases or emergency cash needs. Don't be one of those businesses.

8. Don't wait until Dec. 25 to seek advice on saving your business. Today is the day to take charge of your business by making an appointment with one of the SBA's many resource partners — including SCORE and the Small Business Development Centers. We can help you develop a well-defined and comprehensive holiday survival strategy. And as a special holiday gift, the counseling session is free. Go to www.sba.gov/co for a list of SBDC and SCORE chapters in Colorado.

The SBA remains committed to helping your small businesses prosper and succeed. For same-day assistance, contact the SBA's Colorado District Office Small Business Economic Hotline at 303-844-2607, ext. 401.

And, of course, Happy Holidays!

Daniel Hannaher is the SBA's Region VIII Administrator based in Denver. He can be reached at Daniel.hannaher@sba.gov

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COLUMN



Business and the Arts

Brighton Armory should become catalyst for downtown renewal
Page 16

BOOKS

Examining the fluid
natures of wealth in
American society
Page 24

ETC.

Briefcase

Regional
business
developments
Page 12

On The Job

People
in the news,
on the move
Page 14

Calendar

Events, seminars
and dates to look
forward to
Page 15

LISTS

Region's largest

CPA firms

Page 19

Office furniture
and design
studios
Page 20

Architecture firms
Page 21

Advertising and
PR firms
Page 28

One constant: tax law changes

Tax cuts of 2001's Reconciliation Act set to expire at end of 2010

As we draw near to the end of another year, one that many may prefer to forget at least from a financial perspective, we look to what the future may hold.

For most of us there is still uncertainty. What will the stock market do next year? When will the jobs come back? What kind of health coverage will we have? And one overriding question that can have an effect on all of the previous questions: How much tax will I be paying?

There has been a lot of speculation over the last 12 months about what will happen to taxes, yet nothing of consequence has materialized to provide any



GUEST COLUMN

Mike Grell

See TAXES, 27

Things could be worse, tax-wise

Butch Shoup, CPA, partner at Clifton Gunderson LLP, says businesses actually have a lot to be thankful for during this holiday season.

"While things certainly could get better, there always is a little light in the darkness. In this case, there actually are a number of things that businesses can do to help improve their situation now," according to Shoup, who is based in the Denver office of one of the nation's largest certified public accounting and consulting firms.

For example:

1. By selling real estate at fair market value to children or other family members using a low-interest loan, business owners can move an asset off their ledgers while ensuring the business stays in the family. The owner can reduce the burden on the family member by gifting the member up to \$13,000 a year to help defray the cost of the loan. Any future appreciation in the property will escape estate taxes in the parents' estate.
2. The net operating loss carryback has been extended to five years from two through the American Recovery and Reinvestment Act. A NOL occurs when certain tax-deductible expenses exceed taxable revenues for a taxable year. If a business is taxed during profitable periods and receives no tax relief during those periods, Congress allows small businesses to use the losses in one year to offset the profits of other years, which may result in a hefty tax refund.
3. Capital investment is more attractive with the continued accelerated depreciation. Under ARRA, qualifying businesses can continue to expense up to \$250,000 of section 179 property for tax years beginning in 2009. Without ARRA, the 2009 expensing limit would have been \$133,000. Bonus depreciation (50 percent of cost) is available on current year purchases that are not expensed under section 179.

SOURCE: BUSINESS REPORT RESEARCH

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PRACTICING INNOVATION

Shirley Esterly

Re-form your team to focus on maximizing performance

Could your organization benefit from a performance makeover?

As we survey the organizational landscape in late 2009, it is clear that we are in a place we have never been before. Revenues and resources are reduced and even after we recover from the current recession, we can't expect the old world to return in any recognizable form.

It is time to turn our focus from the past, and what has been lost, to the future and what we want to create. We need to inspire ourselves and our organizations to begin

the serious work of re-creating durable organizations that inspire high performance.

It is time to take a renewable or regenerative approach to organizational capacity. Customer expectations are higher and we must perform against those expectations with fewer resources. One way to renew and regenerate capacity is through re-forming organizational units. Organization structure is an important part of performance. The structure can hamper or enhance the performance of teams. If we view the organization as an integrated system, there are always opportunities to redesign how we use our collective expertise to improve performance.

The city of Evans offers an innovative example of inspiring performance through regenerating capacity.

See INNOVATION, 25

2009 MODEL YEAR END EVENT

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Construction/Development: 63 Loans, \$108 Million

Special Use/Other: 33 Loans, \$30 Million

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Nonprofit notes

Supporters of **Animal House** raised over \$4,000 for the nonprofit animal shelter in Fort Collins. Money was raised through the shelter's Paws for Pins bowling night at **Chipper's Lanes** held in November and charitable organization **discgivings.org**, which also raised funds for **Fort Collins Cat Rescue** at the same time.

KUDOS

Coe Construction Inc. in Loveland has been awarded three **Hampton Inn** remodel projects, locat-

ed in Golden, Louisville and Glenwood Springs; a new **Walgreens** in Boulder; and an addition to **The Academy**, also in Boulder.

Fort Collins-based **Lightsource Creative Communications Inc.** received the 2009 Bronze Aster Award for Excellence in Medical Marketing with the Specialty Care Group for services to rebrand and publicize the name change from Hospice of Larimer County to **Pathways Hospice**.

Drahota received the Associated General Contractors of Colorado Silver Award of Merit for Construction Excellence for the **Trailhead Lodge** in Steamboat Springs. The Trailhead Lodge features 86 condos, underground parking, pools, a fitness club, outdoor entertaining areas, and a grotto with a water feature and three spas modeled after Strawberry Park, Steamboat's natural hot springs.

Fort Collins-based **Front Range Tradeshaw Support** has been recognized by **StartupNation** as a Top 10 business in its 2009 Home-Based 100 competition under the category of Recession Busters. Front Range Tradeshaw Support coordinates trade shows for businesses of any size. Complete results from the list can be see at <http://www.startupnation.com/homebased100/>.

NEW PRODUCTS AND SERVICES

"That Larimer County Show," a one-half hour produced cable television show featuring **Larimer County** topics is now airing on the county's **YouTube** site at <http://youtube.com/larimercounty>. In addition to the Proposed 2010 Budget, the county's YouTube site includes videos that show how services are paid for, what services are provided and what portion of property taxes go to each service.

NEW LOCATION

Fine furniture and interior design boutique **R&R Home** is slated to open its doors Dec. 8 in the former **Mountain Shop** location at 632 S. Mason St. in Fort Collins. Custom pieces from **Hickory Chair** represent the heart of the store's collection, which extends from sofas, chairs, tables, and cabinets to beds, nightstands and chests of drawers. Visit www.RandRHomeFurnishings.com for more information.

Bath and body shop **BodySong** has opened at 133 E. Fourth St. in Loveland in the former location of **Cloz to Home**, which has moved just across the street. BodySong features all-natural personal care and bath products as well as linens, bathrobes and grooming supplies.

Mueller & Associates CPA has moved to 762 W. Eisenhower Blvd. on the south shore of Lake Loveland. The phone number remains the same at 970-667-1070.

DEALS

Funding Partners in Fort Collins has renewed its partnership with the **Fraser Valley Foundation**. The Fraser Valley Foundation invested \$50,000 to be distributed in the form of downpayment assistance to homebuyers purchasing property in the Fraser Valley of Grand County.

DEADLINES

The **Loveland Chamber of Commerce** is accepting 2009 Investor Award nominations for outstanding businesses and individuals. A new award category, the Survivor Award, is designed for companies who have implemented creative tactics to stay healthy and remain competitive in an unpredictable business environment, including a down economy. All nominations must be received by Jan. 6 at 5 p.m. Visit www.loveland.org/ for more information.

ANNIVERSARIES

Advertising agency **Media Masters** celebrated 20 years of providing marketing solutions in print, outdoor, TV and radio as well as public relations and logo design. In its anniversary year Media Masters has added a Web design division and a line of promotional products to its services. For more information visit www.resultsbymediamastrs.com.

PROJECTS

Raintree Athletic Club, formally **Pulse Fitness Center**, has contracted with **Dohn Construction Inc.** for its renovation work. Plans include new state-of-the-art cardio and weight equipment, expanded and totally remodeled locker rooms, family locker rooms, spacious cardio theater, expanded child care and cycling studio, lounge and café.

MISCELLANEOUS

First National Bank announced the winners of the RamCard Plus Scholarship Program. Through the program, 22 **Colorado State University** freshmen each received a \$1,500 deposit into their CSU accounts for tuition and room and board. The RamCard Plus is tied directly to students' First National Bank checking accounts, thereby acting as their ATM/debit card, as well as their access pass to campus facilities and services.


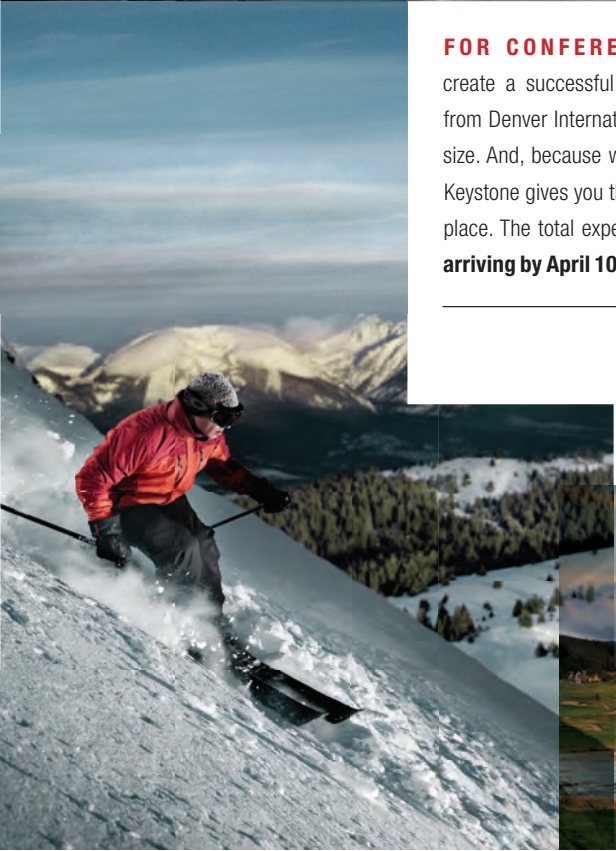

The Robert F. Busbey Natatorium at **Cleveland State University** installed its new 11-foot by 19-foot, 23mm full color LED matrix display from Loveland-based **Colorado Time Systems**. The display is capable of displaying live timing and results, animations, full color live video, and video replays for swimming, diving, water polo and synchronized swimming.

If you have an item to share about name changes, new products or business news of note, e-mail it to Noah Guillaume at nguil-laume@ncbr.com, or mail it to Briefcase at NCBR, 141 S. College Ave., Fort Collins, CO 80524.


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TIME OUT



HOSPITALITY – 1. Sonda Donley, left, with Rickard, Long & Rulon LLC, got to know Susan Tice, an agent with Sears Real Estate, at the Greeley Chamber of Commerce business after hours on Nov. 19 at Fox Run Good Samaritan Village. **2.** Marie Wing, senior sales representative at Goozmo, and Richard Perry, account executive at the Business Card Factory, get in some networking at the Fort Collins Area Chamber of Commerce business after hours event on Nov. 19 at Adams Bank & Trust. **3.** Christie Chaney, a freelance technical writer, chats up Belinda and Bruce Tomlinson, owners of Noetic Wisdom Events at the Nov. 16 Northern Colorado Entrepreneurs Network Meet-up at Neenan Archistruction in Fort Collins. **4.** Greg Farnsworth, left, owner of Patrick’s Irish Pub, and Gary Salijko, a financial services professional at Wealth Concepts LLC, enjoyed the hospitality of Atmos Energy at business before hours event Nov. 11.

photos by Greeley Chamber of Commerce, Business Report staff

E-mail your event photos to Editor Kate Hawthorne, khawthorne@ncbr.com. Include complete identification of individuals.

THERE’S MORE TO THE SUN’S LIGHT THAN MEETS THE EYE

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ON THE JOB

NONPROFIT

Richard "Dick" and Louise Link are the newest members of the Birthright of Loveland board. The Links were inspired to start the local Birthright chapter in 1980 after the adoption of one of their children. The Links joined the board to help mothers through unplanned pregnancies and look forward to celebrating Birthright's 30th anniversary in 2010.

ACCOUNTING

Jan Dugaard has joined Kennedy and Coe LLC in Loveland to work in marketing and business development for the accounting and consulting firm. In this position Dugaard will help develop and execute marketing strategies, build client relationships and bring awareness of the firm to the region.



LENFERT

Sample & Bailey CPAs in Fort Collins hired **Cassandra Lenfert** and **Ryan S. Wedel**, CPA as senior tax accountants. Lenfert previously worked as a senior tax accountant for M. Henderson & Co. LLP. Wedel previously worked as a tax accountant for Price, Kong & Co. CPAs in Arizona. **Courtney K. Kochick**, CPA joined the firm as senior audit accountant. Kochick has worked with such companies such as Abbott Laboratories and Deloitte and Touche.



WEDEL



KOCHICK

Lou Bush has joined the firm of Mueller & Associates CPA LLC in Loveland as an associate. Bush will be specializing in accounting and tax matters for closely-held businesses and their owners.

HEALTH CARE

Steve Schmutzer, founder of Fort Collins-based Firefly Medical, was voted Inventor of the Year at the DaVinci Institute's Fifth Annual Colorado Inventor Showcase in November. The award was given in recognition of Firefly's Infusion Management System, which is designed to replace IV poles in hospitals.



REVIS

Jim Revis, McKee Medical Center's director of facilities services, has earned the designation of Certified Healthcare Facility Manager by the American Hospital Association. The certification is a national credential that distinguishes Revis as being among the elite in the field of health-care facility management.

The American Medical Billing Association named **Ann Marie Brunk**, owner of Healthcare Billing Solutions in Loveland, as its 2009-10 Member of the Year at its annual AMBA National Conference in October. Nominees are recognized for performance in the field, professional contributions, innovative thinking, and progressive ideas.



BRUNK

Peter D. Kopyay will take over the role of president of Advanced Medical Imaging Consultants, replacing **John R. Bodenhamer** who has decided to step down from the office. Kopyay previously served

as the Medical Director at McKee Medical Center and Skyline Center for Health, and Harmony Imaging Center.

REAL ESTATE

James W. Mitchell and **Emily Elmore** have joined The Group Inc., Real Estate as broker associate/partners at the Mulberry Street office in Fort Collins.

Rosalie Lawrence with Team Cook at The Cottage Realty Ltd. in Berthoud has earned the Certified Distressed Property Expert designation.

MARKETING/MEDIA

Radio station 92.9 FM KOLT, La Pantera, hired **Tom Lucero** to handle the accounts in Fort Collins, Loveland, Windsor, Wellington and Longmont. Lucero will also be working on relaunching the station's Web presence at www.lapantera929.com and establishing a social networking presence.

Danielle Llewellyn has joined DaVinci Sign Systems in Windsor. Llewellyn will focus on construction contracts and sales support for DaVinci and also brings knowledge of the LEED construction process to the team.



LLEWELLYN

CONSTRUCTION

Harry Poehlmann of Poehlmann Construction Co. in Loveland has been installed as president of the Home Builders Association of Northern Colorado. Other officers include: **Vicki Wagner**, Western States Builders, immediate past president; **Mike Doddridge**, Doddridge Construction, senior vice president; **Dwight Sailer**, HighCraft Builders, vice president; **Bill Kish**, Associates in Building and Design, vice president; **David Dunn**, Homes & Land of Weld/Larimer Counties, secretary/treasurer.



POEHLMANN

ENGINEERING

Tracy J. Letzring a civil engineer and vice president for Tait & Associates Inc. in Loveland, has earned Professional Civil Engineering Registration from all 50 U.S. states. Tait & Associates provides services in land development, national retail development programs, environmental services, and public projects.



LETZRING

MISCELLANEOUS

Dean A. Beers, founder and operator of Forensic Investigators of Colorado LLC in LaPorte, has been nominated and elected to the position of vice president of membership for the Board of Directors of the Professional Private Investigators Association of Colorado. The term is for two years.

Bob Carnahan of Advance Tank and Construction Co. in Wellington has been appointed chair of the Fort Collins Area Chamber of Commerce's Local Legislative Affairs Committee for 2010. **Greg Woods** of Fort Collins Habitat for Humanity has been named vice chair.

If you have an item to share about a promotion, job change or career news of note, e-mail it to Noah Guillaume at nguillaume@ncbr.com, or mail it to On The Job at NCB, 141 S. College Ave., Fort Collins, CO 80524.

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CALENDAR

Dec. 4 – Christmas with the King, an Elvis Tribute, from 7:30 to 9:30 p.m., Union Colony Civic Center, 701 10th Ave. in Greeley. Cost: \$22, \$18, \$16, \$35/Center Circle. Contact: Andy Segal at 970-350-9455 or andrew.segal@greeleygov.com.

Dec. 4 – Christmas with Red Feather Woman, starting at 7 p.m., Estes Park Museum, 200 Fourth St. in Estes Park. Cost: Free. Contact: Suzy Blackhurst at 970-577-9900 or sblackhurst@estes.org.

Dec. 4 - 12 – MoCA Winter Art Bazaar, Fort Collins Museum of Contemporary Art, 201 S. College Ave. in Fort Collins. Contact: FC MoCA at 970-482-2787 or josh@atrainmarketing.com.

Dec. 4 - 5 – Friends of the Library Used Book Sale, from 10 a.m. to 4 p.m., Hondius Room, Estes Park Public Library, 335 E. Elkhorn Ave. in Estes Park. Contact: Suzy Blackhurst at 970-577-9900 or sblackhurst@estes.org.

Dec. 5 – Holiday Home Tour, from 11 a.m. to 4 p.m., Estes Park Area Homes, Throughout the Estes Park area in Estes Park. Cost: \$12/in advance, \$15/day of. Contact: Suzy Blackhurst at 970-577-9900 or sblackhurst@estes.org.

Dec. 5 – Stove Prairie Winter Festival, from 10 a.m. to 4 p.m., Stove Prairie Elementary School, 3891 Stove Prairie Road in Bellvue. Cost: free. Contact: Krista Moreshead at 970-484-1233 or krista@leachman.com.

Dec. 5 - 6 – Become a Certified Business Coach, from 9 a.m. to 5 p.m., Holiday Inn Express, 6092 E. Crossroads Blvd. in Loveland. Cost: \$979. Contact: Sean Mc Carthy at 970-581-2872 or sean@CertifiedCoachesFederation.com.

Dec. 5 – Holiday Family Festival, from 1 to 4 p.m., Front Range Village, East Harmony Road in Fort Collins. Cost: Free, but donations accepted.

Dec. 5 - 6 – Oratorio Society Winter Concert, starting at 7 p.m., Mountain View Bible Fellowship, 1575 S. St. Vrain in Estes Park. Cost: Free, but donations accepted. Contact: Suzy Blackhurst at 970-577-9900 or sblackhurst@estes.org.

Dec. 5 – Loveland Chamber Business After Hours, from 5:30 to 7 p.m., The Hillcrest, 535 N. Douglas Ave. in Loveland. Cost: \$12 to pre-reg, \$15 at the door. Registration Deadline: 5 p.m., Dec. 4. Contact: Nicole Hegg at 970-744-4792 or nhegg@loveland.org.

Dec. 6 – Jubilate Singers Concert, starting at 2 p.m., Stanley Hotel, 333 W. Wonderview Ave in Estes Park. Cost: \$5, no charge for children or students. Contact: Suzy Blackhurst at 970-577-9900 or sblackhurst@estes.org.

Dec. 7 – NoCoNet presents Is Your BUT Too Big? from 8 to 10:30 a.m., Faith Evangelical Free Church, 3920 S. Shields in Fort Collins. Contact: NoCoNet at noconetinfo@yahoo.com.

Dec. 8 – Illuminating Lighting Technologies, from 9 a.m. to noon, Cafe Columbine and Bakery, 802 W. Drake Road, Suite 101 in Fort Collins. Cost: Complimentary. Contact: Gary Schroeder at 970-221-6395 or gschroeder@fcgov.com.

Dec. 8 – R&R Home Grand Opening, from 10 a.m. to 8 p.m., R&R Home, 632 Mason St. in Fort Collins. Contact: Rod Clough at 970-484-2498 or rod@randrhomefurnishings.com.

Dec. 9 – STIR Loveland Educational with Wynne Odell, from 7:30 to 9 a.m., Loveland Chamber of Commerce, 5400 Stone Creek Circle in Loveland. Cost: free to Stir members, \$10 to non-Stir members. Registration Deadline: 5 p.m., Dec. 8. Contact: Nicole Hegg at 970-744-4792 or stir@loveland.org.

Dec. 9 – Alternative Investing Holiday Dinner, starting at 6 p.m., Retro Bistro, Elite French Cuisine, 535 Third St. in Berthoud. Cost: \$32. Contact: Jill Holly at 970-980-5736 or jholly@frii.com.

Dec. 9 – MoCA Winter Art Bizarre Ladies VIP Night Out, from 6 to 8 p.m., Fort Collins Museum of Contemporary Art, 201 S. College Ave. in Fort Collins. Cost: \$20/adv for members, \$25/adv for non-members. Contact: Josh at 970-419-3218 or josh@atrainmarketing.com.

Dec. 9 – Greeley Chamber of Commerce Business Before Hours, from 7 to 8:30 a.m., North Colorado Medical Center, 1801 16th St. in Greeley. Contact: Kim Barbour at 970-352-3566 or

kim@greeleychamber.com.

Dec. 10 – MoCA Winter Art Bizarre Guys VIP Night Out, from 6 to 8 p.m., Fort Collins Museum of Contemporary Art, 201 S. College Ave. in Fort Collins. Cost: \$20/adv for members, \$25/adv for non-members. Contact: Josh at 970-419-3218 or josh@atrainmarketing.com.

Dec. 10 – Certified Supply Chain Analyst from APICS Northern Colorado, from 8:30 a.m. to 4 p.m., Escape Velocity Systems, 2520 55th St., Suite 204 in Boulder. Cost: \$645. Contact: Gary Wickett at 303-704-5008 or vsm.csa@apicsnoco.org.

Dec. 11 – Sing, Choirs of Angels! from 7:30 to 9 p.m., First United Methodist Church, 1005 Stover in Fort Collins. Cost: \$5 - \$18. Contact: Marie Krizanovic at 970-416-9348 or krizanovics@aol.com.

Dec. 11 – Lights Out Lunch, from noon to 1 p.m.

Voluntary effort to conserve energy. Contact: Xcel Energy at www.LightsOutLunch.com.

Dec. 13 – David Korevaar in concert, starting at 2 p.m., Stanley Hotel, 333 Wonderview Ave. in Estes Park. Cost: \$5, no charge for children or students. Contact: Suzy Blackhurst at 970-577-9900 or sblackhurst@estes.org.

Dec. 14 - 16 – NoCoNet presents Targeting Companies, from 8 to 10:30 a.m., Faith Evangelical Free Church, 3920 S. Shields in Fort Collins. Contact: NoCoNet at noconetinfo@yahoo.com.

Dec. 14 – An Evening with Sara Evans, from 7 to 9 p.m., Union Colony Civic Center, 701 10th Ave. in Greeley. Cost: \$47, \$42, \$39, \$75/Center Circle. Contact: Andy Segal at 970-350-9455 or andrew.segal@greeleygov.com.

Dec. 14 – Inventor Showcase Winners Presentation,

from 5:45 to 9 p.m., Neenan 3D Building, 2620 E. Prospect Road in Fort Collins. Cost: Willingness to collaborate. Contact: Peter Olins at 970-599-1133 or peter@nocoentre.net.

Dec. 14 – Social Media Bootcamp: 1.5 Hours to Launch, from 11:30 a.m. to 1 p.m., Loveland Chamber of Commerce, 5400 Stone Creek Circle in Loveland. Cost: free to Loveland Chamber members, \$10 to everyone else. Contact: Nicole Hegg at 970-744-4792 or nhegg@loveland.org.

Dec. 15 – CyberChat Series: Content Management Systems - making Web editing and commentary seamless, from 7:30 to 9 a.m., Loveland Chamber of Commerce, 5400 Stone Creek Circle in Loveland. Cost: free to Loveland Chamber members, \$10 to everyone else. Registration Deadline: 5 p.m., Dec. 14. Contact: Nicole Hegg at 970-744-4792 or nhegg@loveland.org.

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Courtesy Scott Bietendorf/Brighton Urban Renewal Authority

WELCOME HOME – The Armory in Brighton has opened as the new home for arts and culture after standing empty for decades. A capital campaign by the Brighton Urban Renewal Authority raised \$4.1 million for the project, despite launching in the depths of the recession in January.

New venue revives old building with rich history

The Armory should become catalyst for downtown renewal

In October the city of Brighton celebrated the opening of The Armory, a new visual and performing arts venue downtown. Located in a complex that includes a new public library, The Armory also breathes life into an old building and provides a multi-use performance space for the community’s artists and performers.

“For years cultural and arts groups had no home in Brighton,” said Hilarie Portell, coordinator for fundraising and marketing for The Armory. “The Opera House burned down in 1955. People usually went to Denver for events, and local groups performed in schools, churches, and civic spaces where they could find them.”

In 2006, the Brighton Urban Renewal Authority initiated a community-based planning effort to create a sustainable downtown. The long-empty, massive, graystone Armory, on a city block between Main Street and City Hall, was identified as a catalyst project for cultural and economic revitalization.

Planning for the capital campaign started in spring of 2008 and kicked off in January 2009. In a short period of time, the campaign raised \$4.1 million.



BUSINESS AND THE ARTS
Kiki Gilderhus

“I was so impressed during the course of the campaign,” Portell said. “The economy was so horrible, we were hit with businesses closing, people losing jobs, and the crop failure due to the storms over the summer. Everyone was hit hard, but when asked, everyone gave what they could. People really feel that it’s a part of the legacy of Brighton and a way to improve the community.”

Indeed the rich history of The Armory resonates with the new cultural center.

As the name suggests, The Armory was opened in 1922 to house Company K of the Colorado National Guard. The American Legion bought the building in 1928 when the company transferred to Fort Morgan. The Legion used the building to host a variety of community events and celebrations until 1973, when United Lumber assumed ownership.

“In recent memory the Armory was a vacant old building in a lumberyard,” according to Portell. “But older citizens fondly remember parties, concerts and social events being held there.”

BURA also recognized the historic architecture worth preserving. In the early 20th century, the Colorado National Guard built 11 such armories but only seven still exist. The exterior of the remodeled Armory preserves the original fortress-like elements, especially the broad pitched roof and corner turrets, with contemporary expanses of glass windows.

Inside The Amory offers an entirely new 300-seat auditorium with sophisticated light and sound equipment.

“Part of the challenge was to design a space conducive to all the arts,” explained Judee Dickinson, portrait painter and founder of the Art

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CONSTRUCTION & ARCHITECTURE/ OFFICE DESIGN

Storefronts more than vacant space

Just add art, music to keep interest in empty buildings, blocks alive

By Kristen Tatti
ktatti@ncbr.com

FORT COLLINS — Fort Collins has an incubator program for technology and one for food-related businesses, so why not one for the arts?

That's a question Dawn Putney, owner of Toolbox Creative, asked herself after seeing an innovative program in New York aimed at getting artists exposure. The Art Lab, launched this summer, provides a platform for local artists, musicians and other creative talents to showcase and present their work. At the same time, it puts good use to otherwise empty storefronts in downtown Fort Collins.

Putney got the idea for the Art Lab after a visit to Brooklyn, where a small storefront in a seemingly depressed area was drawing a lot of attention. The 303Grand initiative rotates artists and musicians on a daily or weekly basis into a retail space for a very small cost.

Putney pitched the idea of creating a similar program in Fort Collins to owners of vacant space at 140 W. Mountain Ave. — and they liked it. Art Lab held its inaugural event on July 3.

"It's a platform to help launch people," she said. It has also hosted lectures, classes and events such as meetings of Refresh NoCo.

The Art Lab has also made an attempt to pair visual artists with musicians. The space acts as a venue for practice as well as performance with users ranging from violinists, jazz musicians and garage bands. Artists, musicians, performers and the like are required to open the space to the public on Friday nights and Saturday afternoons for free.

Many of the users have little experience in



Noah Guillaume, Northern Colorado Business Report

REFRESHING USE OF SPACE — The Art Lab at 239 Linden St. hosted the Nov. 19 Refresh NoCo event. The otherwise unoccupied space is made available to local artists, musicians and other creative minds in the evenings and on weekends.

publicly sharing their talents. Putney hopes that the Art Lab space will give amateurs a feel for how to present their art, take care of a commercial space and collaborate and work with others.

Now in its second location

Since it started, the project has morphed to include more groups, and with the original space slated for a new restaurant, now occupies new space at 239 Linden St., former home of the Repeat Boutique.

"It's a little tricky, but so far it's worked," Putney said of properly securing space.

There has been only one incident where

nearby office workers, in on the weekend, complained of a drummer using the space too loudly. Other than that, things have run pretty smoothly.

"As long as you don't get me arrested, you can use the space," Putney quipped.

She has worked closely with Realtec broker Patty Spencer on the project.

"I just thought it's a great idea. It fits into that incubator concept," Spencer said. "From a real estate perspective, we don't like empty storefronts."

Spencer explained that research has shown that consumers are less likely to walk beyond

See ART LAB, 23

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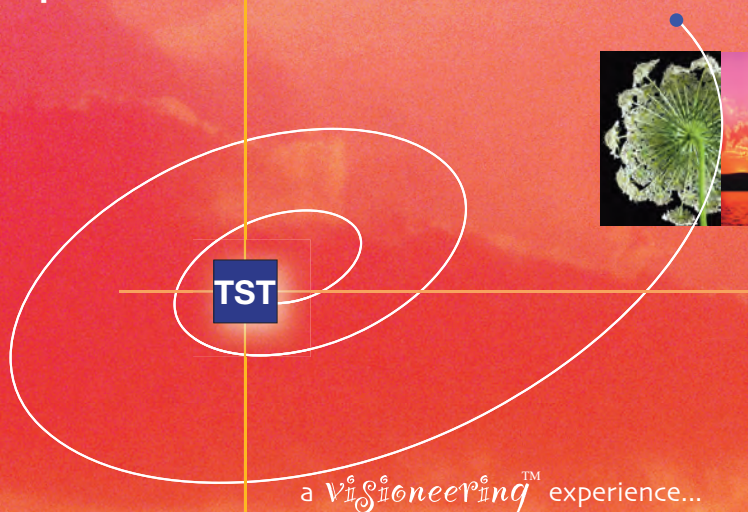
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Located at the entrance to the Promenade Shops at Centerra is the new two-story Skypond Office Building. Dohn Construction, Inc completed the 30,000 square foot building in November of 2009. The building design and the interior finishes were done by VFR Design, Inc in Fort Collins. The project has applied for a LEED® Silver accreditation. It's energy-efficient design promotes energy and water conservation and maintains a healthier and safer environment for occupants. The 15,000 square foot top floor is the new home for Kennedy and Coe. To enhance their client's experience, Kennedy and Coe invested in the latest technology for its conference rooms, including dual screen projectors and full video conferencing capabilities. The bottom floor is being leased by McWhinney Properties. Please call Ron Kuehl at (970) 613-4562 for leasing information.



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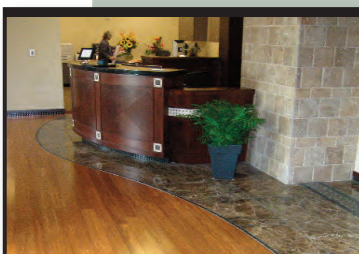
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1	1	SAMPLE & BAILEY CPA PC 375 E. Horsetooth Road, Bldg. 4, Suite 200 Fort Collins, CO 80525 970-223-8825/970-223-0817	20 20 1 1	40 46	20% 70% 10%	Tax and tax planning, audits, reviews, compilations, financial/retirement planning, business valuation.	brichmond@sampleandbailey.com www.sampleandbailey.com	Roger L. Sample President 1979
2	4	EKS&H / EHRHARDT KEEFE STEINER & HOTTMAN PC 1321 Oakridge Drive Fort Collins, CO 80525 970-282-5400 x5405/970-282-5499	20 198 1 3	32 29	49% 36% 14%	Tax planning and business advisory services, including financial modeling, business valuation, strategic planning, business transition planning and real estate cost segregation.	N/A www.eksh.com	Chris Michael Otto 2005
3	3	BROCK AND CO. CPAS PC 3711 JFK Parkway, Suite 315 Fort Collins, CO 80525 970-223-7855/970-223-3926	15 39 2 5	48 47	25% 55% 20%	Construction,real estate investors/developers, tax and estate planning, high net worth individuals, audits, reviews and compilations, audits of employee benefit plans.	sjohnson@brockcpas.com www.brockcpas.com	Susan R. Johnson Director 1956
4	2	KENNEDY AND COE LLC 6125 Sky Pond Drive Suite 200 Loveland, CO 80538 970-685-3500/970-663-0223	15 76 1 8	35 40	15% 45% 40%	Areas of expertise include business consulting, accounting and audit services, estate and retirement planning. Industry expertise in the areas of manufacturing, construction, agriculture, biofuels, financial institutions, and professional services.	jdaugaar@kcoe.com www.kcoe.com	Jeff Wald Sid Fahsholtz Member 1932
5	5	ANDERSON & WHITNEY PC 5801 W. 11th St., Suite 300 Greeley, CO 80634 970-352-7990/970-352-1855	13 13 1 1	28 28	N/A% N/A% N/A%	Agriculture, litigation support, small businesses consulting, financial and estate planning, retirement planning, auditing various industries including nonprofit, banking, health care, local government.	larry@awhitney.com www.awhitney.com	Larry Atchison President 1968
6	6	SOUKUP, BUSH & ASSOCIATES CPAS PC 2032 Caribou Drive, Suite 200 Fort Collins, CO 80525 970-223-2727/970-226-0813	11 11 1 1	19 19	14% 78% 8%	Tax, business valuation, cost segregation, auditing and accounting.	scott@soukupbush.com www.soukupbush.com	Scott Bush President 1989
7	7	RICKARDS LONG & RULON LLP 301 E. Olive St. Fort Collins, CO 80524 970-493-6869/970-484-1992	7 7 3 3	27 32	N/A% N/A% N/A%	Business consulting, taxes, audits, payroll, accounting systems valuation and litigation support.	info@rlrcpas.com www.rlrcpas.com	Jill Rickards A. Scott Rulon Carla Pollock Robert Dickerson Chris Nickels Partners 1980
8	8	BARTELS & CO. LLC 7251 20th St., Bldg. D-1 Greeley, CO 80634 970-352-7500/970-352-2281	6 6 1 1	10 12	25% 65% 10%	Tax planning and preparation, audits, reviews, compilations, bookkeeping, various industries including oil and gas, construction, retail, restaurants, manufacturing, nonprofit agencies, physicians, attorneys, small business, estate planning.	Rich@bartelscpa.com www.bartelscpa.com	Richard J. Bartels Managing partner 1990
9	11	HALLIBURTON, HOGSETT, SCOTT & ASSOCIATES PC 873 N. Cleveland Ave. Loveland, CO 80537 970-667-5316/970-667-2269	6 6 1 1	8 8	20% 65% 15%	Audits, financial statements, new business consulting, tax planning and preparation, estate planning.	djh@hhsacpa.com www.hhsacpa.com	Dennis J. Hogsett CPA 1965
10	12	JOHNSON & ASSOCIATES CPAS PC 400 S. Division Ave. Sterling, CO 80751 970-522-5762/970-522-5642	5 5 1 1	14 14	12% 65% 23%	Agriculture, family businesses, estate planning, financial planning, succession planning, tax return preparation, audits, reviews and compilations.	russ@jacpa.net www.jacpa.net	Russ Johnson President 1999
11	9	HUNT, SPILLMAN & ASSOCIATES PC 125 S. Howes St., Seventh Floor Fort Collins, CO 80521 970-482-2272/970-482-3231	5 5 1 1	10 10	N/A% N/A% N/A%	Business consulting, litigation support, estate planning, auditing, tax planning, preparation and compliance, special services (business irregularities, transaction analysis, forensic accounting, succession planning, etc.)	bobhunt@huntspillman.com www.huntspillman.com	Robert J. Hunt Director 1969
12	13	GATES, KIRBY & CO. PC 300 E. Boardwalk Drive, Bldg. 5B Fort Collins, CO 80525 970-226-1704/970-223-0157	5 5 1 1	8 7	N/A% N/A% N/A%	Individual tax return preparation and planning, corporation and partnership tax return preparation and planning. Audits, reviews and compilations. QuickBooks and general business consulting.	tom@gateskirby.com www.gateskirby.com	Tom L. Gates President 1984
13	10	KNEZOVICH AND WILLIAMS CPAS LLC 109 Coronado Court Fort Collins, CO 80525 970-224-9900/970-377-6767	5 5 1 1	7 7	10% 70% 20%	Business valuations, tax and accounting services for small businesses and their owners.	paul@kwcpallc.com www.kwcpallc.com	John Knezovich Paul Williams Managing members 1982
14	15	HANNA, HOLDREDGE & ASSOCIATES CPA PC 365 E. 27th St. Loveland, CO 80538 970-667-2555/970-669-9494	4 4 1 1	12 9	N/A% N/A% N/A%	Business planning, business valuations, tax preparation, bookkeeping services and QuickBooks consulting.	info@lovelandcpas.com www.lovelandcpas.com	Sandra L. Hanna Owner, President 1978
15	14	RUESCH, BIDDLE & LARSON CPAS LLC 3535 W. 12th St., Suite D Greeley, CO 80634 970-353-1798/970-353-1799	4 4 1 1	7 7	0% 90% 10%	Individuals, agriculture, small business, trusts and estates.	william.ruesch@rbcpasllc.com www.rbcpasllc.com	William R. Ruesch Partner 1981
16	18	KRUGER & CLARY CPAS, PC 515 S. Howes St. Fort Collins, CO 80521 970-482-6947/970-472-4061	3 3 1 1	8 10	0% 70% 30%	Income taxes, accounting, business and personal consulting.	info@krugercpas.com www.krugercpas.com	Melissa Clary Dale Kruger President Vice president 1993
17	17	YUDIEN, FRY & ASSOCIATES PC 117 E. Mountain Ave., Suite 200 Fort Collins, CO 80524 970-484-9655/970-232-1475	3 3 1 2	7 8	0% 20% 5%	Small business, start-ups, restaurants, retail, payroll, profit enhancement, Quickbooks consulting and tax planning.	info@yfacpa.com www.yfacpa.com	Stephanie Kimak Partner 1981
18	19	SCHULZ AND LEONARD PC 200 First St. Eatn, CO 80615 970-454-3371/970-454-3465	3 3 1 1	7 7	0% 75% 25%	Income-tax preparation and planning, estate planning and agribusiness.	Roger@SchulzandLeonard.com www.SchulzandLeonard.com	Roger L. Schulz President 1976
19	16	B. SUE WOOD AND ASSOCIATES PC 527 Remington St. Fort Collins, CO 80524 970-482-5626/970-482-5629	3 3 1 1	6 8	N/A% N/A% N/A%	N/A	N/A bswpc.com	B. Sue Wood 1990
20	21	ALEXANDER BROUGHTON & CO. CPAS PC 903 N. Cleveland Ave., Suite B Loveland, CO 80537 970-669-7200/970-669-7211	3 3 1 1	4 4	12% 82% 6%	Small-business consulting, real estate-related tax, accounting, auditing, consulting.	emacpa@frii.com alexanderbroughton.com	Mike Alexander President 1980
21	NR	WATKINS & SCHOMMER INC. 3545 W. 12th St., Suite 201 Greeley, CO 80634 970-352-1700/970-352-1708	2 2 1 1	7 4	75% 20% 5%	Audits of governmental entities, nonprofit organizations, and companies in the construction and high-tech industries. Personal and business income tax preparation and consulting.	rwatkins@wnscpas.com http://wnscpas.com	Dan Schommer 1978
22	23	RODAHL & CO. LLC 2038 Vermont Drive, No. 101 Fort Collins, CO 80525 970-207-0747/970-207-0753	2 2 1 1	5 5	1% 76% 12%	Taxation, real estate, construction, agriculture, medical professionals.	dean@rodahlcpa.com N/A	Dean Rodahl 2000
23	22	SIEBERT & ASSOCIATES PC 8219 W. 20th St., Suite B Greeley, CO 80634 970-353-3750/970-353-3752	2 2 1 1	4 5	25% 60% 15%	Individual and business tax planning and preparation, IRS representation, business valuations, management consulting, estate and financial planning.	bill@siebertcpa.com N/A	William J. Siebert President 1990
24	25	SHINN CONSULTING CPAS PC 702 W. Drake Road, Bldg. D Fort Collins, CO 80526 970-206-1435/970-494-7979	2 2 1 1	4 4	0% 65% 35%	Small-business consulting, financial planning and estate planning.	ralph@shinnconsultingcpas.com www.shinnconsultingcpas.com	Ralph T. Shinn President 1993
25	NR	TIM CHAVIES & ASSOCIATES 1707 61st Ave., Suite 101 Greeley, CO 80634-7997 970-356-2284/970-353-9701	2 2 1 1	3 3	N/A% N/A% N/A%	Full service CPA firm.	tchaviescpa@yahoo.com N/A	Tim Chavies President and Owner 1976

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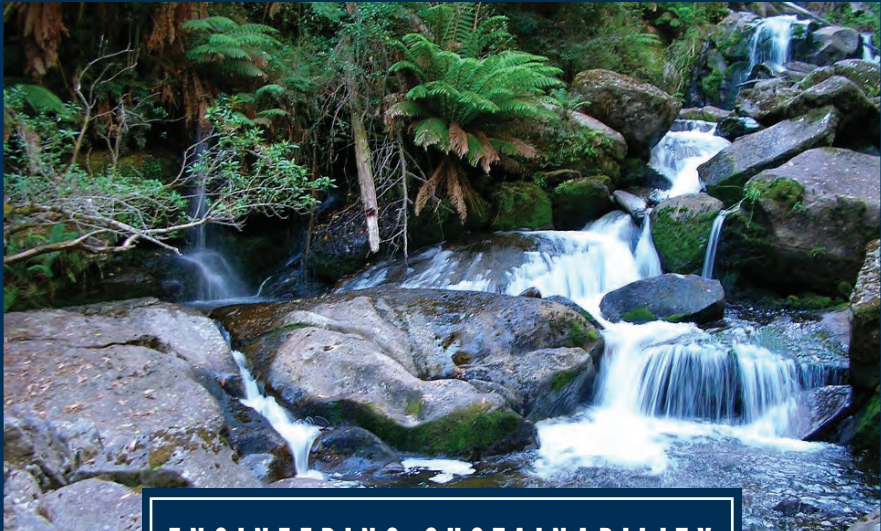
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1	1	OFFICESCAPES 4812 McMurry Ave., Suite 180 Fort Collins, CO 80525 970-223-5959/970-223-5858 www.officescapes.com	\$5,704,000 \$7,685,000	18 302 5 3	95% 5% 0% 0%	Steelcase, Turnstone, Details, Revest, Metro, Vecta, Brayton	Office, health care and education furnishings, workplace consulting and planning, installation, moves and reconfigurations, cabling, flooring, audio visual.	Sharie Grant President, Northern Division Denver 1969
2	3	ELEMENTS1 3600 Mitchell Drive, Suite 50-A Fort Collins, CO 80520 970-206-0236/970-206-0276 N/A	\$3,500,000 \$3,342,000	63 N/A N/A 6	75% 2% N/A 23%	Knoll, HON, DIRT, Interface (flooring), Nucraft, Bernhardt, Paoli, Dar-Ran, Howe, Falcon, SpaceCo, Dauphin	Office furniture and floor covering sales. Also, design, installation, reconfiguration, repair, refinish, move and assist management of office furniture.	Pearl Stolarczyk Denver 2003
3	7	MY OFFICE ETC.2 671 Academy Court, Unit C Windsor, CO 80550 970-686-5218/970-686-7141 www.myofficeetc.com	\$1,520,000 \$1,512,000	8 6 5 1	70% N/A 30% N/A	HON, Global, National	Office supplies, office design services, business furniture sales & installation.	Ken Knight Owner, President Windsor, CO 1991
4	5	BRATTON'S OFFICE EQUIPMENT INC. 1303 Eighth Ave. Greeley, CO 80631 970-378-1480/970-353-9845 www.brattonsoffice.com	\$1,400,000 \$1,600,000	16 0 3 0	10% 0% 10% 80%	HON , Global	Retail sales: furniture, computer-aided design, Canon Copy Machines, office supplies.	Bob Bratton Gene Bratton President CEO Greeley 1945
5	2	NCP (NORTHERN COLORADO PAPER)3 295 71st Ave. Greeley, CO 80634 970-353-0246/970-353-0249 www.ncpaper.com	\$1,390,000 \$3,960,000	60 40 10 1	30% N/A 68% 2%	Artopex, Maxon, Global, Globalcare, Office Master, Studio Q, Integra, JSI, Chromcraft, Lesro, HON, Shafer Seating, Grand Rapids Seating, Versteel.	Furniture dealer specializing in space planning, budget development, assistance with furniture selection, project management, professional installation, warranty service, and office reconfiguration.	Jean Kruger Jim Nelson Furniture Specialist President Greeley 1978
6	8	CITRON WORKSPACES P. O. Box 270284 Fort Collins, CO 80527 970-231-4666/303-665-7697 www.citronworkspaces.com	\$1,250,000 \$1,400,000	1 15 1 3	95% 5% N/A N/A	Teknion, OFUSA, Artopex, HON	New and used office furniture, related services.	Paul Glick Louisville 2004
7	10	JUST OFFICE FURNITURE 825 S.W. Frontage Road, Unit 2 Fort Collins, CO 80524 970-493-9039/970-484-1573 www.justofficefurniture.com	\$1,003,854 \$1,100,000	8 0 3 2	70% 10% N/A 20%	Global, Office Source, HON, DMI, National, Herman Miller, Unisource, Florense, Datum	Design, delivery, relocation, moving, and reconfiguration services available. We specialize in cubicle reconfiguration and design services.	Alexa Hepler Mike Hepler Owners Fort Collins 1979
8	9	BCINTERIORS 1635 Foxtail Drive Loveland, CO 80538 970-686-1449/970-686-1192 www.bcinteriors.com	\$900,000 \$1,155,000	10 N/A 1 2	95% 5% N/A N/A	Kimball, Hon, La-Z-Boy, Allseating, RFM Seating and many more.	New, used and remanufactured commercial office furniture, cubicles and fixtures. Design, space planning, project management, delivery and installation.	Chris Mabbitt Owner Boulder 1978
9	11	HABITAT HOME SUPPLY STORE 4001 S. Taft Hill Road Fort Collins, CO 80526 970-223-9909/970-482-5732 www.habitatstore.org	\$14,000 \$13,000	9 N/A N/A N/A	N/A N/A N/A N/A	Used office furniture.	Funding enterprise for Fort Collins Habitat for Humanity. Used furniture, and filing cabinets.	Joe Kissell Store manager N/A 2001
10	NR	FORMA FURNITURE 2834 S. College Ave. Fort Collins, CO 80525 970-204-9700/970-204-9725 www.formafurniture.com	N/A N/A	6 N/A 3 2	20% N/A N/A 80%	Jesper Office Legare Bamboo Desks Office Star	N/A	Travis Garrish President N/A 5

N/A - Not Available
(1) formerly Rocky Mountain Desk Co.
(2) formerly American Business Products

Based upon responses to Business Report survey researched by Noelle Maestas
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RANK	PREV RANK	COMPANY ADDRESS PHONE/FAX	NO. REGISTERED ARCHITECTS 2009 EMPLOYEES 2009 EMPLOYEES 2008	% TIME SPENT ON: ARCHITECTURE % TIME SPENT ON: PLANNING % TIME SPENT ON: INT. DESIGN	% BUSINESS: GOVERNMENT % BUSINESS: COMMERCIAL % BUSINESS: RESIDENTIAL	% BUSINESS IN REGION % BUSINESS OUT OF REGION	E-MAIL WEB SITE	PERSON IN CHARGE TITLE YEAR FOUNDED
1	1	RB+B ARCHITECTS INC. 315 E. Mountain Ave., Suite 100 Fort Collins, CO 80524 970-484-0117/970-484-0264	12 24 25	80% 10% 10%	75% 25% 0%	75% 25%	contact@rbbarchitects.com www.rbbarchitects.com	Ken F. Field; George A. Brelig; David Kress Principals 1953
2	4	VAUGHT FRYE RIPLEY DESIGN INC. 401 W. Mountain Ave., Suite 200 Fort Collins, CO 80521 970-224-1191/970-224-1662	9 23 23	60% 15% 10%	N/A 70% 10%	85% 15%	robin.pelkey@vfrdesigninc.com www.vfrdesigninc.com	Frank Vaught Principal 1986
3	2	ALLER-LINGLE-MASSEY ARCHITECTS PC 712 Whalers Way, Suite B-100 Fort Collins, CO 80525 970-223-1820/970-223-1833	6 14 14	85% 10% 5%	60% 20% 20%	90% 10%	office@aller-linge-massey.com www.aller-linge-massey.com	David Lingle; Brad Massey; Michael Aller Principals 1986
4	3	ARCHITECTURE PLUS, P.C. 318 E. Oak St. Fort Collins, CO 80524 970-493-1220/970-224-1314	5 13 12	60% 30% 10%	80% 15% 5%	85% 15%	tomk@aplusarch.com www.aplusarch.com	Jim Cox; Tom Kalert AIA, AIA Vice president; AIA 1970
5	5	THORP ASSOCIATES PC ARCHITECTS & PLANNERS 131 Stanley Ave., Suite 100 Estes Park, CO 80517 970-586-9528/970-586-4145	3 6 8	95% 5% N/A	10% 85% 5%	90% 10%	verlene@thorpassoc.com www.thorpassoc.com	Roger M. Thorp AIA, NCARB, LEED AP 1976
6	9	KENNEY & ASSOCIATES INC. 209 E. Fourth St. Loveland, CO 80537 970-663-0548/970-669-2384	3 6 6	60% 35% 0%	10% 55% 35%	95% 5%	rak@kenneyarch.com www.kenneyarch.com	Roger A. Kenney Principal, owner 1991
7	6	THE ARCHITECTS' STUDIO 151 W. Mountain Ave. Fort Collins, CO 80524 970-482-8125/970-482-8450	3 5 5	80% 15% 5%	40% 40% 20%	80% 20%	info@the-architects-studio.com www.the-architects-studio.com	Don Bundy; Carr Bieker; Glenn Konen; Jeff Errett Principals 1988
8	11	BELFORD WATKINS GROUP LLC 231 S. Howes St. Fort Collins, CO 80521 970-407-0070/970-407-1011	2 6 6	70% 5% 20%	50% 50% N/A	100% N/A	N/A www.bwgarch.com	Mark Belford; Don Watkins Owners, Principals 2001
9	NR	ARCHITECTURE WEST LLC 4710 S. College Ave. Fort Collins, CO 80525 970-207-0424/970-207-9191	2 5 6	50% 20% 10%	20% 80% N/A	90% 10%	Info@ArchitectureWestLLC.com www.architecturewestllc.com	N/A N/A 1996
10	7	HILLHOUSE ARCHITECTS INC. 8897 Gander Valley Lane Windsor, CO 80550 970-686-0505/970-686-0505	2 4 10	75% 15% 5%	N/A 70% 20%	25% 75%	Adam@haiArchs.com www.haiArchs.com	Adam Hillhouse President 1977
11	12	JCL ARCHITECTURE INC. 401 S. Mason St. Fort Collins, CO 80524 970-224-5710/970-224-5715	1 8 8	N/A N/A N/A	N/A 65% 15%	75% N/A	kyle@theartofconstruction.com www.theartofconstruction.com	Justin Larson AIA, CEO 2004
12	13	BASIS ARCHITECTURE PC 1692 Big Thompson Ave., Suite 100 Estes Park, CO 80517 970-586-9140/970-586-9149	1 5 6	100% N/A N/A	N/A 65% 35%	100% N/A	steve_lane@basisarchitecture.com www.basisarchitecture.com	Steve Lane President 1999

N/A - Not Available
Ranked first by no. of architects, then employees.

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SUMMIT, from 3

group of companies this year.”

The Northern Colorado companies that presented ranged from an online database to advanced engine technology:

St. Renatus LLC

Bioscience firm St. Renatus has already been successful in raising capital. In the past 14 months, the firm has raised \$8 million. The funding so far has come from fewer than 100 private investors, primarily health care professionals and successful business people.

The company is developing a dental anesthetic that is inhaled rather than injected. The drug has been in use for many years by otolaryngologists for nasal work. St. Renatus is currently finishing its Phase 2 clinical trials, in which the company must prove its nasal mist is a successful equivalent to the oral injectable it seeks to replace. The firm is preparing now to enter Phase 3 clinical trials that test the drug in a larger demographic.

“It’s the last step for approval,” said St. Renatus CEO Steve Merrick. “It’s now in fast-track mode.”

St. Renatus could have its Phase 3 trials complete in under two months. The Phase 3 trial for Kovacaine Mist will cover 300 to 400 patients. Founder Mark Kollar explained that because the active ingredient in the nasal mist has already been in use, its Phase 3 trial will require fewer patients. Some new drugs can require as many as 5,000 patients. If all goes well, the Phase 3 trials will begin in the spring.

The company is in the process of raising its Series C financing. Merrick said the funds will be used to get its manufacturing process in place and validated and for further research and development. The company has had interest from all over the United States, including from large investment banks. However, St. Renatus would rather retain more control of the future of the company and continue to work with private investors.

Van Dyne SuperTurbo Inc.

The company, spun off from Woodward Governor Co. this year, combines supercharger and turbocharger technologies with waste heat capture to increase engine efficiency by about 35 percent. The technology will allow smaller engines to perform at the same level as higher horsepower engines.

The company is already working with a couple of vehicle manufacturers and is in the process of conducting reliability tests. The company is moving quickly, predicting profitability by 2013.

VanDyne SuperTurbo is seeking to raise \$1.6 million for its angel round to add to \$900,000 already secured. The technology has more than four years of research and development invested in it as a part of Woodward. VanDyne has applied for various grants, including five Small Business Innovation Research grants.

Hydraulic Hybrid Systems LLC

Hydraulic Hybrid Systems LLC is a subsidiary of Loveland-based Lightning Hybrids. The company was founded in 2008 to develop a 100-mile-per-gallon hybrid racecar. Lightning was showing off its prototype at the Denver Auto Show in early 2009 when the idea for Hydraulic Hybrid Systems solidified.

“At the car show, we were asked time and time again when we would have a retrofit (of the technology),” said Bonnie Trowbridge, vice president of marketing and business development for Lightning.

She explained that people were especially interested in the hydraulic pump, which stores energy during braking for use in acceleration. The company is now building the retrofits for the small to medium-sized fleet truck market. A heavy-duty retrofit is slated for 2012.

The company is looking to raise \$1.5 million to finalize the retrofit prototype for five vehicle platforms, get third-party performance and mileage verification and Environmental Protection Agency certification.

GenGreen Digital Media

Founder Charisse McAuliffe got the idea for her green business database out of necessity.

“I was trying to find a local solar panel installer to come put panels on my house in Fort Collins,” she said.

McAuliffe launched the GenGreen database in 2008 and now has more than 65,000 companies catalogued. It is available on both Web and mobile platforms and uses its own criteria to certify the green companies it lists.

“Our database is now the largest of its kind in North America,” she said.

GenGreen drives revenue from corporate offerings such as marketing campaigns, premium listings and digital coupons. In 2008, the company raised \$750,000. It recently completed a merger with Canadian development firm 3rd Whale. GenGreen is looking to raise \$500,000.

Panda Bicycles

Panda Bicycles sold out of its first production run of 25 bamboo bikes in about a month, at \$1,200 each. The company was founded early this year by a group of graduates from Colorado State University’s Global Social and Sustainable Enterprise.

“There’s tremendous energy around what we’re doing,” said Jacob Castillo, co-founder of Panda.

The company is producing single-speed and three-speed commuter bikes made out of bamboo and a proprietary steel joint system. It will be featured on the Discovery Channel show “How It’s Made” in the spring. The company uses “iron” bamboo from the Yucatan Peninsula for the frame for a sturdy yet light bike.

Panda is looking to raise \$400,000 in exchange for a 20 percent stake in the company. The founders anticipate a six-year exit by competitor acquisition or employee buyout.

Shonaquip

Technically, Shonaquip isn’t a Northern Colorado company or a start-up, but CSU GSSE graduate Lucinda Kerschensteiner has been consulting with founder Shona McDonald part-time to expand the company and launch a related nonprofit subsidiary.

Shonaquip was started in 1992 in South Africa by McDonald, an artist. Nine years earlier, she had given birth to her daughter, Shelley, who has cerebral palsy. McDonald was told that she should give the severely disabled girl up to a home and have another child. Instead, she designed her own motorized wheelchair, a mobility aid taken for granted in most of the developed world, to meet Shelley’s special needs.

The company is looking for \$500,000 to work on design and reduce manufacturing costs for its customized assistive devices in the next year. Following that, Shonaquip will seek \$1.5 million to expand beyond South Africa to four additional countries.

ART LAB, from 17

an empty storefront. On Linden, that meant shoppers might be missing out on the second half of the street's offerings if it weren't for the Art Lab creating interest in the surrounding businesses.

Spencer, as the listing agent for both of the Art Lab spaces, said there were really no conflicts with the program and actively showing the facility to potential tenants. She pointed out that the landlord can also benefit from not having to carry vacant building insurance, which can be more pricey than insurance for a space that is filled. Additionally, certain grandfather-clause issues can be voided by buildings sitting vacant for an extended period of time.

"On the other side, it's supporting local artists that might not get exposure any other way," said Spencer, who also serves as chair of the Downtown Development Authority. "There is a lot of interest in strengthening the arts and culture community in downtown."

She cited the DDA's decision to purchase a facility on Vine Drive where the arts and theater community can do production work and a newly executed lease with Bas Bleu Theatre Co. that opens up the theater on Pine Street to public use.

"The best problem, from my perspective, would be for (Art Lab) to have to keep moving," Spencer said.

Lots of work to manage

Putney, however, has a different opinion. "I don't know that the Art Lab will always be a rotating storefront," she said.

While the mobility serves a great purpose in building interest in vacant properties, it also is a lot of work to manage. For example, Putney maintains the

insurance for the latest space. She hopes that someday the Art Lab might have a more permanent space while maintaining displays in some of the empty storefronts in downtown Fort Collins.

While Putney has volunteers helping with scheduling, she still dedicates about one-third of her time to the initiative. But she's finding more and more support, and is working with a consultant to file the appropriate paperwork for non-profit status for Art Lab. If all goes well, she hopes to have the designation in place early next year.

"The model is kind of shifting now," she said. "We'll see what happens."

A couple of instructors in art and music are using the space during the week, and a group of young entrepreneurs has asked to use it during normal work hours as a shared workspace in exchange for helping to manage and maintain it.

Putney is also moving toward offering workshops that will help aspiring artists and musicians learn some basic business acumen. In the end, business begets business.

"It's just going to attract more business," she said. "It's all about economic development."

For example, the OpenStage Theater performance of "Jacob Marley's Christmas Carol" opened the day after Thanksgiving in the Art Lab. OpenStage worked with several cafes on Linden Street that would normally close early in the day to extend their business hours during weekend performances to accommodate intermission crowds.

"I'm surprised how organically it's happening," Putney said. "It started as just a space. It was absolutely experimental, and it's worked great."

GREELEY, from 5

idential subdivisions — The Grainery and Poudre Ridge — have been platted in the area but no homes have yet been built.

Barkeen said the sub-area would likely not prohibit residential development but that it should be done with an eye to the railroad and what it could bring.

"You want to discourage people from purchasing properties next to a line that could potentially be very busy," she said. "We just want to make sure (residential development is) not right up against the rail line."

Mueller said the intent of the plan is to come up with a "preferred scenario" that optimizes the "natural assets" already in the area. Those assets include the railroad, water and proximity to a large population center.

Mueller said there have already been inquiries from possible industrial developers who are seeking "shovel-ready" ground.

"One of the things we hear from the industry is a desire to have shovel-ready land," he said. "It's pretty rare to have infrastructure already there. It brings it further along the continuum to shovel-ready."

Ahead of the curve

Local officials are hoping to get ahead of the development curve and preserve the potential of what could be a jobs engine in the future.

"I think it's incredibly important to Greeley that the freight line be developed industrially," said Donna Sapienza, a Greeley councilwoman and former

chair of the Greeley Planning Commission. "We want to alert people that it's time to plan for that open space. I think it's fair to let people know that if they want to sell their property within the next 10 to 20 years they should know that the area is most likely going to be industrial."

Sapienza said Greeley, too, has had "many inquiries coming in" about the area's development future, although she said the ultimate build-out will be up to market forces over time.

"The market will drive those things," she said, adding that Greeley also is planning to create some recreational opportunities in the area with trails along the Poudre River and park redevelopment of gravel pits.

"There's so much about that area that's a real win for us," Sapienza said.

Larry Burkhardt, president and CEO of Upstate Colorado which focuses on economic development in Weld County, said the sub-area is an important asset for the region.

"We're seeing a fairly good percentage of our new prospects and leads desiring to have rail availability," he said. "That's going to be an important asset to maintain."

Burkhardt said Upstate is glad to see Greeley and Weld County working together. "If we're going to encourage manufacturing in this area and the higher wages it can bring, it behooves us to be doing this kind of planning."

But Mueller emphasizes that landowners will continue to hold the key to development. "One of the conversations we want to have with them is at the end of the day it's up to them what they want to do with their property," he said.



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BUSINESS LITERATURE

A million here, a million there starts to add up

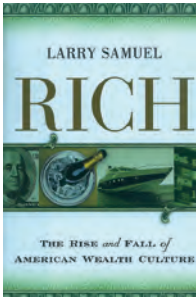
‘Rich’ examines fluid nature of wealth in America

By Terri Schlichenmeyer
news@ncbr.com

A million bucks.
That’s all you’d need to be happy. A measly million. No, wait, two million

dollars. Imagine all the great things you’d be able to do with those kind of bucks.
But the problem is, believe it or not, that a million or two doesn’t go very far anymore, as you’ll see in “Rich: The Rise and Fall of American Wealth Culture” by Larry Samuel. Sometimes, big money isn’t big enough.
Barely 150 years ago, being a millionaire was rare. Not only were there just three of them in the United States in 1861, but the word itself was brand-new. Within three generations, wealthy Americans were firmly ensconced in industry, philanthropy and society. The Have-Nots (meaning, most of the country) were quite fascinated by the European servants, hundred-room mansions, furs and jewelry of the Vanderbilts, Rockefellers, Astors and their peers.
But then the stock market collapsed, which brought vilification upon the rich. Influential religious leaders spoke against flamboyant displays of wealth, which caused more than a few rich citizens to downsize their homes (or the

number of homes). In Washington, a “wealth confiscation bill” designed to seize and redistribute big money actually passed in the Senate (but, obviously, didn’t go into effect).
Post-Depression, a curious shift took place: Millionaires were suddenly showing up, not in New York, Boston, and Washington, but in Appalachia and Texas, due to a nation-wide change in energy needs. Following World War II, luxury became something Everyman could have, and the distinction between “Old Money” (wealth from a long line of rich forebears) and “New Money” (fortunes made more recently) became a sticking point within the wealthy class. It was obvious, through attitudes about money and its use, to figure out who was Old and who was New.
In 1966, more than 500 Americans were millionaires. By 1968, over 100,000 people ascended to that income level. That number doubled by 1970, and finally included a number of women, gays and African Americans (although Denver’s Madame C.J. Walker first broke the gender and color barrier by making her millions in the early years of the 20th century).
The introduction of widespread lotteries in 1974 made easy millionaires. By the time Forbes magazine introduced “The Forbes Four Hundred” in 1982, there were a dozen billionaires on the list.
Do you scratch your head at the excess of the wealthy? Look askance at those who have “too much much?” Believe it or not, “Rich: The Rise and Fall of American Wealth Culture” puts a lot into perspective.
Author Samuel shows how the average citizen’s perception has changed the way the Rich and Famous behave (and vice versa), and how both have actually altered society and policy. Along the way, Samuel muses about over-the-top ostentation, wealth in politics, and the finer things money can (or can’t) buy. He also gives his readers a subtle clue: most millionaires made their money through stocks and real estate, not by scrimping and saving.
If the Lives of the Definitely Haves have always fascinated you, pick up “Rich: The Rise and Fall of American Wealth Culture.” For historians, cash collectors, upper-crusters, and wannabes, this book is right on the money.



BOOKS
“Rich: The Rise and Fall of American Wealth Culture” by Larry Samuel
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1998-2008**

2008-2009	Gene Markley Markley Motors
2007	Larry Kendall The Group, Inc.
2006	D. B. “Pete” Peterson J. Barney Flood Flood & Peterson Insurance
2005	George Hall Hall-Irwin Corporation
2004	Bill Neal Wheeler Commercial Property Services
2004	Leo Schuster Progressive Living Structures
2003	Kathryn Hach-Darrow Hach Company
2002	Bob Tointon Phelps-Tointon, Inc.
2001	Tom Gleason First National Bank
2000	Ken Monfort Monfort Meat Packing
1999	Bob Everitt Everitt Enterprises
1998	W. D. Farr Water, cattle and banking pioneer

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Terri Schlichenmeyer reviews books as The Bookworm Says in LaCrosse, Wis. If you have a book you’d like her to review, send an e-mail to news@ncbr.com and we’ll get it on her reading list.

INNOVATION, from 10

One year ago the organization made a decision to improve customer service by reclaiming underutilized capacity across multiple organizational units. Customer Service Unit was formed by bringing together customer service experts from fire, police, courts, public works, finance and the city clerk's office.

City Manager Aden Hogan had seen the concept work at another city. "The Customer Service Unit was designed to maximize the capacity of existing public contact staff and improve customer service overall," he explained. "By adding the responsibility for internal administrative support, we have created a unique team with a very broad working knowledge of how the city operates."

By bringing customer service experts together and systematizing their work, a consistent level of service delivery became possible and the people had an opportunity to enhance their careers. Two dynamic individuals were tapped to be team leaders; each brought different expertise in customer service and a spirit of creativity and innovation.

Regenerative resource

The Evans Customer Service Unit is a regenerative resource. One of the characteristics of regeneration is that the team is able to respond to disruptive change whether the change is positive, negative, or both. In a year of dramatic change for the public sector, the Customer Service Unit became a beacon as the city endured significant change.

The team is agile. In the first year of operation the team composition changed, yet members guided citizens through implementation of a new utility billing system, began extreme cross-training and much more.

The Customer Service Unit is an example of a renewed resource that is reclaiming capacity for the city, the citizens, and the staff. The team helps others systemwide see the potential benefits of working together by modeling collaboration. Redundant effort and waste are constantly rooted out. Team members are excited about the opportunity to learn from each other and grow in the process.

"The Customer Service Unit is paying dividends in communication, productivity, and coordination," according to Hogan.

What can we learn from Evans? First,

"There are myriad opportunities in almost every organization for creative use of resources."

almost every organization has unused capacity hidden in the outdated structures that worked in a previous time. At a time when we need to do the right work with fewer resources, it is critical that we don't waste any resource — whether human, financial, or technological.

The Customer Service Unit is a self-contained team able to reconfigure in response to any customer service need. The team provides service to internal staff, city council, citizens, and other community resources. The organization views the team as the "face" of the city to its constituents.

Finally, in late 2009 we must be implementing solutions that create the vision of the new world, not solving problems that are no longer relevant. Specialists working together in an agile, vibrant team able to self-organize and respond to any request is a highly desirable outcome. That is what Aden Hogan is accomplishing at Evans.

Taking on a change of this magnitude is not easy. Is it worth the effort? Absolutely! There are myriad opportunities in almost every organization for creative use of resources. Today's innovative leaders will identify opportunities; muster the courage to commit to the change; and have the patience to see it through to implementation.

On the eve of 2010 we have a mandate to build new solutions. The winners in the future will be those who take the lemons of opportunity and make lemonade. Will you be one of those leaders?

Shirley Esterly is a master facilitator and systems thinker who works with clients to build sustainable business practices. She can be reached at sae@quantumwest.com.

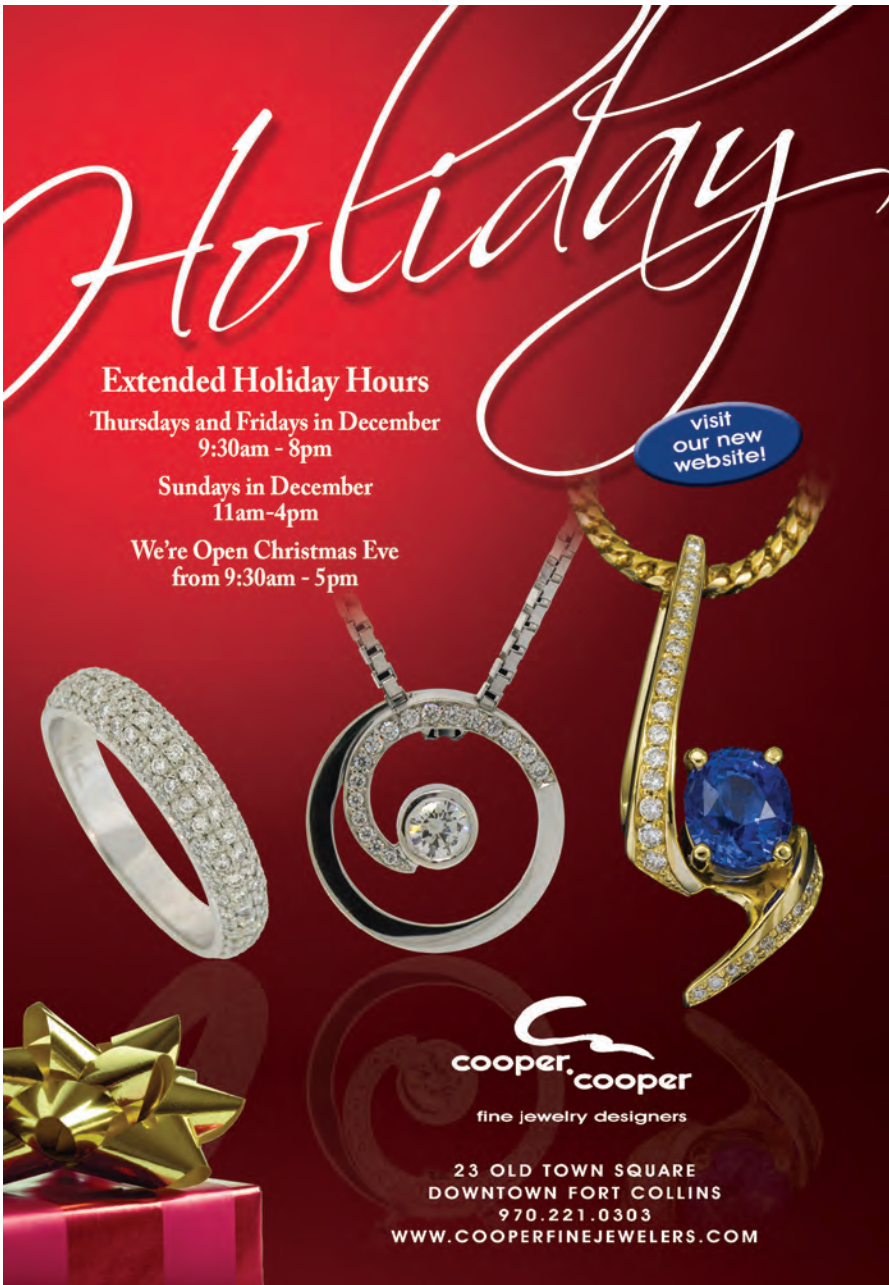
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MAGIC, from 1

time teacher of college preparatory level physics and chemistry. “Every toy in the store demonstrates science in a very dramatic way.”

Hannifin’s store is crammed with toys he says were first sold by him — some even designed by him — and some that he says can’t be found anywhere else. Laser beam chess sets, flashlights that never need batteries, and a gun that shoots blasts of air that can blow back a person’s hair standing 15 feet away are part of the inventory.

And then there’s the more amazing items, like tops and globes that float and rotate and a toy he calls “float your own object,” which can levitate any object up to three ounces. One of Hannifin’s more amazing toys is one he designed himself, using a copper tube and a specially configured magnet. Dropped into the tube, the magnet slowly floats to the bottom of the tube to the delight of those watching it fall.

Hannifin is willing to explain how the devices work to any and all who show the willingness to listen to his explanations, which are based more on teaching than selling.

“Three-fourths of us want things to happen right away and only one-fourth have the patience to learn,” he says. “I try to sneak in a science lesson whenever possible.”

He once was invited to make a presentation to a group of NASA scientists, so he’s not intimidated by anyone when it comes to explaining his toys’ scientific principles.

“I know everything about everything



Steve Porter, Northern Colorado Business Report

MAGIC MAN – Matt Hannifin, owner of Science Toy Magic, mesmerizes a group of local students who dropped by his store in Old Town Square with demonstrations of some of his science-based “magic” toys.

in this store, and I love it for people to come by and try to stump me,” he said.

Kids of all ages

Prices in the science toy store range from 40 cents to \$400, Hannifin says,

and appeal to kids of all ages. The most expensive toy — a large globe that floats and rotates — is the kind of thing that “an accomplished person might want to adorn his desk, something that befits his station in life,” Hannifin says.

In his early 50s, Hannifin has a truly colorful past that includes piloting hot-air balloons, doing laser shows and shooting fireworks displays as well as his stint as a teacher. He has helped guide the giant balloons in the Macy’s Thanksgiving Parade for the last 20 years and this year helped direct the Smurf balloon through the streets of Manhattan.

In recent years, he’s focused on being a business owner. He operated a similar toy store in Santa Fe, N.M., for seven years, but decided to close it in early 2008 because the city passed a “living-wage law” he says destroyed his ability to make a profit and share it with his best employees through scholarships, bonuses and other incentives.

So he “did his research” and decided to move a scaled-down version of the shop to Fort Collins. “There was a niche here that needed to be filled,” he says.

Hannifin says he’s quite happy with the size of the store — all 72 square feet of it — and its location just steps away from the Old Town ice rink.

“That skating rink right next door brings in thousands in sales,” he said. “I landed really well — this is perfect”


Hannifin thanks his landlord, Ed Stoner, for his support. “If it wasn’t for him willing to put up with my shenanigans, this wouldn’t be possible,” he said.

Hannifin also praises Fort Collins’ emphasis on education, noting its good schools, Discovery Science Center and other educational amenities.

“Here, people will give up the fancy car, the fancy house, for education,” he said. “The emphasis here is on education. I simply complement a community that’s hungry for education for its young.”

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"If no action is taken by the President and Congress next year, your taxes will be going up."

TAXES, from 10

clarification. The only thing that we know for sure is that if no action is taken by the President and Congress next year, your taxes will be going up.

This is a direct result of a number of provisions enacted in late 2001 under the Economic Growth and Tax Relief Reconciliation Act set to expire at the end of 2010. You might be wondering why these tax laws were not made permanent back when they were originally enacted so that we wouldn't have to deal with what seems like ever-changing laws.

The 2001 tax act was unique in many respects. This act represented the first time that sweeping and numerous changes were enacted on a temporary basis or set to expire after a specific period of time, known as "sunsets."

The changes had to sunset to avoid requiring three-fifths of the Senate to vote for them. This rule — better known as the "Byrd rule" — allows any member of Congress to strike a provision from a budget reconciliation bill if the increased net outlays or decreased revenues, during a fiscal year, extend after the years covered by the bill unless the provision remains budget-neutral. The measures in the 2001 act were not budget-neutral and as such needed to cover a specific time period. All the provisions were given an expiration date for fear that many of the cuts would not have survived a debate on the Senate floor.

Ten years is the longest period allowed for a "temporary" provision, which is why next year will be the last year for many of the current rules.

Expiring provisions

- Individual tax rates. Beginning Jan. 1, 2011, the marginal tax rates will have a negative impact on most taxpayers as they increase to 28 percent, 31 percent, 36 percent and 39.6 percent, up from 25 percent, 28 percent, 33 percent and 35 percent, respectively. The lowest tax bracket of 15 percent will remain unchanged as it was not lowered in the original act.
- Qualified dividends. Since 2001, we have enjoyed the benefit of "qualified" dividends being taxed at the same rate as long-term capital gains rates, currently 15 percent. Beginning Jan. 1, 2011, the "qualified" part of the dividends will be removed and all dividends will return to the taxpayer's highest ordinary income tax bracket, possibly 39.6 percent.
- Long-term capital gains. Even if your income falls into tax brackets higher than 15 percent, your long-term capital gains will continue to be taxed at

15 percent through Dec. 31, 2010, but will be taxed at 20 percent beginning Jan. 1, 2011.

- Estate taxes. Under the current enacted laws, the estate tax will disappear in 2010 only to be restored on Jan. 1, 2011, with the previous exemption cap of \$1 million at a whopping 55 percent rate.

While there is a lot of uncertainty surrounding the federal estate tax, very few people expect that we will not have an estate tax in 2010. There are at least three sets of proposals currently being proposed by either the House, the Senate or the Treasury Department and all propose making the current \$3.5 million annual exclusion amount permanent. The House bill additionally proposes setting the highest tax rate at 45 percent with a 5 percent surcharge for estates over \$10 million.

There are numerous additional tax provisions that are either set to expire or revert back to the "old" rules. A complete list can be found at www.jct.gov/x-20-09.pdf.

Where do we go from here?

While it is nearly impossible to predict exactly where the tax laws will go, it is clear that we have entered a time where temporary laws, sunsets and "extenders" have taken a much more prominent role.

Recent examples:

- Accelerated depreciation rules or "bonus" depreciation.
- Extended net operating loss carry-back periods.
- Increased alternative minimum tax exemption amounts.

- Changes to the Roth IRA conversions.
- Refundable first-time homebuyer credit.

Anything that is temporary and set to expire makes it difficult for anyone to plan and creates a lot of uncertainty for the taxpayers. Taxpayers are forced to guess when making long-lasting and difficult decisions which only complicates an already difficult decision-making process, either with a business or individually.

There has been a lot of talk about changing the rules and the question will remain: Will these be permanent changes or are we in for more of the same ever-changing tax laws?

Mike Grell, CPA, is a principal with Ehrhardt Keefe Steiner & Hottman PC.

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1	1	BURNS MARKETING AND COMMUNICATIONS INC. 4848 Thompson Parkway Johnstown,CO 80534 970-203-9656/970-203-9657	\$6,000,000 \$6,500,000	25 N/A	Full-service advertising, marketing, communications.	sheilaw@burnsmarketing.com www.burnsmarketing.com	Laurie Steele Mike Burns Vice president Founder 1972
2	2	LINDEN 223 S. Howes St. Fort Collins,CO 80521 970-221-3232/970-221-0375	\$2,000,000 \$2,750,000	12 N/A	Smart marketing services - including research, Web development and design, branding, strategy, advertising & media planning, public relations, design, multimedia, copy writing and printing.	doug@golinden.com www.golinden.com	Susie Cannon Owner 1996
3	3	LIGHTSOURCE CREATIVE COMMUNICATIONS 121 W. Laporte Ave. Fort Collins,CO 80524 970-224-2806/970-224-2814	\$1,500,000 \$1,500,000	11 50	Full-service marketing agency offering identity and messaging development, graphic design, event support, interactive demos and Web design.	Lisa@LightsourceCreative.com www.LightsourceCreative.com	Lisa Malmquist Gordon MacKinney Owners 1996
4	4	CRIDER & CO. LTD. 2625 Redwing Road, Suite 130 Fort Collins,CO 80526 970-223-7101/970-223-7434	\$1,400,000 \$1,250,000	10 N/A	Promotional advertising and programs.	criderco@frii.com www.cridercoltd.com	Randy Crider 1985
5	7	AMG CREATIVE, INC. 2038 Caribou Drive, Suite 200 Fort Collins,CO 80525 970-221-5756/970-498-0011	\$964,000 \$695,000	8 55	Complete marketing communications services, including graphic design, website design, branding and all forms of print advertising, specializing in business-to-business marketing strategies.	info@amgci.com www.amgci.com	William Neal Terry Fine Owner VP of Sales & Marketing 1992
6	6	KELLY RIZLEY ADVERTISING & P.R. INC. N/A Fort Collins,CO 80524 970-482-9008/970-482-9080	N/A \$734,000 \$724,000	3 7	Full-service strategic planning, media placement, campaign and advertising development, public relations, creative and in-house production services, Web design, broadcast, 16mm and 35mm motion picture film, digital and beta-cam video, DVDs.	info@kellyrizley.com www.kellyrizley.com	Kelly D. Rizley President 1979
7	5	ONE TRIBE CREATIVE 314 E. Mountain Ave., Suite 201 Fort Collins,CO 80524-2432 970-221-4254/970-224-1448	\$664,000 \$1,016,000	8 24	Branding, marketing, public relations, websites, product packaging, presentations, trade-show booths.	info@onetribecreative.com www.onetribecreative.com	Paul Jensen Creative director, Owner 1985
8	NR	LINNELL TAYLOR MARKETING 1555 Main St., Suite A3 Windsor,CO 80550 303-684-0300/N/A	\$625,000 \$765,000	5 9	Business-to-business public relations, advertising and marketing consulting.	mark@linnelltaylor.com www.linnelltaylor.com	Mark Linnell Principal 1995
9	10	A-TRAIN MARKETING COMMUNICATIONS INC. 215 W. Oak St., Suite 800A Fort Collins,CO 80521 970-419-3218/970-482-3442	\$571,000 \$460,000	6 N/A	Branding, research, strategic planning, public relations, print materials, websites, event planning and nonprofit marketing.	info@atrainmarketing.com www.atrainmarketing.com	Gretchen Gaede President, CEO 1998
10	8	TOOLBOX CREATIVE 325 Cherry St., Suite 104 Fort Collins,CO 80521 970-493-5755/970-419-0070	\$543,558 \$568,000	8 26	Advertising and design, specializing in marketing communications.	hello@toolboxcreative.com www.toolboxcreative.com	Dawn Putney Tom Gallo Campbell Owners Co 2002
11	9	BONNIE DEAN ASSOCIATES 5754 W. 11th St., Suite 201 Greeley,CO 80634 970-356-3221/970-356-5721	\$500,000 \$500,000	2 N/A	Marketing communications services, including advertising, public relations and research.	bdean@qwestoffice.net	Bonnie Brown Dean Owner 1972
12	11	THE MANTOOTH CO. 2715 Sage Creek Road Fort Collins,CO 80528 970-482-7644/970-204-9307	\$491,000 \$425,000	7 36	Full-service marketing company and event planning.	connie@mantoothcompany.com www.mantoothcompany.com	Connie Hanrahan Owner 1995
13	NR	ROCKET JONES INTERACTIVE 204 Walnut St. Fort Collins,CO 80524 970-428-5790/866-746-0052	\$455,000 \$277,000	12 N/A	Professional Web development: websites, custom applications and e-commerce. On-time & on-budget. From consulting to support.	jeff@rocketjones.com www.rocketjones.com	Jeff Bristol Principal 2000
14	12	RED ROCKET MEDIA GROUP LLC 318 Elm St. Windsor,CO 80550 970-674-0079/970-237-3412	\$370,000 \$400,000	6 15	Website design and development, website marketing, search engine optimization and website marketing planning and research.	chadd@redrocketmg.com www.redrocketmg.com	Chadd M. Bryant Jennifer Bryant Founder and CEO Owner, President 1999
15	NR	CLAY POT CREATIVE 323 W. Drake Road, Suite 120 Fort Collins,CO 80526 970-495-6855/970-495-6896	\$356,854 \$239,229	6 N/A	Graphic design, Web development, marketing, and branding.	info@claypotcreative.com www.claypotcreative.com	Julia Leach Andrew Leach Owner, Principals 2000
16	14	THE TENFOLD COLLECTIVE 231 W. Fourth St. Loveland,CO 80537 970-744-4221/970-449-1243	\$234,000 \$178,000	6 25	Graphic design, branding, interactive Web design, marketing, PR, and consulting.	amy@tenfoldcollective.com www.tenfoldcollective.com	Christopher McLaughlin Josh Emrich 2006
17	15	J. P. MORAN DESIGN INC. 1112 Oakridge Drive, Suite 104 Fort Collins,CO 80525 970-481-8489/970-207-9889	\$221,430 \$168,519	1 27	Graphic design and consulting services for print, Web and large format.	info@jpmorandesign.com www.jpmorandesign.com	J. Patrick Moran President 2000
18	13	DAGAMA WEB STUDIO INC. 7110 W. 12th St. Greeley,CO 80634 970-378-7822/970-378-7822	N/A \$271,700	8 N/A	Social media marketing: Twitter, LinkedIn, Facebook training/education; SEO; website design and development and redesign.	lori@dagamawebstudio.com www.dagamawebstudio.com	Lori Gama CEO, Owner, President 1997
19	NR	ADVERTISING DEVELOPMENT SPECIALISTS INC. 3902 Mesa Verde St. Fort Collins,CO 80525 970-223-1743/970-207-9675	N/A N/A	4 35	Advertising agency, publishing services, marketing consulting, graphic design, public relations.	info@adsinc-creative.com www.adsfc.com	Rick Roesener President 1972 Rick Roesener Craig McDowall Owner 1996 Craig McDowall
20	NR	ANVIL GRAPHICS LLC 2619 W. 11th St. Road, Suite 21 Greeley,CO 80634 970-356-5870/970-356-6870	N/A N/A	3 N/A	Creative solutions for print advertising, corporate identity, website design, books, tradeshow graphics and portable exhibit sales.	craig@anvilgraphics.com www.anvilgraphics.com	
21	NR	SWIFT DIGITAL MARKETING PARTNERS 423 Main St Windsor,CO 80526 888-211-7617/N/A	N/A N/A	3 N/A	Digital Marketing Agency - social media marketing, e-mail marketing, mobile marketing, search engine marketing.	kbolson@swiftmdp.com www.swiftmdp.com	2009
22	NR	BAUN BUSINESS COMMUNICATIONS 1730 Glenwood Drive Fort Collins,CO 80526 970-484-0299/N/A	N/A N/A	2 16	Media relations and writing for nonprofits and real estate industry; copy writing for websites and ad campaigns; marketing plans.	BaunBiz@comcast.net	Mishelle McClure Baun President 1999
23	NR	ADVANTAGE RESEARCH 2075 Tonopas Court Loveland,CO 80538 785-827-867/N/A	N/A N/A	1 N/A	Custom marketing research. e.g. online surveys and focus groups.	ross@advantageok.com www.advantageok.com	Ross Livingston Principal 2003 Y Ross Livingston Kansas
24	NR	CHOICE CITY SOLUTIONS P.O. Box 272986 Fort Collins,CO 80527 970-215-4950/970-206-4621	N/A N/A	1 N/A	IT support and solutions digital marketing, e-commerce, Web design, hosting, support.	info@choicecity.net www.ChoiceCity.net	Mike Robichaud 2005
25	NR	MEDIA INNOVATIONS LLC PO Box 1243 Berthoud,CO 80513 970-663-4004/970-532-5424	N/A N/A	N/A N/A	Full-service advertising agency, marketing, public relations, graphic design, Web design and custom publisher.	becky@mediainnovations.net www.mediainnovations.net	Becky Justice-Hemmann Owner 2003

N/A-Not Available Region surveyed includes Larimer and Weld counties and Brighton.

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Pictured (left): Robert Bisetti
Serratoga Development Inc.

Pictured (center): John Shaw
Owner - Davinci Sign Systems Inc.

Pictured (right): John Donaldson
Serratoga Development Inc.

PROMENADE, from 3

ment financing in the summer of 2008, the economy had definitely slowed, but it came to a screeching halt in September following the collapse of Lehman Bros.

Permanent financing dried up

Poag explained it is typical for projects to kick off with short-term construction financing then transition to long-term financing. He said that permanent financing previously came through one of two sources — the commercial mortgage backed securities market or from large insurance companies. Today, there is virtually no market for CMBS and insurance companies are being very selective, seeking low-leverage, low-risk deals.

According to ratings firm Realpoint Research, the CMBS market had a delinquent balance of \$31.73 billion in September, up from \$28.16 billion in August and an increase of 583 percent from September 2008. The report also pointed out that retail loans were the greatest contributor to overall CMBS delinquency, accounting for 30 percent. The retail sector has had the highest default rate since May when it surpassed multifamily.

Poag & McEwen was able to get an extension on the loan through the start of 2009. Since January, the ownership group had been working with the lenders “without duress,” Poag said. Adding to the issue of timing is the fact that the borrowers are working not with one lender, but a consortium of seven.

“It’s a very complex situation,” Hill

said. “It’s like herding cats.”

Poag echoed the issue of complexity: “You definitely have many opinions around the table.”

While KeyBank is the lead in negotiations, it must gather a consensus among a group of banks with varying issues:

- Bank of Scotland;
- Cosmopolitan Bank and Trust, which was purchased by Park National Bank and subsequently closed by bank regulators and merged into U.S. Bank;
- JPMorgan Chase Bank;
- First Tennessee Bank;
- National City Bank, which was purchased by PNC Financial Service Group in late 2008 after struggling for more than a year to clean up a messy mortgage portfolio; and
- LaSalle Bank, which was acquired by Bank of America in 2008.

Aside from their individual issues, all banks are subject to an industry-wide regulatory crackdown on commercial real estate concentrations in anticipation of continued weakness for the sector. Regulators are also requiring bulked-up capital cushions, which has put a squeeze on already vulnerable portfolios.

“They’re well-intentioned regulations but not well-thought-out. It’s just nonsensical,” Hill said, adding that the regulatory pressures on commercial real estate will be a self-fulfilling prophecy. “When that’s your business, it’s a tough message to hear.”

New guidance for CRE workouts

Recognizing that the system has become counterproductive, Federal Financial Institutions Examination

Council issued new guidance on commercial real estate workouts on Oct. 30. Council members include the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corp., the National Credit Union Administration, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and a State Liaison Committee.

The guidance is meant to provide some assurance that “prudent” loan workout arrangements will not draw the ire of examiners. The regulators provided scenarios involving different types of loans to clarify.

One scenario involved a shopping mall property with a much smaller loan than the one for the Promenade Shops, \$10 million versus \$116 million, and in much worse condition, with occupancy at 55 percent as opposed to 90 percent. Potential solutions included a short-term extension to allow for the lease-up rate to increase, a write-off of the debt for the amount the property value had declined and debt restructuring on an interest-only basis.

Poag said he is unaware if the guidance, which was released just days before the lenders filed their NED, would have had any impact on their ability to restructure the loan. Likewise, he declined to discuss the details of the negotiation process or the reasons that the lenders would not reach an agreement. He was also unaware of what a current appraisal of the Promenade Shops would reveal but believed one was now under way.

“There’s some lack of clarity,” Hill said of why a deal could not be struck.

Foreclosure clock ticking

Right now, the owners are analyzing what needs to be done next. The fact that the foreclosure process has started, setting the clock ticking, doesn’t give them any more leverage, Hill said. Poag added that none of the prospects for financing to date have been attractive.

“We explored a lot of options, and we’ve kissed a lot of frogs,” he said.

The partners have until March before the property will be formally foreclosed on and go to auction. Because the loan in question is a non-recourse loan, none of their other properties are involved in the foreclosure. Even so, the state of the financial market will continue to take its toll.

“We’re in the business of creating great places for people,” Hill said. “The lack of credit impacts our company’s ability to continue to function.”

At the same time, he is confident in McWhinney’s ability to power through the downturn. Hill explained that the company’s other properties are not impacted by the down market, in part because it was aggressive about securing long-term financing.

“We tend to be long-term holders and manage our finances very conservatively,” he said.

Already this year, the company has refinanced or received new loans totaling \$100 million, many with Wells Fargo.

Hill said that while McWhinney is facing some hurdles now, it is also seeing opportunities to pick up properties in Northern Colorado and beyond. He said that some of the possible deals are far into the negotiation stage, but declined to say if and when the company might close on anything.

no. 01 *****

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COMMENTARY

EDITORIAL

Reform efforts should support what works now

Forget abortion, forget the public option, forget mandates.

Now that all 2,000-plus pages of the long-awaited health-care overhaul bill are finally on the Senate floor for debate, we should beware of fixing what ain't broke as well as what is. We're talking about undercutting the real alternative to the current system: consumer-driven health plans.

The hard reality is that this reform effort will not produce a single-payer system, so we should play to our uniquely American strength: Shopping. Give U.S. consumers a budget and some options and let the free-market economics begin.

The flexible and health savings accounts that the late Sen. Edward Kennedy worked to implement allow individuals to decide how much of their earnings to set aside for health care before taxes. Flex accounts, which reset each year, can be used for out-of-pocket costs not covered by insurance. HSAs allow contributions to accumulate tax-free to pay medical expenses not covered by a low-premium, high-deductible catastrophic plan, which can be purchased with HSA funds.

The National Center for Health Statistics reports that 4.5 percent of adults with private insurance have an HSA this year — up from 1 percent in 2006 — and they're not all corporate execs. About 40 percent of tax filers with HSAs earn under \$60,000, according to the IRS, and Blue Cross Blue Shield says its HSA enrollees are more likely to track expenses, save for the future and research physician quality than those enrolled in traditional insurance plans. They're also more likely to participate in wellness programs like weight loss, fitness and smoking cessation.

Isn't this exactly the behavior that is expected to bring down health-care costs for us all?

The Senate bill caps now-unlimited flex account contributions at \$2,500 per year and imposes new restrictions on qualifying medical expenses to cut down on what it calls wasteful spending. Eliminating the "use-it-or-lose-it" provision would make the cap more palatable and still raise \$5 billion in additional taxes each year.

For HSAs questions remain whether insurance companies will offer catastrophic-only coverage through the proposed insurance exchanges, and how the "Cadillac tax" on aggregate value of coverage will be calculated.

The good news is that it is impossible for the Senate to debate, amend and vote on the bill in its two working weeks left this year. We urge readers to contact their senators and representatives to let them know consumer-driven health care plans should be strengthened, not watered down, when they return to work in 2010.



The new look of Old Town rental space...

TABOR impediment to investment in state

Editor's note: This is in reply to Rep. B.J. Nikkel's guest opinion on TABOR in the Oct. 23 Business Report.

One sentence from the executive summary of the Metro Denver Economic Development Corp.'s recent report, "Toward a More Competitive Colorado," tells the basic story pretty well: "While Colorado's short-term future remains bright, our long-term vision of our state will have to change."

In a nutshell, the report said Colorado is not expanding its economic competitiveness. It said we are falling behind in areas such as funding public higher education and transportation infrastructure, and it noted our declining rankings in spending on R&D at research institutions. But top-notch education, infrastructure and research are clearly major components in economic growth and development — and they are clearly attractive attributes for businesses making decisions on where to locate.

The report also concluded that "a Gordian Knot (TABOR, Amendment 23 and the Gallagher Amendment) exists in Colorado's Constitution that makes governing a challenge and reallocation of state funding virtually impossible."

Rep. Nikkel wrote: "(TABOR) keeps spending low when times are good, leaving state coffers in better shape when the times turn." Actually, TABOR caps state revenue retention. This does not leave the state's coffers in better shape when times turn, since we must issue refunds in good times while tax collections suffer in bad times. It's a classic one-two punch that hurt Colorado badly during

our last recession, and helped provide impetus for the five-year TABOR time-out of Referendum C.

"(TABOR) has not contributed to ... current state budget troubles." Since 1992, the state has refunded roughly \$3.6 billion under TABOR. Part or all of this \$3.6 billion could have become a nice rainy-day fund, collecting interest. It could have been used to fund higher or K-12 education, or to repair roads or bridges. We could have funded R&D, built modern research facilities or offered incentives, which could have attracted businesses and jobs. Any of the above actions could have improved our current budgetary outlook had we not locked the TABOR formula into our Constitution in 1992.

"Businesses can afford to employ more workers when they don't have to prop up bloated government spending." We're 49th in the nation in state higher education support, 47th in state expenditures per capita, 48th in highway funding, 51st (including D.C.) in special education funding, 49th in Medicaid funding and 46th in funding services for the developmentally disabled. This is not bloat, and if just one of those rankings costs us an employer, we lose the associated economic activity.

"(TABOR critics) believe that an expanded government, with nearly unlimited taxing authority, is the answer to our problems." Clearly it is not in any of our interests to have a high-tax state. Nor is it in our interests not to have a public higher education system, or to have an infrastructure that is deteriorating before our eyes. Education and infrastructure are keys to job creation.

We need to start reinvesting in our state. Contrary to Rep. Nikkel's assertion, TABOR is an impediment to this.

Sen. Rollie Heath, D-Boulder, represents Senate District 18 in the Colorado General Assembly.



GUEST COLUMN

Sen. Rollie Heath

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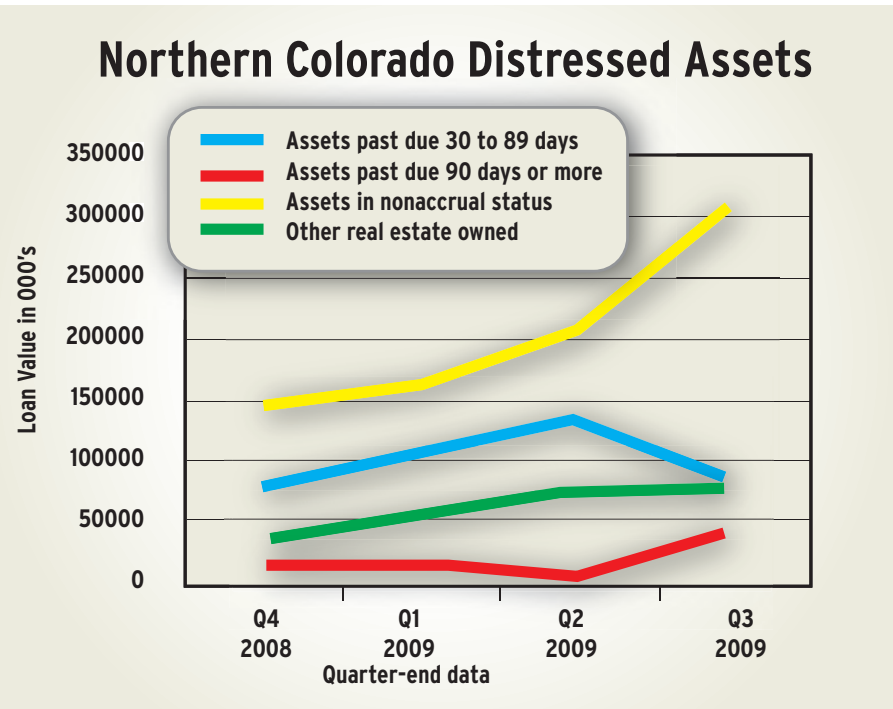
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IN DISTRESS – While assets in the earliest past due category saw a decline in the third quarter for Northern Colorado-based banks, all other classes of distressed assets increased. Loans in nonaccrual status, those no longer earning interest, grew to \$305 million at the region's locally chartered banks.

SOURCE: FEDERAL DEPOSIT INSURANCE CORP.

BANKS, from 1

First National Bank President Mark Driscoll said that the bank's quarterly results were due less to the bank's operating under an agreement with its regulator, the Office of the Comptroller of the Currency, and more to the current economic conditions.

"It's just the way the year seems to be going," said Driscoll. "Borrowers continue to struggle under the weight of a slow economy."

The bank has continued to shrink its assets, a process that started last year. Since the end of fourth quarter 2008, First National's total assets have declined by 12.6 percent. Real estate loans declined by 7 percent from second quarter to third quarter.

Driscoll pointed out that the biggest quarterly change for the bank was in its credit card portfolio, which went from \$136.2 million to nothing. First National sold its credit card portfolio to its parent company, Lauritzen Corp., a more than year-long strategy that appears to be a

In the black, in the red

Northern Colorado's local banks posted an aggregate net loss of \$25 million for the third quarter. However, individually they had a wide range of results:

Bank	Net profit (loss)
Advantage Bank	(\$2.3 million)
Bank of Colorado	\$17.15 million
Bank of Choice	(\$22.49 million)
Cache Bank and Trust	\$748,000
Farmers Bank	\$2.9 million
First FarmBank	\$506,000
First National Bank	(\$27.21 million)
First National Bank of Estes Park	\$1.3 million
FirstBank of Northern Colorado	\$3.2 million
Fort Collins Commerce Bank	\$263,000
Home State Bank	\$1.2 million
Larimer Bank of Commerce	\$326,000
Loveland Bank of Commerce	(\$900,000)
New West Bank	\$525,000
Signature Bank	(\$451,000)

SOURCE: FEDERAL DEPOSIT INSURANCE CORP.

good bet for the bank. According to the FDIC, charge-offs of credit card loans were up \$4.4 billion year-over-year, a 78.2 percent increase.

Cushioning for the future

First National's \$27.2 million loss through the third quarter came largely from cushioning for the future. The bank increased its provision for loan losses from \$46.2 million in the second quarter to \$101.2 million. Net interest income was not far from where it was for the same period last year and non-interest income was up after the sale of the credit card portfolio.

"Some of it is anticipation for 2010 as we look at some potential difficulties, particularly in commercial real estate," Driscoll said.

Provisions for loan losses have eaten into net incomes for banks everywhere. For the region's banks, the provision grew from \$72.7 million in the second quarter to \$150.9 million. The increase mirrors the growing concern over troubled assets.

Other real estate owned, or OREO, which is typically property gained through foreclosure, stood at \$81.5 million at the end of the third quarter. That's up only 3.8 percent from the second quarter but an increase of 123 percent since the end of 2008. By comparison, all Colorado-based banks saw a 21.9 percent quarter-over-quarter increase in OREO but only a 77.1 percent rise since the end of 2008.

Noncurrent loans — those that are no longer earning interest — increased to \$345.5 million for Northern Colorado-based banks, up 60 percent from second quarter and 113.2 percent since the end of 2008. On the bright side,

loans past due 30 to 89 days declined for the first time in a year. The early past-due loans were down almost 36 percent to \$85.5 million. Many bankers point to this category as the pipeline for future noncurrent loans.

Even the banks with the strongest results have seen some increase in troubled assets. For Bank of Colorado, assets in nonaccrual status were up in the third quarter. FirstBank of Northern Colorado, with a net income of \$3.2 million, saw an increase in nonaccrual and assets past due 30 to 89 days.

"We feel the effects of the recession," said Leroy Leavitt, president of New West Bank. "We've had some loan issues to deal with along the way."

New West reported \$678,000 of assets in nonaccrual status for the third quarter, up from \$161,000 in the second. The bank worked through five commercial property foreclosures recently, and reported a net charge-off of \$646,000 for the quarter.

Leavitt feels that the bank is well positioned and performing relatively well thanks to the diversity in its portfolio. New West doesn't have a lot of non-owner occupied real estate loans as part of its business model. It's the banks that decided to take advantage of the booming real estate business in years past that are under the most stress now, he said.

Construction and land development loans in Northern Colorado declined 7 percent in the third quarter, and commercial real estate loans were down just under one percentage point. Commercial and industrial, or C&I, loans saw a larger decline, dropping 13.6 percent. Nationally, the C&I loan category saw the largest increase in net charge-offs compared to last year, up 117.5 percent.

result, the bank has relatively low other real estate owned and non-performing assets. Other locally based banks, such as FirstBank of Northern Colorado and Bank of Colorado, have similarly diverse loan portfolios and strong net income in the third quarter to show for it.

FDIC, from 7

estate lending with loan concentrations in land development, spec construction, and non-owner occupied commercial real estate loans are clearly feeling the effects of the economy," said New West Bank President Leroy Leavitt.

He pointed out that his bank has worked since its inception in 2003 to maintain a diversified loan portfolio with little lending to speculative projects. As a

Kristen Tatti covers the banking industry for the Northern Colorado Business Report. She can be reached at 970-221-5400, ext. 219 or ktatti@ncbr.com.

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ARTS, from 16

Academy of Colorado, who was part of the design team for The Armory. "In committee we talked at length to create a flexible space that could be used for theater, dance, music, and the visual arts. For example, the auditorium has special, state-of-the-art panels that can be pulled into the room for a full art show. They have their own internal lighting system, but they can be moved into a closed position for theatre performance. We also needed to plan for cabinets, storage, and dressing rooms."

For the grand opening of The Armory, BURA waived rental fees during October and November so local groups could try out the venue. And fundraising continues. A matching Boettcher Grant for \$25,000 will be used for more seating.

"We need 90 more chairs and we'll make additions to light and sound," Portell said. "It's more than just 'come support the arts' in Brighton. This project preserves local heritage and cultivates local creativity."



Symphony prepares for Lincoln Center closure

The Fort Collins Symphony Orchestra's 60th season is in full swing. As the organization prepares for performances of the Nutcracker and a New

Year's Eve celebration and fundraiser, it is also searching for venues for its 2010-11 season.

On June 1, the Lincoln Center's 1,180-seat performance hall and 220-seat Mini Theatre will both close as the city undertakes a comprehensive renovation of the facility that could last as long as six months.

"Finding venues is a challenging task," said Symphony Interim Executive Director Lynn Leedy. "As you might guess there are few venues the size of Lincoln Center in Fort Collins."

The Symphony is looking at an array of sites including local megachurches and high school auditoriums.

"We're driving by venues and wondering about the possibilities," Leedy laughed.

She said the organization is looking at the change in two ways.

"The negative is that we may lose ticket holders while the Lincoln Center is closed. There are longtime ticket holders who don't want to go anywhere else," Leedy said. "But the positive is that the Symphony will be out in neighborhoods it hasn't been before. We hope we will broaden the base and bring new listeners to our concerts. And the Lincoln Center is willing to help with technical staff and stagehands for concerts. They'll keep the box office open."

Kiki Gilderhus, head of Art History Liberal Studies at Rocky Mountain College of Art + Design in Denver, covers the arts for the Business Report. Contact her at news@ncbr.com; submit arts calendar items to www.ncbr/event_submit.asp.

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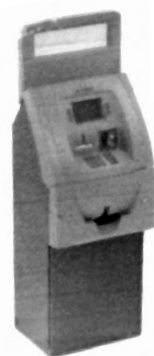


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CSU, from 2

timing could not have been worse.”

The campaign money is earmarked for a variety of improvements across campus, including some new and renovated facilities. For example, the College of Engineering hopes to raise \$60 million, including \$16 million for facilities. That includes \$3 million for a new Engines and Energy Conversion Laboratory, currently housed in the old city power plant next to the Poudre River in north downtown Fort Collins.

Several colleges have brick-and-mortar plans, but Edwards notes that half of the \$500 million goal is earmarked for academic improvements, including the creation of several endowed chairs and money for student assistance. The College of Liberal Arts, for one, is planning to reserve \$9 million of its \$24 million raised for undergraduate scholarships.

Edwards said the campaign has a strong emphasis on making college more accessible to students already feeling the pinch of steadily increasing tuition and fees.

“Access is the cornerstone of the campaign, which is very different from most campaigns that are usually focused on brick-and-mortar,” he said.

Individual college goals

Each college set its own goal for the campaign, with the College of Veterinary Medicine and Biomedical Sciences going for the highest, \$100 million. While that may sound almost unattainable for one college, it has already received pledges for more than \$93 million. Paul Maffey,

the college’s development director, said he has no doubt the college will achieve its goal.

“We’re going to make our goal, and I think we’re going to exceed it,” Maffey said. “The College of Veterinary Medicine probably has the best client base of any college, with the many veterinary hospital clients who are very grateful for what we do. I guess we’re a little bit lucky that way.”

The college is allocating \$65 million for research and educational outreach services.

While there are campaign banners fluttering across the CSU campus and the occasional faculty member carping anonymously about being forced to contribute to the campaign, Brad Bohlander, CSU public relations director, said no overt pressure is being applied to students or faculty to make a donation.

“Colorado State University does not in any way require faculty, staff or students to contribute to the campaign,” he said. “As members of the CSU community who care about its future, faculty and staff are informed about the campaign and encouraged to participate but we do not put forth any levels of giving expectations or amounts.”

The first four years of the campaign focused on bigger, regular donors such as Myra Monfort, who with her late husband, Kenneth, has given millions to the university and helped set up the Monfort Excellence Fund, and Bob Everitt, a Fort Collins developer who helped create the Everitt Real Estate Center in the College of Business.

Monfort said she contributes partly because her husband attended CSU but also because of the school’s focus on research, particularly alternative energy.

Declining state support

Since 2001, state general fund support for Colorado State University has had its ups and downs but it’s been generally down:

2001-02	\$122,027,647
2002-03	\$112,629,191
2003-04	\$97,578,012
2004-05	\$97,583,424
2005-06	\$100,974,020
2006-07	\$109,112,280
2007-08	\$118,339,490
2008-09	\$100,619,391*

*Reduction in FY08-09 backfilled to FY07-08 level with federal stimulus fund dollars

SOURCE: WWW.COLOSTATE.EDU

“The research they do there has garnered a tremendous response in federal grants,” she said. “They are working so hard on finding effective alternative fuels and I really believe that’s what’s going to get our economy back in shape.”

Everitt said he contributes to CSU because of its job-creation ability, not only through campus employment but also through the companies that come out of CSU research.

“We have supported CSU and will continue to support it because it’s the economic engine of Northern Colorado and it’s important to keep it as strong as possible,” he said. “That’s the future of our country — higher education. We need to make sure higher education stays strong.”

Challenging times

Higher education has been suffering financially in Colorado in recent years as the state struggles with lower tax collections from the economic downturn and constitutional constraints on how it spends the resources it does receive, such as the Taxpayer Bill of Rights, or TABOR.

This year, a shortfall in CSU’s state funding was backfilled by an infusion of about \$18 million from the federal stimulus package. Higher education officials have been taking their case around the state, asking legislators to consider giving them more flexibility next year in setting their own spending and earning state support by meeting target goals for academic performance and accessibility.

A ballot measure in 2012 is one possibility for getting more state money devoted to higher education in Colorado, which currently ranks among the lowest in funding its colleges and universities.

But Edwards, who was recently appointed by Gov. Ritter to the state Commission on Higher Education, said private fundraising is the best way to keep higher education robust in the current economy and existing constitutional limits.

“These are challenging times for higher education,” he said. “Change is definitely coming but we just don’t know what it looks like yet.”

Edwards said it’s more vital than ever for CSU to try to bring in as much of its own operating capital as possible.

“If CSU doesn’t do everything it can to develop revenues, then how can we go to the taxpayer and ask for more or go to the student whose tuition and fees are constantly increasing without doing all we can do?” he asked.

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Larimer County	292825*	306,176	338,548	373,471	480,691	10/08
Weld County	249775*	267,938	311,230	363,048	555,661	10/08

General	Latest month	Prev. listing	Change prev. mo.	Last year	Change prev. year	Last update
Employment	276,313	277,561	-0.45%	289,543	-4.57%	10/09
Unemployment	18,379	18,943	-2.98%	12,839	43.15%	10/09
Colo. Unemp. Rate	6.60%	6.70%	N/A	5.30%	N/A	10/09
Lmr. Unemp. Rate	5.50%	5.60%	N/A	4.40%	N/A	10/09
Weld Unemp. Rate	7.40%	7.50%	N/A	5.50%	N/A	10/09

Motor vehicle reg.	52,456	54,881	-4.42%	53,563	-2.07%	10/09
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Vectra Small Business						
Colorado index	72.3	70.9	1.97%	87.7	-17.56%	10/09
U.S. index	78.7	72.9	7.96%	61.6	27.76%	10/09

Bankruptcies						
Larimer County						
Chapter 7	91	95	-4.21%	75	21.33%	9/09
Chapter 13	11	9	22.22%	10	10.00%	9/09
Weld County						
Chapter 7	119	129	-7.75%	69	72.46%	9/09
Chapter 13	28	24	16.67%	17	64.71%	9/09

Foreclosures						
Larimer County						
	189	142	33.10%	133	42.11%	9/09
Value (000s)	\$44,864	\$72,626	-38.23%	\$39,260	14.27%	9/09
Weld County						
	271	298	-9.06%	148	83.11%	9/09
Value (000s)	\$63,171	\$60,895	3.74%	\$32,488	94.44%	9/09

New businesses						
Larimer County						
	541	491	10.18%	495	9.29%	9/09
Weld County						
	325	291	11.68%	289	12.46%	9/09

Consumer Price (Colorado, Wyoming, Montana and Utah)						
Index (1982-84 = 100)						
Food & beverages	221.118	220.587	0.24%	223.326	-0.99%	10/09
Housing	228.052	228.269	-0.10%	229.347	-0.56%	10/09
Transportation	190.348	190.306	0.02%	194.604	-2.19%	10/09
Medical Care	386.872	386.084	0.20%	369.897	4.59%	10/09

REAL ESTATE						
Total construction (000s)						
Larimer County	\$29,918	\$20,900	43.15%	\$25,877	15.62%	10/09
Weld County	\$21,032	\$13,432	56.58%	\$26,403	-20.34%	10/09

Building permits						
Larimer County						
	64	58	10.34%	58	10.34%	10/09
Weld County						
	75	43	74.42%	67	11.94%	10/09

Apartment vacancies						
F.C.-Loveland						
	9.90%	4.40%	N/A	8.90%	N/A	6/09
Greeley						
	9.1%	8.40%	N/A	6.10%	N/A	6/09

Apartment rent						
F.C.-Loveland						
	\$825	\$861	-4.16%	\$836	-1.26%	6/09
Greeley						
	\$629	\$656	-4.05%	\$630	-0.20%	6/09

Office vacancy rates						
Fort Collins						
	14.65%	15.20%	N/A	14.26%	N/A	6/09
Loveland						
	8.30%	10.93%	N/A	8.31%	N/A	6/09
Greeley						
	17.52%	16.60%	N/A	16.00%	N/A	6/09

Retail vacancy rates						
Fort Collins						
	9.51%	9.00%	N/A	8.57%	N/A	6/09
Loveland						
	7.59%	7.42%	N/A	6.43%	N/A	6/09
Greeley						
	15.02%	5.63%	N/A	12.07%	N/A	6/09

Industrial vacancy rates						
Fort Collins						
	5.84%	5.63%	N/A	5.77%	N/A	6/09
Loveland						
	8.33%	8.21%	N/A	3.86%	N/A	6/09
Greeley						
	9.00%	9.76%	N/A	9.45%	N/A	6/09

SALES						
Restaurant retail (000s)						
Larimer County	\$107,775	\$114,306	-5.71%	\$107,593	0.17%	3/09
Weld County	\$55,092	\$56,765	-2.95%	\$54,536	1.02%	3/09
Gross sales (000s)						
Larimer County	\$610,228	\$547,703	11.42%	\$693,587	-12.02%	5/09
Weld County	\$565,791	\$661,252	-14.44%	\$653,319	-13.40%	5/09

Note: Unless otherwise indicated, all statistics are for Larimer and Weld counties combined.

* Courtesy U.S. Census Bureau; projected population numbers from the Colorado Division of Local Government

Sources: U.S. Census Bureau; Colorado Division of Local Government (County population projections); Larimer County Workforces Center (Employment stats); Fort Collins-Loveland Municipal Airport; Larimer, Weld County Depts. of Motor Vehicles (Motor vehicle registrations); Vectra Bank Colorado (Colorado & U.S. Small Business Indices); F.W. Dodge Data (Construction statistics); SKLD Information Services LLC (Bankruptcy, foreclosure); LexisNexis (Patents); The Home Builders Association of Northern Colorado (Building permits); Colorado Division of Housing (Apartment vacancies & rates); Realtec Commercial Real Estate Services Inc. (Office, retail, industrial vacancy rates); Colorado Department of Revenue (Restaurant sales, gross sales figures, new sales tax accounts); U.S. Depts. of Labor, Bureau of Labor Statistics (Consumer Price Index).

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On March 10, 2010,

- » Four Northern Colorado individuals will be honored for their entrepreneurial spirit at the Bravo! Entrepreneur Awards.
- » One person who has a least 10 years of experience in the Northern Colorado market will be recognized with a Lifetime Achievement, and...
- » One organization or individual demonstrating a commitment to economic regionalization in Northern Colorado will be presented with the Regional Spirit Award.

All four community Bravo! Entrepreneurs must meet these criteria:

- » The entrepreneur must be the individual who was the founder of the business or has been instrumental in its growth.
- » The company the entrepreneur founded or developed must be based or have been founded in Larimer or Weld County.
- » The business' origin should have included vision, risk and creativity.
- » The entrepreneur's company should be profitable.
- » The entrepreneur and the company should be contributing to the community through charitable and/or leadership roles.

- » The company must have demonstrated innovative employee programs and corporate culture.
- » The company should have demonstrated an ability to overcome adversity.
- » The company should have demonstrated significant growth and long-term potential.

The Emerging Entrepreneur must meet these criteria:

- » The criteria for the community Bravo! Entrepreneur awards apply to this category.
- » The additional requirement is that the company must have been in business five years or less.
- » The company does not have to be profitable

The Lifetime Achievement Award will be given to an individual who meets this standard:

- » In addition to being an entrepreneur this individual will have at least 10 years experience in the Northern Colorado business community.

The Regional Spirit Award will be presented to an individual or organization:

- » Who has demonstrated a commitment to regionalization of the Northern Colorado economy.

Today,

nobody knows who
the 2010 honorees
will be except you.
You know the people
and organizations
who exemplify the
entrepreneurial
spirit. We need you
to tell us who among
your associates and
colleagues deserves
recognition based on
meeting these Bravo!
Entrepreneur criteria.

Nominations are open!

Bravo! Entrepreneur Award Nomination

Here is all you need to do nominate an individual or organization. And by the way, it is perfectly acceptable to nominate:

- yourself
- someone you work with
- the organization you work for

NOMINATIONS MUST BE RECEIVED BY JANUARY 2, 2010

For which award are you submitting this nomination?

- ☐ Bravo! Entrepreneur – Loveland
- ☐ Bravo! Entrepreneur – Fort Collins
- ☐ Bravo! Entrepreneur – Greeley
- ☐ Bravo! Entrepreneur – Surrounding Communities
- ☐ Emerging Entrepreneur
- ☐ Lifetime Achievement
- ☐ Regional Spirit

Tell us the individual's name.

At what company is she or he employed?

What's his or her title?

What is the telephone number and email address for this person?

Telephone _____

Email _____

On a separate page supply a brief description of the company, and tell us why this person or company should be nominated for a Bravo! Entrepreneur Award.

What year was the company founded?

The last part is to give us your name, a telephone number and an email address.

That's it. The NCBR research department will add relevant information to your nomination, and the entire packet of information will be given to the Bravo! Entrepreneur evaluation panel.

Your name _____

Telephone number _____

Email address _____

Send your nomination to:

By mail: Events Director
Northern Colorado Business Report
141 South College
Fort Collins CO 80524

By email: events@ncbr.com

Questions: Call De Dahlgren,
970.221.5400 x 202

NOMINATIONS MUST BE RECEIVED BY JANUARY 2, 2010

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An advertising supplement to the Northern Colorado Business Report ■ December 4-17, 2009

Occupational Fraud in an Economic Downturn

In the midst of difficult times, it suddenly seems fraud is taking center stage, affecting businesses and agencies of all types. What's behind the increase in fraudulent activity? And perhaps more important, how will it be stopped?

Fraud on the Rise

In early 2009, a Deloitte & Touche LLP survey found that two-thirds of 1,280 financial services and technology executives expected to see more instances of accounting fraud. Fraud tends to increase in an economic downturn because the forces of the economy cause people to react in ways they would have never imagined, observes Gary Zeune, CPA, nationally recognized speaker and writer on fraud and auditing standards and founder of The Pros & The Cons, the only speakers bureau for white collar criminals. "People don't realize or understand the things they'll do when faced with a situation they've never been in before."

Fraud Defined

The Association of Certified Fraud Examiners (ACFE) defines occupational fraud as: "The use of one's occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization's resources or assets." Fraud can be classified into three broad categories:

- asset misappropriation (such as false invoicing, payroll fraud, or skimming),
- corruption (bribes, extortion, conflicts of interest), and
- financial statement fraud which aims to make companies look healthier than they actually are.

Asset misappropriation is the most common fraud but the least costly (averaging \$150,000 per incident). Fraudulent statements are the least common form of fraud, but a 2008 ACFE study showed they accounted for a whopping \$2 million median loss (as measured by lost market capitalization in most cases).

ACFE's 2008 Report to the Nation on Occupational Fraud & Abuse shows that occupational frauds were most often committed by the accounting department or upper management. Twenty-nine percent of frauds in the report were committed by

persons in the accounting department, while 18 percent were committed by executives or upper management. Frauds committed by executives were particularly costly, resulting in a median loss of \$853,000.

The ACFE report shows that the lack of internal controls is the most common factor allowing fraud to occur. Thirty-five percent of respondents cited inadequate internal controls as a primary contributing factor in the frauds they investigated.

Small businesses—defined as those with fewer than 100 employees—are especially vulnerable to occupational fraud. Small businesses suffer both a greater percentage of frauds and a higher median loss (\$200,000). Check tampering and fraudulent billings were the most common types of small business fraud.

Is it Elementary?

Studies suggest fraud is more likely to occur when someone has an incentive (pressure) to commit fraud, weak controls or oversight provide an opportunity for the person to commit fraud, and the person can rationalize the fraudulent behavior (attitude). This three-pronged framework, commonly known as the "fraud triangle," has long been a useful tool for CPAs seeking to understand and manage fraud risks. All three factors are usually present when people commit fraud.

Doug Laufer, CPA, CFE, Ph.D., accounting professor at Metropolitan State College of Denver, teaches the school's accounting fraud course. He discusses the fraud triangle on the first day of class. "Pressure increases because people have trouble paying their bills, they rationalize because we're in a downturn, and maybe internal controls are slipping, which creates opportunity," Laufer says. And suddenly, the opportunity for fraud exists where it didn't before.

Metro developed its fraud course six years ago. "Prior to Enron, there was lit-

tle focus on fraud. The topic might have consisted of a chapter in an audit textbook. This is where the accounting profession and education could do more," Laufer says. "Accountants are positioned to help prevent and detect fraud more than anyone else."

Laufer notes that in addition to learning about fraud detection, his students learn how to prevent fraud.

Witness for the Prosecution

Sheri L. Betzer, CPA, CFE, of Betzer, Critchfield & Call, LLP, Denver, has made a career of forensic accounting. For the past 35 years, she has worked to find fraud and testify against those responsible. After deciphering mountains of accounting and financial data for attorneys, Betzer sometimes wonders if she should have been a psychologist instead of a CPA. "The criminal mind fascinates me," she says of her work.

Betzer takes her real-life experience into the classroom to help students understand the forensic accounting process. She has worked with Laufer's students to hold mock trials based on actual cases. "Students say it's the best class of the semester," Laufer notes.

Fraud perpetrators are frequently those you would least suspect, Betzer says. They are trusted members of a business who have been like family but are ultimately not immune to the pressures of the fraud triangle.

There are red flags employers can, and should, watch for. According to Predictably Irrational: The Hidden Forces that Shape Our Decisions, behavioral testing shows that people cheat if they can get away with it — even smart, Ivy League-educated people with relatively little to gain. "Desperate people do desperate things," Zeune says.

The most commonly cited behavioral red flags are perpetrators living beyond their apparent means or experiencing

financial difficulties. Anybody who is under a lot of financial stress—a sick child or parent, losing a house, credit card bills, divorce—anything external to the work environment that puts pressure on someone, if that person has access to assets, it's a red flag.

An Ounce of Prevention

Betzer suggests reviewing internal controls on a regular basis. Look at which employees handle what pieces of the accounting. She also says that many employees don't know what fraud is. "They fudge on travel reports and think it's OK. They don't realize it's fraud," she says. Hold staff meetings every six months to discuss what the organization's policies are and what happens if there's a problem.

When fraud does occur, Betzer is a proponent of taking the necessary steps for prosecution. "Theft is theft," she says. Prosecution can be emotionally difficult, especially if an employee has been like family. Betzer suggests immediately involving in-house counsel or an attorney before taking any action. "You don't want to take steps to fire somebody, and open yourself up to a lawsuit. And if the employee knows you suspect something, it opens the door for them to destroy evidence." A CPA can examine the information uncovered without talking to the employee. Betzer recommends talking to the employee and escorting him or her from the premises. "If we can get in early enough, we have saved the evidence, we can investigate, and write up a report," she says.

Betzer says the knee-jerk reaction of most small business owners is to confront the employee and ask what's going on. "The owners want answers, and they want an apology," she says. She suggests calming down first, talking to an attorney and a CPA, and having a strategy in place before taking any action against an employee. Because ultimately, owners probably never hear that apology.

Natalie Rooney is a free-lance writer and serves on the Editorial Board for the Colorado Society of CPAs. She can be reached at 970-328-1895 or nrooney@centurytel.net.



CPA GUIDE

Should You Lease or Buy?

Are you thinking about leasing furniture or small appliances rather than buying? When you lease, you borrow money from the seller and make monthly payments on the loan until it is paid off. The monthly payments on a lease are usually lower than if you financed your purchase.

Before You Lease

Decide if you will keep the item, say a television, at the end of the lease, or return it. If you want to keep the item for more than three years, it's better to purchase rather than lease. There may be an option in the lease allowing you to buy at the end of the lease, so be sure to ask.

Add up your total cost. To figure out how much your total lease will cost, multiply the monthly payment times the number of months you are leasing. For example \$150 per month x 36 months (for a three-year lease) means that you will be paying a total of \$5,400 for the item you are leasing. How much would it cost you if you bought the item? Is it worth the extra cost?

Benefits of Leasing

Often, there is no down payment when you lease.
If you lease, you have a higher-priced, newer model than you would be able to afford.
You always have the newest model usually covered by the manufacturer's warranty. Leasing helps to establish credit.

Disadvantages of Leasing

Once you get into the leasing habit, it is hard to save for a new purchase.
Penalties are charged for excessive wear and tear when you return a leased item.
If you need to end a lease before it expires, you may have to pay early-termination fees and penalties.
After making monthly payments, you don't own anything.

Other Options

Purchase the item at a garage sale or from Craig's List.
Purchase a used model.
Purchase a discontinued model.

Be aware that arranging a lease can be confusing and complicated. Take the time to calculate total cost to purchase and total cost to lease. Compare the totals before you make your decision. Take your time, and read all documents before signing anything. READ THE SMALL PRINT!

Diane Wightman, CPA, is a member of the Colorado State Board of Accountancy Rules Subcommittee, CPE Audit Subcommittee, and chair of the Colorado Society of CPAs Financial Literacy Task Force. Diane is owner of Controlled Resources Inc. Westminster, CO, 303-641-9647, dhwrightman@aol.com.

Use these tables to calculate the cost to lease an item versus buying. Remember: when you lease you don't own the item at the end of the lease.

Item Leased	Cost Per Month	Number of Months Leasing	Total Cost at end of Lease

If you're purchasing an item on time, meaning you pay interest too, calculate your total cost and see how it compares to leasing. Remember, you do own the item when it's paid off.

Item Purchased	Payment Per Month	Number of Months to Pay	Total Cost



Managing the Challenges

The recent credit crisis and tumult in the financial markets is a reminder of the importance and benefits of having a sound strategy to navigate through turbulent times. Not only will this strategy help you cope with the economic downturn, but also position you to reap the benefits of a recovery that could be around the corner in 2010.

Cash is King

Review your current cash position and anticipated cash needs. Are they in line with your business's short-term needs, goals and risk tolerance? Test the sufficiency of your cash reserves in the event of a continued decline in revenues.

Stay Close to Your Bank and Closer to Your Banker

Check with your lender on the status of your credit lines. Are you in compliance with their terms? Are they prepared to renew their commitments at similar amounts, rates and terms? Keep your banker abreast of the managerial and operational initiatives you are implementing to keep your business viable. Seek their input and stress the importance of partnership.

Monitor the Inflow

Review your aging of accounts receivable. If necessary, follow up immediately while also refocusing on your credit policy to customers. Be flexible in negotiating payment terms, and **get it in writing!**

Manage the Outflow

Manage accounts payable more closely. Consider forfeiting early pay discounts in favor of conserving cash that can be used for critical items. Communicate with vendors and suppliers if you need to stretch out repayment terms. It's not like they haven't already heard it from their other customers. If you are tapped out, consider meeting with vendors and working out a schedule of partial payments to allow continued delivery of critical materials and supplies.

Make it a Team Effort

Analyze and prioritize your expenses and spending. Communicate internally to employees the need to control and restrain spending. After all, they have skin in the game, too. It's called **their job!**

Watch Your Assets

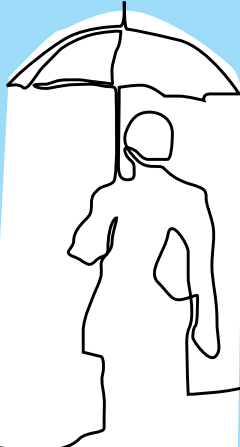
Keep in mind your employees are also facing many of the same challenges and struggling, too, to make ends meet. Most employees are honest and hard-working, but could be tempted to augment their lifestyle and financial security by dipping into the assets of your business. There are simple ways to keep employees from handling numerous and related tasks, or having too much control or responsibility. Keep temptation at bay and protect what you have.

Stick Close to Your Customers

Routinely contact your good customers. Even casual conversations can lead to new business opportunities. Contact customers who have gone elsewhere or who you haven't done business with in awhile. They could be looking to re-establish the relationship. At a minimum, you may get useful feedback on your sales and operations.

trust

Noun: Reliance on the integrity, strength and ability of someone; a person on whom one relies.



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How is trust earned?

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Understanding the various insurance programs can help you make good decisions about what you need.

Health Insurance

In today's world, health insurance is a necessity. With the high cost of medical care, just one major injury or illness can cripple you financially.

If you're lucky, you may have group health insurance through your employer. It also is offered through some civic groups and other organizations like auto clubs and chambers of commerce. It's generally less expensive than individual insurance. Even if you have to pay some of the cost of insurance offered by your employer, it's worth it.

If you can't join a group, consider buying individual insurance. Unlike group insurance, individual insurance is purchased directly from an insurance company or agent. When you apply, you are evaluated in terms of how much risk you present to the insurance company. Your risk potential will determine whether you qualify for insurance and how much it will cost. You must pay the full premiums yourself. One place to look for insurance is through Colorado Uninsured, which provides free health quotes to individuals and families looking for more affordable health insurance. You can find information at www.coloradouninsured.com.

Home Insurance

You may need homeowners insurance because your mortgage lender requires it. But even if it isn't required, you still need insurance to protect you from losing your home. Without homeowners insurance, everything you've worked for can be gone in a matter of minutes. It provides coverage if your home is damaged or destroyed. It also covers your family's possessions and provides you with compensation for liability claims, medical expenses, and other expenses that result from property damage and bodily injury suffered by others.

If your home is destroyed or damaged, the insurance company will cover your losses in one of two ways.

The company will either pay the cost of repairs, minus your deductible amount, or pay you a cash amount equal to the replacement value of damages.

Car Insurance

It's important to make sure that you have car insurance to cover damages to your car, someone else's car, and any bodily injuries to yourself and others.

There are various types of coverage available depending on your needs, and premiums to an insurance company can be paid monthly, bi-yearly, or yearly. By paying this premium on time, you're protected against financial losses. Make sure car insurance payments are part of your spending plan.

Life Insurance

Life insurance is purchased to protect your family in case you die. This insurance will be paid out to your family so that they can pay the bills, and have time

to get back on their feet. There is a type of life insurance called "group term life insurance" that is reasonably priced and can protect your family in case something happens to you.

The most common reason for buying life insurance is to replace the loss of income that would occur in the event of your death. When you die and your paycheck stops, your family may be left with no way to pay the bills. Life insurance can be used to pay off mortgages, car loans, and credit card debts, leaving other remaining assets intact for your family.

Disability Insurance

Disability insurance pays benefits when you are unable to earn a living because you're sick or injured. Most dis-

ability policies pay you a benefit that replaces a certain amount of your salary when you can't work.

With disability insurance you have to wait for a certain amount of time after the injury or illness before you receive benefits. This can range from 30 days to one year. The most common is three months. You can get policies that cover you for life or for a few years. Most people buy policies that pay benefits up until age 65. You can purchase disability insurance through an insurance agent or sometimes your employer.

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OPPORTUNITIES IN TROUBLED TIMES

By Judy L. Hicks, CPA, MT

Businesses are struggling, unemployment is high, and the immediate future is uncertain, but for those in the right situation, recent legislation may provide some opportunities.

1. The First-time home buyer's credit, a credit of 10% of the value of the home up to \$8,000, was set to expire on November 30th but has now been extended until April 30, 2010. If a binding contract is in effect by April 30 and closes before July 1, 2010, the extension will be effective until July 1, 2010.
 2. Non-first-time home buyers may also qualify for a \$6,500 credit on the purchase of a new home. To be eligible, the taxpayer must have lived in the residence for a contiguous five year period within the previous eight years.
- Whether you are a first time home buyer or not, with the rate of foreclosures up and the prices of homes way down, now would be a great time to buy a house and let Uncle Sam reimburse you for up to \$8,000 or \$6,500.
3. Net operating losses in 2009 may be carried back to offset years in which income was high allowing refunds of tax to help with immediate cash flow needs of the business. These losses may be carried back up to 5 years. However, the losses may only reduce the available taxable income in the first carry back year by up to 50 percent. Any remaining losses can fully offset taxable income in the 4 remaining carry back years.
 4. Converting traditional IRAs to Roth IRAs has previously been limited to those under certain income limits. For 2010 (and only 2010), those income limits have been suspended. The tax must be paid on the converted funds, but in certain situations may result in a larger nest egg at retirement. In addition, the taxpayer may elect to include half of the taxable amount in income on each of their 2011 and 2012 returns, deferring the tax for up to two years.

These are just a few of the opportunities that are out there for those in the position to take advantage of them. The credits mentioned above are done so in simplified terms. Please contact a tax professional to see if they will work in your situation. As with all credits and deductions allowed, they are subject to limitations and, sometimes, potential down sides.

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Celebrating Our 40th Anniversary!

CPA GUIDE

What's On Sale Now?

Even in a tough economy, there are some bright spots. For example, many expensive purchases have gotten a lot less costly because of industry problems, a steep decline in consumer spending or both. The Colorado Society of CPAs describes three big-ticket items that may cost less than they did a year ago.



Time to Buy a House?

By the middle of the year, home prices nationwide had fallen a great deal from their recent peaks, and the decline is much larger in some former boom neighborhoods. That's why many people who might have been priced out of the market during the buying frenzy of the last few years are now wondering whether it's a good time to purchase. As you shop, though, keep in mind that just because a house is cheap doesn't necessarily mean it is a good value. Be sure to take all the

usual precautions before committing to a purchase, including getting a home inspection from a qualified, independent inspector who checks to make sure the house is sound and not in need of major repairs. And while the home may feature a big price cut from the original asking price, ask your realtor to show you examples of recent comparable sales of similar houses in the same area. It may be that the house is still overpriced for the neighborhood, despite any price reduction. Finally, make a realistic assessment of your own budget for housing costs and determine whether the purchase price and monthly costs are truly affordable for you.

Car Prices More Attractive?

Many auto manufacturers have lowered their prices in recent months due to a drop in sales in the midst of the recession and because of troubles in the auto industry. As a result, this may be a good time to shop around for great deals on new or used cars. When you do your shopping, ask about any incentives, either in the form of cheaper prices or lower interest rates, because many dealers are offering them. And get information before you go to a dealership



on the best value for the car you want and what the competition is asking. Web sites such as www.kelleybluebook.com and www.edmunds.com provide information on basic prices on different models. When you're an informed shopper, you have a better chance of getting the best deal.

Travel in the Picture?

Both air fares and hotel rates have been attractive in recent months. There are two reasons. First, prices have dropped because of the problems in the economy and travel cutbacks by both businesses and individuals. In addition, airlines no longer have to pay for the high gas prices we were all facing last year. Once again, though, shop wisely, being aware, for example, of hidden costs for any flight you book, such as extra charges for luggage, onboard meals or cancellation fees if you change your plans. They could wipe out the value of your bargain.

Good News at the Holidays?

Keep in mind that it's not only the most expensive items—such as houses, cars and air fares—that are now on sale. Many retailers have cut prices on a wide range of items to attract buyers and they are continuing to do so as

the holidays draw near. Watch out for sales and you will likely be able to keep more money in your pocket this holiday season.



Consult Your Local CPA

It's important to remember that even a bargain is not a good deal if you can't afford it, so don't be tempted by low prices if you don't have the money to pay for them. There are many ways to stretch your dollar in tough times, and your local CPA can help you make the most of them. Turn to him or her with all your financial questions.

The Colorado Society of CPAs is the state association serving CPAs in public practice, industry, government, and education. It supports its members in providing service to the public.

Tax changes affecting businesses in the Worker, Homeownership and Business Assistance Act of 2009

On Nov. 6, 2009, President Obama signed the "Worker, Homeownership, and Business Assistance Act of 2009" (the 2009 Assistance Act) into law. In addition to providing an extension of unemployment benefits for the longtime jobless, the 2009 Assistance Act includes tax changes for businesses, the most significant of which are liberalized rules for certain net operating losses (NOLs).

Background. A net operating loss (NOL) is the excess of business deductions (computed with certain modifications) over gross income in a particular tax year. The loss can be deducted, through an NOL carryback or carryover, in another tax year in which gross income exceeds business deductions. In general, NOLs may be carried back two years and forward 20 years. The NOL is first carried back to the earliest tax year for which it's allowable as a carryback or a carryover, and is then carried to the next earliest tax year. A taxpayer may elect to forego the entire carryback period for an NOL and instead carry it forward.

Stimulus legislation passed earlier this year allowed eligible small businesses (with average annual gross receipts of \$15 million or less for 2006-2008) to elect to carry back NOLs from 2008 for 3, 4 or 5 years rather than the standard 2 years. A taxpayer with a fiscal year (i.e., other than a calendar year) was entitled to choose the extended carryback period for the tax year that began or ended in 2008.

New law. The 2009 Assistance Act provides an election for most taxpayers (not just small businesses) to increase the carryback period for an applicable NOL to 3, 4, or 5 years from 2 years. An applicable NOL means the taxpayer's NOL for any tax year ending after Dec. 31, 2007, and beginning before Jan. 1, 2010. This means the election may be made for a tax year beginning or ending in either 2008 or 2009.

Taxpayers electing a 5-year carryback can use the NOL to offset up to 50% of the available taxable income for the 5th tax year preceding the loss year, and 100% of all taxable income in the remaining 4 carryback years. The amount of the NOL otherwise carried to tax years after the 5th preceding tax year is adjusted to take into account that the NOL could offset only 50% of the taxable income for the 5th year. That is to say, unlike previous versions of this proposal which were not included in the final legislation, there is no "haircut" for the amount by which the NOL is limited in the 5th preceding year.

The election of an extended carryback period must be made by the due date (with extensions) for filing the tax return for the taxpayer's last tax year beginning in 2009. Once made, the election is irrevocable. If the taxpayer had previously elected to forego the carryback of an NOL from a tax year ending before Nov. 6, 2009, the taxpayer may revoke that election before the due date (including extensions) for filing the taxpayer's 2009 return.

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