I’m not an avid book reader. It’s not that I don’t enjoy reading. I simply find it hard to find the time to sit down with a good book and “knock it out.” Maybe having three teenage boys has a little something to do with that.

I also have a wife, a good full-time job, and the honor of serving as your president for this fiscal year. Like all of you can probably say: my life is busy. And for me, book reading takes a back seat to other pursuits.

Several months ago, a friend of mine met me for lunch and brought me a surprise: you guessed it, a book. He said it was a “must read” that he’d been given by a friend and thought I would enjoy it as well. I appreciated the gesture. It also didn’t hurt that the book was very short and thus could be read fairly quickly. The book is entitled The Richest Man in Town and was written by V.J. Smith. Quite simply, this book is a MUST READ.

Without giving away the entire book, it centers around a man named Marty who was a simple cashier at Walmart. Marty wasn’t particularly smart, nor was he highly educated. He wasn’t necessarily physically attractive, nor was he highly skilled. He hadn’t achieved great status in his job. Aside from being an “average Joe”, he was incredibly gifted at one thing: making almost everyone he came into contact with feel special.

President’s Letter
in contact with feel like they were valued, loved, and important. In this case, he made customers feel this way, as well as his co-workers. And he impacted hundreds, if not thousands, of people’s lives for the better.

Three lessons stand out from the book, which I hope you find and take a little time to read in 2014:

- Relationships matter most in life.
- Try to do a little more.
- Only you can make you happy.

Marty understood these things, and lived a life worthy of being written about in a book for all of us to learn from and enjoy. I'm not generally big into crying, but if this book doesn’t move you to tears, you might want to have a friend check your pulse. It’s that good.

So as we head into a new year, it seems like a great time for a little personal reflection and reprioritization of life. This book will definitely take you there. 2013 has now wrapped up, and from everything I hear and read, 2014 looks to be an even better year. If we all acted a little bit more like Marty in our lives every day, it’s almost a guarantee.

I thank you all for your participation in CFMA over this past year. I look forward to sharing more of it with you in 2014. I wish you all blessings, health, and prosperity this New Year and beyond. And enjoy the book! I know you will…

2013-2014 Board of Directors

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Member of the Year Award

It’s CFMA Western Michigan Chapter’s policy to present one member with the Member of the Year Award annually. This award is given to a member to recognize their contribution to the leadership, development and/or promotion of the chapter.

Congratulations to Shanna Reynolds of Crowe Horwath LLP who was the 2013 recipient of the LaForest Krantz Member Achievement Award presented at the November General Membership Meeting. Special thanks to Shanna for all of her hard work and dedication to CFMA!

Since joining the Western Michigan Chapter in 2004, Shanna has served as Treasurer on the Board of Directors since 2006, served on various committees, and has been an active volunteer at numerous Chapter events. Shanna is a Senior Tax Manager at Crowe Horwath LLP where she has worked the past 14 years. Congratulations Shanna!
Other News & Reminders

Toys for Tots Another Success in 2013 – Thanks again to everyone who donated to Toys for Tots at the November general membership meeting. This year was another great success! Special thanks to Mike Waalkes of the Promotions Committee for delivering the toys to Lake Michigan Credit Union. They were very appreciative of our Chapter’s efforts!

Special thanks to Tripp Vander Wal of Miller Johnson. Tripp presented an update on Healthcare Reform at the October general membership meeting. Also, Duke Suwyn of Colliers International who presented a Real Estate Market update at the November general membership meeting. Both presentations provided useful and relevant information to our members.

Congratulations to Theresa Sickles of WaterSolve LLC for passing the Certified Construction Industry Financial Professionals (CCIFP) exam after receiving a scholarship from the Western Michigan Chapter at the May 2013 general membership meeting. Congratulations Theresa!

Anyone interested in joining one of our committees? We’d love to have you join! See page 2 for a listing of all of the Western Michigan Chapter committees and committee chairpersons.

CFMA Western Michigan Chapter - Upcoming Events

January 23
General Membership lunch – Please join us at Stonewater Country Club where Dawn Simpson of Trivalent Group will present on Information Technology/Disaster Recovery. For Dawn’s profile, click here.

February 6
Winter Social Event – Please mark your calendars for our next social event planned for Thursday, February 6th from 4:30 to 6:30pm at Peppino’s near Kalamazoo and M-6. This is yet another great opportunity for members to network and socialize. Hors d’oeuvres will be provided by Lighthouse Insurance. Hope to see you there.

February 27
General Membership lunch – Please join us at Stonewater Country Club where Paul Isely of GVSU will present an Economic Update. For Paul’s profile, click here.

2014 GENERAL MEMBERSHIP MEETINGS
March 27, 2014
Topic: Banking - Innovations in Technology
Speaker: Mercantile Bank

April 24, 2014
Topic: MDOT Prevailing Wage
Speaker: Chris Roe, MDOT

May 22, 2014
Topic: Employee Retention – Finding/Keeping Good People
Speaker: David Barrett, Cascade Engineering
CFMA Member Spotlight

Welcome new general member:

Nicole DeFever  SECURALARM SYSTEMS INC.

1) How long have you been with your company and what areas of the business do you work in?
I have worked at SecurAlarm Systems for almost 6 years in the Accounting department.

2) What do you enjoy most about working at your company?
I enjoy working for a small business that embraces employee growth and opportunities to work cross-functionally with all departments as well as the people!

3) What interested you in joining the CFMA West Michigan Chapter?
I look forward to meeting and learning from my peers in the industry.

4) What is your favorite hobby or activity to do when you’re not working?
I love cooking, crafts, running, working outside (in the sun!).

Membership Stats:

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<td>General Members</td>
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<td>Associate Members</td>
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<td><strong>Total Chapter Membership</strong></td>
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New General Members:

Nicole DeFever / SecurAlarm Systems (Referred by Ann Plummer)
Jeff Kerr / Pleune Service Company (Referred by Jennifer Murphy)
Michelle Paepke / Kerkstra Precast (Referred by Andy Odehnal)
Travis Pohl / Progressive AE

Welcome to all of our new members. We look forward to seeing more member profiles in next quarter’s newsletter!

Member Incentives . . .

National has provided an incentive that if a new member joins now, their dues will be paid through March 31, 2015. Join in January and receive 15 months for the price of 12! Click here for a link to the membership application. Incentive is good through March 31, 2014.

This provides additional value in addition to the value of a CFMA membership. Please invite a guest to an upcoming lunch—their lunch will be free! Contact Ann Plummer (aplummer@beenegarter.com) for details.
Indemnity Law Changes: Has Your Contract Language Caught Up?

BY JEFF AMMON, MILLER JOHNSON

Michigan's new law on construction contract indemnity is roughly 10 months old, but we are still seeing contracts drafted with outdated language. That is unfortunate for contractors, subcontractors, and design professionals, since the new law gives them greater protection. Read on for guidance on identifying and updating contract language to your company’s advantage.

Before the law changed, a contractor’s promise to indemnify an owner for the owner’s sole negligence was unenforceable. The new law expands that unenforceability in two ways:

1. The protection for contractors now also covers design professionals, such as architects, engineers and surveyors.
2. The new law restricts the extent to which public entities can demand indemnity. In contracts with public entities, a design professional or contractor cannot be required to indemnify the public entity for any more than the design professional’s or contractor’s degree of fault. And the same goes for a promise to indemnify a public entity’s construction management firm. These restrictions don’t apply, however, to private jobs.

Assume that a school district’s construction contract requires the contractor to indemnify the district and its construction manager in the broadest possible way: for the contractor’s negligence and for the school district’s negligence, regardless of whether the school district or construction manager was solely negligent or not. Assume that a dispute is litigated and a jury finds that the district was 60% negligent, the construction manager 30% negligent, and the contractor 10% negligent.

Under the new law, the contractor is liable for only its share of the loss, 10%. Contrast this with an identical term in a contract with a private owner: the contractor would be liable for 100% of the loss, even though the private owner and its construction manager were 90% at fault!

This new law complicates the enforceability of indemnity clauses. Here are lessons for owners, architects, and contractors:

1. Public owners should realize how this new law limits their indemnification rights. They will need to be more careful about insurance coverage.
2. Architects and contractors may be pleased to receive this new protection, but should make sure their contract clauses limit their liability to the fullest extent that this new law provides. They should not rely on the law’s unenforceability clause to trump an overly broad indemnity; that is a fight best avoided at the contract drafting stage.
3. Checklists should be updated to note the differences between public and private jobs. Whether this new law will have an impact on insurance premiums is unknown at this point.

3. Remember that this is a Michigan law. If your project is located in another state or if your construction contract is governed by the law of that state, different rules may apply.

Jeff Ammon  
Attorney at Law  
Miller Johnson  
ammonj@millerjohnson.com
The Cloud Option

BY DEB KAUFFMAN, ATKION ASSOCIATES, INC.

While the concept of leasing a vehicle has been around for years, the thought of renting software/hardware and infrastructure seems futuristic. The fact is the cloud or SaaS (Software as a Service) is here to stay. Like renting vs. owning a vehicle, SaaS is an option worth investigating. The next time your server crashes or is no longer able to handle the specifications of updated software, consider SaaS as an option.

A simple browser search will return thousands of articles related to the cloud option. As accounting professionals we have to make quantified decisions pertaining to the benefits of updating the current on-premise technology or moving to the cloud. Such things as hardware, software and personnel have to be carefully considered, valued and weighed against the benefits of renting a shared technology infrastructure from a reputable vendor.

There’s no simple formula to determine if the benefits of a cloud solution solves your company's technology needs. However, for those who have done the research and are committing to the SaaS solution, one important issue is forming a long-term relationship with a reliable vendor. The following questions should give buyers an idea about the longevity of the vendor.

• How reliable are you—do you provide references, case studies and third party assessments?
• Do you have information available about your physical location?
• Do you have information about your top management on your site?
• Do you have just a handful of customers, or thousands or tens of thousands?
• Are you well covered by traditional media and technology blogs?
• Are you active in social media sites?

While these questions will not offer a foolproof guarantee, it will give a fairly good idea about reliability.

Ultimately, buying and implementing software is a business decision—not a technology decision. The type of technology you choose to meet your organization's business requirements is a function of your business goals, needs, and objectives. Having the option to “rent” vs “own” is an option that’s here to stay.

Deb Kauffman
Certified Sage 300 and Sage 100 Consultant
Atkion Associates, Inc.

CONTINUED
What Does It Take To Keep Your Surety Happy? Good Information.

BY JON LUNDERBERG, BUITEN & ASSOCIATES

Closing the Fiscal Year End...AND Looking Ahead to What a Surety Needs:
Most CFO's and Controllers are working hard to close their books in January and get their financial information to their CPA to prepare their December 31 fiscal year-end financial statements.

At the same time, good contractors are looking ahead to make sure their financial statements are providing the right information for their surety or bonding company.

Be Proactive—Make a Good Impression: Since sureties use your fiscal year-end financial statements as the cornerstone for your bonding program for the next year, it is wise to invest time to give your surety what they need. This process is like an annual family portrait—you want everyone to look their best when the photographer takes a picture of your company on December 31 (your fiscal year-end).

Good Information: These are the additional schedules that will keep your surety happy:

1. Open and closed job schedules that tie out to the revenue, cost of revenue and gross profit on the income statement.
2. General & Administrative Schedule.
3. Accounts Receivable Aging that ties out the balance sheet.
4. Confirmation of credit facilities.

Use Your Bonding Agent to Answer Questions Before They Are Asked: Your bonding agent should review your fiscal year-end financial statements, analyze them and prepare a written summary for your surety. This summary should anticipate any questions your surety might raise and proactively provide answers for them.

Planning Saves Time: If you give your surety what they want, before they ask for it, it will make them happy as well as improve your surety relationship and bonding program.

CFO/Controller Punch List: A short punch list is included below to focus your planning.

CFO/Controller Fiscal Year-End Punch List

Punch List for CFOs and Controllers: You may want to review this short punch list as you close out your fiscal year-end and publish your fiscal year-end financial statements:

1. Job Schedules: Do your Job Schedules tie to the revenue, cost of revenue and gross profit on the income statement?
2. Completed Contract Schedules: Does your Completed Contract Schedule show the total revenue, cost of revenue and gross profit for each completed project? If projects cover more than one fiscal year, is this information split into two sections, with one for the prior fiscal years and the other section for the current fiscal year?
3. Open Job Schedule or Work-in-Progress (WIP) Schedule: Does your WIP schedule show:
   A. Total Contract Amounts including approved Change Orders?
   B. Total Estimated Costs?
   C. Cost-to-Date?
   D. Cost-to-Complete?
E. Percentage Complete (Cost to Date / Total Estimated Cost)?
F. Total Revenue Earned to Date?
G. Total Gross Profit Earned to Date?
H. Total Billings to Date?
I. Underbilling or Overbilling for each project?

4. Margins: Are the margins on the uncompleted projects reasonable when compared to the margins on the completed contracts?

5. General & Administrative Expenses: Is there a separate schedule for expenses that are not direct job costs?

6. Accounts Receivable Aging: Is there an accounts receivable aging for each project that ties to the accounts receivable total in your fiscal year-end financial statements? Does it show how much accounts receivable for each project is under 90 days outstanding? Over 90 days outstanding? And retainage?

The Takeaway: If you answered all the questions with “yes” you are well on your way to keeping your surety happy. If not, you may be able to improve the presentation for your financial statements and improve your bonding program.

Jon Lunderberg
Partner
Buiten & Associates
Jon.Lunderberg@BuitenInsurance.com

Student Membership Campaign
We have reached out to several college and university groups in order to increase CFMA student memberships. We currently do not have any student members and are hoping to increase student involvement by offering an initial free lunch at our General Membership meetings. If you know any students or student groups that may be interested, please email Tom Vandenbosch at tvandenbosch@alliedelectricinc.com.

CFMA Western Michigan Chapter Mission Statement
As the source and resource of construction financial management in West Michigan, our Association unites individuals having financial responsibilities in the construction industry. We provide a forum through which the Association’s members can meet to network and exchange ideas. We promote and encourage leadership within the construction industry, as well as our Association. We develop and coordinate educational programs dedicated to the purpose of improving the professional standards of the industry and enhancing the value of construction financial managers to their respective companies.

Please contact Brandi Clark, editor, at bclark@beenegarter.com if you are interested in submitting an article for future issues of Extras.