

FROM THE PRESIDENT

By Tom Powers
NYELSA President



Dear NYELSA members,

Happy New Year! Hope everyone enjoyed the holidays and I wish all of you a New Year full of prosperity and opportunity. A special thank you to all of our board members who have made the commitment to serve our association for another year.

Thank you, Treavor McEnaney with Knight Protection serving as our Vice President, Jason Aurelio with Safe Secure Sentry serving as our Treasurer, Pamela Noll with Allied Alarm serving as our Secretary, and Jim Quirin serving as our past President. Thank you all for your continued support and dedication to our association.

We are excited to be working with Syncomm Management Group as our Executive Director firm. Jerry Lenander, Dan VanHart Jr, and Ryan Makovsky are our representatives with the firm.

They have been working on revamping our website! Please bookmark and visit www.nyelsa.org for training schedule, event schedule, and newsfeed providing latest association and member news and announcements! This site is updated regularly to include the latest information!

The training Schedule for 2023 is available! The schedule includes Certified Level 1 and Continuing Education Courses – Check it out on the website and sign up today for upcoming classes.

Our 2023 Youth Scholarship program is now accepting applications. Please inform your local law enforcement and first responder agencies of our Youth Scholarship Program. Information can be found on our website!

Work has already begun for our annual conference in August. The annual conference will be returning to the Turning Stone Resort and Casino in Utica, NY – More details will be available soon outlining dates, times, great training opportunities, time allotted to network with our peers, and guest speakers.

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New Year...

See inside for the
2023 Training Schedule.

New Training???

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Thank you for reading our newsletter. Remember to support all of our newsletter sponsors. Please consider getting involved with our association on any level that you can. Perhaps as committee chair person, training instructor, or simply by attending an upcoming association meeting. Hope to see all of you at our upcoming events. On behalf of everyone at NYELSA, have a great Happy New Year!

Best regards,

Tom Powers

NYELSA President

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Legal Column

By: Ken Kirschenbaum, NYSEA Legal Counsel

HOW BUYERS FIGURE VALUE OF ALARM ACCOUNTS FOR ACQUISITION

Ken

What I have seen happen on alarm account deals in Canada differs somewhat from is described in one of your previous articles.

- Although most buyers have their own method of assessing a block of accounts for value and determining an ROI [return on investment] on a possible purchase, I am not sure many use a DCF [Discounted Cash Flow] method for doing so.

- Secondly most buyers in Canada will ask about all the key value indicators up front such as average rate on the accounts, % on signed contract and % on call forward line and make the Seller attest to these in the Letter of Intent rather than dock the seller multiple during due diligence process. I tell potential sellers to address these points before considering a sale.

- Thirdly today in Canada there are not many deals happening at 26X the RMR on the account base unless the block of accounts is very small and not in great shape. Most of you probably know this. I have not brokered a deal for less than 30X in the last 10 years.

- Additionally on any article about the value of alarm accounts I always like to draw the reader's attention to the importance of higher rates as they relate to value because I don't think this is emphasized enough. . Having signed contracts is important to getting a deal done at all but having higher rates on your accounts is a much under- appreciated way to get a higher price. Do the math on how long it takes to get your investment back on \$35 accounts versus \$25 accounts and you will see why.

- Finally in Canada buyers have long since woken up to the added benefits of having their auto-pay accounts be taken out of bank accounts rather than off credit cards which charge for the service and where the expiry dates have to be continually updated.

Just some thoughts and experience from north of the border.

Response

I suspect that the analysis for Canadian companies is similar if not identical to US companies. What's the multiple is the perennial question in the alarm industry. The trouble is that the multiple depends on many factors that the seller is really in charge of and responsible for. Victor hasn't had a deal for less than 30 times. That doesn't mean you should expect that multiple or settle for that multiple if your accounts are worth more.

I "broker" deals too in the sense that I'll introduce sellers and buyers and help structure the deal, but I am always representing one of both as counsel on the deal. I also value the alarm accounts [\https://

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Continued from Page 5 www.kirschenbaumesq.com/page/what-is-my-alarm-company-worth]. I've emphasized it many times; if you want top dollar for your alarm accounts you need to have followed best practices. That means [proper contracts](#), E&O coverage, your own lines or movable lines at the central station, quality equipment, installations and services, quality customers with a low attrition rate, properly priced jobs so you're making money, employees who have signed an [Employment Agreement](#), right to sell accounts without being burdened by rights of first refusal [yes some central stations are still trying to get that right in their small print Dealer Agreement], among other practices that enhance your business.

As mentioned by Victor, buyers are looking at return on investment. Return on investment is not necessarily what the seller has been able to make, but what the buyer believes it will be able to make with the account base.

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For additional information regarding this article, or alarm industry, and / or other legal issues contact:

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Leaders from NYELSA, NJELSA, and PBFAA were represented at ISC East 2022 along with Keynote Speaker, Robert Few (far right) and Mary Beth Shaughnessy, Event VP, ISC Security Events

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NYELSA MEETING & EVENT NEWS

2023 BOARD OF DIRECTORS MEETINGS

- August TBD

2023 ANNUAL MEETING

- August TBD

INDUSTRY EVENTS

- ISC West
March 28—March 31
Las Vegas, NV
- ISC East
November 14—November 16
New York City, New York

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We've had many successes over the years, but none could come without your support on alarm management issues and financially. The good work we do is reflective of the security industry's leadership on these issues. Again, our thanks to all of you, and stay tuned for 2023.

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Every Alarm Company Should Advertise On NextDoor. Here's Why.

By Brian Plant, AlarmBrand

NextDoor has exploded as the hot new social media app for communities around the country. Home services providers like landscapers, plumbers and electricians – as well as your national competitors like ADT, Brinks, Vivint and more – are constantly running ads in the NextDoor newsfeed. NextDoor is like the new Facebook, featuring updates from your neighbor across the street (as opposed to people scattered all over the globe). If you live in a community with an active presence on NextDoor, then you've seen what an amazing advertising opportunity the platform may present for your alarm company.

People Want to Connect with Neighbors AND Services.

There's a reason why online platforms for neighbors

have grown exponentially in recent years: Now more than ever, people seek connection to their neighbors. While connecting to the global community remains important for some, making local connections has become a larger priority since the pandemic. People want to know "real life" people who live and work in their own communities. Many consumers want to support and do business with local companies rather than large corporations.

NextDoor is High-Intent Browsing.

Unlike Facebook, where people are not really looking to connect with brands or services, over 90% of users open the NextDoor app to get recommendations from neighbors for home services. Local Facebook groups and other forums can vary by reputation and what they have to offer. What sets NextDoor apart from them? It's powered by trusted local information, with new updates being posted by neighbors every day. Whether someone is searching for a vendor to cater their party, or a licensed alarm dealer to protect their home or business, neighbors in communities from coast to coast are turning to NextDoor for the services they need in the

Continued on Page 9

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NextDoor Ads Provide Relevant Options.

NextDoor offers a variety of ways for businesses to reach neighbors, each of them delivered in a relevant context that makes sense to the user. Your alarm company can take advantage of everything from native ads, to display ads, to scrolling video ads, to NextDoor's proprietary Digest email. There's also a NextDoor marketplace, where you can advertise in a "for sale" platform where local users are looking for a specific service. It's even possible to showcase multiple services in a carousel format, or place a click-to-call ad directly in NextDoor's in-app newsfeed. Another highly popular option for NextDoor ads is their Local Deals option. There's no one-size-fits-all model for advertising on NextDoor, which makes it appealing to alarm dealers and integrators looking to reach new audiences in their local communities.

What Do Ads on NextDoor Cost for Alarm Companies?

NextDoor advertising is scalable, and there are a variety of ways to structure an ad campaign. A modest budget similar to what you might expect for Facebook Ads is sufficient to generate traffic, brand awareness, and conversions. The platform offers tailored analytics that measure the effectiveness of your campaign, and working with the digital ad experts at Ignite means you have a dedicated team who can adjust your campaign as needed. If you decide to try something new, NextDoor makes it easy – and with AlarmBrand as your digital advertising partner, it can be even easier.

Brian Plant is Managing Director at AlarmBrand, offering website creation and marketing for the electronic security industry that communicate your story, resonate with your audience, and generate revenue. Since 2009, brands that you know and trust have leveraged AlarmBrand to grow their businesses, including SDM 100, SDI Fast 50, monitoring centers, technology providers, professional corporations, and small / medium businesses across the USA.



NYELSA 2023 "virtual" Training Course Schedule(s)

Course Part	81 Hour Security / Fire Alarm Installer License Course	Course Dates
Part 1	Level One Certified Alarm Technician	February 8 - 10 April 19 - 21 June 7 - 9 September 27 - 29
Part 2	Advanced Intrusion Systems	February 22 - 24 May 3 - 5 June 21 - 23 October 11 - 13
Part 3	Fire Alarm Installation Methods	March 8 - 10 May 17 - 19 July 12 - 14 October 25 - 27
Part 4	Troubleshooting, Service & Maintenance	March 22 - 24 May 31 - June 2 July 26 - 28 November 8 - 10

Month	Continuing Education Courses (<i>non-license related</i>)	Course Dates
April	Residential Fire Alarm	April 11
May	Video System Technology	May 2-3
June	Fire Alarm Installation Methods	June 13-14
September	Level One Certified Alarm Technician	September 13, 20, & 27
October	International Building Control	October 10
November	Professional Fire Alarm Design	November 7-8
December	Troubleshooting, Service and Maintenance	December 5-6

Additional course topics available. Private classes available for 10+

Understanding the NYS Security / Fire Alarm Installer License Requirements:

Need for license: An individual, firm, company partnership or corporation must be licensed if it installs, maintains or services alarm systems, including, but not limited to, such items as detectors, control devices and alarm communication systems, conduits and associated wires of alarm systems; or if it holds itself out to the public as being able to do so. **This shall include, but not be limited to,** selling alarm systems to consumers when the installation, maintenance or servicing of the alarm system will be subcontracted to or otherwise performed by another;

A security and fire alarm installers license is required for the installation, maintenance or servicing of a closed circuit television system (CCTV), or video surveillance system, if such system is used, either full-time or part-time, for the detection or monitoring of intrusion, break-in, theft, movement, sound or fire; and electrical entry systems which detect and/or provide notification of intrusion, break-in, theft, movement, sound or fire regardless of the number of entry points.

Who Should Attend? *Technicians, service personnel, installation personnel, sales staff, and business owners.*



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Registration Form on other side



1/6/23

NYELSA 2023 Training Course Registration Form

Enter ## of Students Registering	Course Name	Course Dates <i>(circle selected date)</i>	NYELSA Member Price	Non - Member Price	TOTAL COURSE FEES
	Level One Certified Alarm Technician	February 8 - 10	\$395.00	\$495.00	
		April 19- 21	\$395.00	\$495.00	
		June 7-9	\$395.00	\$495.00	
		September 27-29	\$395.00	\$495.00	
	Advanced Instrusion Systems	February 22-24	\$395.00	\$495.00	
		May 3-5	\$395.00	\$495.00	
		June 21-23	\$395.00	\$495.00	
		October 11-13	\$395.00	\$495.00	
	Fire Alarm Installation Methods	March 8-10	\$395.00	\$495.00	
		May 17-19	\$395.00	\$495.00	
		July 12-14	\$395.00	\$495.00	
		October 25-27	\$395.00	\$495.00	
	Troubleshooting, Service & Maintenance	March 22-24	\$395.00	\$495.00	
		May 31- June 2	\$395.00	\$495.00	
		July 26-28	\$395.00	\$495.00	
		November 8-10	\$395.00	\$495.00	
	81 Hour Security / Fire Alarm Installer License Course "Bundle"	February - March	\$1,450.00	\$1,750.00	
		April - May/June	\$1,450.00	\$1,750.00	
		June - July	\$1,450.00	\$1,750.00	
		September - November	\$1,450.00	\$1,750.00	
	Residential Fire Alarm	April 11	\$275.00	\$375.00	
	Video System Technology	May 2-3	\$375.00	\$475.00	
	International Building Code	October 10	\$375.00	\$475.00	
	Professional Fire Alarm Design	November 7-8	\$375.00	\$475.00	

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Employee Retention Credits – A Clarification

By Mitch Reitman

One of the many COVID Relief measures hastily issued by Congress was the Employee Retention Credit (ERC). The ERC offers refunds against 2020 and 2021 payroll taxes of as much as \$31,000 per employee, so the numbers can add up.

For many companies that were hit hard by COVID, the ERC was easy to apply for, the checks have taken a while to come, but we have quite a few clients that have received them.

We also had quite a few clients that qualified for the ERC in 2021, but many did not qualify or fell into gray areas. In the past few months, hundreds of “credit mills” have sprung up that telemarket to business owners offering to get the credit for the “small fee of 20%. This can amount to \$40,000 for a \$200,000 credit, something that a legitimate accounting firm can do for \$3,000 or less. To make things worse, these aren’t established companies, they are mostly fly by night companies that prey on unsuspecting business owners with the promise of a quick buck, and assurances that the ERC is really a grant or that the IRS is too busy to audit you. This couldn’t be farther from the truth. The IRS is estimating that the amount of ERC fraud could reach a TRILLION dollars, more than the Gross National Product of most countries. President Biden authorized the IRS to hire 85,000 new auditors and we get a feeling that those people might look into this.

The ERC is easy to qualify for if you understand all of the rules. Of course if you are spending your time running a business, you may be too busy to read the Act, its modifications, and the Notices from the IRS that clarify their position. That is your accountants’ job, but, unfortunately, they may not be aware of some of the clarifications issued by Congress and the

IRS, and anyway, who can blame them. The ERC came about in March of 2020 as part of the CARES Act, and then was expanded greatly in December 2020 by the Consolidated Appropriations Act of 2021, which among other things eliminated the ban on the ERC if a taxpayer received a paycheck protection program (PPP) loan. Congress then expanded the ERC to the last two quarters of 2021 in the American Rescue Plan Act of 2021, enacted on March 11, 2021, and, added, a new section to the Internal Revenue Code, (§3134). The IRS has placed 94 frequently asked questions on its website and issued a 102-page notice, Notice 2021-20, on March 1, 2020, purportedly to explain the 2020 ERC. As if that wasn’t enough, on April 2, 2021, the IRS issued Notice 2021-23 concerning the ERC for the first two quarters of 2021. At 17 pages, it is easy reading compared to the previous 102-page notice. According to the IRS press release accompanying Notice 2021-23, the changes to the ERC for the first two quarters of 2021, include:

- 1). The increase in the maximum credit amount,
- 2). The expansion of the category of employers that may be eligible to claim the credit,
- 3). Modifications to the gross receipts test,
- 4). Revisions to the definition of qualified wages, and
- 5). New restrictions on the ability of eligible employers to request an advance payment of the credit.

Here are some of the provisions of the ERC as modified:

If your company’s or organization’s gross receipts declined by more than fifty percent in some quarter of 2020 you automatically qualify. Unfortunately, most alarm companies have RMR that stayed fairly constant so they “failed” this test. What to do? Stay tuned and I will tell you later in the article. One little known fact is that if you did qualify for any eligible quarter in 2020, your eligibility continues through the quarter that 2020 gross receipts rise to more than 80 percent of 2019 gross receipts

If your company suffered a decline in gross receipts for the second quarter of 2020. Gross receipts which usually run a \$100,000 a quarter dropped to \$49,000. Fortunately, the next quarter, gross receipts bounced back to the usual \$100,000 a quarter. In this situation, your company qualifies for employee retention credits for the second quarter and then again for the subsequent third quarter. For 2020 employee retention credits, you can't get more than \$5,000 for an employee for the year and you get the credit only for wages you didn't pay using paycheck protection program loans, and not for wages paid using other tax credits. Third, finally, while you can get employee retention credits for a fifty percent decline in the first quarter's receipts, only wages paid after March 12, 2020 plug into the credit formula.

If your company's gross receipts in quarter 4 of 2020 declined by more than twenty percent as compared to quarter 4 of 2019? You qualify for employee retention credits for quarter 1 of 2021. In 2021 employee retention credits can equal as much as \$7,000 an employee for each quarter. If your gross receipts in the first, second or third quarter of 2021 declined by more than twenty percent, you qualify for employee retention credits for either one or two quarters. You'll qualify for the quarter with the decline. And if the quarter is the first or second quarter, you'll also qualify for the subsequent quarter.

If a federal, state or municipal government order fully closed your business due to Covid-19, wages you paid employees during the closure probably count for employee retention credits for 2020 and for the first three quarters of 2021. If a federal, state or municipal government order partially closed your business due to Covid-19, and that partial closure was more than just nominal, wages you paid during the partial closure probably count for employee retention credits in 2020 and for the first three quarters of 2021.

The IRS defines nominal as ten percent or greater.

Further, the IRS rule looks at either hours of service or gross receipts. As with a full closure, only wages paid during the partial closure count. These are both a bit tricky so make sure that your tax pro understands the ERC.

A government order that fully or partially suspends, not your company, but a supplier you rely on can qualify you for employee retention credits, too. We have a client who wasn't able to get 5G radios in a timely manner. When they did get them there was no time to negotiate with customers to get any payment. We believe that they may qualify due to the lost revenue due to having to replace 3G radios and the supply chain issues and we are getting a Technical Ruling from the IRS.

If a government order closed down a company's physical office location, and employees can successfully telework, that doesn't count as a full or partial suspension, but, if employees can't telework (think installers and service techs), the closing of the physical office location counts as a partial suspension. If you did transition to remote work, and the transition took two-weeks or longer of transition time, the IRS says that creates a partial suspension.

If a government order closed a customer, or group of customers, and this caused a nominal reduction in revenue, it may qualify you. We have a client that had a major fire alarm client, with 17 locations, close for ten weeks. This caused their fire service and inspection revenue to drop by fifteen percent in that quarter. They didn't have the requisite drop in total revenue, but they most probably qualify for the ERC. We are requesting a Technical Ruling from the IRS.

Technical Rulings are significant because, if the IRS rules in your favor, you are entitled to take the credit. It is in essence a get out of jail free card. The IRS issues Technical Rulings because they have no issue with you taking a credit that you are entitled to, as long as you truly are entitled to it.

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So you see, all is not lost. Business owners have been through some tough times. Many of us have taken extreme measures to retain employees. We are most certainly going to endure a recession in the next few months, and don't count on the Government to help you.

Talk to your tax professional and see if you might qualify for the ERC. You want to make a well informed decision and that means taking a credit the your truly entitled to. If you have any questions, email me at MReitman@Reitman.US. We are glad to help.

Mitch Reitman is Founder and Principal of Reitman Consulting Group, Inc., which provides tax compliance, due diligence, brokerage, valuation services, litigation support, and financial consulting to the Systems Integration, Security, and Fire Alarm Industry. An ESA Hall of Fame member, Mitch is an active member and board member of several state and local Associations



Managing Risk and Protecting YOUR Business

Electronic security and life safety installation and monitoring companies face significant risk each day: injury to workers, fleet accidents, property damage and lawsuits can all impact day-to-day operations and bottom lines.

Security America offers industry expertise, keeping companies like yours protected, with A-rated coverage on:

General liability
Errors and omissions
Umbrella/excess

Commercial auto/fleet
Workers compensation
Cyber liability

SecurityAmericaIns.com



How Joining The NYELSA Can Help Your Business...

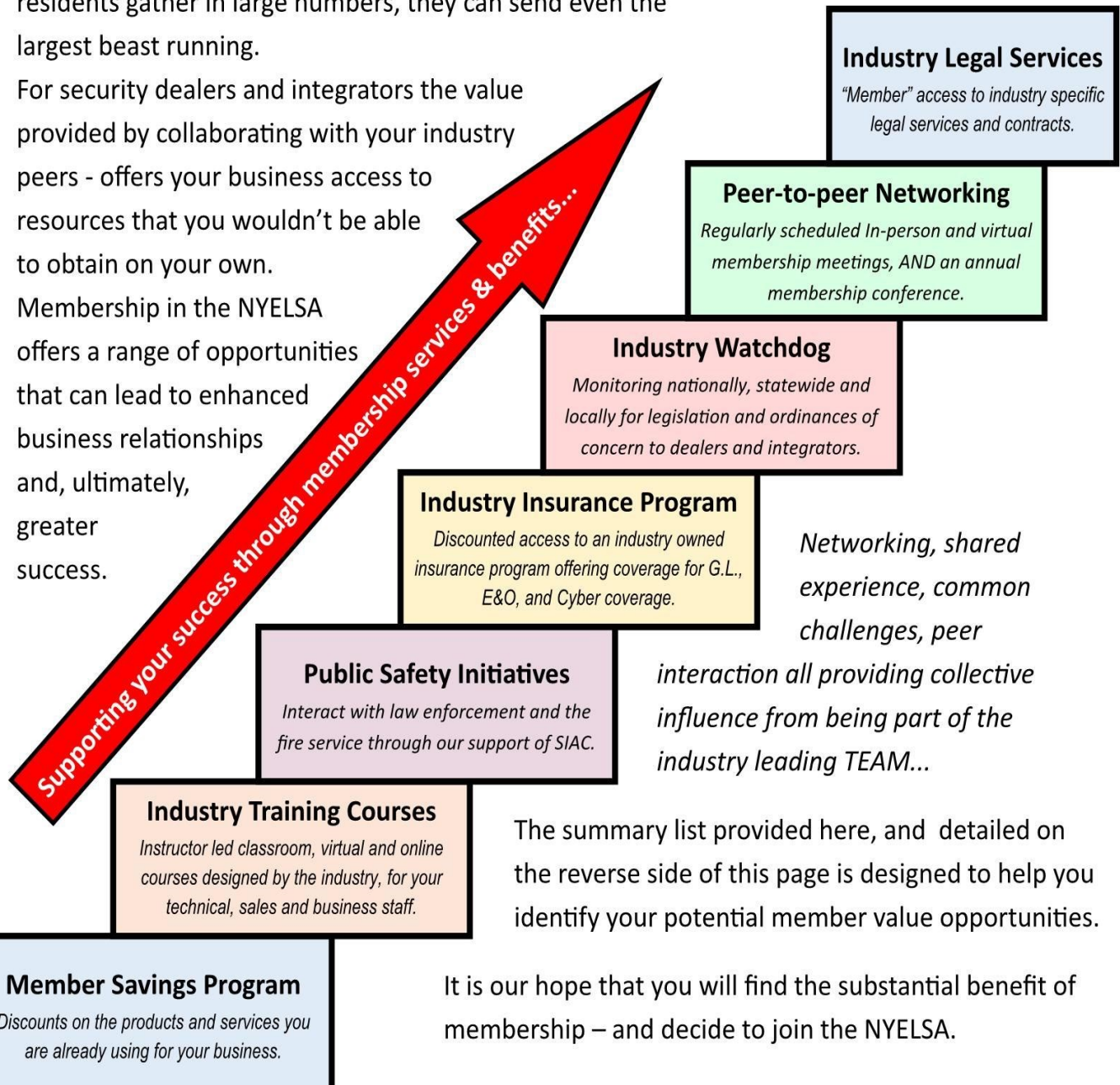
The NYELSA is committed to supporting you in building a successful business by providing a return on your membership investment through value-added services.

Ever feel like an ant crawling through a landscape of giant competitors?

If so, consider this: The average anthill packs plenty of collective power, and when its residents gather in large numbers, they can send even the largest beast running.

For security dealers and integrators the value provided by collaborating with your industry peers - offers your business access to resources that you wouldn't be able to obtain on your own.

Membership in the NYELSA offers a range of opportunities that can lead to enhanced business relationships and, ultimately, greater success.



Member Savings Program

Discounts on the products and services you are already using for your business.

NYELSA member have access to the buying power of the collective group which numerous businesses and their employees with tremendous spending clout.

We provide valuable savings programs in the many business categories including:

- Health Insurance,
- Business Insurance,
- Retirement Planning, 401K / MEP,
- Gasoline,
- Credit Card Processing,
- Payroll Processing,
- Facilities/ Maintenance & Operations,
- Office Supplies,
- Shipping,
- Technology,
- Telecommunications,
- Uniform Services,
- Wireless Services,
- and more.



Plus, consumer discounts are also available as an extended benefit you can provide for your family AND staff members...

Industry Insurance Program

Discounted access to an industry owned insurance program offering coverage for G.L., E&O, and Cyber coverage.



Peer-to-peer Networking

Regularly scheduled In-person and virtual membership meetings, AND an annual membership conference.

- Regional In-person Membership Meetings
- Virtual (Zoom Video) Membership Meetings
- Annual Membership Conference, with vendor exhibits, seminars sessions, social activities and membership meeting and elections...

Industry Legal Services

"Member" access to industry specific legal services and contracts.

Public Safety Initiatives

Interact with law enforcement and the fire service through our support of SIAC.

Supporter



Industry Watchdog

Monitoring nationally, statewide and locally for legislation and ordinances of concern to dealers and integrators.

Industry Training Courses

Instructor led classroom, virtual and online courses designed by the industry, for your technical, sales and business staff.

COURSES | Technical

- Certified Alarm Technician Level 1
- Electronic Access Control
- Advanced Intrusion Systems
- Troubleshooting, Service and Maintenance
- Video System Technologies
- Residential Fire Alarm
- Fire Alarm Installation Methods
- Professional Fire Alarm Design
- Life Safety Code
- International Building Code

COURSES | Non-Technical

- Security Sales Essentials
- Understanding Electronic Security Systems

CERTIFICATIONS

- Alarm Technician Level 1 and 2
- Video Technician and Systems Specialist
- Systems Integrator (CSI or CSSI)
- Service Technician
- Intrusion Technician Level 2
- Residential Fire Alarm Inspector
- Fire Alarm Technician Level 2 & 3
- Security Salesperson



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