

WALWORTH & NAYH, P.C.

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- No-Fault / Wage Loss Claims Consulting
- Litigation Support
- Training and Seminars for insurance, legal and accounting industry professionals

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PLRB 2006 Claims Conference

This year's PLRB Claims Conference was held in Nashville. We were dutifully impressed with the conference site, the Gaylord Opryland Resort, which contains acres of gardens, shops and restaurants under glass.

Bob Walworth, Gary Nayh, Mark Stephanie and Paul Donnan attended on behalf of the firm. We saw many old friends and met some new ones.

Bob Walworth presented a seminar titled, "Actual Cash Value: Broad Evidence Rule" with attorney Greg Meter of Braun, Kendrick, & Finkbeiner,

and Larry Miller of Frankenmuth Insurance Company.

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No Fault Corner Accounting 101

How many times have you encountered a wage loss claim in which the individual is self employed and have been presented with a copy of the tax return, Form Schedule C and have asked yourself, now what do I do? What exactly do all of these numbers mean? Well, not to worry

as this edition will focus on providing an overview to "Accounting 101."

The tax return, Form Schedule C, is a summary of the sales or revenue and expenses of a business or an individual's self employment activities. The lifeblood of any business is its sales or

revenue, the money that a business brings in. Why the two different names? Sales are the money received for products sold, whereas revenue is the money received for services rendered, such as in the case of accountants, attorneys and doctors. For example, a

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PLRB 2006 Claims Conference in Nashville

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See you next year in Orlando!



No Fault Corner Accounting 101

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store sells a shirt for \$30 and a doctor charges \$50 for an office visit. The \$30 would represent sales to the store while the \$50 would represent revenue to the doctor's practice.

The next term is cost of goods sold or cost of sales. This reflects the direct costs of the items sold or in the case of the shirt sold above, it would represent the materials and supplies. In this case let's assume the direct costs of the shirt are \$18. Therefore the cost of sales would equal \$18.

The term gross profit refers to sales less cost of sales, or in this case \$12 (\$30 - \$18). From gross profit, the other operating expenses of the business are deducted. This would include such expenses as labor, rent, utilities, etc. Some of these business expenses are fixed in nature, meaning that the expense does not increase or decrease with a change in sales. For instance, insurance on an automobile is fixed. The premium would not fluctuate with a change in sales of the business. However, other expenses are deemed variable, which means they tend to fluctuate with a change in

sales. A good example of this would be travel related expenses for a salesman. Generally this expense would tend to change as sales changed. An increase in sales probably required more traveling and therefore the expense increased.

The total of all operating expenses is then deducted from the gross profit to arrive at the net income or net loss of the business.

So there you have it. You have successfully passed Accounting 101, or at least have a better understanding of all those different numbers.

IRS Mileage Rate Changes Up and Down with Gasoline Prices

In January 2005, the average price for gasoline in the U.S. was around \$1.80 per gallon. In September 2005, the price had soared to over \$3.00 per gallon. All of us had to endure a hardship in one way or another as a result of the increase in the price of gasoline. Many of us had to realign our budgets or alter our vacation plans because of the higher cost of gasoline. Well, there is at least one consolation to the increase in the cost of fuel. In September 2005 the Internal Revenue Service and the Treasury Department increased the business related mileage rate by nearly 20% from 40.5 cents per mile to 48.5 cents per mile. The 8 cent increase was only for the 4 month period September through December 2005. Effective January 1, 2006, the



standard business mileage rate was reduced to 44.5 cents per mile.

The 48.5 and 44.5 cents per mile allowances are for business related miles only. The mileage rate for medical and moving expenses also increased as of September 1, 2005, from 15 cents per mile to 22 cents per mile, an increase

of 7 cents per mile. Effective January 1, 2006, these rates were lowered to 18 cents per mile. Many individuals will benefit from the increase in the mileage rate, however, those individuals who perform volunteer services for charitable organizations did not



receive any increase in the amount allowed for their mileage. The mileage rate for charitable work is 14 cents per mile and has been at that rate for several years. That same rate continues on into 2006.

As you are probably aware gas prices recently have once again

begun to rise, approaching \$3.00 a gallon. Some analysts are predicting that this may only be the beginning of even higher gasoline prices. If this trend continues for any length of time, it is likely the IRS will respond and adjust the mileage rate again in 2006.

Event Calendar

Congratulations to Eldon Beltz, who retired in February of this year after 36 years in the commercial property claims department of The Hartford. We will miss his smiling face and colorful stories, but wish him every happiness as he begins the next chapter of his life.

On April 4th and 5th, Bob Walworth presented a seminar titled, "Actual Cash Value: Broad Evidence Rule" with attorney Greg Menter of Braun, Kendrick, & Finkbeiner, and Larry Miller of Frankenthum Insurance for the PLRB in Nashville, Tennessee.

On May 18th, Gregory Wood, Corinne Shoop of Gregory & Meyer

and Kim Schmitz of AAA of Michigan will present a seminar at the Michigan Chapter of NSPII at the



Embassy Suites Hotel in Livonia, Michigan. The topic is, "Could You Detect The No-Fault Scam?"

On May 18th, Bob Walworth and Phil Yeager, of Hopkins, Curran

and Smith, will be presenting a seminar titled, "Show Me The Money – Effective Financial Investigations" at the Michigan Chapter of NSPII. Space is still available for attendance by calling Anne Mocerri at 734-464-8990.

On May 24th, Bob Walworth will present "Insurance Fraud Case Studies" at the MACPA Fraud Conference at MSU Management Center in Troy.

July 24th is the Third and Final Kevin J. Antonishen Memorial Golf Outing. Contact Anne Mocerri at 734-464-8990 for tickets, or further information

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At Walworth & Nayh, P.C., we specialize in Forensic Accounting Services, including Insurance Loss Accounting and Litigation Support.

We regularly provide expert testimony in deposition, trial and alternative dispute resolution venues. Our forensic specialists apply their knowledge of accounting, finance, information technology, and business to the investigation of specific issues related to insurance claims and litigation matters. Opinions are developed by thorough analysis combined with judgment and experience.



panies who have experienced a loss, and attorneys representing both plaintiffs and defendants involved in business disputes.

Unlike traditional accounting firms, we are exclusively devoted to helping clients resolve disputes by providing technical expertise in the relevant accounting and damages issues. For further information, we invite you to contact one of our partners at the

Our clients include insurance companies and their adjusters, private com-

numbers listed above, or by e-mail at amoceri@walnay.com.

Firm News

A special welcome to our newest employee, Gary Shemko. Gary was formerly the controller of a financial services company. He is an accounting graduate of Central Michigan University and is currently pursuing a masters degree at U of M Dearborn. Gary is a Certified Management Accountant, a Certified Financial Manager. He is a member

of the Institute of Management Accountants, the Detroit Economic Club and the Michigan Junior Chamber of Commerce.

We realize the importance of continuing education and frequently provide seminars at client's offices. The advantage of in-house seminars is that they can be tailored to your

specific needs. In the past we have presented seminars on Understanding Tax Returns, Business Interruption Losses, Theft Claims and No-Fault Wage and Survivors Losses. If you are interested in having a training seminar at your office, please phone or e-mail Anne Moceri (see contact information above) to make the arrangements.